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THE HEART OF ENGLAND COMMUNITY FOUNDATION  
(A company limited by guarantee)  
REGISTERED CHARITY NO. 1117345  
COMPANY REGISTERED NO. 5999452

TRUSTEES' REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2015

**THE HEART OF ENGLAND COMMUNITY FOUNDATION**  
**(A company limited by guarantee)**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2015**

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**THE HEART OF ENGLAND COMMUNITY FOUNDATION**  
(A company limited by guarantee, no. 5999452)

**TRUSTEES AND PROFESSIONAL ADVISORS**  
**YEAR ENDED 31st MARCH 2015**

**Corporate Patron:** Peugeot Motor Company PLC

**Presidents:** Tim Cox, the Lord Lieutenant of Warwickshire  
Paul Sabapathy, the Lord Lieutenant of the West Midlands  
Rt Reverend Dr Christopher Cocksworth, the Bishop of Coventry

**Registered Office:**

Pinley House  
2 Sunbeam Way  
Coventry, CV3 1ND

**Trustees:**  
Mr. Paul Belfield (Chairman)  
Mr. Amrik Bhabra (appointed June 2014)  
Ms. Lucie Byron (appointed June 2014)  
Sir Dominic Cadbury (appointed March 2015)  
Mr. Derek Cake  
Mrs. Sally Carrick  
Mr. Philip Ewing  
Mr. Brian Holt  
Mrs. Sue Ong  
Mr. Philip Pemble (appointed March 2015)  
Mr. Peter Shearing (resigned October 2014)  
Mr. John Taylor  
Ms. Michelle Vincent

**Auditors:**

Dafferns LLP  
One Eastwood  
Harry Weston Road  
Coventry, CV3 2UB

**Bankers:**

CAF Bank Limited  
25 Kings Hill Avenue  
Kings Hill  
Kent ME19 4UQ

**Solicitors:**

Lodders  
Number Ten  
Elm Court  
Arden Street  
Stratford upon Avon  
CV37 6PA

**Staff:**  
Tina Costello (Director)  
Ryan Boyce (Development Officer)  
Fraser Diesch (Finance Manager) \*  
Sue Heyes (Marketing and Communications Officer)  
Roxanne Mulligan (Business Administration Apprentice)  
(appointed March 2015)  
Katrina Venton (Grants Officer) (resigned March 2015)

**Investment Managers:**

Quilter Cheviot  
Queens Quay  
33 - 35 Queen Square  
Bristol BS1 4LU

\* Part time

CCLA  
Senator House  
85 Queen Victoria St  
London EC2V 4ET

Registered Charity No: 1117345

**THE HEART OF ENGLAND COMMUNITY FOUNDATION**  
(A company limited by guarantee)

**TRUSTEES' REPORT**  
**YEAR ENDED 31st MARCH 2015**

The trustees present their report along with the financial statements of the charity for the year ending 31 March 2015. The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the accounts and comply with the charity's Memorandum and Articles of Association, the Statement of Recommended Practice, Accounting and Reporting by Charities 2005 (SORP 2005), applicable UK Accounting Standards and the Companies Act 2006.

**1. Structure, Governance and Management**

**1.1 Establishment**

The Heart of England Community Foundation is a charity which was founded on 14 February 1995. It acts as a conduit to local philanthropy, linking private and public funders with small community projects in Coventry and Warwickshire. It is an accredited member of UK Community Foundation, a national association which promotes and supports 48 UK community foundations.

**1.2 Board Appointments**

The Memorandum and Articles of Association of the charitable company provide for between five and fifteen trustees, who are the directors of the company, all of whom must be members (at the time of writing, those on the Board of Trustees are the company's only members). At each AGM, one third of the trustees must retire those longest in office retiring first. A retiring trustee who remains qualified may be reappointed for a maximum of three consecutive periods of office. The Board of Trustees meets at least four times per year. The names of the trustees who have served throughout the financial year and to the date of this report are shown on page 1. All trustees have been issued with an induction pack containing background information to the charity and are supplied with regular reports on its day-to-day running.

**1.3 Board Subcommittees**

The Board has three subcommittees:

- **A Management Committee** which ensures the proper administration of the charity including:
  - financial management, the setting and reviewing of budgets and overseeing investment performance
  - developing efficient management information systems, controls and procedures
  - recruiting and managing staff, agreeing salaries and conditions of employment
  - health and safety matters
  - managing risk
- planning for Board meetings including regular oversight of the Charity's three year business plans
- governance, including trustee development and succession

- A **Grants Sub Committee** which ratifies all grants recommended by assessment panels, and additionally considers applications to some funds.

- A **Fund Development Committee** which seeks to secure income by methods including:

- Identify and influence potential private, public and individual sources of funding
- Establish targets and ensure actions are taken to maximise statutory, private, legacy and endowment opportunities
- Ensure the Foundation has the right skills and tools to extend its funding base
- Oversee effective relationship management of donor development
- Scrutinise the relevant elements of the Fund's Business Plan
- Ensure all Board members and staff are actively involved in delivering these functions

#### **1.4 Business Planning**

The trustees set a target to increase the endowment to £6,000,000 by the end of 2016 in line with our 3 year Business Plan which was approved in May 2013. In February 2016 an away day is planned for both Trustees and Staff to develop and implement a new 3 year Business Plan for 2016-2019.

#### **1.5 Risk Management**

The principal identified risks to which the charity is exposed are integrated into the business plan to ensure they are regularly reviewed. The Charity also maintains a risk register which is regularly reviewed by the Trustees.

The main identified risk is still the uncertain and relatively short-term nature of various statutory funding schemes, but the trustees are satisfied that the free reserves of the charity should enable it to continue operations while alternative funding sources are secured.

### **2 Objectives and Activities of the Foundation for the Public Benefit**

Our activities are determined by our charitable objects:

- the promotion of any charitable purposes for the benefit of the community in the city of Coventry, the county of Warwickshire and the United Kingdom and in particular the advancement of education, the protection of good health (both mental and physical) and the relief of poverty and sickness;
- other exclusively charitable purposes which are, in the opinion of the trustees, beneficial to the community in the area of benefit.

Our aim is to bring the benefits of local philanthropy, especially long-term support, to grass roots community projects. In 2014-15 we continued to devote ourselves to matching projects to funders, across Coventry and Warwickshire and administering grant programmes within Solihull, Birmingham and the Black Country. To that end, the Heart of England Community Foundation holds funds on behalf of individuals, families, trusts, companies and statutory bodies, investing them to provide further income for our charitable aims. We then engage with groups on behalf of these funders – promoting their criteria, making awards and collecting feedback. The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Foundation's aims and objectives and in planning future activities and setting the grant making policy for the year.

### 3. Achievements and Financial Performance 2014-2015

#### Incoming resources

The Foundation's total incoming resources for 2014-2015 were £5,070,238 and the overall funds of the foundation increased by £2,666,119 to £7,870,071. The following points should be noted:

#### **Endowed Donations**

During the year the investment in the COIF Charity Investment Fund held by the Harry Payne Trust was transferred to us which, together with an element of matching, amounted to £2,293,700. At the end of the year our endowment funds stood at £6,794,434. New donations were received from, amongst others, the High Sheriff of Warwickshire and the Police Property Fund.

Our endowment funds are mainly invested in the stock market but investments do also include the two donated barns in Kings Hill Lane, Stoneleigh, which have been converted to offices for rental. Both barns are let to commercial tenants, the smaller barn since 1 April 2012 and the larger barn since October 2013.

#### **Investments**

The Foundation's investment policy is for a balanced portfolio which produces reasonable income for grant making whilst growing the value of the assets to protect them against the effects of inflation in the longer term. This is considered a relatively low risk approach.

Our main stock market investments are managed by Quilter Cheviot and performance is benchmarked against the FTSE APCIMS (Association of Private Client Investment Managers) Index. Over the 8 years since Quilter Cheviot's appointment, the performance of our portfolio has exceeded this benchmark and the trustees are satisfied with the advice in what has been, and still is, a difficult time in the investment markets.

Funds received under the Community First Match Challenge are invested, as a condition of the scheme, in the COIF Charity Investment Fund managed by CCLA. This fund has performed well compared with investment markets generally and the trustees are satisfied with the returns obtained.

During the year it was decided that a second investment manager, Rathbones, be appointed to manage funds and offer another benchmark to measure performance against. Funds have been placed with Rathbones subsequent to year end.

Current asset funds not immediately required are held on bank deposit accounts.

#### **Grants**

Grant income was £2,257,750 which was inclusive of £1,774,473 for the European Social Fund programme. The balance of £483,097 was a 24% decrease on the previous year.

Our total grant expenditure amounted to £2,340,524 and a full report on the Foundation's discretionary grant making is on our website.

For the current ESF programme we have service level agreements with:

Staffordshire Community Foundation, Worcester Community Foundation and Herefordshire Community Foundation.

Delivery to the remaining geographical West Midlands sub regions will be delivered directly by HOECF.

#### **Restricted Core Income**

Restricted core income is money given for specific operational functions, including management fees to run statutory grants programmes. In 2014-2015 our restricted core income was £173,888 compared to £103,195 for the previous year.

#### **Unrestricted Income**

Our unrestricted income this year included income from a number of fundraising events, marathons, rental income from the barns, the Park House Charitable Trust and 29<sup>th</sup> May 1961 Charitable Trust. It also included unrestricted donations from Orbit Heart of England, Coventry Building Society Charitable Foundation and Comic Relief.

The balance of our unrestricted income is, at present, used to meet core expenditure which is not covered by restricted core income. Unrestricted income for 2014-2015 was £220,378 compared with £198,311 in the previous year. We are very grateful to the generous individuals, companies, trusts and organisations which made this possible, and would particularly like to mention:

- 29<sup>th</sup> May 1961 Charitable Trust for it's unrestricted donations
- Mrs Valerie Youell
- Park House Charitable Trust
- All the companies which sponsored the Annual Review

#### **Expenditure**

We made an operating surplus of £9,856 which compares with a budgeted surplus for the year of £36,981 and an operating surplus in the previous year of £2,968.

#### **Designated Funds**

Our designated funds as of 31<sup>st</sup> March 2015 totalled £675,525. These include the £550,000 from the Youell legacy and the book value of Craven Lane Hall (a community building owned by the foundation) plus some funds set aside towards the possible costs of the building's refurbishment. These funds are not regarded as free reserves by the trustees.

#### **4. Reserves policy**

A considerable part of the Foundation's income consists of statutory funding schemes which are uncertain and relatively short-term. The trustees believe it is necessary to retain sufficient free reserves to maintain operations between the time such schemes end and before new ones come on

stream. The awarding of new funding streams to the Foundation is subject to competition from other organisations and cannot be relied upon with any certainty. Free reserves must also be maintained to cover statutory obligations to our staff should that prove necessary.

It is therefore the policy of the Foundation to maintain, at all times, free reserves of no less than the equivalent of six months core (support and governance) costs. Actual free reserves at the financial year end of £205,889 equate to over 9.5 months of budgeted core costs for 2015-2016. However, £196,110 of these free reserves represent non liquid fixed assets. These reserves are expected to reduce during that financial year but should still be more than adequate.

## **5 Plans for 2015-16**

### **Increased endowment holdings**

We will continue to focus on building endowment with an emphasis on the takeover of dormant or ineffective Trust in line with the Charity Commission's Boost Initiative. We will also be active in increasing membership to our 100 Club, in which local businesses can jointly build an endowment for the long term benefit of communities within Coventry and Warwickshire.

### **New Grant Streams**

Due to the expansion of our geographical reach, we will be delivering a number of grant programmes for local communities within Birmingham and the Black Country. We have also secured the Positive Youth Fund for Birmingham and the Black Country which will be launched in September 2016. We have a new funding partnership with Drayton Manor Park and plans to take over a dormant charity worth £1.9m in Coventry to benefit local communities across Coventry and Warwickshire.

### **Managing Property**

The smaller of our two barns was commercially let from 1 April 2012 and our large barn was commercially let in October 2013.

Our other property, Craven Lane Hall in Southam, is in use as a community centre and is regarded as an operational property rather than an investment asset. The grant of £365,900 from Heritage Lottery Fund will be drawn down this year to restore and renovate this wonderful WW1 property.

## **6 Trustees' Responsibilities Statement for Charitable Companies**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;



- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

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

## **7 Auditors**

A resolution to re-appoint Dafferns LLP as the Charity's auditor will be proposed at the forthcoming Annual General Meeting.

This report was approved by the Board of Trustees and authorised for issue on 10<sup>th</sup> September 2015 and is signed on its behalf by:



Paul Belfield  
Chairman

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF  
THE HEART OF ENGLAND COMMUNITY FOUNDATION  
(A company limited by guarantee)**

We have audited the financial statements of The Heart of England Community Foundation for the year ended 31 March 2015 on pages 10 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's 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 Trustees' Responsibilities Statement set out on pages 6 to 7, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

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

**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 2015 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 other matter prescribed by the Companies Act 2006

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

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

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Geoffrey Cox BA FCA (Senior Statutory Auditor)  
For and on behalf of Dafferns LLP  
Chartered Accountants, Registered Auditors  
One Eastwood, Harry Weston Road, Binley Business Park  
Coventry CV3 2UB

Signed:



10<sup>th</sup> September 2015

**THE HEART OF ENGLAND COMMUNITY FOUNDATION**  
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**STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2015**

	Note	----Unrestricted Funds----	-----Restricted Funds-----						
		General £	Designated £	Core costs £	Distributable Grants £	Projects £	Endowment Funds £	Total 2015 £	Total 2014 £
<b>Incoming resources</b>									
Incoming resources from generated funds									
Voluntary income	2	153,281	-	173,888	2,257,570	-	2,312,607	4,897,346	1,202,399
Rental income		65,695	-	-	-	-	-	65,695	37,847
Investment income		-	-	-	-	-	105,795	105,795	75,092
Bank interest		1,402	-	-	-	-	-	1,402	5,583
<b>Total incoming resource</b>		<u>220,378</u>	<u>-</u>	<u>173,888</u>	<u>2,257,570</u>	<u>-</u>	<u>2,418,402</u>	<u>5,070,238</u>	<u>1,320,291</u>
<b>Resources expended</b>									
Costs of generating voluntary income									
- fundraising	3	7,568	-	3,162	-	-	-	10,730	24,464
Investment management costs		-	-	-	-	-	18,504	18,504	17,867
Charitable activities – Grants	4	-	-	-	2,340,524	-	-	2,340,524	735,311
Charitable activities – Support costs	5	133,082	6,699	168,501	-	-	-	308,282	216,170
Governance	8	5,325	-	2,225	-	-	-	7,550	7,345
<b>Total resources expended</b>		<u>145,975</u>	<u>6,699</u>	<u>173,888</u>	<u>2,340,524</u>	<u>-</u>	<u>18,504</u>	<u>2,685,590</u>	<u>1,001,157</u>
<b>Net incoming/(outgoing) resources before transfers</b>		74,403	(6,699)	-	(82,954)	-	2,399,898	2,384,648	319,764
<b>Transfers</b>									
Transfers between funds	9	<u>(64,547)</u>	<u>111,630</u>	<u>-</u>	<u>58,712</u>	<u>-</u>	<u>(105,795)</u>	<u>-</u>	<u>-</u>
<b>Net incoming/(outgoing) resources before other recognised gains and losses</b>		9,856	104,931	-	(24,242)	-	2,294,103	2,384,648	319,764
<b>Other recognised gains/(losses)</b>									
Gain/(loss) on investment assets	11	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>281,471</u>	<u>281,471</u>	<u>(141,263)</u>
<b>Net movement in funds</b>		9,856	104,931	-	(24,242)	-	2,575,574	2,666,119	178,501
Funds at 31 March 2014		<u>196,033</u>	<u>570,594</u>	<u>3,068</u>	<u>215,397</u>	<u>-</u>	<u>4,218,860</u>	<u>5,203,952</u>	<u>5,025,451</u>
<b>Funds at 31 March 2015</b>		<u>205,889</u>	<u>675,525</u>	<u>3,068</u>	<u>191,155</u>	<u>-</u>	<u>6,794,434</u>	<u>7,870,071</u>	<u>5,203,952</u>

Note: For Companies Act purposes the profit for the year (excluding the net movement of Endowment Funds) was £90,545 (2014: £ (33,397)). There were no discontinued activities during the year.

**THE HEART OF ENGLAND COMMUNITY FOUNDATION**  
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**BALANCE SHEET AS AT 31 MARCH 2015**

	Note	31 March 2015	31 March 2014
		£	£
<b>Fixed assets</b>			
Tangible fixed assets	10	83,015	83,959
<b>Investments</b>			
Investment properties	11	750,000	750,000
Listed investments	11	6,068,900	3,651,982
Cash at investment managers		166,069	7,324
Bank deposit account		<u>550,000</u>	<u>265,178</u>
		7,534,969	4,674,484
		7,617,984	4,758,443
<b>Current assets</b>			
Cash at bank and in hand		363,952	638,455
Debtors	12	<u>78,531</u>	<u>86,992</u>
		442,483	725,447
<b>Creditors: amounts falling due within one year</b>	13	<u>(190,396)</u>	<u>(279,938)</u>
<b>Net current assets</b>		<u>252,087</u>	<u>445,509</u>
<b>Net assets</b>		<u>7,870,071</u>	<u>5,203,952</u>
<b>Capital funds</b>			
Endowment funds	14	6,794,434	4,218,860
<b>Income funds</b>			
Restricted funds	15	194,223	218,465
Unrestricted funds (Designated)	16	675,525	570,594
Unrestricted funds (General)		<u>205,889</u>	<u>196,033</u>
		1,075,637	985,092
<b>Total funds</b>	17	<u>7,870,071</u>	<u>5,203,952</u>

These financial statements were approved by the trustees and authorised for issue on 10<sup>th</sup> September 2015 and are signed on their behalf by:

Paul Belfield – Chairman

Michelle Vincent – Trustee



**THE HEART OF ENGLAND COMMUNITY FOUNDATION**  
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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**1 Accounting policies**

**Basis of preparation**

The financial statements have been prepared under the historic cost convention, with the exception that investments are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable UK Accounting Standards, the Charities Act 2011 and the Companies Act 2006.

**Incoming resources**

All incoming resources are recognised once the charity has entitlement to the resources, it is certain that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability.

**Resources expended and irrecoverable VAT**

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the Foundation. The grants are accounted for where either the trustees have agreed to pay the grant without condition and the recipient has a reasonable expectation that they will receive a grant, or any condition attaching to the grant is outside the control of the Foundation.

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

**Allocation of overhead and support costs**

Overhead and support costs have been allocated first between charitable activity and governance costs. Overhead and support costs relating to charitable activities have been apportioned on a basis consistent with the use of resources.

**Charitable activities**

Costs of charitable activities include grants made and support costs as shown in note 5.

**Governance costs**

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice.

**THE HEART OF ENGLAND COMMUNITY FOUNDATION**  
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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**1 Accounting policies (continued)**

**Endowment funds**

These funds include expendable endowments which arose from grants and donations given specifically to be held as capital unless the trustees resolve they may be spent. It is the intention of the trustees that these funds be maintained for the foreseeable future. Grants are funded from the income generated from the capital investments. There can be an initial period of income accumulation in accordance with the donor's wishes.

**Restricted funds**

These funds are received for specific purposes set by the grant funders or donors. These include funds received to enable grants to be paid to beneficiaries and meet the cost of projects and, in addition, funds received towards the Foundation's operating costs in managing those grants and projects.

**Designated funds**

These funds are unrestricted funds set aside by the trustees for specific purposes.

**Investments**

Investments in listed securities and properties are shown on the balance sheet at their open market value. Profits and losses on sales of investments and the movements in market value are taken to the statement of financial activities. Property in course of construction is valued at cost.

**Fixed assets and depreciation**

No depreciation is provided against the cost of land. Operational assets costing less than £1,000 are written off in full through the statement of financial activities in the year of purchase. Depreciation is provided by the Foundation to write off the cost less the estimated residual value of other operational fixed assets by equal instalments over their useful economic lives as follows:

Freehold buildings - 25 years

Office and computer equipment - 4 years

**Pension schemes**

The charity operates defined contribution pension schemes. Contributions payable in the year are charged in the Statement of Financial Activities.

**THE HEART OF ENGLAND COMMUNITY FOUNDATION**  
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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**2 Voluntary income**

Donors contributed to the following restricted funds during the period:

	Core costs	Distributable	Projects	Total	2014
	£	grants £	£	£	£
29 <sup>th</sup> May 1961 Charitable Trust	-	16,500	-	16,500	15,000
Band Hatton Button	-	8,173	-	8,173	-
Chamber of Commerce	-	2,700	-	2,700	-
Comic Relief	-	171,966	-	171,966	145,911
Community Energy Warwickshire	-	4,950	-	4,950	-
Community Grants (ESF)	141,888	1,774,473	-	1,916,361	85,624
Coventry Building Society	-	28,044	-	28,044	37,373
Coventry Community Games	-	-	-	-	10,000
Coventry Lord Mayor's Fund	-	7,312	-	7,312	13,386
Harry Payne Fund	-	8,004	-	8,004	-
Heart of England CF – Various donors	-	7,667	-	7,667	23,924
Heart of England Co-operative Society	-	25,000	-	25,000	40,000
Heritage Lottery Fund	-	-	-	-	12,350
Jaguar	-	(2,136)	-	(2,136)	10,000
Lodders	-	19	-	19	50
Love Leamington	-	5,499	-	5,499	-
Orbit Group	-	50,000	-	50,000	101,602
PSA Peugeot Citroen	32,000	-	-	32,000	28,000
Royal London	-	-	-	-	10,000
Santander	-	-	-	-	170,000
Soihull Community Trust	-	-	-	-	27,000
Sports Relief (UKCF)	-	100,000	-	100,000	-
Tom's Fund	-	31,399	-	31,399	30,400
Warwickshire Recycling	-	18,000	-	18,000	-
	<u>173,888</u>	<u>2,257,570</u>	<u>-</u>	<u>2,431,458</u>	<u>760,620</u>



**THE HEART OF ENGLAND COMMUNITY FOUNDATION**  
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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**2 Voluntary Income (continued)**

**Donations in kind**

During the financial year PSA Peugeot Citroen again provided office accommodation and facilities free of charge to the Foundation. The estimated value of these benefits £32,000 (2014: £28,000) has been reflected in the Statement of Financial Activities as gifts and as support costs within the restricted core cost fund.

**3 Fundraising Costs**

	Unrestricted £	Restricted £	Total £	Total 2014 £
Consultancy	6,348	2,652	9,000	22,966
Other costs	<u>1,220</u>	<u>510</u>	<u>1,730</u>	<u>1,498</u>
	<u>7,568</u>	<u>3,162</u>	<u>10,730</u>	<u>24,464</u>

**4 Grants**

Grants awarded (including projects)

	2015 £	2014 £
	<u>2,340,524</u>	<u>735,311</u>

Details of grants awarded during the year under review are given in a separate report entitled "Grants Awarded 2014/2015" which is available from the Foundation and on its website [www.heartofenglandcf.co.uk](http://www.heartofenglandcf.co.uk).

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**5 Support costs**

	Unrestricted		Restricted	Total	Total
	General	Designated			2014
	£	£	£	£	£
Staff costs (see note 6)	95,707	-	66,095	161,802	119,698
Recruitment	336	-	140	476	40
Advertising and website development	6,134	-	2,563	8,697	2,385
Training and conferences	1,232	-	515	1,747	2,948
ESF evaluation costs	-	-	10,375	10,375	8,940
Subscriptions	6,621	-	2,766	9,387	10,920
Travel expenses	3,765	-	4,334	8,099	6,959
Meetings	364	-	2,333	2,697	868
Printing and stationery	3,924	-	1,652	5,576	2,933
Legal costs	3,897	-	1,628	5,525	600
Insurance	414	-	173	587	578
Craven Lane Hall expenses (see below)	1,150	6,699	-	7,849	15,878
Barn expenses (see below)	7,386	-	-	7,386	8,979
Fixed asset depreciation	1,390	-	581	1,971	1,718
Office accommodation and facilities (see note 2)	-	-	32,000	32,000	28,000
ESF Sub contractor expenses	-	-	42,663	42,663	-
Sundry expenses	762	-	683	1,445	4,726
	<u>133,082</u>	<u>6,699</u>	<u>168,501</u>	<u>308,282</u>	<u>216,170</u>

Craven Lane Hall designated expenses are planning application of £4,200 and legal fees of £2,499. The unrestricted expenses are general running costs which are met by rental income.

Barn expenses include legal fees of £5,011 associated with the letting of the large barn and professional fees of £1,950.

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**6 Staff numbers and costs**

The average number of persons employed by the Foundation during the period was five (2014: six), the full-time equivalent number of employees was four (2014: three) and the aggregate payroll costs were as follows:

	2015	2014
	£	£
Salaries	120,508	126,008
Termination costs	-	-
Casual staff costs	28,756	3,336
Social security costs	11,158	10,815
Other pension costs	1,380	2,505
	<u>161,802</u>	<u>142,664</u>
Support costs (see note 5)	<u>161,802</u>	<u>119,698</u>
Fundraising costs (see note 3)	<u>-</u>	<u>22,966</u>

No employee received remuneration of £60,000 or more in either the current or preceding financial year.

**7 Trustees' remuneration**

The trustees did not receive any remuneration during the year (2014: £Nil). No trustees claimed travel expenses during the year (2014: £185).

**8 Governance costs**

	Unrestricted	Restricted	Endowment	Total	2014
	£	£	£	£	£
Annual General Meeting	-	-	-	-	-
Audit – statutory	<u>5,325</u>	<u>2,225</u>	<u>-</u>	<u>7,550</u>	<u>7,345</u>
	<u>5,325</u>	<u>2,225</u>	<u>-</u>	<u>7,550</u>	<u>7,345</u>

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**9 Transfers between funds**

	-----Unrestricted Funds-----	-----Restricted Funds-----	
	General £	Designated £	Core Costs £
			Distributable Grants £
			Projects £
			Endowment Funds £
Endowment income (see note 14)	47,083	-	-
Trustees allocation to discretionary grants	(30,000)	30,000	-
Large Barn rental income	8,905	(8,905)	-
2014 gift aid	2,500	(2,500)	-
2014 large barn devaluation	(93,035)	93,035	-
	<u>(64,547)</u>	<u>111,630</u>	<u>58,712</u>
			<u>(105,795)</u>

**10 Tangible fixed assets**

	Freehold Land and buildings	Computer equipment	Total £	2014 £
Cost:				
1 April 2014	78,750	7,884	86,634	82,581
Additions in the year	-	1,027	1,027	4,053
31 March 2015	<u>78,750</u>	<u>8,911</u>	<u>87,661</u>	<u>86,634</u>
Depreciation:				
1 April 2014	-	2,675	2,675	957
Charge for the year	-	1,971	1,971	1,718
31 March 2015	<u>-</u>	<u>4,646</u>	<u>4,646</u>	<u>2,675</u>
Net book value 31 March 2015	<u>78,750</u>	<u>4,265</u>	<u>83,015</u>	<u>83,959</u>

No depreciation has been charged in the year on the land and building acquired in 2008, since the purchase price is thought to represent the value of the land alone, which is not depreciated. No value is attributed to the building.

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**11 Fixed asset investments**

**11.1 Listed investment**

	Managed by Quilter £	Managed by CCLA £	2015 £	2014 £
Market value at 1 April 2014	3,026,198	625,784	3,651,982	3,121,005
Additions at cost	693,646	2,312,696	3,006,342	630,033
Disposal proceeds	(870,895)	-	(870,895)	(248,711)
Gains / (losses)	184,140	97,331	281,471	149,655
Market value at 31 March 2015	<u>3,033,089</u>	<u>3,035,811</u>	<u>6,068,900</u>	<u>3,651,982</u>

Historical cost

2,572,529      2,905,936      5,478,465      3,144,157

Investments over 5% of portfolio value

Artemis Fund Managers Income	160,787	-	160,787	-
KBI North American	169,305	-	169,305	-
Liontrust Fund	178,137	-	178,137	167,565
Majedle Asset Management	276,862	-	276,862	-
MFS Meridian	-	-	-	167,520
COIF Charities Investment Fund	-	<u>3,035,811</u>	<u>3,035,811</u>	<u>625,784</u>

**11.2 Investment properties**

	Small Barn £	Large Barn £	2015 £	2014 £
Market Value or Cost at 1 April 2014	150,000	600,000	750,000	698,062
Additions at cost	-	-	-	342,857
Gains / (losses)	<u>150,000</u>	<u>600,000</u>	<u>750,000</u>	<u>(290,919)</u>
Market Value at 31 March 2015	<u>150,000</u>	<u>600,000</u>	<u>750,000</u>	<u>750,000</u>
Historical cost	<u>90,511</u>	<u>890,919</u>	<u>981,430</u>	<u>981,430</u>

Two barn buildings and the land they stand on were donated to the Foundation for development into office buildings for letting when complete. The original value of the undeveloped land and properties donated was estimated by the Trustees at £85,000.

The large barn was valued on 11 June 2014 by Mark Winslow MRICS and David Holt FRICS of D & P Holt, Chartered Surveyors at £600,000 on the basis of fair value as at 31 March 2014

The small barn was valued on 17 July 2013 also by Mark Winslow at £150,000 on the basis of a fair value as at 31 March 2013. The trustees consider there has been no material change since these valuations.

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**12 Debtors**

	2015 £	2014 £
Grants and donations receivable	31,461	29,592
Gift Aid receivable	1,855	6,640
Investment income receivable	18,762	17,756
Barn rent receivable	15,820	27,847
Other debtors	<u>811</u>	<u>3,750</u>
Prepayments	68,709	85,585
	<u>9,822</u>	<u>1,407</u>
	<u><u>78,531</u></u>	<u><u>86,992</u></u>

**13 Creditors**

	2015 £	2014 £
Deferred income	163,091	177,568
Employee taxes and social security	2,158	2,593
Staff pension scheme contributions payable	<u>-</u>	<u>221</u>
Accruals	165,249	180,382
	<u>25,147</u>	<u>99,556</u>
	<u><u>190,396</u></u>	<u><u>279,938</u></u>

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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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**Endowment Funds**

	31 March 2014	Net incoming resources	Investment gains/(losses)	Transfers	31 March 2015
	£	£	£	£	£
Ambassadors	76,981	313	5,063	(402)	81,955
AXA	185,428	-	11,248	(1,131)	195,545
Barn Project	558,155	-	-	-	558,155
Clarendon Court Sports	6,197	-	376	(38)	6,535
Coventry Lord Mayor	19,912	-	1,208	(121)	20,999
Coventry Nursing Trust	312,246	-	19,769	(1,783)	330,232
Deeley 3 Peaks	10,584	-	642	(65)	11,161
Forest of Arden Golf Club Captain's Fund	17,174	-	1,042	(105)	18,111
Friends	13,563	1,256	1,184	(19)	15,984
Friends Provident	10,899	-	661	(67)	11,493
Harry Payne Fund	-	2,293,700	37,074	-	2,330,774
Heart of England Fund	366,007	-	22,202	(2,233)	385,976
High Sheriff of Warwickshire	103,059	13,845	8,935	(162)	125,677
James Kenning	36,439	-	3,502	-	39,941
Kingscliffe Fund	151,980	-	9,220	(927)	160,273
Midland Heart	98,432	-	5,971	(600)	103,803
National Grid	65,228	-	3,957	(398)	68,787
Orbit Heart of England Fund	143,347	-	8,695	(874)	151,168
PSA Peugeot Citroen	322,414	-	19,558	(1,966)	340,006
Rolls Royce	60,560	-	3,674	(370)	63,864
Solihull Community Foundation	178,590	-	17,160	-	195,750
Torrington House	184,491	-	11,191	(1,125)	194,557
Trustees' New Deal	19,756	3,493	1,926	-	25,175
Willenhall Community Trust	45,940	-	4,414	-	50,354
Youell Family Fund	1,231,478	-	82,799	(6,118)	1,308,159
Investment income	-	105,795	-	(105,795)	-
Investment management costs	-	(18,504)	-	18,504	-
	<u>4,218,860</u>	<u>2,399,898</u>	<u>281,471</u>	<u>(105,795)</u>	<u>6,794,434</u>

The investment income is allocated, on an annual basis, to unrestricted core funds (£47,083 (2014: £35,264)) and Grants for distribution (£58,712 (2014: £39,828)). Endowment funds include unrealised valuation gains of £359,005 (2014: £276,395).

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**Endowment Funds (continued)**

The above table includes the following funds relating to the Community First Programme

	31 March 2014	Net incoming resources	Investment gains/(losses)	Transfers	31 March 2015
	£	£	£	£	£
Ambassadors	11,265	250	1,077	-	12,592
Coventry Nursing Trust	19,927	-	1,915	-	21,842
Friends	9,187	2,275	987	-	12,449
Harry Payne Fund	-	2,293,700	37,074	-	2,330,774
High Sheriff of Warwickshire	76,440	13,283	7,319	-	97,042
James Kenning	36,439	-	3,502	-	39,941
Soihull Community Foundation	178,590	-	17,160	-	195,750
Trustees' New Deal	19,482	3,187	1,926	-	24,595
Willenhall Community Trust	45,940	-	4,414	-	50,354
Youell Family Fund	228,514	-	21,957	-	250,471
	<u>625,784</u>	<u>2,312,695</u>	<u>97,331</u>	<u>-</u>	<u>3,035,810</u>

15

**Restricted Funds**

	31 March 2014	Income	Expenses	Transfers	31 March 2015
	£	£	£	£	£
<b>Core</b>					
Community Grants (ESF)	-	141,888	141,888	-	-
Heritage Lottery Fund	3,068	-	-	-	3,068
PSA Peugeot Citroen (in kind)	-	32,000	32,000	-	-
	<u>3,068</u>	<u>173,888</u>	<u>173,888</u>	<u>-</u>	<u>3,068</u>
<b>Distributable grants</b>					
29 <sup>th</sup> May 1961 Charitable Trust	9,409	16,500	14,500	-	11,409
AXA	3,034	-	3,034	2,502	2,502
Band Hatton Button	-	8,173	4,262	-	3,911
Chamber of Commerce	2,494	2,700	180	-	5,014
Comic Relief	2,194	171,966	222,358	48,690	492
Community Energy Warwickshire	-	4,950	4,061	-	889
Community Grants (ESF)	-	1,774,473	1,774,473	-	-
Coventry Building Society	7,802	28,044	35,811	-	35
Coventry Community Games	12,601	-	4,914	-	7,687
Sub Total Carried Forward	<u>37,534</u>	<u>2,006,806</u>	<u>2,063,593</u>	<u>51,192</u>	<u>31,939</u>



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**Restricted Funds (continued)**

	31 March 2014 £	Income £	Expenses £	Transfers £	31 March 2015 £
Sub Total Brought Forward	37,534	2,006,806	2,063,593	51,192	31,939
Coventry Nursing Trust	7,477	-	4,375	2,096	5,198
Federation of Petroleum Suppliers	9,451	2,338	200	-	11,589
Forest of Arden Golf Club Captain's Fund	156	-	156	186	186
Harry Payne Fund	-	8,004	-	6,062	14,066
Heart of England Fund	27,270	12,141	31,360	6,089	14,140
Heart of England Co-operative Society	15,045	25,000	28,430	-	11,615
High Sheriff's Fund	2,813	-	2,000	2,460	3,273
Jaguar	7,536	(2,136)	5,400	-	-
Kingscliffe Fund	3,397	-	1,000	1,650	4,047
Lodders	161	19	-	-	180
Love Leamington	-	5,499	-	-	5,499
Midland Heart	895	-	895	1,068	1,068
National Grid	593	-	593	708	708
Orbit Heart of England	36,491	50,000	75,294	1,556	12,753
PSA Peugeot Citroen	6,157	-	2,334	6,900	10,723
Rolls Royce	1,376	-	1,376	657	657
Solihull Community Trust	29,226	-	11,629	7,192	24,789
Sports Relief (UKCF)	-	100,000	51,310	(48,690)	-
Tom's Fund	-	31,399	31,399	-	-
Torrington House Holiday Fund	6,512	500	500	2,002	8,514
Warwickshire Recycling	-	18,000	6,975	-	11,025
Youell Family Fund	23,307	-	21,705	17,584	19,186
	<u>215,397</u>	<u>2,257,570</u>	<u>2,340,524</u>	<u>58,712</u>	<u>191,155</u>
<b>Total Restricted Funds</b>	<u>218,465</u>	<u>2,431,458</u>	<u>2,514,412</u>	<u>58,712</u>	<u>194,223</u>

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**16 Designated Funds**

	31 March 2014	Income £	Expenses £	(losses) £	Investment gains / Transfers £	31 March 2015 £
Heart of England grants fund	21,731	-	-	-	18,595	40,326
Property fund	78,750	-	-	-	-	78,750
Property development fund	13,148	-	6,699	-	-	6,449
Youell Family fund	456,965	-	-	-	93,035	550,000
	<u>570,594</u>	<u>-</u>	<u>6,699</u>	<u>-</u>	<u>111,630</u>	<u>675,525</u>

The Grants Fund represents amounts set aside by the Trustees to be used to supplement grants payable to beneficiaries. £30,000 was allocated during the year. Some of the previous year's income was reassigned to core leaving £40,326 to carry forward.

The property fund equates to the book value of a property owned by the Foundation and has been set aside because it is the intention of the trustees to continue using the asset as a community venue.

The property development fund represents amounts set aside towards the costs of refurbishing the community venue.

The Youell Family Fund is a Legacy from the late Alfred Youell MBE.

**17 Analysis of fund balances between the net assets**

	General £	Designated £	Restricted funds £	Endowment funds £	Total Funds £
<b>-----Unrestricted Funds-----</b>					
Tangible fixed assets	4,265	78,750	-	-	83,015
Investments	191,845	-	-	6,627,055	6,818,900
Bank and cash balances	15,608	596,775	320,313	147,325	1,080,021
Debtors	30,507	-	27,970	20,054	78,531
Creditors	(36,336)	-	(154,060)	-	(190,396)
	<u>205,889</u>	<u>675,525</u>	<u>194,223</u>	<u>6,794,434</u>	<u>7,870,071</u>

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**18 Control relationships**

The board of trustees is ultimately responsible for the control of the Charitable Foundation.

**19 Taxation**

The Foundation is a registered charity and its activities are such that no liability to Corporation Tax arises on its results for the year.

**20 Members' guarantee**

Every member has agreed that, if the charity is dissolved, while he or she remains a member or within twelve months afterwards, to contribute up to £10 towards the cost of dissolution and the liabilities of the charity.