

**COMMUNITY FOUNDATIONS FOR
LANCASHIRE AND MERSEYSIDE**

**FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016**

Company Number : 3422207

Charity Number : 1068887

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**COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2016
COMPANY INFORMATION**

Registered office: Community Foundations for Lancashire and Merseyside
Third Floor
Stanley Building
43 Hanover Street
Liverpool
L1 3DN

Bankers: Santander
Bridle Road
Bootle
L30 4GB

Solicitors: Brabners LLP
Horton House
Exchange Flags
Liverpool
L2 3YL

Investment Managers: Rathbones Investment Management Ltd
Port of Liverpool Building
Pier Head
Liverpool
L3 1NW

Investec Wealth & Investment Ltd
The Plaza
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

Financial Advisers: Parker Kelly Financial Services
Vincent House
17 Stanley Street
Liverpool
L1 6AA

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2016

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 2016 for the Community Foundations for Lancashire and Merseyside (formerly known pre April 2014 as Community Foundation for Merseyside and Community Foundation for Lancashire) hereafter referred to as CFLM.

REFERENCE AND ADMINISTRATIVE DETAILS

The charity, CFLM, is constituted as a company limited by guarantee and not having any share capital. The company is registered in England and Wales, number 3422207, and its principal governing document is the company Memorandum and Articles of Association (as amended by special resolution on 4 December 2013 and formerly merged on 1 April 2014). The charity is also registered with the Charity Commission, number 1068887.

Trustees and Senior Staff

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

A Roberts, Chairman
A Myers, Vice Chair
S Barrow, Treasurer (Appointed April 2015)
C Bliss
A Meachin
B Murphy (Appointed April 2015)
D Wareing (Appointed July 2015)
A Pointing (Resigned April 2015)
D McDonnell (Resigned April 2015)
W Swift (Resigned October 2015)
J Bowley (Resigned October 2015)

The senior staff during the year were:

C Elliott, Chief Executive
K Morris, Community Philanthropy Director
S Langfeld, Finance & Operations Director (Resigned 31 March 2016)
S Mitchell, Finance Director (Appointed 13 June 2016)

Summary of our Purpose & Aims

The Community Foundations for Lancashire & Merseyside operate as one independent registered charity and are part of a UK and international movement of community foundations that distribute community funding, including via grant-making, facilitate and administer community philanthropy as a North West regional philanthropy hub and contribute to achieving positive social change as local community leaders.

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

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2016

TRUSTEES REPORT

Summary of our Purpose & Aims (cont....)

- Our Mission is to invest funding strategically under charity law that meets the needs of local communities, placing us as the charity of choice for philanthropists and funding partners, and the primary funder for the areas' social sector.
- Our Strategy is to understand the needs of local communities and philanthropists and, by creating partnerships and involving philanthropists, to ensure that these needs are met, growing stronger communities in partnership.
- Our Theory of Change is: "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."

Our Values are: Pride, Transparency, Working Together and Community Leadership

Our 2015/16 Annual Review

Introduction

Community Foundation funding distribution has taken place in Merseyside since 1999 and in Lancashire since 2007, investing in total around £50 million in over 13,000 voluntary and community groups during that time across Lancashire and Merseyside to support communities to be prosperous and thriving.

As Community Foundations it is our role to connect philanthropists and communities together to improve local people's lives, growing stronger communities together, and this is embedded in our belief that your community makes you and you make your community.

Overview of 2015/16

Our 2015/16 year was a combination of business as usual and extraordinary events with the reactive launch of our Lancashire Flood Appeal which has its own feature below. In administering over 50 funds and foundations in 2015/16 we distributed £2.2million to communities in Lancashire and/or Merseyside via 647 grant recipients, an increase of £400,000 in grants compared to 2014/15. Our joint endowment fund stood at £11million by March 2016, having begun endowment building in 2007 with around £130,000. This joint investment is a significant contributor to our sustainability as well as to ensure community philanthropy in Lancashire and Merseyside for future generations.

Lancashire Flood Appeal

The second half of 2015/16 was dominated by the Lancashire Flood Appeal which launched on 8 December as a reactive response to Storm Desmond, especially in Lancaster and Wyre. The Flood Appeal launched with £5,000 of the Community Foundations' own funds and the public backing of our President Lord Shuttleworth, the Lord Lieutenant of Lancashire, Lancaster City Council, Wyre Borough Council and the Lancashire Evening Post. The Flood Appeal soon grew in profile and funding. Due to the backing of the

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TRUSTEES REPORT**

Lancashire Flood Appeal (cont....)

national newspaper, the Daily Mail, including our Flood Appeal in their national Christmas campaign. This was then extended due to the Boxing Day flooding due to Storm Eva. We secured £100,000 in match funding via a reactive match funding scheme from Government's DCLG for our Appeal fundraising work related to Storm Desmond and £340,000 for our general Appeal work, including that related to Storm Eva.

Grant-making for the Flood Appeal operated in two stages in 2015/16. The first was distributing emergency response grants in 24 hours on many occasions to households affected by flooding, especially in extreme hardship and those who were highly vulnerable. We worked closely with Lancashire County Council and the district councils in affected areas, especially in Lancaster, South Ribble and Wyre, to provide quick response and light touch grants of up to £5,000 to support emergency recovery. Our second stage grants supported clean-up work for households and some community groups.

This was a phenomenal community leadership project for CFLM, working with a huge array of local, county-wide and national supporters, to support communities in extreme need. We thank everyone involved for helping us to deliver so quickly and professionally our first major disaster relief programme.

By the end of 2015/16 we had raised £1 million, announcing this publicly on the four month anniversary of the Flood Appeal and at an event with Lord Shuttleworth at Whalley Village Hall; Whalley being an area at the time which had received the most household grants. Funds of £539,686 had been distributed by the end of 2015/16 to around 220 households and a selection of community groups in grants of £250 - £5,000. An overview of the Flood Appeal's activities is outlined below:

Flood Appeal Donations Received as of 31 March 2016			
	'Storm Desmond'	All Areas	Totals
Lancashire County Council	-	123,500	123,500
General donations	186,287	288,776	475,063
Government Match funding	100,000	340,496	440,496
Total Funds	286,287	752,772	1,039,059
Costs Deducted	24,064	20,438	44,502
Grants Approved	283,065	256,621	539,686
Balance available	(20,842)	520,215	454,871

The deficit reported above in respect of Storm Desmond will be addressed by a transfer post year-end of general flood donations (as shown above under "All Areas") to the Storm Desmond funds.

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

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Lancashire Flood Appeal (cont....)

As we move into 2016/17 we plan to launch a Strengthening Communities Fund as the third stage of our Flood Appeal to support community-led flood defence and resilience work, aiming to distribute the remaining government match funds by March 2017. Any remaining privately donated funds to the Flood Appeal will support households in extreme hardship and those who were highly vulnerable as well as future disaster relief in Lancashire as per our public Flood Appeal document.

For further information on the Flood Appeal, please visit our dedicated website at www.lancsfloodappeal.org.uk or our main Lancashire website at www.lancsfoundation.org.uk

Our thanks go to many people and organisations that supported and helped deliver our Flood Appeal in 2015/16 including: BBC Radio Lancashire, Comic Relief, Daily Mail and its readers, DCLG, Greggs, Kenyon Fraser, Lancashire County Cricket Club, Lancashire County Council, Lancashire Telegraph, Lancaster City Council, Morrison, Rank Foundation, Westminster Foundation, United Utilities, Wyre Borough Council and W O Street Foundation.

Other Significant Events in 2015/16

We were delighted that Jamie Carragher won a national Beacon Award for his philanthropy with CFLM via his 23 Foundation that we administer to improve the lives of local young people. A prestigious awards event took place in London in April 2015, and Jamie was presented with his award by the UK Community Foundations Chairman David Sheepshanks and John Hudson of the Professional Footballers Association. CFLM held a celebration event at Liverpool Football Club later in the month where our Merseyside President Dame Lorna Muirhead, the Lord Lieutenant of Merseyside, publicly acknowledged his achievements with the local media in attendance.

We completed the UK administration of a five year Santander SEDA Scheme to grow social enterprises in the UK with a £1.4 million programme each year, working in collaboration with other community foundations and partners such as UnLtd. We have been pleased to be part of the development of the SEDA Scheme from pilot phase in 2010/11 to the completion of a five year programme as the UK co-ordinator, supporting hundreds of social enterprises in that time to contribute to their local communities, especially improving local training and employment opportunities. The SEDA Scheme was brought in-house at Santander from early 2016 and we continue our links with the company.

We began new partnerships with a number of new fund holders and donors to further our work in growing stronger communities together with partners, including the new B&M Communities Together Fund for the North West and new partnerships from our Lancashire Flood Appeal such as with United Utilities. Our work since 2008 to unlock dormant and inactive trusts for the benefit of communities saw the creation of the Halton Foundation in 2015/16. It was launched in February 2016 with the support of Halton Council, St Helens and Halton CVS and Halton Chamber of Commerce, and the pledged transfer of £500,000 of combined dormant charitable funds. The work of the Halton Foundation will begin in partnership in 2016/17.

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TRUSTEES REPORT

Our Work as the North West region's Philanthropy Hub

We administered over 50 funds and foundations in 2015/16, working in collaboration with philanthropists, families, trusts and companies who are committed to improving local lives. This work included administering 11 funds in Lancashire, 33 funds in Merseyside, five across the region and one across the UK. As Philanthropy Hubs we strive to support those who choose to work with us to be effective in their giving and to have the greatest impact. We thank all our Fund Holders who work with us collaboratively each year for and with communities.

Our philanthropy education work continued in 2015/16 via our Philanthropy Fellowship, culminating in a Christmas event at Unity Theatre, Liverpool, hosted by our Merseyside Patron Cherie Blair. Our Fellowship offered regular events, learning notes and project visits for business leaders and philanthropists to come together to learn about communities and exchange best practice in giving. The Fellowship's change in funding from 2016/17 means it will be delivered in a new format, though it will still aim to offer learning opportunities for those who want to have an impact in communities and re-define philanthropy at this time.

Working with Philanthropists and their Families

In 2015/16 we worked with the former footballer Jamie Carragher as the administrators of his 23 Foundation to provide significant support to the new Alder Hey Children's Hospital, including supporting the Neo Natal Unit, the Radiology Department and creating a new interactive play space. This support especially focused on supporting local families, children and young people from the Merseyside area as well as having the opportunity to be part of a significant capital project in the area.

We worked with the Rumi and Rishi Fund to support Burnley FC to create and deliver a Pendle Works programme via their Clarets in the Community programme. The programme has worked with nearly 50 local young people in Pendle to support them into training, employment and education.

We continue to work with many business leaders with connections in the North West, facilitating their local giving for communities, including Sir Michael Bibby, Sir Terry Leahy and Dennis Mendoros.

Working with Trusts & Foundations

Work across the region has developed in partnership with the WO Street Foundation to support organisations, especially supporting local disabled people and families to improve their lives. In 2015/16 nine projects were supported with a total of £110,831 of grants funding in Lancashire and six projects in Merseyside were granted a total of £20,000 as part of a continuing transformation approach CFLM is undertaking to complement WO Street Foundation's traditional grant-making.

Our work with the Westminster Foundation has gone from strength to strength as investors to the Liverpool ONE Foundation. As a significant part of the Westminster Foundation's work we are pleased to enable them to reach and support communities at a grassroots level to support local priorities and concerns.

Our work with established trusts and foundations enables them to gain local networks and expertise and trial and develop new approaches to grant-making which we are delighted to be part of. Our thanks to all

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

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TRUSTEES REPORT

Working with Trusts & Foundations (cont....)

those Trusts and Foundations who work with us in this way, including the Fort Foundation, John Goore Charity, Lancaster Foundation, WO Street Foundation and the Westminster Foundation.

Working with Companies

We were pleased in 2015/16 to welcome B&M as a new corporate fund holder to CFLM to support specialist community projects, especially tackling domestic violence, across the region. The funds have been gained from the 5p carrier bag sale levy introduced in October 2015 and grant-making will begin from April 2016.

Liverpool ONE Foundation remains the biggest corporate foundation held with CFLM and 2015/16 saw a year of completing a three year approach via three funding programmes and a review of their achievements to date. Since 2009 the Liverpool One Foundation has distributed each year between £200,000 and £300,000 to 50 local community projects in the areas of education, employment and health. As a corporate foundation that is committed to learning and development and to supporting the community's priorities a development of its work began in early 2016, taking on board our 2016 Vital Signs findings that young people's mental health was one of the priorities for the city region. The Liverpool ONE Foundation began consultations in early 2016 with community leaders on the current funding and community priorities, and innovations in their funding will be developed into 2016/17.

CFLM continued their annual work with North & Western Lancashire Chamber of Commerce on the BIBAs Foundation, linked to the BIBAs to recognise good corporate citizenship in the county and support local community work and enterprise.

We thank all the companies that choose to work in collaboration with us to support the communities in which they employ and do business, including Hill Dickinson, Investec, Liverpool ONE, Medicash, TilneyBestInvest and Shop Direct.

Unlocking Dormant and Inactive Trusts

The Halton Foundation which was launched in February 2016 was the result of two years work with local partners, our trustees and the Charity Commission to bring these charitable assets back to life. The work of the foundation will begin in 2016/17 to distribute funds against the original objects of the trusts transferred.

The Alfred Shaw Fund which was transferred to CFLM in 2014/15 began grant-making in 2015/16, working with local representatives to guide the distribution of funds to honour the original objects of the charity. Other previously transferred trusts were active in their support of communities in 2015/16, such as the Lancaster Fund and the Sefton Education Fund.

Our work in this area continues with the backing of the Charity Commission as a pre-approved administration option for trusts and foundations that are inactive, ineffective or dormant.

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TRUSTEES REPORT

Working with New Donors and Fund Holders

The Charity Commission's endorsement of community foundations as an alternative to registering a charity provides a welcomed endorsement of our work locally and as a UK network of 48 community foundations. The Charity Commission states that "this saves the time and effort of setting up and running a charity then closing it once the original need has been met. Depending on the charity, you can say where you want the money to go."

Our approach to income generation and fund development to bring on board new fund holders involves working with existing and new donors with a significant presence in Lancashire and Merseyside who are committed to our local communities. Via research, project visits, meetings, events and community funding distribution we have built valuable relationships with these existing and new private donors, and the majority have committed endowment donations or annual donations over a period of time. Significant donations to CFLM in 2015/16 are £100,000 or more.

We secure public sector funding programmes via tender or pitch processes, in line with their requirements and policies for the distribution of public funds. We secure contracts to be regional or local agents of funding programmes, such as Comic Relief, via our umbrella body, UK Community Foundations as Quality Accredited Community Foundations.

We thank all those people and organisations who have committed to donating and working with us, especially in building endowment funds with us, for current and future generations of communities.

Our Investment in Communities

In administering over 50 funds and foundations in 2015/16 we distributed around £2.2million to communities in Lancashire and/or Merseyside via 647 grant recipients. We supported vulnerable individuals, households in need, community groups, resident's associations, charities and social enterprises to improve the lives of local people across 12 social themes. The 54% success rate for applications in 2015/16 demonstrates primarily a continued demand for community project and organisational funding in Lancashire and Merseyside.

A breakdown of our overall funding approved for distribution to communities is outlined below.

Total Funding Lancashire and Merseyside and Other: £2,211,065

54% of Applications are successful and of the successful awards:

- 317 grants were distributed in Lancashire
- 303 grants were distributed in Merseyside

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

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TRUSTEES REPORT

Our Investment in Communities (cont....)

Average Award Size:

- Average Award Size across Lancashire and Merseyside and Other: £2,833
- Lancashire: £2,337
- Merseyside: £2,987

Funding For Lancashire

Funding was distributed in Lancashire in 2015/16 via 317 awards distributed to community groups and social enterprises by the Community Foundation for Lancashire, building on our track record since 2007/08. Our average award size was £2,337 which was a decrease of only around 5% on 2014/15's average grant size of £2,479, demonstrating consistency in our small grants focus as a community foundation. The amount distributed in 2015/16 has increased compared to 2014/15 when around £121,000 was distributed mainly due to the Lancashire Flood Appeal when nearly £500,000 was distributed between December 2015 and March 2016.

For detailed distribution details by area please refer to our Vital Signs publication available on our website: <http://www.lancsfoundation.org.uk/Knowledge>.

Lancashire Flood Appeal

Our Lancashire Flood Appeal launched on 8 December 2015 after Storm Desmond and which was later extended due to the Boxing Day 2015 Storm Eva, affecting around 2,000 households in the county. All 12 local district authorities and Blackburn with Darwen were affected with at least 1 household and/or business being flooded or affected directly or indirectly by the floods. Within four months we raised £1 million for our Flood Appeal, working with the Daily Mail and Government's DCLG department. We first of all distributed around £120,000 of government funds on behalf of Lancashire County Council to the most vulnerable people and households as first stage emergency grants, in many cases turning around grant decisions within days to provide fast response funding to enable local people to rebuild their lives; within the first four weeks of the Appeal and over Christmas and New Year we distributed £117,000 to nearly 100 households affected.

Funding For Merseyside

Funding for Merseyside was distributed to communities via 303 funding awards to social enterprises, charities, community groups and individuals in need, building on our track record since 1999. Our average award size was £2,987 which was a 3% decrease on 2014/15's average grant size of £3,078, again showing consistency in our small grants focus as a community foundation.

Each year we assess the geographical allocation of our funding, working with Fund Holders and panel members, to ensure that funding decisions take into account previous geographical spread, prioritising areas as required. The existence of the Knowsley Foundation since 2011 has supported increased investment in the borough against a cross sector social growth plan and the new Halton Foundation launched in early 2015 supports our wish to work further in that area, especially with a significant endowment.

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

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Funding For Merseyside (cont....)

The large sums distributed in Liverpool include funding of Merseyside-wide organisations based in the city centre. Funding in Sefton has been backed by the Sefton Education Funds we manage. We continue to hope to establish dedicated funds for St Helens and Wirral in the future.

Funding Across the Region

We distributed 27 awards in 2015/16 outside of our typical Lancashire and Merseyside area. This was especially due to our work in the final year of the Santander SEDA Scheme in 2015/16 which gave the opportunity to distribute funding for social enterprise across the North of England. We have been pleased to be part of the development of the SEDA Scheme from pilot phase in 2010/11 to the completion of a five year programme as the UK co-ordinator for Santander.

For detailed distribution details by area please refer to our Vital Signs publication available on our website:

<http://www.cfmerseyside.org.uk/Knowledge>

Our Community Leadership

We are committed to our strategic view to understand the needs of local communities and donors and, by creating partnerships and involving donors, ensure that these needs are met via a social change agenda. Our community knowledge is increasing in its importance and further informs many aspects of our work. Our annual Vital Signs giving guides have moved from a pilot in 2013 – 2014 to an annual publication of CFLM in 2015, highlighting community concerns and priorities to guide giving and our grant-making in Lancashire and Merseyside.

Vital Signs remains Lancashire's and Merseyside's first giving guide for charitably-minded people and businesses as well as philanthropists and charitable trusts of all kinds who have a common passion for communities. Our Vital Signs guides are a combination of national and local data, social intelligence and the results of community consultations to provide a voice for local communities on their concerns and aspirations to guide philanthropists' giving.

Our 2015 Vital Signs guides focused on the priority donor interest of children and young people. Each report highlighted three significant issue areas, especially for young people, which are safety and anti-social behaviour, health and wellbeing, and work and learning. The primary message from both our Lancashire and Merseyside reports was that mental health is a primary issue for young people, and those people and organisations who wish to give in this area should prioritise mental health.

Our report findings were disseminated via the local media, including local BBC radio, directly with our donors and Fellows and via events, including one on the 2015 launch day at Radio City Tower, Liverpool with Luciana Berger MP, George Howarth MP and Steve Rotherham MP. We were delighted to launch our Vital Signs guides in 2015 again on the same day as other Community Foundations in the UK and around 45 in Canada, creating another international event.

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

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TRUSTEES REPORT

Our Community Leadership (cont....)

Our findings in 2015 have informed the work of the donors we work with, especially resulting in innovations by the Liverpool ONE Foundation as the largest corporate foundation we administer to focus their work from 2016/17 on young people's mental health.

Our 2016 Vital Signs guides will report on priorities by boroughs or districts across Lancashire and Merseyside in order to share the most significant areas to give in a place where someone lives or works.

Our Governance

The merger of Community Foundation for Lancashire and Community Foundation for Merseyside in April 2014 was a significant milestone in our continued commitment to be relevant and contemporary for our stakeholders, especially communities and philanthropists. This merger continues to reap benefits, especially in the way that our Board operates in a time and cost effective way against compliance and UKCF Quality Accreditation standards.

Our Board since the merger is clearly defined in the following ways:

- A third representing Lancashire;
- A third representing Merseyside;
- A third made up of specialists, such as legal, finance and grant-making.

Via this approach written into our governing document we are able to maximise our reach, representation, expertise and influence across Lancashire and Merseyside.

Our Board increasingly takes a 'business-like' approach in a charitable context to ensure CFLM is on a sustainable pathway and is fit-for-purpose in an ever-changing economic and policy landscape.

Our Financial Management & Growth

The Community Foundations operated for the fourth year with majority private funds, compared to majority public funds in 2011/12. Our continuation of planning to achieve a small unrestricted deficit year-end result against acceptable reserves levels from 2014/15 to 2015/16 was a significant change to previous average deficit results of £30,000 in past years. In this time of investing in continued growth for the Community Foundations, especially building significant endowment from private donors, we have planned for modest budget deficit results in three year cycles since 2012/13 with the aim of break-even year-end results at least every three years. To achieve this we continue to commit reserves held above our six month running costs policy (ie. excess reserves) to invest in income generation and philanthropy development activities for the short to medium term. From our current £11million funds held, our ambition is to reach a minimum of £15 million held by 2020 and a maximum of £37 million by 2030 for full sustainability. We plan for the excess reserves to be invested primarily in our growth and for organisational improvements as finances allow.

Our approach to investments was reviewed in 2014/15 to fully undertake a Total Return approach to increase yields for community funding distribution, especially for our Donor Advised Funds holding endowment, as well as to track investment management performance.

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

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Our Financial Management & Growth (cont....)

During 2015/16 we increased our requested donation level to cover our expenses, especially administration costs, which was undertaken with full engagement with those holding Donor Advised Funds with us over a four month period. This enabled CFLM to achieve full cost recovery on our activities and continue in step with other community foundations and similar organisations in the UK, especially with the end of government programmes pre 2012 that had acted in some cases as a subsidy for our work. This change was understood and supported by our donors and funders, and the change took effect from 1 April 2015.

In autumn 2015 we recognised that the end of a major corporate programme and project grant funding in early 2016 and the result of operating in our first year without endowment match funding would require a reduction in our expenditure. This was undertaken via achieving greater efficiencies and unfortunately a small number of redundancies at the end of 2015/16, especially linked to projects for which external grant funding was no longer available. This has enabled CFLM to continue to achieve cost and time efficiencies to ensure we maximise all funds donated for communities.

Our Organisational Development

The Community Foundations operate in an ever changing economic and political landscape at this time. Due to this we work proactively to be fit for purpose and relevant to our communities as Lancashire and Merseyside's local community foundations. During our previous strategic plan period of 2013 to 2016 the Community Foundations made the successful transition from majority public funding to majority private funding to operate in a new environment and enhance our work as a philanthropy hub.

Our organisational structure established in April 2013 proved effective and valuable to us in 2015/16, operating with 13 staff (approx. 11 full-time equivalents), working across the functions of Community Philanthropy (seven staff), Operations (three staff) and Organisational Effectiveness (three staff). With the Board's support, we delivered in full our Business Plan goals for the financial year and 2013 to 2016 Business Plan period which carried a theme of moving from majority public to majority private funding with a 'business-like' approach. The commitment and passion of our staff team is hugely valued as we deliver our growth, community leadership and philanthropy development agenda.

The Senior Management Team comprise the Key Management Personnel of CFLM and is represented by the Chief Executive, Philanthropy Director and Finance Director. Remuneration levels are set according to salary bands which had been benchmarked by reference to other community foundations within the UK Community Foundation network. Opportunities for all staff to move up within the benchmarked salary scales exist through the annual performance appraisals. Annual performance objectives are set by reference to Key Performance Indicators agreed by the board.

We unfortunately ended our special projects work at the end of 2015/16, including YouthBank and having a dedicated co-ordinator for our Philanthropy Fellowship, due to external funding ending. The Fellowship will continue in a revised version from 2016/17.

Our Finance Director of over 12 years, Sue Langfeld moved on at the end of 2015/16, having seen CFLM through many positive changes, including our merger in 2014. Sue's replacement Sarah Mitchell was

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TRUSTEES REPORT

Our Organisational Development (cont....)

recruited and joined CFLM in June, and our interim Finance Director Lynne Barlow oversaw the transition from 2015/16 to 2016/17.

We continued to lead at a UK level on innovation, being one of the 'most influential community foundations in the country.' This includes leading UK Vital Signs as a giving guide and social policy tool, now involving nearly half of our UK network, and developing work in philanthropy advising, working with senior peers in the network, international colleagues and expert organisations such as CASS Business School and the Professional Footballers Association (PFA).

Key Partnerships

The Community Foundations have 'non-donor' relationships with many key players. Examples include local borough and district authorities, central Government and local business groups, including Knowsley Chamber of Commerce, North & Western Lancashire Chamber of Commerce and the Liverpool City Region Local Enterprise Partnership. Also included are our professional advisors Brabners, CCLA, Investec, Rathbone Investment Management, Parker Kelly 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 locally with other infrastructure charities to work together to strengthen the social sector, especially at this time of public sector funding and policy changes, including Councils for Voluntary Services, Volunteer Centres and the new VS6 Forum for Merseyside, chaired by Ellen Loudon of Liverpool Diocese. Nationally we work with and are supported by our membership organisation, UK Community Foundations and exchange practice with colleagues internationally, particularly from the Community Foundations of Canada movement.

Our Patron, President and Volunteers

The Board particularly wish to note their appreciation for the support of the Community Foundation for Merseyside's Patron, Cherie Blair and our Presidents, Lord Shuttleworth, the Lord Lieutenant of Lancashire and Dame Lorna Muirhead, the Lord Lieutenant of Merseyside, for their continued commitment to the work of the charity.

We are grateful for the contribution made by the volunteers who are champions and ambassadors for our work, including panel members who recommend our community funding distribution. All of our panel volunteers are inducted and trained, and generally contribute up to four or five days a year to the organisation in helping us to distribute transparently funding to communities. Their contribution of knowledge and expertise is hugely valued in the success of our community investment and in terms of ensuring local knowledge and accountability.

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

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TRUSTEES REPORT

Our Donations In-Kind

The Community Foundation has been afforded use of an office by Liverpool ONE and the Westminster Fund at 3rd Floor Stanley Building, 43 Hanover Street, Liverpool on an in-kind basis as our main office for which we are grateful. We are also grateful to the hosts of our Lancashire office space in Preston, the North & Western Lancashire Chamber of Commerce.

Factors Out of Our Control in 2015/16

The public sector funding cuts have continued to affect the community projects we aim to fund year on year, and we have sadly seen a small percentage of organisations close down during 2015/16 as the cuts take their toll. However, we have seen innovation in other parts of the social sector, supporting increasing enterprising activities and organisations planning to take on public sector asset transfers. We continue to ensure we have a breadth of funding available for the wide-ranging organisations in the social sector to support the maintenance or growth of their work.

There still continues to be greater competition in our philanthropy facilitation field from other private and social sector intermediaries and brokers. Via work with fellow community foundations in the UK and CASS Business School, London and also a new partnership with the Professional Footballers Association (PFA), we aim to ensure that our offer is differentiated to our competitors for the medium term.

The ending of endowment match funding schemes in March 2015 after eight years of government match challenges has in turn decreased existing donor endowment donations without an incentive. This is a common experience of many other community foundations in England. We are working now on a mix of types of donors and donations as well as seeking new local match funding schemes led by CFLM locally.

Planning for 2016/17 onwards

In early 2016 we confirmed and started developing our aims for 2016/17 which included setting Key Performance Indicators to achieve return on investments on a 5% return basis, growing our endowment fund by at least £400,000 a year and ambitiously £2 million a year, improving our use of our digital and database tools and diversifying our community funding options to meet social sector needs.

Our Strategic Objectives in 2016/17 – 2019/20 will be:

1. We will be informed by our community knowledge;
2. We will enable social change in our communities as their local community foundation;
3. We will grow community philanthropy for Lancashire and Merseyside;
4. We will deliver as the North West's leading philanthropy hub;
5. We will continue to operate on a sustainable pathway;
6. We will continue to be business-like as a charitable entity;
7. We will work together with others for our communities and our network.

We will monitor our progress quarterly during 2016/17 against an annual plan and KPIs and our three year strategic aims in yet a new economic and policy environment, being informed and driven by our community knowledge.

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2016

TRUSTEES REPORT

Overview of our Governance & Operations

The Objects of our Charity

The objects of our charity, as set out in the CFLM Memorandum and Articles of Association, are the promotion of any charitable purposes for the benefit of the community in the United Kingdom but primarily within the following areas:

- the five Metropolitan Boroughs presently constituting the area of the County of Merseyside namely the City of Liverpool and the Metropolitan Boroughs of Wirral, Sefton, Knowsley and St Helens together with the area of Halton Borough Council;
- the County of Lancashire and the Boroughs of Blackburn with Darwen and Blackpool

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. The charity has relatively little unrestricted income that it can use for grant-making.

Our Organisational Structure

The Community Foundations have operated since 1 April 2014 as one organisation for cost and time efficiencies due to a successful collaboration, especially since 2009 and merger in April 2014. There are three function areas of Community Philanthropy, Operations and Organisational Effectiveness, with 13 staff (approx. 11 full-time equivalents) working across them, led by a Senior Management Team of three staff, including the Chief Executive, resourced by donations and core income.

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 both Community Foundations on 1 August 2009.

The Community Foundations are run 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 and/or experts in the private, public and voluntary sectors. Average trustee attendance is 85%-90% with absences typically due to holiday/sickness. All trustees have job descriptions and person specifications. Our Chair Arthur Roberts was appointed as joint Chair in October 2013 in preparation for the merger in April 2014 and will serve until autumn 2017.

The Board delegates responsibility to sub-committees, if required due to the Community Foundations' need. In the year a Finance and Risk Committee was established to address in year financial and operational challenges. The Committee convened twice in the year ended 31 March 2016.

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2016

TRUSTEES REPORT

Trustee Recruitment, Appointment and Development

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. Trustees can serve two terms of three years with re-election for each term and a third three year term if there is a case for the organisation's business plans. 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.

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 for public benefit. 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 Foundations.

Our Public Benefit

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 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.

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 and donors as charitable funding to support charitable activities in communities as a charitable intermediary. 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 intelligence, data, research and community consultations.

Funding is used towards (but not restricted to) the following purposes, provided that in each case, the purpose is recognised as being charitable according to the law of England and Wales:

- The prevention or relief of poverty;
- The advancement of education;
- The advancement of health or the saving of lives;
- The advancement of citizenship or community development, which includes: rural or urban regeneration; and the promotion of civic responsibility, volunteering, the voluntary sector or the effectiveness or efficiency of charities;
- The advancement of the arts, culture, heritage or science;
- The advancement of amateur sport;
- The advancement of human rights, conflict resolution or reconciliation, or the promotion of religious or racial harmony, or equality and diversity;
- The advancement of environmental protection or improvement;

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2016

TRUSTEES REPORT

Our Public Benefit (cont....)

- The relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage;
- The promotion of the efficiency of: the armed forces of the Crown; police; fire and rescue services; or ambulance services.

Funding is not to be used to support the following:

- The advancement of religion;
- The advancement of political beliefs or party politics;
- Activities understood to be the exclusive responsibility of statutory authorities;
- Retrospective funding (i.e. paying for costs incurred before a decision on an application to CFLM for support can be made);
- The funding of any public or private sector compensation and / or mitigation.

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 Foundations' senior staff or trustees prior to any offer being made. Funding distributed is reported quarterly to the Board by fund, locality and social theme.

Before any funding is distributed, 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.

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. During the year these were managed by: CCLA for the Community First Endowment Challenge from 2012 – 2015, nominated by central Government, and certain dormant or ineffective charitable trust transfers; Rathbone

Investment Management for all funds outside of Community First and funds primarily for Merseyside donors and/or communities, including Merseyside Grassroots Endowment Challenge Funds from 2008 – 2011; Investec for all funds outside of Community First and funds primarily for Lancashire donors and/or communities, including Lancashire Grassroots Endowment Challenge Funds from 2008 – 2011.

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2016

TRUSTEES REPORT

Investment Powers (cont....)

Investment performance targets are issued annually to investment managers; within a framework of maintaining a low to medium risk portfolio, investment performance is measured by the board and finance committee. Each manager is required to maintain a diversified portfolio, with focus on UK and overseas equities, debt instruments and cash; 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 managers' performance with others in the field. Investment performance is reported to Board on a quarterly basis and reviewed annually. In 2016 CFLM will conduct an extraordinary review of investment managers, with primary focus placed on total return performance of each manager over the period 2011-2016. Consideration will also be given to strategic fit and an objective to reduce investment management costs and the administration of investment performance reporting.

For the Community First Endowment Challenge from 2012 – 2015 CCLA manages the funds based on an investment policy agreed by our UK umbrella organisation, UKCFs with approval from our Board. Although not classified as permanently endowed funds, CCLA manage funds under a total return policy, calculating the indexed value of the initial donation on an annual basis and enabling withdrawal of surplus over and above this figure to supplement income received during the year. This method of calculation has been applied since commencement of the programme so can be precisely calculated by CCLA.

In 2015/16, the board of trustees decided to withdraw surplus funds in CCLA investments while maintaining a buffer in case of market falls. This amounted to a total withdrawal of capital gains of £83,479.

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 Register and are reported in a Charity Commission advised 'heat map' format quarterly to Board.

All risks identified have been addressed and mitigated as far as possible during 2015/16 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 public benefit. The Board continues to ensure that reserves of six months running costs are held at any time as per our policy, in line with the Charity Commission's guidance. For 2015/16 the unrestricted reserves were

**COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2016
TRUSTEES REPORT**

Our Reserves Policy (cont....)

£249,935 at the end of the financial year. CFLM has built joint reserves as per the policy and covered the budget deficit and core costs jointly as appropriate for sustainability, especially investment in our growth. Any reserves held above the six month policy level are linked to a Reserves Spending Plan, regularly reviewed and approved by the Board to support CFLM's development and sustainability.

Our Auditors

The Community Foundations reviewed its auditing services at its AGM in October 2015. Beever and Struthers have been appointed by both Community Foundations from 2011/12 – 2015/16 as our auditors and a further review of audit services will be conducted at our AGM.

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

**A Roberts
Chair
25 October 2016**

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2016

FINANCIAL REVIEW

Funding

The trustees are committed to seeking funding from a wide range of sources, ensuring that income streams are diversified and CFLM is not overly reliant on any single source of funding.

Financial Statements

The financial statements have been prepared in accordance with the Companies Act 2006 and Charities Act 2011. In this financial year CFLM adopted FRS102 and complies with the new Charities Statement of Recommended Practice on Accounting. The movement in funds is shown on the Statement of Financial Activities. The Foundation generated a small deficit in its unrestricted funds of £5,706 (2015: £15,795). The Foundation's total funds (unrestricted funds, restricted immediate impact funds and restricted endowment funds) amounted to £12,460,529 at 31 March 2016 (2015: £12,901,602). The Trustees have passed a total return resolution for permanent endowments - more information is included in note 10.

Reserves Policy

The reserves of CFLM are composed of restricted and unrestricted funds. These funds are maintained at a sufficient level in order to allow the smooth operation of our activities.

Unrestricted Reserves: The Trustees are committed to building up general reserves to ensure that the core activities of the Foundations will continue into the future. The target is to have a minimum of six months' core costs in unrestricted reserves – based on our 2016/17 budget this would amount to £200,000. The free general reserves of the Foundations (our unrestricted reserves less our fixed assets) at 31 March 2016 amount to £249,258 (2015: £254,288).

Restricted Reserves: The restricted funds at the year end were either held in the form of cash in bank accounts or investments. Details of investments held are shown in note 10. The current level of restricted funds, and the ongoing funding arrangements relating to those funds, is sufficient to maintain the specific projects they relate to.

Investments Policy

Investment policy is reviewed annually by the finance and risk committee and board, in conjunction with a review of investment performance. Investment managers retain authority to trade in market securities within the mandate of retaining a well-diversified portfolio of medium risk. Our policy on fund management and financial control is available on request.

Commitments

The Trustees had made no commitments to future capital purchases, nor given any guarantees, at the balance sheet date.

S Barrow

Trustee and Treasurer

25 October 2016

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2016

STATEMENT OF TRUSTEE RESPONSIBILITIES

The Trustees (who are also directors of CFLM for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 'The Financial Reporting Standard' applicable in the United Kingdom and Republic of Ireland'. Under company law the Trustees must not approve the financial statements unless they are satisfied that they 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 accounting 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;
- 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 adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the 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.

In so far as each of the Trustees is aware:

- there is no relevant audit information of which the charitable company's auditor are 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 auditors are aware of that information.

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

**COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2016
STATEMENT OF TRUSTEE RESPONSIBILITIES**

Auditor

Beever and Struthers offer themselves for reappointment as auditor in accordance with the Companies Act 2006.

By order of the Board

Approved by the Trustees on 25 October 2016 and signed on their behalf by:

A Roberts

Chair

25 October 2016

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2016

INDEPENDENT AUDITOR'S REPORT

We have audited the financial statements of Community Foundations for Lancashire and Merseyside for the year ended 31 March 2016 which comprise the Statement of Financial Activities, the Balance Sheet, Statement of Cashflows and the related notes.

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 Auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on pages 21-22, the trustees (who are also the directors of Community Foundations for Lancashire and Merseyside for 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 Financial Reporting Council's (FRC'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 charity'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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2016
INDEPENDENT AUDITOR'S REPORT**

Opinion on 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 31 March 2016 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 requirements of the Companies Act 2006.

Opinion on matters prescribed by the Companies Act 2006

In our opinion the information given in the Trustees Report for the financial period for which these 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:

- the charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company's 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.
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime.

Mark Bradley (Senior Statutory Auditor)
For and on behalf of Beever and Struthers,
Statutory Auditor

Central Buildings
Richmond Terrace
Blackburn
BB1 7AP

Date:

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2016
STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2016 £	2015 £
Income and endowments from:						
Donations and legacies	2.1	105,345	-	34,516	139,861	1,274,023
Transfer of assets from Community Foundation for Lancashire (Former)	2.1	-	-	-	-	2,984,045
Total donations and legacies	2.1	105,345	-	34,516	139,861	4,258,068
Charitable Activities	2.2	194,354	2,189,328	-	2,383,682	1,805,963
Investments	2.3	9,344	-	391,297	400,641	346,254
Other Activities	2.4	8,605	-	-	8,605	48,945
Total		317,648	2,189,328	425,813	2,932,789	6,459,230
Expenditure on:						
Raising funds						
Costs of generating donations and legacies	3	(168,882)	-	-	(168,882)	(130,344)
Investment management costs	3	-	-	(47,402)	(47,402)	(50,254)
Charitable activities	3	(336,676)	(2,211,065)	-	(2,547,741)	(2,124,757)
Total		(505,558)	(2,211,065)	(47,402)	(2,764,025)	(2,305,355)
Realised gain/(loss) on investment assets		-	-	27,312	27,312	43,596
Unrealised gain/(loss) on investment assets		-	-	(637,149)	(637,149)	762,040
Net (expenditure)/income		(187,910)	(21,737)	(231,426)	(441,073)	4,959,511
Transfers between funds	14-16	182,204	253,944	(436,148)	-	-
Net movement in funds		(5,706)	232,207	(667,574)	(441,073)	4,959,511
Reconciliation of funds						
Total funds brought forward		255,641	895,596	11,750,365	12,901,602	7,942,091
Total funds carried forward		249,935	1,127,803	11,082,791	12,460,529	12,901,602

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

The notes on pages 29 to 46 form part of these financial statements.

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2016
STATEMENT OF FINANCIAL ACTIVITIES

	2016 £	2015 £
Gross income from all sources	2,932,789	6,459,230
Less endowment income	(425,813)	(4,331,372)
Total Income	2,506,976	2,127,858
Total expenditure	(2,764,025)	(2,305,355)
Less endowment expenditure	47,402	50,254
Transfers from endowment funds	436,148	497,434
Net income for the year	226,501	370,191

The notes on pages 29 to 46 form part of these financial statements.

**COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2016
BALANCE SHEET**

	Notes	2016		2015	
		£	£	£	£
Fixed Assets					
Tangible assets	9		677		1,353
Investments	10		10,972,171		11,851,138
			<u>10,972,848</u>		<u>11,852,491</u>
Current Assets					
Debtors	11	353,493		16,435	
Cash at bank and in hand		1,505,770		1,419,532	
		<u>1,859,263</u>		<u>1,435,967</u>	
CREDITORS: amounts falling due within one year	12	<u>(371,582)</u>		<u>(386,856)</u>	
Net Current Assets			<u>1,487,681</u>		<u>1,049,111</u>
Total Net Assets			<u><u>12,460,529</u></u>		<u><u>12,901,602</u></u>
The Funds of the Charity					
Endowment Funds	16		11,082,791		11,750,365
Unrestricted Funds	15		249,935		255,641
Restricted Funds	14		1,127,803		895,596
			<u>12,460,529</u>		<u>12,901,602</u>
Total Charity Funds			<u><u>12,460,529</u></u>		<u><u>12,901,602</u></u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved by the Board of Trustees and authorised for issue on 25 October 2016

A Roberts
Trustee
Company Number 3422207

The notes on pages 29 to 46 form part of these financial statements.

**COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2016
CASHFLOW STATEMENT**

	2016	2015
	£	£
Cash used in operating activities		
Net (expenditure)/income for the year	(209,647)	(127,243)
Adjustments for:		
Transfer of assets from Community Foundation for Lancashire	-	(139,161)
(Increase)/Decrease in debtors	(337,058)	91,399
Decrease in creditors	(15,274)	(1,093,674)
Depreciation	676	677
Net cash used in operating activities	(561,303)	(1,268,002)
Cash flows from investing activities		
Purchase of investments	(3,333)	(1,154,984)
Net cash used in investing activities	(3,333)	(1,154,984)
Cash flows from financing activities		
Transfer in Community Foundation for Lancashire	-	137,284
Cash withdrawn from investments	616,358	401,579
Receipt of expendable endowment funds	34,516	1,154,984
Net cash provided by financing activities	650,874	1,693,847
Increase/(decrease) in cash and cash equivalents in the year	86,238	(729,139)
Cash and cash equivalents at the beginning of the year	1,419,532	2,148,671
Total Cash and cash equivalents at the end of the year	1,505,770	1,419,532

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2016

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The principle accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

1.1a Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102) and the Companies Act 2006.

Community Foundations for Lancashire and Merseyside meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

1.1b Reconciliation with previous Generally Accepted Accounting Practice

A review of the Charities SORP concluded that no transitional adjustments were required at opening balance sheet date and subsequent comparatives.

1.2 Transition to FRS 102

No restatements have been required in making the transition to FRS 102. The transition date was 1 April 2014. Transitional changes in policy, such as annual leave, sickness resulted in no adjustment due to concurrence of holiday year and year end. Income recognition policy was reviewed in conjunction with fund agreements and no changes in income recognised was deemed appropriate.

1.3 Going concern

The trustees are satisfied that the accounts should be prepared on a going concern basis and have considered this for the period of twelve months from the date of approval.

1.4a Incoming resources

- 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 where this can be readily ascertained.
- Deferral of income takes place where grants are received substantially in advance of the expenditure to which it relates.
- Investment returns are drawn in accordance with a total return policy and transferred to restricted funds for distribution, with an agreed proportion transferred to cover management and administration costs. Income to cover costs for management of the invested funds is recognised when received and income to cover costs for distribution of the resulting restricted funds is recognised on distribution of those funds.
- Incoming resources from government funded entities are accounted for in the same way as other income.

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2016

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES (cont....)

1.4b Donated Services and Facilities

- Donated professional services and donated facilities are recognised as income when the Community Foundation has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from its use is probable and the economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of volunteers is not recognised and users of these financial statements should refer to the Trustees' annual report for more information about their contribution.
- On receipt donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

1.5 Resources Expended

- Resources expended are included in the SOFA on the accruals basis as a liability is incurred, based on work done or services provided in the period. Expenditure includes irrecoverable VAT, and is reported as part of the expenditure to which it relates.
- Grants payable are recognised as expenditure when the commitment is made and monitoring of previous commitments is complete.
- 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.
- 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 for the activities of the charity.
- 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.
- 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.

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2016

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES (cont.....)

1.6 Tangible Fixed Assets

- Tangible fixed assets are stated at cost less accumulated depreciation. The costs of minor additions or those costing under £500 are not capitalised.
- Depreciation is provided to write off the cost of each asset over its expected useful life using the following rates and methods:-

Fixtures and fittings	25% straight line
Office equipment	25% straight line

- Impairment reviews are carried out as and when evidence comes to light that the recoverable amount of a functional fixed asset is below its net book value due to damage, obsolescence or other relevant factor.

1.7 Fixed Asset Investments

- Investments are included at fair value at the balance sheet date.
- Realised gains and losses on investments are calculated as the difference between sale proceeds and their fair value at the start of the year, or their subsequent cost, net of transaction costs, and are charged or credited to the statement of financial activities in the year of disposal.
- Unrealised gains and losses represent the movement in fair value during the year and are credited or charged to the statement of financial activities based on the fair value, as advised by the charity's investment managers, at the year end.
- All endowed funds received are managed on a total investment return basis.

1.8 Creditors and Provisions

Creditor balances are accounted for once an obligation for payments is confirmed. Grant payments are accrued when approved for settlement, payments for service contracts are accrued once the service has been delivered.

1.9 Pensions

The company contributes to Individual Personal Pension policies for its employees. Contributions are charged to the SOFA in the period to which they relate.

**COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2016
NOTES TO THE ACCOUNTS**

1. ACCOUNTING POLICIES (cont....)

1.10 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 returns for the Foundation. A percentage withdrawal from the funds is distributed in accordance with the wishes of the original donor. Capital gains or losses arising on the investments form part of the fund. Charges for investment management and advice are charged to the fund as incurred. Income earned on endowment funds is transferred to restricted and unrestricted funds.

1.11 Consolidation

Consolidated financial statements have not been prepared on the grounds that the results of the subsidiary charity Community Foundation for Lancashire (Former) are not deemed material to the results of the charity.

**COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2016
NOTES TO THE ACCOUNTS**

2. INCOMING RESOURCES

	2016	2015
	£	£
2.1 Voluntary Income		
Endowments Received	34,516	1,154,984
Transfer of assets from Community Foundation for Lancashire (Former)	-	2,984,045
Sponsorship, Donations and Membership	26,482	46,239
Gifts in kind – Use of office	70,000	70,000
Gifts in kind – Rates	6,063	-
Gifts in kind – Use of parking spaces	2,800	2,800
	139,861	4,258,068

2.2 Incoming Resources from Charitable Activities

	2016	2015
	£	£
23 Foundation	47,971	28,714
ACC Foundation	7,986	8,925
Alfred Shaw Trust	32	8,886
BIBAs Foundation	29,666	7,304
Big Local Trust Northwood	161,123	49,875
BridgeBuilder Foundation	2,171	655
CFLM Discretionary Fund	-	54,522
Comic Relief	183,108	149,381
Deutsche Bank	-	30,110
High Sheriffs & Merseyside Police Trust Fund	17,253	8,893
Hill Dickinson	323	8,335
Investec Wealth and Management	350	517
Japanese Tsunami Fund in memory of S Cropper	10,873	-
Jim Hosker Memorial Fund	565	998
John Goore Trust	-	100
John Laing	22,400	-
Just Giving Donations	407	-
Knowsley Foundation	-	107,337
Knowsley Public Health & Wellbeing Fund	-	197,300
Lancaster Community Fund	12,200	11,646
Lancashire Community Investment Fund	500	2,480
Lancashire Flood Relief Fund	1,039,059	-
Liverpool ONE Foundation	300,237	153,050
Liverpool Tennis Foundation	2,255	2,483
Mando Group Foundation	-	58
Mark McQueen Foundation	484	1,102
Medicash	-	24,655
Balance carried forward	1,838,963	857,326

**COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2016
NOTES TO THE ACCOUNTS**

2. INCOMING RESOURCES (cont....)

2.2 Incoming Resources from Charitable Activities (Cont....)

Brought forward	<u>1,838,963</u>	<u>857,326</u>
Merseyside Community Investment Fund	4,470	102,164
Merseyside Police Authority	99,859	117,634
MJB Fund	-	627
Olivia Rae Foundation	1,424	5,384
Peel Ports	12,000	1,147
Pendle Music Bursary Fund	-	5,175
Pennine Lancashire Youth Enterprise Fund	-	2,000
Ray Messer Foundation	19,022	-
Runcat	-	1,375
RWE Innogy UK Ltd	-	18,000
Santander	314,539	358,122
Shop Direct	90,373	11,847
Surviving Winter Appeal Lancashire	437	1,248
Surviving Winter Appeal Merseyside	450	1,379
UK Community Foundations	-	10,000
Victims Services and Restorative Justice Fund	-	310,994
Warm Homes Knowsley	-	600
Youthbank	2,145	941
	<u>2,383,682</u>	<u>1,805,963</u>

2.3 Investment Income

	2016	2015
	£	£
Bank and other interest receivable	9,344	14,750
Investment Income	391,297	331,504
	<u>400,641</u>	<u>346,254</u>

2.4 Other Income

	2016	2015
	£	£
Fees Received	8,605	48,945
	<u>8,605</u>	<u>48,945</u>
Total Incoming Resources	<u>2,932,789</u>	<u>6,459,230</u>

**COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2016
NOTES TO THE ACCOUNTS**

2. INCOMING RESOURCES (cont....)

2.5 Comparative Statement of Financial Activities

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2015 £
Income and endowments from:				
Donations and Legacies	119,039	-	1,154,984	1,274,023
Transfer of assets from Community Foundation for Lancashire (Former)	-	139,161	2,844,884	2,984,045
Total donations and legacies	119,039	139,161	3,999,868	4,258,068
Charitable activities	145,100	1,660,863	-	1,805,963
Investments	14,750	-	331,504	346,254
Other Activities	48,945	-	-	48,945
Total	327,834	1,800,024	4,331,372	6,459,230
Expenditure On:				
Raising Funds				
Cost of generating donations and legacies	(130,344)	-	-	(130,344)
Investment management costs	-	-	(50,254)	(50,254)
Charitable activities	(310,621)	(1,814,136)	-	(2,124,757)
Total	(440,965)	(1,814,136)	(50,254)	(2,305,355)
Realised gain on investment assets	-	-	43,596	43,596
Unrealised gain on investment assets	-	-	762,040	762,040
Net Income/expenditure	(113,131)	(14,112)	5,086,754	4,959,511
Transfers between funds	97,336	400,098	(497,434)	-
Net movement in funds	(15,795)	385,986	4,589,320	4,959,511
Reconciliation of funds				
Total funds brought forward	271,436	509,610	7,161,045	7,942,091
Total funds carried forward	255,641	895,596	11,750,365	12,901,602

**COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2016
NOTES TO THE ACCOUNTS**

3. TOTAL RESOURCES EXPENDED

	Basis of Allocation	Donations and Legacies	Charitable Activities	Investment Management Costs	Total 2016	Total 2015
		£	£	£	£	£
Grants paid (see note 4)	Direct	-	2,211,065	-	2,211,065	1,780,417
Staff costs (see note 6)	Direct	82,724	267,508	-	350,232	308,771
Healthcare costs	Direct	1,680	-	-	1,680	1,630
Publicity and advertising	Direct	-	-	-	-	720
Postage, stationery & telephone	Staff Time	1,661	-	-	1,661	3,580
Staff training	Direct	4,865	-	-	4,865	3,241
Meeting costs	Direct	-	241	-	241	504
Rent/Rates in kind	Direct	17,500	58,564	-	76,064	70,000
Consultancy	Usage	-	-	-	-	18,988
Audit & accountancy fees	Usage	10,500	-	-	10,500	9,900
Travel	Direct	7,764	-	-	7,764	8,068
Computer running costs	Staff Time	5,625	-	-	5,625	8,066
Panel meetings	Direct	-	535	-	535	267
Subscriptions	Direct	15,420	-	-	15,420	8,721
Bank charges	Usage	573	-	-	573	603
Insurance	Staff Time	4,116	-	-	4,116	5,268
Recruitment	Direct	1,115	-	-	1,115	1,292
Volunteer expenses	Direct	500	-	-	500	-
Other	Direct	8,970	346	-	9,316	3,394
Depreciation	Direct	676	-	-	676	677
Legal & prof fees	Usage	5,193	-	-	5,193	3,235
Investment management costs	Direct	-	-	47,402	47,402	50,254
Events	Direct	-	1,246	-	1,246	8,971
Special Project costs	Direct	-	8,236	-	8,236	8,788
		<u>168,882</u>	<u>2,547,741</u>	<u>47,402</u>	<u>2,764,025</u>	<u>2,305,355</u>

Special Projects costs relate to short term funded, predominantly research projects working with specific donors or other partners which align with the work of the foundation and include the Philanthropy Fellowship, Vital Signs and Youthbank.

More information and reports on some of these projects is or will be available on our websites at www.lancsfoundation.org.uk and www.cfmerseyside.org.uk.

4. GRANTS AWARDED

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

**COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2016
NOTES TO THE ACCOUNTS**

5. NET INCOMING RESOURCES

Net incoming resources are stated after charging:	2016	2015
	£	£
Depreciation	676	677
Auditors remuneration	11,640	10,500
	<u>11,640</u>	<u>10,500</u>

Auditors' remuneration comprises £10,300 for audit services and £1,440 for other services.

6. STAFF COSTS

	£	£
Wages and salaries	304,096	268,152
Social security costs	26,756	21,459
Other pension costs	19,380	19,160
	<u>350,232</u>	<u>308,771</u>

Of total staff costs £350,232, redundancy costs comprise £1,202.

No employee received emoluments of more than £60,000 (2015: none).

The charity contributes to Individual Personal Pension policies for all its employees. The assets of the schemes are held separately from those of the Charity in independently administered funds. The pension charge of £19,380 (2015: £19,160) represents contributions paid by the Charity to the funds. There were no outstanding contributions at 31 March 2016 (31 March 2015: NIL).

The remuneration (including pension benefit) of Key Management Personnel in the year was £124,422 (2015: £110,176). No employees were paid £60,000 or more.

7. STAFF NUMBERS

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

	2016	2015
	No.	No.
Management	3	2
Philanthropy Development	3	3
Finance	2	2
Philanthropy Services & Programmes	3	3
Total full time equivalents	<u>11</u>	<u>10</u>
Total staff employed	<u>13</u>	<u>13</u>

**COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2016
NOTES TO THE ACCOUNTS**

8. TAXATION

The charity is exempt from tax on income and gains falling within Section 505 of The Taxes Act 1988 or Section 252 of The Taxation of Charitable Gains Act 1992 to the extent that these are applied to its charitable objectives.

9. TANGIBLE FIXED ASSETS

	Fixtures & Fittings	Office Equipment	Total
	£	£	£
Cost			
At 1 April 2015	14,038	57,769	71,807
At 31 March 2016	<u>14,038</u>	<u>57,769</u>	<u>71,807</u>
Depreciation			
At 1 April 2015	14,038	56,416	70,454
Charge for year	-	676	676
At 31 March 2016	<u>14,038</u>	<u>57,092</u>	<u>71,130</u>
Net book value			
At 31 March 2016	<u>-</u>	<u>677</u>	<u>677</u>
At 1 April 2015	<u>-</u>	<u>1,353</u>	<u>1,353</u>

**COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2016
NOTES TO THE ACCOUNTS**

10. INVESTMENTS

INVESTMENTS	2016	2015
UK listed investments	£	£
Rathbone Brothers Plc		
Market value at 1 April 2015	5,358,110	5,242,499
Additions	887,988	1,089,591
Disposals at market value	(941,512)	(1,275,877)
Revaluation (loss)/gain	(375,712)	301,897
Market value at 31 March 2016	4,928,874	5,358,110
Cash deposits in the UK	49,618	108,561
Sub total Rathbones Brothers Plc	4,978,492	5,466,671
Investec Wealth & Investment		
Market value at 1 April 2015	1,658,809	-
Transfer of investments from Community Foundation for Lancashire (Former)	-	1,741,208
Additions	90,642	331,490
Disposals at market value	(153,480)	(571,622)
Revaluation (loss)/gain	(72,927)	157,733
Market value at 31 March 2016	1,523,044	1,658,809
Cash deposits in the UK	64,127	50,494
Subtotal Investec Wealth & Investment	1,587,171	1,709,303
CCLA Common Investment Fund		
Market value at 1 April 2015	4,636,492	1,711,552
Transfer of investments from Community Foundation for Lancashire (Former)	-	1,104,176
Additions	3,333	1,518,354
Disposals at market value	(80,528)	-
Revaluation (loss)/gain	(188,510)	302,410
Market value at 31 March 2016	4,370,787	4,636,492
Cash deposits in the UK	35,721	38,672
Subtotal CCLA	4,406,508	4,675,164
Total Investments	10,972,171	11,851,138
Historical cost	10,720,669	10,069,190
Listed Investments		
UK investments	6,658,344	6,214,891
Overseas and other investments	4,112,668	5,357,102
Cash deposits	201,159	279,145
	10,972,171	11,851,138

**COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2016
NOTES TO THE ACCOUNTS**

10. INVESTMENTS (continued)

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 with the market values and proportion of the portfolio shown as at 31 March 2016.

The investments are held to provide an investment return to the charity.

	Trust for Investment	Unapplied total return released to income	Total Endowment
At 1 April 2015			
Gift Component of Endowment:	9,907,074	-	9,907,074
Unapplied total return	-	1,944,064	1,944,064
Total	9,907,074	1,944,064	11,851,138
Movements in the reporting period:			
Gift of expendable endowment	3,333	-	3,333
Investment Management Fees	-	(47,402)	(47,402)
Dividends and Interest	-	386,733	386,733
Realised and Unrealised Gains/Losses	-	(609,836)	(609,836)
Total	3,333	(270,505)	(267,172)
Unapplied total return released to income	-	(611,795)	(611,795)
Net movements in reporting period	3,333	(882,300)	(878,967)
At 31 March 2016			
Gift Component of Endowment:	9,910,407	-	9,910,407
Unapplied total return	-	1,061,764	1,061,764
Total	9,910,407	1,061,764	10,972,171

11. DEBTORS

	2016 £	2015 £
Grants	344,015	-
Other debtors	8,665	15,375
Prepayments	813	1,060
	353,493	16,435

**COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2016
NOTES TO THE ACCOUNTS**

12. CREDITORS: amounts falling due within one year

	2016	2015
	£	£
Grant creditors	264,792	280,869
Other creditors	1,612	732
Accruals	11,976	10,500
Deferred income (note 13)	93,202	94,755
	<u>371,582</u>	<u>386,856</u>

13. DEFERRED INCOME

Deferred income comprises income received in advance that the charity is not contractually entitled to distribute at 31 March 2016.

	2016	2015
	£	£
Balance as at 1 April 2015	94,755	1,203,721
Amount released to income earned from charitable activities	(70,193)	(1,188,015)
Amount deferred in year	68,640	79,049
Balance as at 31 March 2016	<u>93,202</u>	<u>94,755</u>

**COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2016
NOTES TO THE ACCOUNTS**

14. RESTRICTED FUNDS

	As at	Movement in Resources			As at
	01 April 2015	Incoming	Outgoing	Transfers	31 March 2016
	£	£	£	£	£
23 Foundation	6,633	41,351	(173,000)	65,868	(59,148)
ACC Liverpool Foundation	4,481	7,538	(4,000)	-	8,019
Aldridge Foundation	6,162	22	-	1,078	7,262
Alfred Shaw Trust	2,347	629	(14,588)	8,930	(2,682)
BHP Billiton	62	2,114	11,020	9,867	23,063
BIBAs Foundation	7,304	28,059	(14,108)	-	21,255
Big Local Trust Northwood	10,374	145,001	(105,448)	-	49,927
Bridgebuilder Foundation	655	2,058	-	-	2,713
CFLM Discretionary Fund	56,283	(3,343)	(15,000)	1,922	39,862
Comic Relief	904	174,201	(89,536)	-	85,569
Tilney Investment Management /Deutsche Bank	7,114	-	(27,241)	10,657	(9,470)
Grass Roots	-	(1,130)	-	-	(1,130)
Gorse Bank Trust	440	111	-	370	921
Halton Foundation Halton Chamber of Commerce	-	-	-	507	507
High Sheriffs Trust & Merseyside Police	2,887	14,931	(38,761)	15,630	(5,313)
Hill Dickinson	31,347	(3,205)	(80,420)	6,724	(45,554)
Investec Wealth & Management	1,692	183	-	1,524	3,399
Japanese Tsunami Fund	13,808	9,664	-	-	23,472
Jim Hosker Memorial Fund	6,938	565	-	-	7,503
John Goore Trust	38,961	1,520	(15,594)	10,560	35,447
John Laing Charitable Trust	-	20,000	(20,000)	-	-
Joseph Harley Trust	5,125	(100)	-	3,105	8,130
Just Giving Donations	-	407	-	-	407
Knowsley Foundation	61,549	-	30,000	-	91,549
Knowsley Public Health and Wellbeing Fund	93,000	(13,000)	(47,000)	-	33,000
Lancashire Community Investment Fund	13,818	500	(4,000)	9,389	19,707
Lancashire Flood Recovery	-	994,557	(539,686)	-	454,871
Lancaster Community Fund	6,310	11,777	(3,711)	1,221	15,597
Lancaster Foundation	-	-	(35,098)	19,359	(15,739)
Leahy Foundation	23,808	5,888	(2,788)	27,310	54,218
Liverpool ONE Foundation	22,839	280,046	(205,887)	(75,071)	21,927
Liverpool Tennis Foundation	438	1,958	(2,250)	-	146
Mando Group Foundation	12,097	(377)	(17,644)	-	(5,924)
Mark McQueen Foundation Lancashire	8,757	-	(11,352)	5,724	3,129
Mark McQueen Foundation Merseyside	22,461	535	(20,543)	15,330	17,783
Medicash	2,103	(262)	(5,500)	26	(3,633)
Merseyside Community Investment Fund	102,666	4,053	(15,460)	9,249	100,508
Carried forward	573,363	1,726,251	(1,467,595)	149,279	981,298

**COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2016
NOTES TO THE ACCOUNTS**

14. RESTRICTED FUNDS (cont....)

	As at	Movement in Resources			As at
	01 April 2015	Incoming	Outgoing	Transfers	31 March 2016
	£	£	£	£	£
Brought forward	573,363	1,726,251	(1,467,595)	149,279	981,298
MJB Fund	3,287	3,321	(5,700)	23,342	24,250
New Progress Housing	21,860	1,927	-	8,928	32,715
Olivia Rae Foundation	2,634	1,054	(3,500)	633	821
Peel Ports 500	3,359	11,363	(2,367)	1,080	13,435
Pendle Music Bursary Fund	15,414	502	(3,500)	5,214	17,630
Police Property Fund	-	90,826	(90,163)	-	663
Ray Messer Foundation	-	19,022	-	-	19,022
Rosendale Community Fund	9,886	(1,473)	(16,910)	3,498	(4,999)
Rossiter Foundation	11,175	(962)	(9,275)	9,747	10,685
Rumi and Rishi Fund	50,836	(2,203)	(55,350)	5,676	(1,041)
Runcat Community Action	2,359	(262)	(2,575)	-	(478)
Wind Farm Community Fund	18,000	(1,799)	(24,993)	-	(8,792)
Santander	89,241	253,759	(178,759)	-	164,241
Santander (Interns)	-	20,000	(117,000)	-	(97,000)
Sefton Council	9,579	247	-	2,989	12,815
Shooting Stars Foundation	536	-	-	-	536
Shop Direct	15,030	76,464	(100,000)	1,897	(6,609)
Surviving Winter Lancashire	1,611	106	50	-	1,767
Surviving Winter Merseyside	517	340	(500)	-	357
WO Street Lancashire	52,053	(9,339)	(110,831)	34,200	(33,917)
WO Street Merseyside	12,646	(2,117)	(20,000)	7,461	(2,010)
Youthbank	2,210	2,301	(2,275)	-	2,236
Other Funds	-	-	178	-	178
	895,596	2,189,328	(2,211,065)	253,944	1,127,803

Fund balances represent grants receivable for the charity to distribute in accordance with the terms and conditions of the donor. Balances on the funds represent undistributed funds held in the bank accounts.

Fund balances that are in deficit have arisen due to the timing difference on capital drawdown from endowment fund versus grant awards at panel meetings prior to the year end and drawdown has been made post year end to reverse the deficit.

All funds available, together with the criteria, priorities, areas covered and application process are detailed on our websites at www.lancsfoundation.org.uk and www.cfmerseyside.org.uk.

**COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2016
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15. UNRESTRICTED FUNDS

	As at	Movement in Resources			As at
	1 April 2015	Incoming	Outgoing	Transfers	31 March 2016
	£	£	£	£	£
Unrestricted funds	255,641	317,648	(505,558)	177,204	244,935
Designated fund-Flood Appeal	-	-	-	5,000	5,000
Total	255,641	317,648	(505,558)	182,204	249,935

16. ENDOWMENT FUNDS

	As at	Movement in Resources			As at
	1 April 2015	Incoming	Outgoing	Gains and Transfers	31 March 2016
	£	£	£	£	£
Permanent endowment	359,870	8,965	-	(27,163)	341,672
Expendable endowment	11,390,495	416,848	(47,402)	(1,018,822)	10,741,119
	11,750,365	425,813	(47,402)	(1,045,985)	11,082,791

Included in the above figures are the following significant (over £100,000) funds:

	1 April 2015				31 March 2016
	£	£	£	£	£
Permanent endowment:					
Rossendale Community Fund	139,100	3,268	-	(10,515)	131,853
Sefton MBC Education & Learning Trust	123,777	3,407	-	(9,283)	117,901
1 other fund	96,993	2,290	-	(7,365)	91,918
Expendable endowment:					
23 Foundation	1,167,644	37,108	(6,622)	(159,787)	1,038,343
Alfred Shaw Trust	370,763	14,265	-	(35,957)	349,071
BHP Billiton	281,904	8,959	(1,599)	(32,534)	256,730
Tilney Investment Management	443,334	17,031	-	(43,459)	416,906
High Sheriffs and Merseyside Police Trust	546,800	18,040	(2,532)	(61,435)	500,873
Hill Dickinson Foundation	263,995	9,893	(206)	(25,407)	248,275
John Goore Trust	301,704	9,588	(1,711)	(34,820)	274,761
Lancaster Foundation	805,336	30,937	-	(78,943)	757,330
Leahy Foundation	937,332	33,106	(2,476)	(99,028)	868,934
Liverpool ONE Foundation	1,871,307	65,835	(5,160)	(92,890)	1,839,092
Mark McQueen Foundation (L)	165,019	4,130	(1,583)	(14,393)	153,173
Mark McQueen Foundation (M)	437,990	13,919	(2,484)	(50,549)	398,876
MJB Fund	706,513	23,291	(3,290)	(79,344)	647,170
New Progress Housing Tenants Fund	257,395	6,441	(2,468)	(22,450)	238,918
Balance Carried Forward	8,916,906	301,508	(30,131)	(858,159)	8,330,124

**COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2016
NOTES TO THE ACCOUNTS**

16. ENDOWMENT FUNDS (cont....)

	1 April 2015				31 March 2016
Expendable endowment:	£	£	£	£	£
Balance brought forward	8,916,906	301,508	(30,131)	(858,159)	8,330,124
Pendle Music Bursary	217,506	8,345	-	(20,966)	204,885
Rumi and Rishi Fund	236,123	9,071	-	(23,146)	222,048
The Rossiter Family Fund	278,490	8,850	(1,579)	(32,141)	253,620
WO Street Lancashire	985,967	24,677	(9,456)	(86,001)	915,187
WO Street Merseyside	213,186	6,775	(1,209)	(24,603)	194,149
18 other funds make up the balance of endowed funds:					
	902,187	66,587	(5,027)	(969)	962,778
	11,750,365	425,813	(47,402)	(1,045,985)	11,082,791

The endowment fund is represented by investments, deposits with Rathbones, Investec and CCLA and bank accounts.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Fixed assets £	Investments £	Net Current Assets £	Total £
Endowment Funds	-	10,972,171	110,620	11,082,791
Restricted Funds	-	-	1,127,803	1,127,803
Unrestricted Funds	677	-	249,258	249,935
	677	10,972,171	1,487,681	12,460,529

18. TRUSTEES' EXPENSES

No trustees have received remuneration. Travel expenses of £521 (2015: £628) were paid to A Roberts during the year, travel expenses of £60 (2015: Nil) were paid to A Myers and travel expenses of £136 (2015: Nil) were paid to S Barrow.

19. RELATED PARTY TRANSACTIONS

Mr C Bliss, a trustee, is the Estate Director at Liverpool ONE, who have provided in-kind office premises to the foundation since January 2011, included in these accounts at a £70,000 value during the year. Liverpool One also donated funds to contribute to rates payable to Liverpool City Council, included in these accounts of £6,064. Liverpool ONE also hold endowment and restricted funds with the foundation.

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2016

NOTES TO THE ACCOUNTS

19. RELATED PARTY TRANSACTIONS (cont....)

The Liverpool One endowment fund was valued at £1,839,092 at 31 March 2016. The fund generated £65,835 during the year, of which £19,750 was donated towards the costs of the foundation, with the balance transferred for distribution through their restricted fund. The foundation received additional donations totalling £280,046 of which £205,887 was distributed through their restricted fund.

20. CONTINGENT LIABILITIES

The restricted fund balances carried forward at 31 March 2016 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.

21. MEMBERS' LIABILITY

The charity is a private company limited by guarantee and consequently does not have share capital. The members are liable to contribute a maximum of £1 each towards the assets of the charity in the event of the company being wound up.