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 2016

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

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YEAR ENDED 31 MARCH 2016

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TRUSTEES AND STAFF
YEAR ENDED 31st MARCH 2016

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

PROFESSIONAL ADVISORS
YEAR ENDED 31st MARCH 2016

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

Bankers: CAF Bank Limited
25 Kings Hill Avenue
Kings Hill
West Malling
Kent, ME19 4JQ

Solicitors: Lodders
Number 10 Elm Court
Arden Street
Stratford-upon-Avon, CV37 6PA

Investment Managers: Quilter Cheviot
Queens Quay
33-35 Queen Square
Bristol, BS1 4LU

CCLA
Senator House
85 Queen Victoria Street
London, EC2V 4ET

Rathbones
Temple Point
1 Temple Row
Birmingham, B2 5LG

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

TRUSTEES' REPORT
YEAR ENDED 31st MARCH 2016

The trustees present their report along with the financial statements of the charity for the year ending 31 March 2016. 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 Accounting and Reporting by Charities; Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities (SORP2105: FRSSE)(effective January 2015), 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 across the County of West Midlands. It is an accredited member of UK Community Foundations, a national association which promotes and supports 46 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 3. 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 four 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 for Coventry and Warwickshire** which makes decisions on non-donor directed grant programmes managed by the Charity
- A **Grants Sub Committee for Birmingham and the Black Country** which makes decisions on non-donor directed grant programmes managed by the Charity

- 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 Board of Trustees and CEO held a Strategy Day in February 2016 to develop, plan and implement our new 3 year business planning strategy for 2016-19. The target to increase the endowment to £6,000,000 by the end of 2016 was exceeded and a new target of £12,000,000 has been set by the Board. Our new business plan reflects the geographical expansion of the Charity into Birmingham and Black Country of which the charity has now formally taken over since the closure of the former Birmingham and Black Country Foundation.

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 in line with our new Business Plan will be reviewed by Management Committee on a quarterly basis.

The main identified risk is still the uncertain and relatively short-term nature of various 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 communities within the County of West Midlands, 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 2015-16 we continued to devote ourselves to matching projects to funders, across the County of West Midlands. 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 identifying impact. 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 2015-2016

Incoming resources

The Foundation's total incoming resources for 2015-2016 were £3,602,774 and the overall funds of the foundation increased by £2,193,145 to £10,063,216. The following points should be noted:

Endowed Donations

During the year we received two new endowment funds, Jumping Through Hoops at a value of £450,000 and Warwick Lying-In Trust at a value of £38,321. At the end of the year our endowment funds stood at £7,101,070.

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 larger barn since October 2013 and the smaller barn, which had been let since April 2012, was re-let to a new tenant in April 2015.

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.

A third investment manager, Rathbones, was appointed to manage funds and offer another benchmark to measure performance against. Jumping Through Hoops was the initial investment and we hope to grow this to be comparable against the other two investments.

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

Grants

Grant income was £2,145,152 which was an increase of 344% on the non European Social Funds receipts the previous year. Of this £1,309,722 was for the Jumping Through Hoops Program which will be defrayed over the next 5 years.

Our total grant expenditure amounted to £846,751 and a full report on the Foundation's discretionary grant making is on our website.

Restricted Core Income

Restricted core income is money given for specific operational functions, including management fees to run statutory grants programmes. In 2015-2016 our restricted core income was £517,252 compared to £173,888 for the previous year. This income includes £140,278 for the Jumping Through Hoops program which will be defrayed over the next 5 years and £250,000 from the Cadbury Trust, the Edward Cadbury Trust and the LJC Fund towards the costs of our Birmingham Operations.

Unrestricted Income

Our unrestricted income this year came from a number of sources, namely fundraising events, rental income from the barns, 29th May 1961 Charitable Trust and Valerie Youell. It also included unrestricted donations from Orbit Heart of England, Coventry Building Society Charitable Foundation, Comic Relief and new funding streams Harry Payne Fund and Positive Futures Fund.

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 2015-2016 was £254,641 compared with £220,378 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:

- 29th May 1961 Charitable Trust for its unrestricted donations
- Mrs Valerie Youell
- Harry Payne Fund
- Positive Futures Fund
- All the companies which sponsored the Annual Review

The Trustees agreed to transfer £75,000 of the cumulative core surplus into the Heart of England Grant Pots after the year end

Expenditure

We made an operating surplus of £48,953 which compares with a budgeted surplus for the year of £36,981 and an operating surplus in the previous year of £9,856.

Designated Funds

Our designated funds as of 31st March 2016 totalled £635,330. 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 flow through 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 £254,842 equate to just under 8.5 months of budgeted core costs for 2016-2017. However, £193,817 of these free reserves represents non liquid fixed assets. These reserves are expected to reduce during that financial year, particularly due to the transfer to grants detailed in Note 3 but should still be more than adequate.

5 Plans for 2016-17

Increased endowment holdings

We will continue to focus on building endowment to ensure sustainability of the charity with a particular focus this year on increasing endowed funds for the benefit of communities within Birmingham and the Black Country. We will also receive the endowment formerly held by Birmingham and Black Country Foundation which will become part of our endowment portfolio; this is currently held by UKCF. Due to our growth we are recruiting additional staff to ensure the Charity continues to operate effectively and efficiently across all of our geographical areas.

New Grant Streams

We will roll out our Jumping Through Hoops Programme, a combination of 3 differing funding streams for Coventry organisations focusing on youth homelessness. We will also deliver grant programmes on behalf of new donors from Birmingham, namely Birmingham Communities Together and a general grants programme for Birmingham and the Black Country similar to our existing Coventry and Warwickshire Grants Pot.

We will also continue to research dormant and ineffective Trusts with a view to taking over the administration and where appropriate modernising the aims and objectives in line with the Charity Commission's Boost Initiative.

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 currently not in use and not fit for purpose. The grant of £365,900 from Heritage Lottery Fund will be drawn down this year to restore and renovate this 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 2015:FRSSE;
- 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.

The report of the trustees has been prepared taking advantage of the small companies' exemption in the Companies Act 2006.

This report was approved by the Board of Trustees and authorised for issue on 6th October 2016 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 2016 on pages 13 to 29. 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 the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 9 to 10, 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 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 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime.

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:

6th October 2016

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

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2016

	Note	----Unrestricted Funds----		---------Restricted Funds---------					
		General £	Designated £	Core costs £	Distributable Grants £	Projects £	Endowment Funds £	Total 2016 £	Total 2015 £
Income and Endowments									
Donations and legacies	2	183,475	-	517,235	2,145,152	-	194,607	3,040,469	4,897,346
Rental income		67,982	-	-	-	-	-	67,982	65,695
Investment income		-	-	-	-	-	491,122	491,122	105,795
Bank interest		3,184	-	17	-	-	-	3,201	1,402
Total Income and Endowments		254,641	-	517,252	2,145,152	-	685,729	3,602,774	5,070,238
Expenditure on:									
Raising Funds	3	6,919	-	879	-	-	-	7,798	10,730
Investment management costs		-	-	-	-	-	18,780	18,780	18,504
Charitable activities – Grants	4	-	-	-	846,751	-	-	846,751	2,340,524
Charitable activities – Support costs	5	200,922	-	127,667	1,022	-	-	329,611	308,282
Governance	8	7,437	-	945	-	-	-	8,382	7,550
Total Expenditure		215,278	-	129,491	847,773	-	18,780	1,211,322	2,685,590
Net Income/expenditure before transfers		39,363	-	387,761	1,297,379	-	666,949	2,391,452	2,384,648
Transfers									
Transfers between funds	9	27,322	(25,326)	7,174	185,437	-	(194,607)	-	-
Net Income/expenditure before other recognised gains and losses		66,685	(25,326)	394,935	1,482,816	-	472,342	2,391,452	2,384,648
Other recognised gains/(losses)									
Gain/(loss) on investment assets	11	(17,732)	(14,869)	-	-	-	(165,706)	(198,307)	281,471
Net movement in funds		48,953	(40,195)	394,935	1,482,816	-	306,636	2,193,145	2,666,119
Reconciliation of Funds									
Funds at 31 March 2015		205,889	675,525	3,068	191,155	-	6,794,434	7,870,071	5,203,952
Funds at 31 March 2016		254,842	635,330	398,003	1,673,971	-	7,101,070	10,063,216	7,870,071

Note: For Companies Act purposes the profit for the year (excluding the net movement of Endowment Funds) was £1,886,509 (2015: £90,545).
There were no discontinued activities during the year.

THE HEART OF ENGLAND COMMUNITY FOUNDATION
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BALANCE SHEET AS AT 31 MARCH 2016

	Note	31 March 2016 £	31 March 2016 £	31 March 2015 £	31 March 2015 £
Fixed assets					
Tangible fixed assets	10		80,723		83,015
Investments					
Investment properties	11	750,000		750,000	
Listed investments	11	6,938,839		6,068,900	
Cash at investment managers		137,766		166,069	
Bank deposit account		880		550,000	
			7,827,485		7,534,969
			7,908,208		7,617,984
Current assets					
Cash at bank and in hand		2,301,682		363,952	
Debtors	12	150,957		78,531	
		2,452,639		442,483	
Creditors: amounts falling due within one year	13	(297,631)		(190,396)	
Net current assets			2,155,008		252,087
Net assets			10,063,216		7,870,071
Funds of the Charity					
Capital funds					
Endowment funds	14		7,101,070		6,794,434
Income funds					
Restricted funds	15		2,071,974		194,223
Unrestricted funds (Designated)	16	635,330		675,525	
Unrestricted funds (General)		254,842		205,889	
Total Unrestricted Funds			890,172		881,414
Total funds	17		10,063,216		7,870,071

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015) and were approved by the trustees and authorised for issue on 6th October 2016 and are signed on their behalf by:

Paul Belfield – Chairman

Philip Ewing – Trustee

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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to Charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities (SORP 2015: FRSSE) effective January 2015, 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.

Donated facilities are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity. For example the amount the charity would be willing to pay in the open market for such facilities. A corresponding amount is recognised in expenditure.

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.

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2 Donations and Legacies

Donors contributed to the following restricted funds during the period:

	Core costs £	Distributable grants £	Projects £	Total £	2015 £
29th May 1961 Charitable Trust	-	16,500	-	16,500	16,500
Band Hatton Button	-	-	-	-	8,173
Birmingham Funds	-	3,110	-	3,110	-
Birmingham Operations	250,000	-	-	250,000	-
Building Better Opportunities	29,000	-	-	29,000	-
Chamber of Commerce	-	-	-	-	2,700
Comic Relief	-	212,201	-	212,201	171,966
Community Energy Warwickshire	-	6,628	-	6,628	4,950
Community Grants (ESF)	25,925	-	-	25,925	1,916,361
Coventry Building Society	-	28,044	-	28,044	28,044
Coventry Lord Mayor's Fund	-	2,841	-	2,841	7,312
Fourteen Spirit of 2012	-	106,128	-	106,128	8,004
Heart of England CF – Various donors	-	16,991	-	16,991	7,667
Heart of England Co-operative Society	-	30,000	-	30,000	25,000
Heritage Lottery Fund	32,032	-	-	32,032	-
Jaguar	-	-	-	-	(2,136)
John Saville Fund	-	11,675	-	11,675	-
Jumping Through Hoops	140,278	1,309,722	-	1,450,000	-
Library of Birmingham		76,501	-	76,501	-
Lodders	-	189	-	189	19
Love Leamington	-	6,294	-	6,294	5,499
Orbit Group	-	121,818	-	121,818	50,000
Positive Futures	-	88,454	-	88,454	-
PSA Peugeot Citroen	40,000	-	-	40,000	32,000
Sports Relief (UKCF)	-	100,000	-	100,000	100,000
Tame Valley Wetland	-	8,056	-	8,056	31,399
Warwickshire Recycling	-	-	-	-	18,000
	517,235	2,145,152	-	2,665,387	2,431,458

The management and administration of Jumping Through Hoops Charity Number 1092621 was transferred to the Heart of England Community Foundation in December 2015. The amount of £1,450,000 will be defrayed over a 5 year period as per delivery schedule detailed within the Heads of Terms.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2 Donations and Legacies (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 £40,000 (2015: £32,000) 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 2015 £
Consultancy	6,122	778	6,900	9,000
Other costs	797	101	898	1,730
	6,919	879	7,798	10,730

4 Grants

	2016 £	2015 £
Grants awarded (including projects)	846,751	2,340,524

Details of grants awarded during the year under review are given in a separate report entitled "Grants Awarded 2015/2016" which is available from the Foundation and on its website www.heartofenglandcf.co.uk.

5 Support costs

	Unrestricted General £	Restricted General £	Restricted Grants £	Total £	Total 2015 £
Staff costs (see note 6)	154,128	37,487	-	191,615	161,802
Recruitment	364	806	-	1,170	476
Advertising and website development	7,934	1,008	-	8,942	8,697
Training and conferences	3,082	391	-	3,473	1,747
ESF evaluation costs	-	(10,375)	-	(10,375)	10,375
Subscriptions	11,687	1,446	-	13,133	9,387
Travel expenses	4,257	1,512	631	6,400	8,099
Meetings	1,034	1,048	391	2,473	2,697
Printing and stationery	4,250	728	-	4,978	5,576
Accountancy	1,642	208	-	1,850	-
Legal costs	1,363	2,732	-	4,095	5,525
Professional Fees	4,681	2,994	-	7,675	-
Building Better Opportunities Co-Design	-	5,250	-	5,250	-
Insurance	527	68	-	595	587
Craven Lane Hall expenses (see below)	1,237	26,100	-	27,337	7,849
Barn expenses (see below)	1,118	-	-	1,118	7,386
Fixed asset depreciation	2,034	258	-	2,292	1,971
Office accommodation and facilities (see note 2)	-	40,000	-	40,000	32,000
ESF Sub contractor expenses	-	15,786	-	15,786	42,663
Sundry expenses	1,584	220	-	1,804	1,445
	200,922	127,667	1,022	329,611	308,282

Craven Lane Hall restricted expenses include planning applications of £7,021, legal fees of £1,320, professional fees of £8,493 and the settlement of a boundary dispute of £9,170. The unrestricted expenses are general running costs which are met by rental income.

Barn expenses relate to repairs carried out during the year.

6 Staff numbers and costs

The average number of persons employed by the Foundation during the period was seven (2015: five), the full-time equivalent number of employees was six (2015: four) and the aggregate payroll costs were as follows:

	2016 £	2015 £
Salaries	161,246	120,508
Casual staff costs	13,912	28,756
Social security costs	14,777	11,158
Other pension costs	1,680	1,380
	191,615	161,802
Support costs (see note 5)	191,615	161,802

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 (2015: £nil). No trustees claimed travel expenses during the year (2015:£nil).

8 Governance costs

	Unrestricted £	Restricted £	Endowment £	Total £	2015 Total £
Annual General Meeting	-	-	-	-	-
Audit – statutory	7,032	893	-	7,925	7,550
Legal costs	405	52	-	457	-
	7,437	945	-	8,382	7,550

9 Transfers between funds

	-----Unrestricted Funds-----		---------------Restricted Funds---------------			
	General £	Designated £	Core Costs £	Distributable Grants £	Projects £	Endowment Funds £
Endowment income (see note 14)	49,496	-	-	145,111	-	(194,607)
Trustees allocation to discretionary grants	(25,000)	25,000	-	-	-	-
Release to cover grants spend	-	(50,326)	-	50,326	-	-
Disallowed ESF claim	(7,174)	-	7,174	-	-	-
Realign coding of donation	10,000	-	-	(10,000)	-	-
	27,322	(25,326)	7,174	185,437	-	(194,607)

10 Tangible fixed assets

	Freehold Land and buildings	Computer equipment	Total £	2015 £
Cost:				
1 April 2015	78,750	8,911	87,661	86,634
Additions in the year	-	-	-	1,027
31 March 2016	78,750	8,911	87,661	87,661
Depreciation:				
1 April 2015	-	4,646	4,646	2,675
Charge for the year	-	2,292	2,292	1,971
31 March 2016	-	6,938	6,938	4,646
Net book value 31 March 2016	78,750	1,973	80,723	83,015

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

11 Fixed asset investments

11.1 Listed investment

	Managed by Quilter £	Managed by CCLA £	Managed by Rathbones £	2016 £	2015 £
Market value at 1 April 2015	3,033,089	3,035,811	-	6,068,900	3,651,982
Additions at cost	1,746,387	2,670	916,770	2,665,827	3,006,342
Disposal proceeds	(1,615,312)	-	-	(1,615,312)	(870,895)
Gains / (losses)	(73,439)	(105,557)	(1,580)	(180,576)	281,471
Market value at 31 March 2016	3,090,725	2,932,924	915,190	6,938,839	6,068,900
Historical cost	2,839,029	2,908,606	916,770	6,664,405	3,144,157
Investments over 5% of portfolio value					
Artemis Fund Managers Income	260,340	-	-	260,340	160,787
Ishares Ii Core UK Gilts	186,763	-	-	186,763	-
KBI North American	-	-	-	-	169,305
Liontrust Fund	-	-	-	-	178,137
Majedie Asset Management	-	-	-	-	276,862
COIF Charities Investment Fund	-	2,932,924	-	2,932,924	3,035,811

Listed Investments at fair value comprise:

	2016 £	2015 £
Equities	1,963,028	-
Securities	4,975,811	6,068,900
	6,938,839	6,068,900

The fair value of listed investments is determined by reference to the mid-market quoted price from F.T. Interactive Data at the balance sheet date.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

11.2 Investment properties

	Small Barn	Large Barn	**2016**	**2015**
	£	£	**£**	**£**
Market Value or Cost at 1 April 2015	150,000	600,000	750,000	750,000
Additions at cost	-	17,731	17,731	-
Gains / (losses)	-	(17,731)	(17,731)	-
Market Value at 31 March 2016	150,000	600,000	750,000	750,000
Historical cost	90,511	908,650	999,161	981,430

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.

12 Debtors

	2016 £	2015 £
Grants and donations receivable	89,567	31,461
Gift Aid receivable	4,625	1,855
Dividend tax receivable	1,916	-
Investment income receivable	17,684	18,762
Barn rent receivable	22,433	15,820
Other debtors	3,509	811
	139,734	68,709
Prepayments	11,223	9,822
	150,957	78,531

13 Creditors

	2016 £	2015 £
Unpaid Grants	22,389	-
Deferred income	204,326	163,091
Employee taxes and social security	6,552	2,158
Staff pension scheme contributions payable	140	-
	233,407	165,249
Accruals	64,224	25,147
	297,631	190,396

14 Endowment Funds

	31 March 2015 £	Net incoming resources £	Investment gains/(losses) £	Transfers £	31 March 2016 £
Ambassadors	81,955	125	(2,116)	(407)	79,557
AXA	195,545	-	(4,385)	(1,148)	190,012
Barn Project	558,155	-	-	-	558,155
Clarendon Court Sports	6,535	-	(151)	(38)	6,346
Coventry Lord Mayor	20,999	-	(484)	(123)	20,392
Coventry Nursing Trust	330,232	-	(7,874)	(1,811)	320,547
Deeley 3 Peaks	11,161	-	(256)	(66)	10,839
Forest of Arden Golf Club Captain's Fund	18,111	-	(418)	(106)	17,587
Friends	15,984	-	(595)	(20)	15,369
Friends Provident	11,493	-	(265)	(67)	11,161
Harry Payne Fund	2,330,774	-	(76,434)	-	2,254,340
Heart of England Fund	385,976	-	(8,890)	(2,266)	374,820
High Sheriff of Warwickshire	125,677	-	(4,659)	(165)	120,853
James Kenning	39,941	-	(1,645)	-	38,296
Jumping Through Hoops	-	450,000	14,164	-	464,164
Kingscliffe Fund	160,273	-	(3,692)	(941)	155,640
Midland Heart	103,803	-	(2,391)	(609)	100,803
National Grid	68,787	-	(1,584)	(404)	66,799
Orbit Heart of England Fund	151,168	-	(3,482)	(887)	146,799
PSA Peugeot Citroen	340,006	-	(7,832)	(1,996)	330,178
Rolls Royce	63,864	-	(1,470)	(375)	62,019
Solihull Community Foundation	195,750	-	(8,063)	-	187,687
Torrington House	194,557	-	(4,481)	(1,142)	188,934
Trustees' New Deal	25,175	2,675	(1,076)	-	26,774
Warwick Lying-In Trust	-	38,321	(874)	-	37,447
Willenhall Community Trust	50,354	-	(2,074)	-	48,280
Youell Family Fund	1,308,159	-	(34,679)	(6,208)	1,267,272
Investment income / Investment Management Costs	-	175,828	-	(175,828)	-
	6,794,434	666,949	(165,706)	(194,607)	7,101,070

The investment income is allocated, on an annual basis, to unrestricted core funds (£49,496 (2015: £47,083)) and Grants for distribution (£145,111 (2015: £58,712)).Endowment funds include unrealised valuation gains of £25,273 (2015: £359,005).

14 Endowment Funds (continued)

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

	31 March 2015 £	Net incoming resources £	Investment gains/(losses) £	Transfers £	31 March 2016 £
Ambassadors	12,592	62	(520)	-	12,134
Coventry Nursing Trust	21,842	-	(900)	-	20,942
Friends	12,449	106	(515)	-	12,040
Harry Payne Fund	2,330,774	-	(76,435)	-	2,254,339
High Sheriff of Warwickshire	97,042	563	(4,013)	-	93,592
James Kenning	39,941	-	(1,645)	-	38,296
Solihull Community Foundation	195,750	-	(8,063)	-	187,687
Trustees' New Deal	24,595	1,939	(1,075)	-	25,459
Willenhall Community Trust	50,354	-	(2,074)	-	48,280
Youell Family Fund	250,471	-	(10,316)	-	240,155
	3,035,810	2,670	(105,556)	-	2,932,924

15 Restricted Funds

	31 March 2015 £	Income £	Expenses £	Transfers £	31 March 2016 £
Core					
Birmingham Operations	-	250,000	1,343	-	248,657
Building Better Opportunities	-	29,017	27,970	-	1,047
Community Grants (ESF)	-	25,925	33,099	7,174	-
Heritage Lottery Fund	3,068	32,032	26,100	-	9,000
Jumping Through Hoops	-	140,278	979	-	139,299
PSA Peugeot Citroen (in kind)	-	40,000	40,000	-	-
	3,068	517,252	129,491	7,174	398,003
Distributable grants					
29th May 1961 Charitable Trust	11,409	16,500	18,250	-	9,659
AXA	2,502	-	1,600	2,570	3,472
Band Hatton Button	3,911	-	-	-	3,911
Birmingham Funds	-	3,110	-	-	3,110
Chamber of Commerce	5,014	-	2,350	-	2,664
Comic Relief	492	212,201	212,580	-	113
Sub Total Carried Forward	23,328	231,811	234,780	2,570	22,929

15 Restricted Funds (continued)

	31 March 2015 £	Income £	Expenses £	Transfers £	31 March 2016 £
Sub Total Brought Forward	23,328	231,811	234,780	2,570	22,929
Community Energy Warwickshire	889	6,628	4,460	-	3,057
Coventry Building Society	35	28,044	25,764	-	2,315
Coventry Community Games	7,687	-	1,600	-	6,087
Coventry Nursing Trust	5,198	-	5,197	2,296	2,297
Federation of Petroleum Suppliers	11,589	5	-	-	11,594
Forest of Arden Golf Club Captain's Fund	186	-	-	194	380
Fourteen Spirit of 2012	-	106,128	50,128	-	56,000
Harry Payne Fund	14,066	-	94,536	92,655	12,185
Heart of England Fund	14,140	17,600	57,192	47,012	21,560
Heart of England Co-operative Society	11,615	30,000	32,630	-	8,985
High Sheriff's Fund	3,273	1,727	3,000	3005	5,005
John Saville Fund	-	11,675	8,000	-	3,675
Jumping Through Hoops	-	1,309,722	-	-	1,309,722
Kingscliffe Fund	4,047	-	-	1,716	5,763
Library of Birmingham	-	76,501	-	-	76,501
Lodders	180	189	-	-	369
Love Leamington	5,499	6,294	2,991	-	8,802
Midland Heart	1,068	-	400	1,111	1,779
National Grid	708	-	708	737	737
Orbit Heart of England	12,753	121,818	97,471	1,619	38,719
Positive Futures	-	88,454	88,434	-	20
PSA Peugeot Citroen	10,723	-	7,005	6,942	10,660
Rolls Royce	657	-	-	684	1,341
Solihull Community Trust	24,789	-	7,021	2,643	20,411
Sports Relief (UKCF)	-	100,000	100,000	-	-
Tame Valley Wetlands	-	8,056	8,056	-	-
Torrington House Holiday Fund	8,514	500	3,500	2,083	7,597
Warwickshire Recycling	11,025	-	5,100	-	5,925
Youell Family Fund	19,186	-	9,800	20,170	29,556
	191,155	2,145,152	847,773	185,437	1,673,971
Total Restricted Funds	194,223	2,662,404	977,264	192,611	2,071,974

16 Designated Funds

	31 March 2015 £	Income £	Expenses £	(losses) £	Investment gains / Transfers £	31 March 2016 £
Heart of England grants fund	40,326	-	-	-	(25,326)	15,000
Property fund	78,750	-	-	-	-	78,750
Property development fund	6,449	-	-	-	-	6,449
Youell Family fund	550,000	-	-	-	(14,869)	535,131
	675,525	-	-	-	(40,195)	635,330

The Grants Fund represents amounts set aside by the Trustees to be used to supplement grants payable to beneficiaries. £25,000 was allocated during the year. Some of the previous year's income was reassigned to restricted grants funds leaving £15,000 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

	----Unrestricted Funds----				
	General £	Designated £	Restricted funds £	Endowment funds £	Total funds £
Tangible fixed assets	1,973	78,750	-	-	80,723
Investments	191,844	513,484	-	6,983,511	7,688,839
Bank and cash balances	110,667	43,096	2,187,251	99,314	2,440,328
Debtors	52,708	-	80,004	18,245	150,957
Creditors	(102,350)	-	(195,281)	-	(297,631)
	254,842	635,330	2,071,974	7,101,070	10,063,216

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.

21 Pensions and Post Retirement Benefits

a) Defined contribution pension plans –

The charity contributes to the money purchase pension plan for certain of its employees. The amount recognised as an expense in the period was £1,600 (2015: £1,380)

22 Related Party Transactions

There are no related party transactions during the period (2015: £nil)