

**COMMUNITY FOUNDATION FOR LANCASHIRE**  
**AUDITED FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2011**

**Company Number : 06383299**

**Charity Number : 1123229**

# COMMUNITY FOUNDATION FOR LANCASHIRE

## CONTENTS

	Page
COMPANY INFORMATION	2
REPORT OF THE DIRECTORS/TRUSTEES	3 -9
STATEMENT OF TRUSTEES' RESPONSIBILITIES	10
AUDITORS REPORT	11 - 12
STATEMENT OF FINANCIAL ACTIVITIES	13
SUMMARY INCOME AND EXPENDITURE ACCOUNT	13
BALANCE SHEET	14
NOTES TO THE FINANCIAL STATEMENTS	15 - 23

# COMMUNITY FOUNDATION FOR LANCASHIRE

## COMPANY INFORMATION

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<b>Bankers:</b>	Lloyds Bank TSB Church Street Blackburn
<b>Solicitors:</b>	Roebucks Solicitors 7 & 12 Richmond Terrace Blackburn BB1 7BG
<b>Investment Managers:</b>	Rensburg Sheppards Investment Management Limited 100 Old Hall Street Liverpool L3 9AB
<b>Auditors:</b>	Beever and Struthers Chartered Accountants Central Buildings Richmond Terrace Blackburn BB1 7AP
<b>Registered office:</b>	Community Foundation for Lancashire C/O CXL Chorley House Centurian Way Leyland Lancashire PR26 6TT

# COMMUNITY FOUNDATION FOR LANCASHIRE

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2011

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The directors present their Report and the Financial Statements for the year ended 31 March 2011 for the Community Foundation for Lancashire.

### REFERENCE AND ADMINISTRATIVE DETAILS

The charity, which is known as Community Foundation for Lancashire, is constituted as a company limited by guarantee and not having any share capital. The company is registered in England and Wales, Number 06383299, and its principal governing document is the company Memorandum and Articles of Association. The charity is also registered with the Charity Commission Number 1123229.

The charity is constituted as a membership organisation. There were ten members at the year end.

Details of the advisers to the company are shown on page 2.

### Directors and senior staff

The persons who have acted as Directors and Trustees during the year are:

PF Robinson	
A Roberts	
DJ Sanderson	
P Butterfield	
T Hephrun	
PG Barker	
TA Hoyle	Appointed 18 January 2011
DJ Ashton	Appointed 13 April 2010, resigned 25 April 2011
WA Swift	Appointed 16 March 2011
EA Hall	Appointed 22 March 2011
GW Burgess	Resigned 20 January 2011
SH Weaver	Resigned 7 April 2010
VB Chauhan	Resigned 13 May 2010

The senior staff are:

C Elliott	Chief Executive
K Fitzgerald	Development Director

### OBJECTIVES AND ACTIVITIES

#### Objectives and aims

As an independent registered charity the Community Foundation connects donors with Lancashire's voluntary and community sector to meet local needs and tackle social issues.

Community foundation grant-making has taken place in Lancashire since 2003 under the management of the Community Foundation for Merseyside, distributing hundreds of grants during that time. The Community Foundation for Lancashire became a registered charity in 2007, distributing £1.4 million in grants in its first official year, with Lord Shuttleworth as President and a Board of Trustees, led by Peter Robinson OBE DL as Chairman.

We are one of the primary social change charitable grant-makers in Lancashire, working with communities. We are Lancashire's Philanthropy Centre, offering advice, donor services and donor learning events and activities in order to further promote philanthropy in Lancashire for the primary benefit of local people. We offer administrative services for our partners and donors who wish to enhance communities and people's lives in Lancashire via philanthropic funds and foundations.

# COMMUNITY FOUNDATION FOR LANCASHIRE

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2011

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Our community foundations' board, staff, volunteers, donors and stakeholders support, strive for and uphold our vision, mission, strategic view and values which are:

**Our Vision** is to enrich the lives of people in and around Lancashire and through them create united, thriving and prosperous communities.

**Our Mission** is to provide strategic grant-making that meets the needs of local communities, placing us as the charity of choice for philanthropists and funding partners and the primary grant-maker for local community and voluntary groups to achieve social change.

**Our Values are:**

- Community Leadership
- Pride
- Transparency
- Working Together

**Objects of the Charity**

The objects of the charity, as set out in the Memorandum and Articles of Association, are: the promotion of any charitable purposes for the benefit of the community in the county of Lancashire and the boroughs of Blackburn with Darwen and Blackpool and in particular the advancement of education, the protection of good health, both mental and physical, and the relief of poverty and sickness.

**Significant activities**

The main area of our charitable activity is the awarding of grants within the local community. This is achieved by raising donations from private, public and charitable sources and redistributing them (or the income they generate in the case of invested or endowed funds) as constructive grants to the local community, according to the donors' wishes. Presently, the vast majority of funds raised by the organisation are channelled through restricted revenue (or "flow-through" funds, without being invested for the long-term). The charity has relatively little unrestricted income that it can use for grant-making. Further information on grant-making activities during the year is provided below.

**Our Strategic Aims**

Our strategic view is that the Community Foundation for Lancashire understands the needs of local communities and donors and, by creating partnerships and involving donors, ensures that these needs are met via a social change agenda. We continue to maximise the impact of funds and resources through our extended local and national networks, accessible grant programmes and efficient, cost-effective processes.

The activities that will achieve the vision and aims are set out in a series of key strategic documents, developed by the board, staff and other stakeholders. Foremost among these is the Business Plan (reviewed annually), which sets out key priorities and objectives, alongside a financial plan for the next three years. The Business Plan is supported by a Fund Development Strategy, an Operations Strategy and a Marketing Strategy.

Our priority strategic aims during 2010/11 were:

1. Attainment and continued upholding of national CFN Quality Accreditation Standards from 2010 – 2013 for the first time as a new community foundation
2. Proactive collaboration and partnership creation and maintenance to achieve mission & vision
3. Develop our understanding of our local communities' needs and aspirations
4. Strategic Community Investment to meet local needs via our grant-making
5. Endowment Building for Lancashire to build sustainability of the organisation and long-term donor funds
6. Broaden sources and levels of new grant programmes to diversify our portfolio of donors and interests
7. Achieve break-even budget annually and maintain reserves at 3 – 6 month level
8. Improved efficiencies of scale in working practices
9. Proactive profile raising with opinion formers to support Community Social Investment and Philanthropy activities
10. Investors in People attainment and continued upholding of standards from 2010 – 2013 the first time as a new community foundation

All of the above were successfully achieved and some remain work in progress due to the long-term nature of the project.

# COMMUNITY FOUNDATION FOR LANCASHIRE

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2011

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### Public Benefit

The charity benefits the public by securing income for charitable grant programmes from public and private sector, and then distributing them as grants to support charitable activities as an intermediary.

Grant programmes are established and developed in line with the social needs of the local communities we serve which are identified via our local grant panels made up of community leaders, representatives from all sectors and local donors, alongside our local research and consultations on social need with all sectors, especially the voluntary and community sector.

Before any grant is made, we carefully and thoroughly assess the charitable and public benefits of the proposed activities. The impact of our grant-making is then reported to funders, donors, stakeholders, staff and the Board as a measurement of achievement and social investment undertaken.

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. The charity's public benefit is now assessed on an annual basis by the Board and staff to ensure we are continually improving our performance against our charitable objects, vision, mission and strategic aims.

Our Social Priorities for our grant-making and donors in 2010/11 in order to provide public benefit were as follows:

- The Environment – Improving local areas and 'grot spots'
- Children & Young People – Improving local young lives and opportunities available to them
- Community Development & Cohesion – Uniting communities
- Employable Communities – Increasing training and skills development as well as employment opportunities
- Health & Well-Being – Improving local people's health
- Arts & Culture – Increasing opportunities to engage with community arts projects
- Rural Communities – Tackling young and older people's isolation

### Organisational Structure

Community Foundation for Lancashire is run by a Board of Directors (who are also its Trustees), which is responsible for setting the strategic direction of the organisation, for establishing policy and for maintaining proper governance. It meets quarterly and comprises representatives of the private, public and voluntary sectors. All trustees have job descriptions and person specifications. Peter Robinson DL, OBE was appointed as Chairman at the first ever board meeting and will serve as Chair until July 2011. Arthur Roberts will serve as Vice Chair until July 2011 and he will then become Chair from July 2011 – July 2014.

Community Foundation for Lancashire has entered into a legal contract with the Community Foundation for Merseyside (registered charity number: 1068887) to share staffing and 'back room' resources to maximize charitable funding and gain significant expert support for the Community Foundation as it is established on a cost effective basis.

The Board has appointed a Chief Executive to whom it delegates responsibility for the day-to-day operational management of the organisation. This post is directly responsible to the Board and Cathy Elliott was appointed as Chief Executive on 1 August 2009.

Along with the Chief Executive, the senior staffing for the Community Foundation is two part-time Directors for Grants and Finance & Administration (resourced by fee income) and one full-time Director for Donor Development (resourced by core income). The operational delivery is resourced by Community Foundation for Merseyside's team of 15 staff resourced by fee income and on a consultancy basis as part of a close collaboration unique in the UK.

### Trustees' recruitment and appointment

The directors are normally appointed by the members of the company and one-third of the directors will normally retire each year and be eligible for re-election at the Annual General Meeting. No places on the board are reserved for specific individuals or representatives of particular organisations.

Annually the Board assesses the expertise and skills within the Board membership and proactively recruits new directors with specific experience to ensure a full compliment of expertise and skills in order to govern the charity.

# COMMUNITY FOUNDATION FOR LANCASHIRE

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2011

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### **Induction and training of trustees**

All new directors are given an induction session by the Chairman and Chief Executive to explain the operation of the charity. Regular training of directors takes place (at least annually) to update them with the relevant laws and regulations and to ensure they are fully engaged with the work of the Community Foundation.

### **Links to Community Foundation Networks**

The Community Foundation has a strong relationship with Community Foundation Network (CFN), the network organisation that represents community foundations in the UK. In particular, the senior staff team acts as active representatives at CFN's relevant forums to gain learning and best practice in philanthropy and grant-making.

### **Key Partnerships**

The Community Foundation has 'non-donor' relationships with many key players. Examples include Lancashire's local county and district authorities, Central and Regional Government, Lancashire Police, Rensburg Investment Management Ltd, Roebucks Solicitors and Beevers and Struthers (formerly Waterworths) Chartered Accountants.

We have an extensive network of charities and agencies that work with us to raise awareness of our grant programme. We especially have proactive relationships with Lancashire's Councils for Voluntary Services for outreach activities, and during 2010/11 this was via our Grassroots Small Grants programme for 2008 – 2011.

### **Risk review**

The Board of Trustees has undertaken a detailed review of the risks that the organisation faces. These are published in a formal Organisational Risk Assessment. All risks identified have been addressed and mitigated as far as possible. No identified risks remain unaddressed. The Risk Assessment is subject to formal annual review and update by the trustees, with interim monitoring on a quarterly basis by the staff management team. The organisation also uses a formal Performance Management Framework to monitor and measure progress against a set of key organisational performance indicators. Progress against the Framework is assessed by the staff management team on a monthly basis and reported to the board and the staff meeting on a quarterly basis, using a scorecard system.

### **Contribution of Volunteers**

The directors are grateful for the contribution made by the volunteers who sit on the grant awarding panels. Panel members number approximately 30 across Lancashire, especially for our Grassroots Small Grants programme until March 2011.

All of our volunteers are inducted and trained and generally contribute up to four or five days a year to the organisation. Their contribution of knowledge and expertise is a crucial ingredient in the success of the organisation's grant-making and in terms of ensuring local ownership and accountability.

The directors are also grateful for the support of ad hoc volunteers that have advised them on the planning, creation and development of the Community Foundation, especially as it develops. Also thanks extended to the Community Foundation's Development Advisory Group, chaired by the High Sheriff of Lancashire for 2010/11, Dennis Mendoros, our Patrons and our President, Lord Shuttleworth for his commitment to the work of the charity.

### **Grant making policies**

The policy of the charity is to award grants to organisations that have made a formal application for a grant, that fulfill the requirements of the relevant grant fund and which have the necessary systems in place to administer a grant. All grant applications are subject to a formal appraisal by the charity's staff before being presented to the local grant panel, or the donor, for a recommendation. A scoring system is used to guide decisions. All panel or donor recommendations are ratified by the Community Foundation's trustees prior to any offer being made.

# COMMUNITY FOUNDATION FOR LANCASHIRE

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2011

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### Investment powers

The Charity's Investment Powers are prescribed in its Memorandum and Articles of Association. The Board of Trustees has approved a document called 'Policies on Fund Management and Financial Control', relating to the management of all of its funds and which includes the strategies for the investment of its endowment. The purpose of investment in the endowment fund is to generate a sustainable income for (i) grant-making and (ii) meeting running costs.

The organisation has appointed professional investment managers to manage the endowment. The overall objective they have been set is to maintain a balanced return between income and capital. The level of risk they are permitted to take is 'low' to 'medium'. Investment performance is monitored by the board on a quarterly basis, using benchmarks such as the FT All Stocks Government Index, the FT All Share Index, the FT World Index (excluding UK) and the IPD Index as well as a comparison of the current investment managers' performance with others in the field.

### 2010/11 ACHIEVEMENTS AND PERFORMANCE

#### Review of Activities

2010/11 was a fantastic year of achievement in the Community Foundation's third year. Milestones included:

- Attainment of national CFN Quality Accreditation Standards from 2010 – 2013 for the first time as a new community foundation. A new community foundation is expected to achieve this after it has raised over £100,000 in endowment and has been in existence for over three years. We achieved it holding £92,000 in endowment at the time! These standards assure all our stakeholders of a high quality community foundation and are approved by the Charity Commission.

- We secured £1.3 million in endowment by March 2011, increasing our endowment from £0.07m in 2010. This enabled us to achieve our business plan priority of endowment building for Lancashire to build sustainability of the organisation and long-term donor funds. This was especially due to the ground-work over two years, the support of the trustees and especially the hard work of our senior staff team.

- Attainment of the Investors in People standards for the first time as a new community foundation. Working with Community Foundation for Merseyside, we attained together a Silver Award (the second highest award) as a local employer.

Our priority in 2010/11 was to secure new grant programmes and donors based on our eight-year track record in grant-making due to Community Foundation for Merseyside's previous work from 2003 - 2007. Our vast growth in endowment was especially due to the Lancashire Grassroots Endowment Challenge which offered free matched contributions for private sector donors who wish to establish charitable endowment funds or foundations with the Community Foundation until March 2011. We raised £72,564 during the second year in 2009/10 for the endowment fund from two private donors. Our achievement in securing £1.3 million in endowment in 2010/11 is evidence of our focus on philanthropy and sustainability which has created a growing family of donors, including a number of housing associations and private individuals.

2010/11 saw the final year of the Lancashire Grassroots Small Grants programme which distributed £1.75 million into communities from July 2008 - March 2011. Our Fair Share Trust programme with Big Lottery continued to make a vital contribution to deprived communities.

The collaboration with Community Foundation for Merseyside continues to provide valuable support for our activities due a valuable 'back-office' team that have equipped us with the required policies, procedures and systems to run effectively.

We are grateful to the following organisations and bodies for their support of the creation and development of the Community Foundation for Lancashire, especially via core cost donations and in-kind support:

- Blackpool Council
- Blackburn with Darwen Council
- Lancashire County Developments Ltd
- The Rank Foundation

# COMMUNITY FOUNDATION FOR LANCASHIRE

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2011

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### Factors within and outside charity's control that are relevant to the achievement of its objectives

Due to the changed economic and political landscape in 2009 - 2010 we have seen many changes and adapted to ensure we are fit-for-purpose. Key changes have been:

- Greater competition in our market from other private sector intermediaries - We are working harder and more creatively to attract new donors and to ensure that existing donors remain loyal, gaining value for money and social impact with a voluntary sector body.
- Decrease in funding to the Community Foundation for core costs, including public sector support - We are planning and implementing more sustainable practices and financing to tackle this.
- Decrease in public funding to the voluntary sector and therefore increased demand on our grants - We are becoming more efficient in our practices to tackle over-subscription and using local social needs information to have the greatest social impact with the funds we have available.
- The coalition Government's 'Big Society' agenda encouraging community empowerment and the transfer of funds from private wealth to the public good - We continue to explore the Big Society agenda, and share feed-back, ideas and constructive criticism with opinion formers, representing our donors, grant recipients and our organisation.

### Grants Awarded

The following grants programmes have been operating through the Community Foundation for Merseyside in Lancashire during the accounting period, with the number of grants and amounts stated being awarded during this

<b>Active @ 60 Fund</b>	13	£32,100
<b>Blackpool Coastal Housing Fund</b>	8	£48,378
<b>Comic Relief Fund</b>	7	£25,703
<b>Fair Share Fund</b>	6	£11,792
<b>Grassroots Grants</b>	132	£404,441
<b>Keepmoat Fund</b>	2	£3,000
<b>Lancashire Young Transformers</b>	3	£5,188
<b>Ribble Valley Fund</b>	4	£8,000
<b>The Jim Hosker Memorial Fund</b>	1	£456
	<b>176</b>	<b>£539,058</b>

### Donation in kind

The Community Foundation for Lancashire has been afforded use of an office at CX Limited, Chorley House Centurion Way, Lancashire Business Park, Leyland on an in-kind basis. We are grateful to the Councils of Lancashire County, Blackburn with Darwen and Blackpool for their support.

### Reserves policy

The Board will endeavour to build and maintain a level of reserves appropriate to its commitments over the coming years, however is keen to maximise its charitable objectives and community benefit.

Excessive reserves were carried forward from the previous accounting period due to the timing of donations received and engagement of staff, therefore these donations have been utilised to cover the costs intended during this financial period.

As stated in our 2009/10 Report, our internal budget forecasting for 2010/11 and beyond evidenced our planned activity which included the investment of reserves into building our capacity to achieve our aims. For 2010/11 the Trustees took the decision with the Chief Executive to use reserves to cover the deficit for 2010/11. This was decided upon in order to invest reserves into core running costs to develop the charity and its family of donors for our own sustainability as well as to reduce the level of reserves from eight months to six months in line with the Charity Commission's guidance and our own policy.

# COMMUNITY FOUNDATION FOR LANCASHIRE

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2011

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### FUTURE PLANS

A global community foundation guru, Dorothy Reynolds of the CS Mott Foundation describes a community foundation as:

“Simply put, a community foundation has three functions. It is a grant-maker. It is a vehicle for the philanthropy of individuals, corporations and organizations that have concern for a specific geographic area. It provides leadership in the community it serves as an effective, independent arena for addressing difficult issues and/or advocating for needed programs, services or policies.”

In 2010/11 we began to combine the three factors of a community foundation which is social investment (grant-making), community philanthropy and social change. We know by doing this we will achieve our strategic view that the Community Foundation understands the needs of local communities and donors and, by creating partnerships and involving donors, ensure that these needs are met, and we will continue to maximise the impact of funds and resources through our extended local and national networks, accessible grant programmes and efficient, cost-effective processes.

As a relatively new UK community foundation we are working hard on raising the charity's profile with relevant audiences, holding targeted events, building links with local journalists and sharing stories in the media. This includes an annual Spirit of Lancashire awards Night for grant recipients and donors in November 2011.

In 2011/12 one of our priorities is to establish as Lancashire's strategic Philanthropy Centre for donors to access, encouraging local philanthropy and its celebration. This began with an event in March 2011 with the Government's Founder Ambassador for Philanthropy, Dame Stephanie Shirley.

We are now fostering partnerships and links with a number of high-net-worth individuals, companies, trusts and foundations and public sector bodies, many of which look promising for 2011/12 onwards in terms of becoming new donors and grant programmes for the communities of Lancashire.

### AUDITORS

The foundation is reviewing its auditing services due to the collaboration with Community Foundation for Merseyside and a decision will be confirmed at an EGM in October 2011.

### SMALL COMPANY

This report has been prepared in accordance with provisions within Part 15 of the Companies Act 2006 as they relate to small companies.

### By Order of the Board

Peter Robinson

Trustee

# COMMUNITY FOUNDATION FOR LANCASHIRE

## STATEMENT OF THE RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2011

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### STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of Community Foundation for Lancashire for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the the Companies Act 2006.

They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware

- there is no relevant information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

# **COMMUNITY FOUNDATION FOR LANCASHIRE**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF COMMUNITY FOUNDATION FOR LANCASHIRE**

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We have audited the financial statements of Community Foundation for Lancashire for the year ended 31st March 2011 on pages 13 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of trustees and auditors**

As explained more fully in the Trustees' Responsibilities Statement set out on page 10, the trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st March 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# COMMUNITY FOUNDATION FOR LANCASHIRE

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF COMMUNITY FOUNDATION FOR LANCASHIRE

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#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report.

**Leslie Bury (Senior Statutory Auditor)**

**for and on behalf of Beever and Struthers  
Chartered Accountants and Statutory Auditors**

Central Buildings  
Richmond Terrace  
Blackburn  
Lancashire  
BB1 7AP

DATE

# COMMUNITY FOUNDATION FOR LANCASHIRE

## STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2011

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2011 £	2010 £
<b>Incoming resources</b>						
<b>Incoming resources from generated funds</b>						
Voluntary income	2	36,525	-	1,276,591	1,313,116	102,264
Investment Income	2	336	-	1,804	2,140	121
<b>Incoming resources from charitable activities</b>	<b>2</b>	<b>31,077</b>	<b>45,430</b>	<b>-</b>	<b>76,507</b>	<b>66,720</b>
<b>Total incoming resources</b>		<b>67,938</b>	<b>45,430</b>	<b>1,278,395</b>	<b>1,391,763</b>	<b>169,105</b>
<b>Resources expended</b>						
<b>Cost of generating funds</b>						
Cost of generating voluntary income	3	11,822	36,325	-	48,147	51,063
Investment management costs	3	-	-	2,062	2,062	290
<b>Charitable activities</b>	<b>3</b>	<b>36,885</b>	<b>26,570</b>	<b>-</b>	<b>63,455</b>	<b>50,749</b>
<b>Governance</b>	<b>3</b>	<b>19,836</b>	<b>-</b>	<b>-</b>	<b>19,836</b>	<b>17,896</b>
<b>Total resources expended</b>		<b>68,543</b>	<b>62,895</b>	<b>2,062</b>	<b>133,500</b>	<b>119,998</b>
<b>Net incoming resources before transfers</b>		<b>(605)</b>	<b>(17,465)</b>	<b>1,276,333</b>	<b>1,258,263</b>	<b>49,107</b>
Gross transfers between funds		1,348	456	(1,804)	-	-
<b>Net (outgoing) / incoming resources before other recognised gains and losses</b>		<b>743</b>	<b>(17,009)</b>	<b>1,274,529</b>	<b>1,258,263</b>	<b>49,107</b>
Net gains on investment assets	10	-	-	13,737	13,737	698
<b>Net movement in funds</b>		<b>743</b>	<b>(17,009)</b>	<b>1,288,266</b>	<b>1,272,000</b>	<b>49,805</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		45,883	20,167	86,511	152,561	102,756
<b>Total funds carried forward</b>		<b>46,626</b>	<b>3,158</b>	<b>1,374,777</b>	<b>1,424,561</b>	<b>152,561</b>

The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities.

### Income and Expenditure Account

	2011 £	2010 £
<b>Gross income from all sources</b>	<b>1,391,763</b>	<b>169,105</b>
Less permanent endowment income	(128,052)	-
<b>Total Income</b>	<b>1,263,711</b>	<b>169,105</b>
<b>Total expenditure</b>	<b>(133,500)</b>	<b>(119,998)</b>
<b>Net income for the year</b>	<b>1,130,211</b>	<b>49,107</b>

All amounts relate to continuing operations.

# COMMUNITY FOUNDATION FOR LANCASHIRE

## BALANCE SHEET

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	31 March 2011		31 March 2010	
		£	£	£	£
Tangible assets	9		164		328
Investments	10		262,175		84,948
			<u>262,339</u>		<u>85,276</u>
<b>Current Assets</b>					
Debtors	11	572,629		3,562	
Cash at bank and in hand		<u>626,338</u>		<u>134,643</u>	
		<u>1,198,967</u>		<u>138,205</u>	
<b>CREDITORS:</b> amounts falling due within one year	12	<u>(36,745)</u>		<u>(70,920)</u>	
<b>Net Current Assets</b>			<u>1,162,222</u>		<u>67,285</u>
<b>Net Assets</b>			<u>1,424,561</u>		<u>152,561</u>
<b>The Funds of the Charity</b>					
Endowment Funds	15		1,374,777		86,511
Unrestricted Funds	14		46,626		45,883
Restricted Funds	13		3,158		20,167
<b>Total Charity Funds</b>			<u>1,424,561</u>		<u>152,561</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and with Financial Reporting Standards for Smaller Entities (effective April 2008).

Approved by the Board of Trustees and authorised for issue on

Peter Robinson  
Trustee

Company Registration No. 06383299

# COMMUNITY FOUNDATION FOR LANCASHIRE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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### 1 ACCOUNTING POLICIES

#### 1.1 Accounting basis

- (a) The financial statements have been prepared under the historical cost convention modified by the inclusion of investments at market value and in accordance with applicable accounting standards, the Companies Act 2006, the Statement of Recommended Practice "Accounting and reporting by Charities" (SORP 2005) updated June 2008 and the Financial Reporting Standard for Smaller Entities (effective April 2008).
- (b) Incoming resources are included in the Statement of Financial Activities (SOFA) when they become receivable, except donations and gifts in kind. Donations are included when they are received. Gifts in kind are valued at an estimate of market value.
- (c) Resources expended are included in the SOFA on the accruals basis based on work done or services provided in the period.
- (d) Grants payable are recognised as expenditure when the commitment is made.
- (e) Costs of Generating Funds includes the cost of brochures, advertising, fundraising and other promotional events designed to increase public awareness of the Foundation, together with other costs directly attributable to fundraising activities.
- (f) Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes costs that can be allocated directly to such activities and those costs of an indirect nature necessary .
- (g) Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include costs linked to the strategic management of the charity.
- (h) All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis as set out in note 3.
- (i) Voluntary help received by the Foundation has not been valued, in accordance with the SORP.

#### 1.2 Tangible fixed assets

Depreciation is provided to write off the cost of each asset over its expected useful life using the following rates and methods:-

Office equipment	25% per annum
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Tangible fixed assets under £500 are not capitalised.

# COMMUNITY FOUNDATION FOR LANCASHIRE

## NOTES TO THE FINANCIAL STATEMENTS *FOR THE YEAR ENDED 31 MARCH 2011*

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### 1 ACCOUNTING POLICIES (continued)

#### 1.3 Fixed asset investments

Investments are included at market value at the balance sheet date. Any gain or loss on revaluation is taken to the SOFA.

#### 1.4 Pensions

The company contributes to individual personal pension policies for its employees. Contributions are charged to the SOFA in the period in which they relate.

#### 1.5 Fund accounting

Unrestricted funds are incoming resources receivable or generated for the objects of the charity without further specified purpose and which can be used in accordance with the charitable objects at the discretion of the trustees.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Endowment funds are held for long term income generation for the Foundation. Income generated from the funds is distributed in accordance with the wishes of the original donor.

# COMMUNITY FOUNDATION FOR LANCASHIRE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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<b>2 INCOMING RESOURCES</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>Voluntary Income</b>		
Endowments Received	1,276,591	72,564
Donations	28,000	27,200
Sponsorship	6,500	-
Gifts in kind - use of office	2,025	2,500
	<u>1,313,116</u>	<u>102,264</u>
 <b>Incoming Resources from Charitable Activities</b>		
Blackpool Coastal Housing	26,998	-
Grassroots Grant	19,201	19,720
Lancashire 100 Club	1,672	-
Rank Foundation Grant	18,000	22,000
Ribble Valley Fund	10,636	-
Wyre Borough Council	-	25,000
	<u>76,507</u>	<u>66,720</u>
 <b>Investment Income</b>		
Bank Interest	336	74
Investment Income	1,804	47
	<u>2,140</u>	<u>121</u>
 <b>Total Incoming Resources</b>	<u><b>1,391,763</b></u>	<u><b>169,105</b></u>

# COMMUNITY FOUNDATION FOR LANCASHIRE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

### 3 TOTAL RESOURCES EXPENDED

	Basis of Allocation	Voluntary Income	Charitable Activities	Investment Costs	Governance	Total 2011	Total 2010
Grants Paid (see note 4)	Direct	-	26,570	-	-	<b>26,570</b>	22,500
Staff Costs (see note 6)	Direct	25,428	7,265	-	3,632	<b>36,325</b>	38,404
Staff Healthcare	Direct	84	24	-	12	<b>120</b>	-
Training	Direct	861	246	-	123	<b>1,230</b>	2,599
Recruitment	Direct	-	-	-	-	-	807
Subscriptions	Direct	22	390	-	-	<b>412</b>	391
Website	Direct	-	331	-	-	<b>331</b>	437
Printed Materials	Direct	129	129	-	-	<b>258</b>	101
Board Meeting exps	Direct	-	-	-	315	<b>315</b>	372
Publicity & Advertising	Direct	9,069	-	-	-	<b>9,069</b>	1,420
Investment Management costs	Direct	-	-	2062	-	<b>2,062</b>	290
Grants Management - CFM*	Direct	-	11,064	-	-	<b>11,064</b>	2,500
Sundry expenses	Direct	-	-	-	-	-	90
Consultancy CFM*	Usage	8,217	16,435	-	8,217	<b>32,869</b>	37,792
Legal & Professional	Usage	-	-	-	4,717	<b>4,717</b>	3,699
Independent Examination Fees	Usage	705	-	-	2,820	<b>3,525</b>	3,450
Bank Charges	Usage	-	92	-	-	<b>92</b>	5
Travel exps	Staff time	1,920	480	-	-	<b>2,400</b>	2,106
Postage, Stationery & Telephones	Staff time	95	24	-	-	<b>119</b>	371
Office costs (Rent in kind)	Staff time	1,486	372	-	-	<b>1,858</b>	2,500
Depreciation	Staff time	131	33	-	-	<b>164</b>	164
		<b>48,147</b>	<b>63,455</b>	<b>2,062</b>	<b>19,836</b>	<b>133,500</b>	119,998

\*Community Foundation for Merseyside

# COMMUNITY FOUNDATION FOR LANCASHIRE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

### 4 GRANTS PAID

	Grant total 2011 £	Grant total 2010 £
Blackpool Coastal Housing	16,998	-
Ribble Valley Fund	9,572	-
Wyre Young Transformers	-	22,500
	<u>26,570</u>	<u>22,500</u>

### 5 NET INCOMING RESOURCES

	2011 £	2010 £
Net incoming resources are stated after charging:-		
Staff costs	36,325	38,404
Depreciation	164	164
	<u>36,489</u>	<u>38,568</u>

### 6 STAFF

	2011 £	2010 £
Wages and salaries	32,000	34,116
Social security costs	3,365	3,388
Pension contributions	960	900
	<u>36,325</u>	<u>38,404</u>

No employee earned £60,000 p.a. or more

### 7 STAFF NUMBERS

The average number of employees during the year was as follows:

	2011 No.	2010 No.
Management	<u>1</u>	<u>1</u>

### 8 TAXATION

As a registered charity, the company is exempt from taxation on the income and gains arising out of its charitable activities.

# COMMUNITY FOUNDATION FOR LANCASHIRE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

9 TANGIBLE FIXED ASSETS	Office Equipment	Total
<b>Cost</b>	<b>£</b>	<b>£</b>
<b>At 31 March 2010 &amp; 31 March 2011</b>	<u>656</u>	<u>656</u>
<b>Depreciation</b>		
At 31 March 2010	328	328
Charge for year	164	164
<b>At 31 March 2011</b>	<u>492</u>	<u>492</u>
<b>Net book value</b>		
<b>At 31 March 2011</b>	<u><b>164</b></u>	<u><b>164</b></u>
At 31 March 2010	<u>328</u>	<u>328</u>
<b>10 INVESTMENTS</b>		
	<b>2011</b>	<b>2010</b>
<b>Listed Investments</b>	<b>£</b>	<b>£</b>
Market value at 31 March 2010	<b>39,453</b>	-
Additions	<b>202,358</b>	38,755
Revaluation	<b>13,737</b>	698
Market value at 31 March 2011	<u><b>255,548</b></u>	39,453
Cash deposits in the UK	<u><b>6,627</b></u>	45,495
Total investments	<u><b>262,175</b></u>	<u>84,948</u>
<b>Listed Investments</b>		
UK investments	<b>140,644</b>	26,890
Overseas investments	<u><b>114,904</b></u>	12,563
	<u><b>255,548</b></u>	<u>39,453</u>

The trustees consider individual investment holdings in excess of 5% of the portfolio value to be material. The following individual shareholdings or investments are considered individually to be material with the market values and proportion of the portfolio shown as at 31 March 2011:

	2011	Percentage of portfolio
	£	%
Fidelity Funds Global Inflat Bd Y H 27	17,444	6.8%
Legg Mason Investment Funds Global Multi Strategy Bd Fd	18,815	7.4%
Threadneedle Investment Funds UK Equity Inc Instl Nav 2	21,244	8.3%
Invesco Fund Managers Perpetual High Income Inc Nav	22,728	8.9%
Artemis Fund Managers Income I Inc	21,398	8.4%
Rensburg Fund Management UK Mid Cap Growth Fund	21,234	8.3%
Schroder Unit Trusts UK Alpha Plus Retl A Inc	21,098	8.3%
USB Global Asset Management US Equity Class B Acc	24,410	9.6%

# COMMUNITY FOUNDATION FOR LANCASHIRE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

11 DEBTORS	2011 £	2010 £
Grants	554,659	2,000
Other debtors	17,970	1,562
	<u>572,629</u>	<u>3,562</u>

12 CREDITORS: amounts falling due within one year	2011 £	2010 £
Other creditors	<u>36,745</u>	<u>70,920</u>

13 RESTRICTED FUNDS	As at 31 March 2010 £	Movement in Resources			As at 31 March 2011 £
		Incoming £	Outgoing £	Transfers £	
Blackpool Coastal Housing	-	16,998	(16,998)	-	-
Lancashire General Fund	-	-	-	145	145
Lancashire 100 Fund	-	860	-	13	873
Lancashire County Developments Fund	-	-	-	201	201
Ribble Valley Fund	-	9,572	(9,572)	-	-
Rosendale Community Fund	-	-	-	97	97
Rank Foundation	20,167	18,000	(36,325)	-	1,842
	<u>20,167</u>	<u>45,430</u>	<u>(62,895)</u>	<u>456</u>	<u>3,158</u>

Transfers into funds relate to Endowment Fund income received during the period.

The Blackpool Coastal Housing Fund aims to have a significant positive impact on the lives of Blackpool Council tenants / leaseholders and meet at least one of the following BCH corporate objectives: to provide BCH customers with high quality homes and services that represent excellent value for money; to empower BCH customers, ensuring that they are placed at the heart of everything; to contribute to the wider regeneration of Blackpool; creating jobs and opportunities for local people and improving the health and wellbeing of residents and to reduce impact on the environment.

The Lancashire General Fund, Lancashire 100 Fund and Lancashire County Development Fund all provide general grant funding to respond to needs in the community, as and when identified.

The Ribble Valley Fund was set up from the proceeds of a charity event in Ribble Valley and supports projects aimed at older people or young people in rural isolation with priority given to areas of disadvantage including; Derby and Thronley, Edisford and Low Moor, Primrose, Littlemore, Longridge. The focus on the fund is to enable groups to flourish, continue or expand their work; build their capacity and provide support for provisions for local people, advocacy, and to help strengthen community voice.

The Rosendale Community Fund stems from the endowed funds and the intention is to build the level of this fund before determining appropriate criteria for grant making.

The Rank Foundation grant is to support a development and fundraising post within the Community Foundation.

Funds that cannot be distributed are returned to the donor.

# COMMUNITY FOUNDATION FOR LANCASHIRE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

14 UNRESTRICTED FUNDS	As at	Movement in Resources			As at
	31 March 2010	Incoming	Outgoing	Transfers	31 March 2011
	£	£	£	£	£
Unrestricted Funds	45,883	67,938	(68,543)	1,348	46,626

Transfers relate to fees charged on Endowment Funds from income received.

15 ENDOWMENT FUNDS	As at	Movement in Resources		Net gain on	As at
	31 March 2010	Incoming	Outgoing & Transfers	investment assets	31 March 2011
	£	£	£	£	£
Permanent endowment:					
Lancashire County Developments Ltd	-	25,264	(411)	1,218	26,071
Rossendale Community Fund	-	102,788	(957)	4,152	105,983
Expendable endowments :					
Mark McQueen Memorial Fund	-	128,205	-	-	128,205
New Progress Housing Tenants' Fund	-	200,000	-	-	200,000
Ribble Valley Fund	-	30,209	(298)	851	30,762
W O Street Foundation Fund	-	781,114	-	-	781,114
General Endowment Fund	86,511	10,815	(2,200)	7,516	102,642
	86,511	1,278,395	(3,866)	13,737	1,374,777

Endowment funds are invested to generate income each year, which is transferred to restricted funds to be awarded as grants, with fees transferred to unrestricted funds.

16 ANALYSIS OF NET ASSETS BETWEEN FUNDS	Tangible Fixed Assets	Investments	Net Current Assets	Total
	£	£	£	£
Endowment Funds	-	262,175	1,112,602	1,374,777
Restricted Funds	-	-	3,158	3,158
Unrestricted Funds	164	-	46,462	46,626
	164	262,175	1,162,222	1,424,561

# COMMUNITY FOUNDATION FOR LANCASHIRE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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### 17 TRUSTEES' EXPENSES

No trustees have received remuneration. During the period no trustees were reimbursed travelling expenses (2010 - one trustee reimbursed £78).

### 18 RELATED PARTY TRANSACTIONS

Mr T Hoyle is a trustee, company secretary to 19 October 2010 and a director from 18 January 2011, and has also acted in a legal capacity on behalf of the Foundation in previous years. The Foundation has not incurred any costs during the year (2010: £3,699) regarding the legal services provided by Roebucks Solicitors, a firm in which Mr T Hoyle is a partner.

Mr DJ Sanderson is a trustee and Director of Grants and Special Projects with the Rank Foundation which has awarded the Community Foundation for Lancashire with grant funding for a development and fundraising post over a three year period.

Mr T Hephrun, a trustee, is Chief Officer of Burnley, Pendle and Rossendale CVS who provide outreach and support services for the Grassroots Grants programme administered by the Community Foundation for Merseyside.

Mr GW Burgess, a trustee until 18 January 2011, is the Chief Executive Officer of Blackburn with Darwen Borough Council and Ms E Hall, a trustee from 22 March 2011, is the Finance Director of Blackburn with Darwen Borough Council who have afforded use of office space without charge.

Mrs VB Chauhan, a trustee until 13 May 2010, is employed by Lancashire County Council who have contributed towards the Foundation's set up costs through Lancashire County Developments Ltd.