

**COMMUNITY FOUNDATION FOR LANCASHIRE**

**FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2013**

**Company Number : 06383299**

**Charity Number : 1123229**

# COMMUNITY FOUNDATION FOR LANCASHIRE

YEAR ENDED 31 MARCH 2013

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# COMMUNITY FOUNDATION FOR LANCASHIRE

YEAR ENDED 31 MARCH 2013

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## COMPANY INFORMATION

Bankers:

Lloyds TSB  
Church Street  
Blackburn

Santander  
Bridle Road  
Bootle  
L30 4GB

Bank of Scotland  
Pentland House  
8 Lochside Avenue  
Edinburgh  
EH12 9DJ

Solicitors:

Brabners LLP  
Horton House  
Exchange Flags  
Liverpool  
L2 3YL

Investment Managers:

Investec Wealth & Investment Ltd  
100 Old Hall Street  
Liverpool  
L3 9AB

CCLA Investment Management Ltd  
80 Cheapside  
London  
EC2V 6DZ

Auditors:

Beever and Struthers Chartered Accountants  
Central Buildings  
Richmond Terrace  
Blackburn  
BB1 7AP

Registered office:

Community Foundation for Lancashire  
C/O Regenerate Pennine Lancashire  
The Globe Centre  
1 St James Square  
Accrington  
BB5 0RE

# COMMUNITY FOUNDATION FOR LANCASHIRE

## YEAR ENDED 31 MARCH 2013

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### TRUSTEES' REPORT

The trustees (who are also directors for the purposes of company law) present their Report and the Financial Statements for the year ended 31 March 2013 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 six members at the year end.

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

### Trustees and senior staff

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

A Roberts (Chairman)  
PF Robinson  
P Butterfield  
T Hephrun  
PG Barker  
WA Swift  
EA Hall  
J Turton  
D McDonnell (appointed 17 July 2013)

The senior members of staff were:

C Elliott	Chief Executive
K Fitzgerald	Development Director

### OUR OVERALL OBJECTIVES AND ACTIVITIES

#### Summary

The Community Foundation for Lancashire is for donors, for communities and for Lancashire. As an independent registered charity we are part of a UK and international movement of community foundations that undertakes strategic social investment, including charitable social investment, particularly grant-making, facilitates and administers community philanthropy and contributes to achieving positive social change in Lancashire's communities.

The Community Foundation connects donors with Lancashire's voluntary and community sector to meet local needs, tackle social issues and support community aspirations.

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Community foundation grant-making has taken place in Lancashire since 2003, investing over £9 million in over 1,900 voluntary and community grants during that time with the administrative support of Community Foundation for Merseyside. Since the Community Foundation for Lancashire was set up as a Registered Charity in 2007, we have worked to encourage local philanthropy with many local organisations and philanthropists.

Our Community Foundation trustees, staff, volunteers, donors and stakeholders support, strive for and uphold our vision, mission, strategic view and approach and also our values which are:

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

**Our Mission** being 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;

**Our Values** being:

- Community Leadership
- Pride
- Transparency
- Working Together

### **The Objects of our Charity**

The objects of our 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 metropolitan area of Lancashire and the boroughs of Blackpool, Blackburn with Darwen and Lancashire 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 charitable funding 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 into endowment funds (invested for the long-term and producing an annual income for grant-making). 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 in note 14.

### **Organisational Structure**

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

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office' resources to maximise charitable funding and share significant expert support on a cost effective basis.

The Board 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 joint Chief Executive with Community Foundation for Merseyside on 1 August 2009.

Community Foundation for Lancashire is governed by a Board of 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. Our Chairman Arthur Roberts was appointed in July 2011 and will serve as Chair until January 2014. Working in collaboration with Community Foundation for Merseyside, we have been planning our future governance aims, trustee membership development and Chair succession since June 2012 to be implemented by October 2013.

The operational delivery is resourced through fee and core income and on a shared and consultancy basis as part of a close collaboration with Community Foundation for Merseyside with their team of 16 staff (13 full time equivalent) which is unique in the UK Community Foundation Network.

### **Trustees' recruitment and appointment**

The trustees are normally appointed by the members of the company and up to one-third of the trustees 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.

Detailed procedures are in place for the nomination and appointment of trustees, there are also job descriptions relating to the post.

Annually the Board assesses the expertise and skills within the Board membership and proactively recruits new trustees with specific experience to ensure a full complement of expertise and skills in order to govern the charity and deliver our charitable objectives.

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

All new trustees are given an induction session by the Chairman and Chief Executive to explain the operation of the charity. Regular training and tailored up-dates for trustees take place to update them and to ensure they are fully engaged with the work of the Community Foundation.

### **Our Public Benefit**

The charity benefits the public by securing income for charitable programmes and funds administered by us from public and private sector, and then distributing this in collaboration with those funders as charitable funding to support charitable activities in communities as an intermediary.

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Funding programmes and funds are established, developed, decided upon and monitored in line with the social needs and aspirations of the local communities we serve which are identified by local community leaders, subject experts or local donors as well as social research and community consultations.

Before any funding is given, we carefully and thoroughly assess the charitable and public benefits of the proposed activities. The impact of our community funding is then reported to funders, donors, stakeholders, staff and the Board as a measurement of the social impact achieved.

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 social aims.

### **Grant-Making Policies**

The policy of the charity is to award funding to individuals and organisations that have made a formal application for a grant, that fulfil the requirements of the relevant programme or fund and which have the necessary systems in place to administer a grant. All funding applications are subject to a formal appraisal by our staff before being presented to the local grant panel, or the donor, for a recommendation. A scoring system and process is used to guide decisions. All panel or donor recommendations are ratified by the Community Foundation's senior staff or trustees prior to any offer being made. Grants made are reported quarterly to the Board by fund, locality and social theme.

### **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. These are currently managed by Investec Wealth and Investment Ltd for all funds outside of the Community First Endowment Challenge from 2012 – 2015 which is managed by CCLA, nominated by central Government. The overall objectives Investec Wealth and Investments Ltd have been set is to maintain a balanced return between income and capital. The level of risk they are permitted to take is 'medium'. Presently, the strategy dictates that most of the portfolio is invested in UK equities (40 - 80%) and fixed interest stock (10 - 30%), with cash, non-UK equities and other assets also an option. Investment in derivatives or "hedge funds" is not permitted without the express consent of the trustees. 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

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managers' performance with others in the field. Investment performance is reported to Board on a quarterly basis and reviewed annually.

For the Community First Endowment Challenge from 2012 – 2015 CCLA manages the funds based on an investment policy agreed by our UK umbrella organisation, UK Community Foundations (UKCFs) with approval from our Board. These funds lie in a special trust linked to our main registered charity. Investment performance is reported to Board quarterly and reviewed by an independent panel of community foundation and investment experts working with UKCFs.

### **REVIEW OF 2012/13**

#### **Delivering our Mission & Vision**

As a community foundation we seek and work with philanthropists to empower them to engage in targeted social investment to contribute to enriching local people's lives and supporting the creation of united, prosperous and thriving communities.

We remained committed to our strategic view in 2012/13 to understand 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 continued to maximise the social impact of funds and resources through our extended local and UK networks, accessible funding programmes and efficient, cost and time effective processes still as a growing community foundation.

The activities that will achieve our 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 which covers the period of 2010 – 2013 and is reviewed annually and sets out key priorities and goals, alongside a financial plan for the next three years. We regularly evaluate our activities, including our Business Plan and annual targets, and in 2012/13 we successfully completed the delivery of our 2010 – 2013 Business Plan's 34 goals. This was jointly undertaken with Community Foundation for Merseyside in collaboration.

#### **Our Financial Management & Growth**

Our 2012/13 financial year was a continued year of transition for the organisation with our last long-term major public funding programme, Fair Share Trust, which ended in March 2012. The ending of this programme meant a significant reduction in our core and grants budget going into 2013/14 which we planned for and implemented in March 2013, working in collaboration with Community Foundation for Merseyside.

In 2010/11 we administered public funding in the majority with only 25% of our funding from private sources at an overall level of £0.5 million. In 2011/12 this proportion switched with 25% of our funding being from public sources and 75% from private. Our funding for 2012/13 continued at the same proportions.

The sustainability of the charity increased in 2012/13, beginning with £1.8 million in endowment funds in April 2012, increasing to £2.5 million by March 2013. The incentive of central Government's Community First Endowment Challenge (2011 – 2015) that we

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operate for Lancashire has supported this growth with the offer of 50% match to any donors setting up or growing endowment funds with us. Together with additions received of £808,415, a strong performance in our investment portfolios produced net gains of £203,167, an exceptional result and significant boost to our long term objectives.

We welcomed our second financial year operating with sustainable, committed, majority private funds, working proactively way as an increasing number of community foundations do so in the UK and North America.

### **Our Organisational Development**

Due to the reduction in our core and grants budget going into 2013/14 we implemented budget and resource changes in March 2013, following planning from August 2012, working in collaboration with Community Foundation for Merseyside. These changes were necessary to ensure our medium to long term viability, our development to working more with private sector donors and to be proactive at a time of transition in our sector. We undertook a restructure from January to March in 2013, beginning with a new team of 12 staff (equivalent to nine full-time) on 1 April 2013. We have supported all staff involved in this process who have moved on from the organisation as well as those who have remained with the organisation. Our costs which related to this restructure process were kept to an appropriate and affordable level.

We implemented the last of the recommended improvements to our operations and governance from our 2010 Community Foundation Quality Accreditation Audit, backed by the Charity Commission that we passed in May 2010. We also began preparing for our next Audit in autumn 2013 which seeks evidence of innovation, community leadership and effective philanthropy facilitation.

We continued to be part of the pilot to install the DIGITS2 database across UK community foundations, reaping the benefits of increasingly efficient systems for our operations.

### **Our Philanthropy Facilitation**

We were delighted to work with 14 fund holders as donors on their charitable giving and philanthropy in 2012/13, enabling them to support local causes to achieve their aims and wishes. In particular we worked with Santander on the first full year of the Social Enterprise Development Awards (SEDA), co-ordinating this £2.4 million UK scheme across the UK with Community Foundation for Merseyside, working in partnership with other community foundations. We also grew family and trust support, in particularly creating a new endowment fund for the Lancaster Foundation to work in a new and innovative way with selected partners and local people in Clitheroe.

Community Foundation for Lancashire became a second tier partner for the new Philanthropy Fellowship North West via UK Community Foundations and funded by Esmée Fairbairn Foundation. The initiative led in the North West by Community Foundation for Merseyside with Community Foundation for Cheshire as a third tier partner, aims to bring together 35 Fellows from across the North West by December 2015. We are delighted to be involved in this initiative to educate, inform, inspire and bring together philanthropists from

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across Lancashire and the region, and thank Lord Shuttleworth, our President for his support. This work builds on our activities in being Lancashire's Philanthropy Centre.

In January 2013 we co-hosted a reception at No. 10 Downing Street, London with Community Foundation for Merseyside to raise the profile of our work with business people and opinion formers which increased our network of supporters. We thank our supporter and 2011 Philanthropist of the Year, Kevin Horkin for his support of this event.

To recognise achievement in philanthropy in 2012/13 we awarded businessman Edward Fort our Philanthropist of the Year Award at our 2013 Spirit of Lancashire Awards in February 2013 to recognise his efforts in philanthropy over many years to support Lancashire's communities.

### **Grant-Making & Social Investment**

Our Social Priorities for our community funding, working in collaboration with donors in 2012/13 were as follows:

- Arts & Culture – Increasing opportunities to engage with community arts projects
- 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
- Rural communities – Tackling young people's and older people's isolation
- The Environment – Improving local areas and 'grot spots'

We received 95 applications, valued at £482,292 for an available budget of £155,584 which is evidence of the high demand for funding in Lancashire to undertake important grassroots and community work for local people. We strived in 2012/13 to support a wide range of individuals, groups, social businesses and charities across the county to have the greatest impact.

In 2012/13 we distributed £74,822 to 44 Voluntary & Community sector organisations and individuals. We were especially pleased to support innovation in the charity sector to benefit local disabled people and families via the WO Street Transformation Fund and local young entrepreneurs via the Pennine Lancashire Fund. We also undertook the last year of the Fair Share Trust that has supported charitable organisations over 10 years to grow and be on the pathway to sustainability, including Maundy Relief Trust, Prospects Foundation and Scaitcliffe Community Centre.

### **Community Leadership**

To recognise community achievement by many of our grant recipients in 2012/13 we made a number of awards at our 2013 Spirit of Lancashire Awards in February 2013. This included

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Junaid Musa winning a young person's award and Alan Lewis from Skelmersdale Youth Action winning Unsung Hero of the Year. We congratulate all nominees and winners for their efforts to support Lancashire's communities.

In 2012/13 we worked with Community Foundation for Tyne & Wear and Northumberland to develop a UK version of the Community Foundations of Canada (CFC) Vital Signs to create a giving guide for Lancashire in October 2013. We thank Lancashire County Council, CFC and UK Community Foundations for their support of this important initiative's development.

### **Key Partnerships**

The Community Foundation has 'non-donor' relationships with many key players. Examples include Lancashire's local borough authorities, Central Government and local business groups. Also included are our professional advisors Brabners, Investec Wealth and Investment and Beever & Struthers who have all been appointed due to their expertise, commitment to philanthropy or corporate social responsibility and being based in the region.

We also work with other infrastructure charities to work together to strengthen the Voluntary & Community Sector, especially at this time of public sector cuts and policy changes, including Councils for Voluntary Services and ONE Blackpool.

### **Contribution of Volunteers**

We are grateful for the contribution made by the volunteers who sat on our public sector programmes grant awarding panels in 2012/13, including Fair Share Trust. All of our panel 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 Board particularly wish to note their appreciation for the support of volunteers that have advised them on the development of the Community Foundation, such as members of our Development Advisory Group, including the Group's Chair Dennis Mendoros, and Social Investment Advisory Group, including Michelle Smith from Blackpool Carers. Also thanks are extended to the Community Foundation's Patrons and our President, Lord Charles Shuttleworth for their commitment to the work of the charity.

### **Our Donations In-Kind**

The Community Foundation has been afforded use of an office at CX Limited, Chorley House, Centurion Way, Lancashire Business Park, Leyland from Lancashire County Council on an in-kind basis and then office space at The Globe in Accrington from Pennine Lancashire on an in-kind basis.

### **Factors Out of Our Control**

The changed economic and political landscape during 2009 to 2011 has had a delayed knock-on effect for the Voluntary & Community Sector. We have worked hard to ensure that we are continually fit-for-purpose and relevant to Lancashire as well as supporting our grant

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recipients at this time as they experience change. Factors out of our control in 2012/13 included:

- Greater competition in our market from other private sector intermediaries - We continue to work hard and more creatively to attract new donors, differentiating ourselves, and ensuring that existing donors remain loyal, gaining value for money and social impact in their philanthropy, especially as a relatively young community foundation.
- A decrease in public funding to the voluntary sector and therefore increased demand on our community funding - We have become more efficient in our practices to tackle over-subscription and using local social needs information to enhance our strategy in community funding as well as sign-posting applicants effectively to other funders.
- 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, funding recipients and our donors.

### OUR OPERATIONS

#### Our Risk Reviews

Our Board of Trustees undertakes a regular 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 during 2012/13 and looking ahead, and 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 senior staff team. The organisation also uses a traffic light system to monitor and measure progress against a set of key organisational targets. Progress against target is assessed by the staff team on a monthly basis and reported to the Board on a quarterly basis, using a delivery forecast system.

#### Our Reserves Policy

Our Board has continued to endeavour to build and maintain a level of reserves appropriate to its commitments over the coming years. However, it is keen to maximise its charitable objectives and community benefit. The Board continues to ensure that reserves of four to six months running costs are held at any time as per its 2010/11 policy, in line with the Charity Commission's guidance and our own policy. For 2012/13 the unrestricted reserves were £57,727 at the end of the financial year. Via an agreement with Community Foundation for Merseyside, the two community foundations work together to build reserves as per the policy and cover budget deficits and core costs jointly as appropriate.

### 2013/14 AND BEYOND

Having made reductions in our resources and beginning 2013/14 with a new staff team from 1 April 2013, the Community Foundation's aim is for growth via philanthropy development, especially working with the private sector, to achieve our mission to have positive social impact in Lancashire's communities.

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We continue to aim to achieve cost and time efficiencies to ensure we maximise all funds donated to us. We will also develop our plans for full cost recovery as a registered charity in a new private sector funding dominant environment. Our approach is increasingly business-like in a registered charity setting.

Our Chairman Arthur Roberts will serve as Chair until January 2014 and the Board is working together to plan for the medium to long-term. This includes working in collaboration with Community Foundation for Merseyside on our future governance aims, trustee membership development and Chair succession to be implemented by October 2013.

The new Philanthropy Fellowship North West and activities of our Development Advisory Group particularly support our aims to develop and encourage more philanthropy in the county. Our work in 2012/13 on Lancashire's Vital Signs, launched in October 2013, enables us to inform current and potentially new philanthropists in community issues and aspirations to ensure impactful giving as well as giving a voice to local communities. Our continued work with donors and fund holders to support the local Voluntary & Community sector will achieve their giving aims and support vital projects and services in the county for the benefit of local neighbourhoods and families.

From 2013/14 we will report our social impact by 12 social themes in line with Vital Signs to demonstrate the achievements of philanthropists and their funds, community leaders and local organisations to ensure Lancashire is prosperous and thriving.

### **Our Auditors**

In October 2011 the Community Foundation reviewed its auditing services due to the collaboration with Community Foundation for Merseyside and Beever and Struthers were appointed by both Community Foundations as the joint auditors for both Community Foundations for the 2011/12 and 2012/13 financial years.

### **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

Arthur Roberts                      Date    15 October 2013

Trustee

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YEAR ENDED 31 MARCH 2013

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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 charitable company 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 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.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the Trustees are aware there is no relevant information of which the charitable company's auditor is unaware. Additionally 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.

The trustees confirm that the financial statements comply with current statutory requirements and with the requirements of its governing document.

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## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF COMMUNITY FOUNDATION FOR LANCASHIRE

We have audited the financial statements of Community Foundation for Lancashire for the year ended 31st March 2013 on pages 16 to 25. 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 Statement of Trustees' Responsibilities set out on page 13, 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 Trustees' 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 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;

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- 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.

### **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' 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 21 October 2013

# COMMUNITY FOUNDATION FOR LANCASHIRE

## STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2013

	Notes	Unrestricted Funds	Restricted Funds	Endowment Funds	2013	2012
		£	£	£	£	£
<b>Incoming resources</b>						
<b>Incoming resources from generated funds</b>						
Voluntary income	2	20,345	-	808,415	828,760	484,343
Investment income	2	6,452	36,586	-	43,038	15,311
<b>Incoming resources from charitable activities</b>	2	4,919	38,836	-	43,755	201,046
<b>Other income</b>	2	15,789	-	-	15,789	-
<b>Total incoming resources</b>		<u>47,505</u>	<u>75,422</u>	<u>808,415</u>	<u>931,342</u>	<u>700,700</u>
<b>Resources expended</b>						
<b>Cost of generating funds</b>						
Cost of generating voluntary income	3	62,223	-	-	62,223	42,076
Investment management costs	3	-	-	13,504	13,504	11,715
<b>Charitable activities</b>	3	24,363	83,862	-	108,225	180,352
<b>Governance</b>	3	10,686	-	-	10,686	20,515
<b>Total resources expended</b>		<u>97,272</u>	<u>83,862</u>	<u>13,504</u>	<u>194,638</u>	<u>254,658</u>
<b>Net (outgoing) / incoming resources before other recognised gains and losses</b>		(49,767)	(8,440)	794,911	736,704	446,042
<b>Realised losses on investment assets</b>		-	-	(6,349)	(6,349)	(239)
<b>Unrealised gains on investment assets</b>	10	-	-	209,516	209,516	83,386
<b>Net movement in funds</b>		<u>(49,767)</u>	<u>(8,440)</u>	<u>998,078</u>	<u>939,871</u>	<u>529,189</u>
<b>Reconciliation of funds</b>						
Total funds brought forward		<u>107,494</u>	<u>77,162</u>	<u>1,769,094</u>	<u>1,953,750</u>	1,424,561
<b>Total funds carried forward</b>		<u><u>57,727</u></u>	<u><u>68,722</u></u>	<u><u>2,767,172</u></u>	<u><u>2,893,621</u></u>	<u><u>1,953,750</u></u>

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

<b>Income and Expenditure Account</b>	2013	2012
	£	£
<b>Gross income from all sources</b>	931,342	700,700
Less endowment income	<u>(808,415)</u>	<u>(339,500)</u>
<b>Total Income</b>	<u>122,927</u>	<u>361,200</u>
<b>Total expenditure</b>	<u>(194,638)</u>	<u>(254,658)</u>
Less endowment expenditure	13,504	11,715
Transfers from endowment	-	16,615
<b>Net (expenditure) / income for the year</b>	<u><u>(58,207)</u></u>	<u><u>134,872</u></u>

# COMMUNITY FOUNDATION FOR LANCASHIRE

## BALANCE SHEET FOR THE YEAR ENDED 31 MARCH 2013

	Notes	31 March 2013		31 March 2012	
		£	£	£	£
Tangible assets	9		-		-
Investments	10		2,768,172		1,766,051
			<u>2,768,172</u>		<u>1,766,051</u>
<b>Current Assets</b>					
Debtors	11	41,307		88,868	
Cash at bank and in hand		<u>128,023</u>		<u>138,498</u>	
		<b>169,330</b>		<b>227,366</b>	
<b>CREDITORS:</b> amounts falling due within one year	12	<u>(43,881)</u>		<u>(39,667)</u>	
<b>Net Current Assets</b>			<u>125,449</u>		<u>187,699</u>
<b>Net Assets</b>			<u><u>2,893,621</u></u>		<u><u>1,953,750</u></u>
<b>The Funds of the Charity</b>					
Endowment Funds (including a Revaluation Reserve of £298,676 (2012:£97,511))	16		2,767,172		1,769,094
Unrestricted Funds	15		57,727		107,494
Restricted Funds	14		68,722		77,162
<b>Total Charity Funds</b>			<u><u>2,893,621</u></u>		<u><u>1,953,750</u></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.

Approved by the Board of Trustees and authorised for issue on 15 October 2013.

Arthur Roberts  
Trustee

Company Registration No. 06383299

# COMMUNITY FOUNDATION FOR LANCASHIRE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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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 Statement of Recommended Practice "Accounting and reporting by Charities" (SORP 2005).
- (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. Deferral of income takes place where grants are received substantially in advance of the expenditure to which it relates. Where grants include a contribution to costs for distribution of restricted funds, this is recognised on distribution of funds. 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.
- (g) Governance costs include those costs associated with meeting the constitutional and statutory
- (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 2013*

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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 2013

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2 INCOMING RESOURCES	2013	2012
	£	£
<b>Voluntary Income</b>		
Endowments Received	808,415	339,500
Donations	-	20,079
Grants	-	100,000
Sponsorship / Events / Members	18,345	22,964
Gifts in kind - use of office	2,000	1,800
	<u>828,760</u>	<u>484,343</u>
<b>Incoming Resources from Charitable Activities</b>		
Blackpool Coastal Housing	-	79,030
Blackpool Council	-	85,000
Community Foundation Network	4,400	2,200
Jim Hosker Memorial Fund	-	1,852
Lancashire 100 Club	1,500	1,500
Local Giving	130	7,800
Pendle Music Bursary Fund	-	10,000
Pennine Lancashire Youth Enterprise Fund	14,778	5,568
Rumi & Rishi Fund	20,000	-
Surviving Winter Appeal	2,947	8,096
	<u>43,755</u>	<u>201,046</u>
<b>Investment Income</b>		
Bank Interest	960	334
Investment Income	42,078	14,977
	<u>43,038</u>	<u>15,311</u>
<b>Other Income</b>		
Fees Received	15,789	-
	<u>15,789</u>	<u>-</u>
<b>Total Incoming Resources</b>	<u>931,342</u>	<u>700,700</u>

# COMMUNITY FOUNDATION FOR LANCASHIRE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

### 3 TOTAL RESOURCES EXPENDED

	Basis of Allocation	Voluntary Income	Charitable Activities	Investment Costs	Governance	Total 2013	Total 2012
Grants Paid (see note 4)	Direct	-	79,342	-	-	<b>79,342</b>	116,599
Staff Costs (see note 6)	Direct	11,381	16,406	-	8,203	<b>35,990</b>	39,425
Staff Healthcare	Direct	219	62	-	31	<b>312</b>	222
Training	Direct	-	50	-	-	<b>50</b>	-
Subscriptions	Direct	-	2,048	-	-	<b>2,048</b>	510
Website	Direct	396	396	-	-	<b>792</b>	456
Printed Materials	Direct	22	22	-	-	<b>44</b>	200
Board Meeting exps	Direct	-	-	-	173	<b>173</b>	450
Sundry expenses	Direct	-	-	-	-	<b>-</b>	352
Investment Management costs**	Direct	-	-	13,504	-	<b>13,504</b>	11,715
Grants Management - CFM*	Direct	-	948	-	-	<b>948</b>	16,127
Consultancy CFM*	Usage	45,439	-	-	-	<b>45,439</b>	40,381
Events	Usage	4,498	4,497	-	-	<b>8,995</b>	18,034
Legal & Professional	Usage	-	-	-	369	<b>369</b>	15
Audit Fees	Usage	-	1,910	-	1,910	<b>3,820</b>	7,000
Bank Charges	Usage	-	166	-	-	<b>166</b>	267
Travel exps	Staff time	268	268	-	-	<b>536</b>	899
Postage, Stationery & Telephones	Staff time	-	110	-	-	<b>110</b>	42
Office costs (Rent in kind)	Staff time	-	2,000	-	-	<b>2,000</b>	1,800
Depreciation	Staff time	-	-	-	-	<b>-</b>	164
		<b>62,223</b>	<b>108,225</b>	<b>13,504</b>	<b>10,686</b>	<b>194,638</b>	<b>254,658</b>

\*Community Foundation for Merseyside

\*\* Investment management costs relate to investments with Investec Wealth and Investments only. CCLA Common Investment Fund charges are absorbed within the re-valuation figure.

Staff costs include £4,520 in restricted grant funding.

# COMMUNITY FOUNDATION FOR LANCASHIRE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

### 4 GRANTS PAID

All the charitable activities undertaken by the charity represent grantmaking. Further details about the grants made in the year can be seen in Note 14.

### 5 NET INCOMING RESOURCES

	2013	2012
	£	£
Net incoming resources are stated after charging:-		
Depreciation	-	164
Auditors remuneration	3,820	4,000
	<u>3,820</u>	<u>4,164</u>

### 6 STAFF

	2013	2012
	£	£
Wages and salaries	31,035	35,676
Social security costs	3,038	3,115
Pension contributions	1,917	634
	<u>35,990</u>	<u>39,425</u>

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

### 7 STAFF NUMBERS

The average number of employees (excluding trustees) during the year was as follows:

	2013	2012
	No.	No.
Management	1	1
Total full time equivalents	<u>1</u>	<u>1</u>
Total staff employed	<u>1</u>	<u>1</u>

In addition to those people directly employed by the Community Foundation for Lancashire (CFL), staff were employed by CFM and recharged to CFL to deliver administration and development of the charity.

### 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 2013

9 TANGIBLE FIXED ASSETS	Office Equipment	Total
<b>Cost</b>	<b>£</b>	<b>£</b>
<b>At 31 March 2012 and 31 March 2013</b>	656	656
<b>Depreciation</b>		
At 31 March 2012	656	656
<b>At 31 March 2013</b>	656	656
<b>Net book value</b>		
<b>At 31 March 2013</b>	-	-
At 31 March 2012	-	-
<b>10 INVESTMENTS</b>		
	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
<b>Listed Investments</b>		
<b>Investec Wealth &amp; Investment</b>		
Market value at 31 March 2012	1,357,303	255,548
Additions	330,903	1,021,393
Disposals at market value	(242,332)	(3,024)
Revaluation gain	178,538	83,386
Market value at 31 March 2013	1,624,412	1,357,303
Cash deposits in the UK	45,032	70,748
<b>Sub total Investec Wealth &amp; Investment</b>	<b>1,669,444</b>	<b>1,428,051</b>
<b>CCLA Common Investment Fund</b>		
Market value at 31 March 2012	-	-
Additions	1,067,750	-
Revaluation gain	30,978	-
Market value at 31 March 2013	1,098,728	-
Cash deposits in the UK	-	338,000
<b>Sub total CCLA</b>	<b>1,098,728</b>	<b>338,000</b>
<b>Total Investments</b>	<b>2,768,172</b>	<b>1,766,051</b>
<b>Historical cost</b>	<b>2,469,496</b>	<b>1,668,540</b>
<b>Listed Investments</b>		
UK investments	1,510,206	857,812
Overseas and other investments	1,212,934	499,491
Cash deposits	45,032	408,748
	<b>2,768,172</b>	<b>1,766,051</b>

The trustees consider individual investment holdings in excess of 5% of the portfolio value to be material. No individual shareholdings or investments are considered individually to be material.

# COMMUNITY FOUNDATION FOR LANCASHIRE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

11 DEBTORS	2013	2012
	£	£
Grants	-	48,582
Other debtors	40,807	39,786
Prepayments	500	500
	<u>41,307</u>	<u>88,868</u>

12 CREDITORS: amounts falling due within one year	2013	2012
	£	£
Grant creditors	7,974	12,634
Other creditors	19,967	22,439
Accruals	3,500	4,594
Deferred income (note 13)	12,440	-
	<u>43,881</u>	<u>39,667</u>

13 DEFERRED INCOME	2013	2012
	£	£
Deferred income comprises income received in advance that the charity is not contractually entitled to distribute at 31 March 2013.		
Balance as at 1 April 2012	-	-
Amount deferred in year	12,440	-
Balance as at 31 March 2013	<u>12,440</u>	<u>-</u>

14 RESTRICTED FUNDS	As at 31 March 2012	Movement in Resources			As at 31 March 2013
	£	Incoming £	Outgoing £	Transfers £	£
Aldridge Foundation Fund	-	1,196	-	-	1,196
Blackpool Council Fund	48,304	-	(48,304)	-	-
Community Foundation Network	1,100	4,400	(5,500)	-	-
Lancashire General Fund	784	2,194	-	-	2,978
Lancashire 100 Fund	2,395	1,149	(1,825)	-	1,719
Lancashire County Developments Fund	376	1,302	-	-	1,678
Lancaster Council Fund	-	175	-	-	175
Local Giving	464	130	(594)	-	-
Mark McQueen Foundation	829	2,246	-	-	3,075
New Progress Housing Fund	1,301	4,580	-	-	5,881
Pendle Music Bursary Fund	9,000	3,148	(8,585)	-	3,563
Pennine Lancashire Youth Enterprise Fund	1,568	11,762	(13,330)	-	-
Ribble Valley Fund	(16)	16	-	-	-
Rosendale Community Fund	810	1,867	-	-	2,677
Rumi & Rishi Fund	-	24,696	-	-	24,696
Surviving Winter Fund	5,260	3,143	(3,500)	-	4,903
WO Street Fund	4,987	13,418	(2,224)	-	16,181
	<u>77,162</u>	<u>75,422</u>	<u>(83,862)</u>	<u>-</u>	<u>68,722</u>

All funds available, together with the criteria, priorities and application process are detailed on our website at [www.lancsfoundation.org.uk](http://www.lancsfoundation.org.uk).

# COMMUNITY FOUNDATION FOR LANCASHIRE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

15 UNRESTRICTED FUNDS	As at	Movement in Resources			As at
	31 March 2012	Incoming	Outgoing	Transfers	31 March 2013
	£	£	£	£	£
Unrestricted Funds	107,494	47,505	(97,272)	-	57,727

  

16 ENDOWMENT FUNDS	As at	Movement in Resources		Net gain on	As at
	31 March 2012	Incoming	Outgoing	investments & Transfers	31 March 2013
	£	£	£	£	£
Permanent endowment	138,916	50,000	(1,705)	23,619	210,830
Expendable endowment	1,630,178	758,415	(11,799)	179,548	2,556,342
	1,769,094	808,415	(13,504)	203,167	2,767,172

Included in the above figures are the following significant funds:

	31 March 2012			31 March 2013	
	£	£	£	£	£
<b>Permanent endowment:</b>					
Rossendale Community Fund	112,194	-	(908)	12,930	124,216
<b>Expendable endowments :</b>					
Lancaster Foundation	-	727,500	-	-	727,500
Mark McQueen Foundation	134,975	-	(1,092)	15,555	149,438
New Progress Housing					
Tenants' Fund	210,532	-	(1,703)	24,262	233,091
Pendle Music Bursary Fund	100,000	-	-	11,586	111,586
Rumi & Rishi Fund	200,000	-	-	23,171	223,171
W O Street Foundation Fund	806,456	-	(6,523)	92,939	892,872

17 ANALYSIS OF NET ASSETS BETWEEN FUNDS	Investments	Net Current Assets	Total
	£	£	£
Endowment Funds	2,768,172	(1,000)	2,767,172
Restricted Funds	-	68,722	68,722
Unrestricted Funds	-	57,727	57,727
	2,768,172	125,449	2,893,621

### 18 TRUSTEES' EXPENSES

No trustees have received remuneration. During the current or previous year no trustees were reimbursed travelling expenses.

### 19 RELATED PARTY TRANSACTIONS

Jo Turton is Executive Director for the Environment with Lancashire County Council who have previously provided core funding for the foundation.

An agreement is in place for the supply of services between the Community Foundation for Merseyside and the Community Foundation for Lancashire. This relates to the provision of administrative services and staff sharing of the Chief Executive during the year, and has been reflected in staff and consultancy costs charged to the charity of £81,429 (2012: £79,806) in the period. The Community Foundation for Merseyside is a company limited by guarantee in England and Wales, Number 03422207, and is also a registered charity with the Charity Commission Number 1068887.

### 20 CONTINGENT LIABILITIES

The restricted fund balances carried forward at 31 March 2013 represent funds available due to the timing of the receipt of grant funds and their distribution. The conditions attaching to the funding streams are such that the balances represent income for the year as defined in the Charities SORP. Funds that cannot be distributed in accordance with the wishes of the donor will be returned to the donor.