



**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 2017**

THE HEART OF ENGLAND COMMUNITY FOUNDATION  
(A company limited by guarantee)  
TRUSTEES' REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2017

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YEAR ENDED 31 MARCH 2017

TRUSTEES AND STAFF

**Registered Office:** PSA Peugeot Citroen  
Torrington Avenue, Tile Hill  
Coventry, West Midlands, CV4 9AP

**Corporate Patron:** PSA Peugeot Citroën

**Presidents:** Tim Cox, the Lord Lieutenant of Warwickshire  
Rt Reverend Dr Christopher Cocksworth, the Bishop of Coventry  
Rt Reverend David Urquhart, Bishop of Birmingham

<b>Trustees:</b>	Mr. Paul Belfield	Chairman
	Mr. Philip Ewing	Vice-chairman
	Ms. Michelle Vincent	Treasurer
	Mr. Amrik Bhabra	
	Ms. Lucie Byron	
	Sir Dominic Cadbury	
	Mr. Derek Cake	(resigned October 2016)
	Mrs. Sally Carrick	
	Mrs. Sue Ong	(resigned March 2017)
	Mr. Philip Pemble	
	Mr. John Taylor	
	Mr Christopher West	(appointed March 2017)

<b>Staff:</b>	Tina Costello	Chief Executive Officer
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Jess Cook	Donor Development Officer
Fraser Diesch*	Finance Manager
Ryan Boyce	Development Manager
Ellen Alcock	Grants Manager
Katharine Walsh	Grants Officer
Sue Heyes	Marketing & Communications Officer
Jennifer Tullett	Administrator

<b>Community Matters:</b>	Neelan Sunder	Partnership Manager
	Rachel West	Partnership Officer
	Karen Trench	Finance Officer (resigned November 2016)
	Anita Hans	Support Officer

*\*Part-Time*

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PROFESSIONAL ADVISORS

**Auditors:**

Dafferns LLP  
One Eastwood, Harry Weston Road  
Binley Business Park  
Coventry, West Midlands  
CV3 2UB

**Investment Managers:**

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

CCLA  
Senator House  
85 Queen Victoria Street  
London  
EC4V 4ET

Rathbones  
Temple Point  
1 Temple Row  
Birmingham  
B2 5LG

**Bankers:**

CAF Bank  
25 Kings Hill Ave  
Kings Hill  
West Malling, Kent  
ME19 4JQ

Shawbrook Bank  
Lutea House  
Warley Hill Business Park  
The Drive  
Great Warley  
Brentwood  
Essex  
CM13 3BE

**Solicitors:**

Lodders LLP  
10 Elm Court, Arden St  
Stratford-upon-Avon, Warwickshire  
CV37 0AA



THE HEART OF ENGLAND COMMUNITY FOUNDATION  
(A company limited by guarantee)  
YEAR ENDED 31 MARCH 2017  
TRUSTEES' REPORT

The Trustees have pleasure in presenting their annual report along with the financial statements of the charity for the year ending 31 March 2017.

The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS102) in preparing the annual report and financial statements of the charity.

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 Charities Act 2011 and Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Ireland published on 16 July 2014 (as amended by Update Bulletin 1 published on 2 February 2016) and the Companies Act 2006.

## **1. Structure, Governance and Management**

### **1.1 Objects and Activities**

The objects of the Community Foundation are defined in its Memorandum and Articles of Association. The Community Foundation manages a diverse portfolio of grant programmes; working with a range of donors to provide charitable and philanthropic services across the geographical areas of Birmingham, Black Country, Coventry, Solihull and Warwickshire. The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the current aims and objectives and in planning future strategies and setting grant making policies.

Our activities are determined by our charitable objectives:

- The promotion of any charitable purposes for the benefit of communities within the County of West Midlands and Warwickshire, United Kingdom and the advancement of education, the protection of good health and the relief of poverty and sickness
- Any other exclusively charitable purposes, which are, in the opinion of the trustees, beneficial to the community in benefit.

The Foundation exists to inspire local giving and tackle disadvantage across the West Midlands by offering a range of bespoke philanthropic donor services. We seek to take money from those who want to make an impact and give it those organisations that need it.

The Foundation primarily supports not for profit organisations with grants which make an impact within their local communities. We endeavour to have a balanced portfolio of grant programmes which enables us to fund a wide cross sector of organisations supporting those most in need.

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The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charities Commission in determining the activities undertaken by the Heart of England Community Foundation and in planning future activities. The benefits of our activities are described in this Annual Report and relate directly to our aims and objectives.

## **1.2 Board Appointments**

At our AGM in October 2016, the trustees reviewed and refreshed our Memorandum and Articles of Association to ensure they remain fit for purpose for the charity. Our Memorandum and Articles of Association allow the charitable company to have between five and fifteen Trustees, who are directors of the company.

At each AGM, one third of the trustees must retire, those longest in office retiring first. A retiring trustee may be reappointed for a maximum of three consecutive years in office. The Board of Trustees meets at least four times a year.

Trustees also have an annual trustee away day to discuss, plan and shape the strategic direction of the Foundation. The names of the trustees who have served throughout the fiscal year and to the date of this report are shown on page 3. All trustees have a full induction and are regularly updated on the operational running of the foundation.

## **1.3 Board Subcommittees**

The Board has five subcommittees:

- **Management Committee** which ensures the proper administration of the charity including:
  - Budgetary management, the setting and reviewing of budgets and overseeing investment performance
  - Development of efficient management information systems, controls and procedures
  - Operational staffing – agreeing staff posts, salaries and conditions of employment
  - All policies and procedures relating to the governance of the charity
  - Risk management
  - Trustee development and succession planning
  - Full trustee board meetings agendas
- **Coventry, Warwickshire and Solihull Grants Committee** responsible for decision making on non-donor directed funds across Coventry, Warwickshire and Solihull, including:
  - Strategic overview of grant making to ensure equitable and fair distribution of funds
  - Profiling annual grant budgets
  - Review of impact of grants awarded

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- **Birmingham and Black Country Grant Committee** responsible for decision making on non-donor-directed funds across Birmingham and the Black Country, including:
- strategic overview of grant making to ensure equitable and fair distribution of funds
- profiling annual grant budgets
- review of impact of grants awarded

Both Grant Committees include representation from trustees, donors and key voluntary and community sector stakeholders and community activists.

- **Fund Development Committee for Coventry, Warwickshire and Solihull** which strategically oversees existing and future fund development, including:
- identify and influence potential private, public and individual sources of funding
- establish targets and ensure actions are taken to maximize fund development opportunities
- ensure the foundation has the right skills and tools to secure new sources of funding
- oversee effective donor relationship management
- ensure all trustees and staff are actively involved in fund development
- **Fund Development Committee for Birmingham and the Black Country** whose focus is to raise the profile of the foundation in these areas with the aim of securing new donors and grant programmes, including:
- identify and influence potential private, public and individual sources of funding
- identify appropriate events relevant to the work of the foundation
- recruit Ambassadors to highlight the work of the foundation within Birmingham and Black Country

The Fund Development Committee for Birmingham and the Black Country is led by a trustee, Sir Dominic Cadbury, all other committee members are representative of the local business community.

#### **1.4 Business Planning**

The growth of the Community Foundation has been exponential over the last 3 years, we have extended our geographical area of benefit to encompass Birmingham and the Black Country which has increased the population we serve to over three million people.

As a Community Foundation, it is vitally important that we remain 'fit for purpose', both for our donors and the communities we serve. This is a critical time of change and growth for the Foundation, therefore the Trustees have revised our three-year business strategy and by 2020 we will:

- Better understand the needs of our communities
- Work with donors to secure resources to meet local needs
- Award funding to projects best placed to address those needs
- Be an effective and robust organisation

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The trustees have increased our endowment target to £20,000,000 and developed a 3-year fund development strategy to help us achieve our vision and ambition.

A snapshot of our primary objectives this year are as follows:

Historically we have given relatively small grants to under resourced community organisations. However, we need to ensure we are meeting the needs of both the organisations we support and the ever-changing landscape of our local communities.

We are reviewing our overall grant making strategy, working with a range of external stakeholders, we will undertake extensive consultation and research which will define and refine our grant making strategy with implementation by April 2018.

We have been embedded within Coventry and Warwickshire since the Foundation's inception in 1995 but Birmingham and the Black Country are still relatively new areas of benefit and we want to better understand the socio-demographics of these areas.

The trustees have approved a partnership with Wolverhampton University to produce a Vital Signs Report. We are pooling external professionals to bring expertise and additional value to the project. The steering group will represent key stakeholders and will help to maintain focus whilst the project develops, providing advice, input & direction to ensure that the project delivers for us as an organisation and for the community more widely.

We are aiming to undertake a similar analysis of Coventry, Warwickshire and Solihull in 2018-19 in partnership with a locally based University.

#### **1.5 Risk Management**

The principal identified risks to which the foundation is exposed are integrated into the business plan to ensure they are regularly reviewed. The foundation also maintains a risk register which is reviewed on a quarterly basis by Management Committee.

The main identified risks are loss of key donors and reduction of funds available for making grants. The trustees are satisfied that this is a minimal risk to the charity and that the free reserves of the charity should enable it to continue its operations while alternative funding sources are secured.

#### **1.6 Pay Policy for Senior Staff**

The Trustees consider the senior management team comprise key personnel of the Charity in charge of directing, running and operating the Charity on a day to day basis. The pay of senior staff is reviewed annually by the management committee and is based on performance and average earning across the sector.

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**2. Achievements and Financial Performance for 2016-17**

In 2016-17 we secured significant funding to support those furthest from the job market in the Black Country. Working with local partners in the Black Country we will deliver our Community Matters Programme, £5.04m of Big Lottery Fund/European Social Fund funding over 3 years with the aim of raising the aspirations and prospects of those furthest from the job market.

We have established a new satellite office in Dudley and recruited a bespoke staff team to deliver our Community Matters Programme.

The Foundation also launched Jumping Through Hoops, offering grants of up to £75,000 to assist young people with life skills and independent living in Coventry. As our largest ever grant programme this is a step change from delivering our traditional smaller grants and has proven very successful. Alongside the large grant programme, smaller grants of up to £5,000 and a hardship fund for young people moving into independent living are also available from Jumping Through Hoops.

We have also been successful in securing a range of new grants programmes namely: -

- Young at Heart – a grant programme for organisations representing older people
- Building a Stronger Britain Together – a grant programme for organisations whose focus is on community cohesion and cultural tolerance
- New Beginnings Fund – a grant programme for organisations who work directly with new communities within the UK
- Tipton Education Fund – education grants for additional learning for schools in Tipton
- Mills & Reeves Fund – a grant programme to support general community activity
- Youth Social Action – a grant programme and match fund challenge to encourage youth volunteering in the community
- Deutsche Bank- a grant programme to support projects that raise aspirations in young people

**Human Resource**

As the Foundation grows so does its staff team. This year we recruited a Donor Development Director to focus on generating income and raising our profile within Birmingham and the Black Country.

We also recruited a Team Administrator to primarily undertake general administrative tasks for the wider staff team.

**Incoming Resources**

The Foundation's total incoming resources for 2016-17 were £3,177,935 and the overall funds of the foundation increased by £2,006,817 to £12,070,033.

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**Endowed Donations**

During the year the endowment of the former Birmingham and Black Country Community Foundation was transferred to the foundation at a value of £761,581. At the end of the fiscal year our endowed funds stood at £8,952,498.

Our endowment funds are mainly invested in the stock market but we also own two commercially let properties, formerly gifted by the late Alfred Youell MBE, the foundation's Patron until his death in 2012. The large and small barns are currently valued at £1,005,000.

**Investments**

Due to the growth of the foundation, a new Investment and Finance sub-committee will be established later this year, with a focus on all the foundation's financial operations and current and future investments.

The foundation's investment policy, updated and reviewed in this fiscal year, 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 or other defining factors in the longer term. This is considered a relatively low risk approach.

Our stock market investments are managed by Quilter Cheviot, CCLA and Rathbones. Performance is benchmarked against the FTSE APCIMS (Association of Private Client Investment Managers) Index.

**Grants**

The total grant income for 2016-17 was £1,027,212 which was a decrease of 47% from the previous fiscal year.

Our total grant expenditure was £1,287,239 and a full report on the foundation's discretionary grant making is available on our website.

**Restricted Core Income**

Restricted core income is predominantly received for the management of statutory grant programmes such as our Big Lottery Fund, European Social Fund, Building Better Opportunities. In 2016-17 our restricted core income was £241,895 compared to £517,252 in the previous fiscal year. This income includes £182,147 from our Big Lottery Fund, European Social Fund, Building Better Opportunities Programme and monies received for the development of our Birmingham/Black Country operations.

**Unrestricted Core Income**

Our unrestricted core income this year is derived from several sources, fundraising events, management fees for the delivery of flow through grant programmes such as Coventry Building Society, Comic Relief, Young at Heart and Harry Payne Fund.

The balance of our unrestricted income is, at present, used to meet core expenditure which is not covered by restricted income. Unrestricted income for 2016-17 was £310,208 compared with £254,641 in the previous fiscal year.

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We are wholly grateful to 29<sup>th</sup> May 1961 Charitable Trust and Park House Charitable Trust for their generosity in supporting our core income.

We would also thank all our donors who support us in many ways, without them, we would not be able to continue to make a difference to organisations at a local level.

The Trustees have agreed to allocate £75,000 of our cumulative core surplus for grant making in 2017-18.

### **Expenditure**

The foundation made an operating surplus on unrestricted general funds of £225,979, including a revaluation of our investment in the barns of £79,935 which compares with a budgeted surplus for the year of £43,194 and an operating surplus in the previous year of £48,953.

### **Designated Funds**

Our designated funds as of 31<sup>st</sup> March 2017 totalled £703,486. These include the current value of £618,287 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.

## **3. Reserves Policy**

A considerable part of the Foundation's income is derived from unrestricted core donations of which there is no certainty and management fees for the delivery of flow through grant programmes which are usually time bound. The trustees believe it to be necessary to retain sufficient free reserves to maintain the foundation operationally between the times such schemes end and new programmes come on board. New funding streams are often subject to competitive tendering and cannot be relied upon with certainty. Free reserves must also be retained to cover statutory obligations to our staff should that prove necessary.

It is therefore the policy of the foundation to maintain, always, free reserves of no less than the equivalent of six months core (support and governance costs). Actual free reserves at the end of the fiscal year equate to £480,821, just over 9.5 months of budgeted core costs for 2017-18. However, £271,780 of these free reserves represents non-liquid fixed assets. These reserves are expected to reduce during the fiscal year, particularly due to the transfer to grants detailed in Note 3 but should still be more than adequate.

## **4. Trustee's 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 the preparing the Trustee's Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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Company law requires the trustees to prepare financial statements for each fiscal year, which give a true and fair view of the 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;
- 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.

## 5. 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 31 August 2017 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 2017 on pages 15 to 37. 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 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 page 11 to 12, 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 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF  
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- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees Annual Report has been prepared in accordance with applicable legal requirements

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

In the light of knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatement in the Trustees Annual Report.

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

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

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:



31 August 2017

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 2017

	Note	Unrestricted Funds		Restricted Funds				Total 2017 £
		General Funds £	Designated Funds £	Core Costs £	Distributable Grants £	Endowment Funds £		
<b>Income and Endowments</b>								
Donations and legacies	2	230,418	-	241,895	1,568,123	831,816		2,872,252
Rental Income		67,982	-	-	-	-		67,982
Investment Income		-	-	-	-	225,849		225,849
Bank Interest		11,808	-	44	-	-		11,852
<b>Total Income and Endowments</b>		<b>310,208</b>	<b>-</b>	<b>241,939</b>	<b>1,568,123</b>	<b>1,057,665</b>		<b>3,177,935</b>
<b>Expenditure</b>								
Raising Funds	3	64	-	28,878	-	-		28,942
Investment Management Costs		-	5,183	-	-	28,762		33,945
Charitable Activities - Grants	4	-	-	-	1,287,239	-		1,287,239
Charitable Activities - Support Costs	5	177,251	-	302,251	600	-		480,102
Big Lottery Fund, European Social Fund, Building Better Opportunities Partners		-	-	-	540,911	-		540,911
Governance	8	3,958	-	4,385	-	-		8,343
<b>Total Expenditure</b>		<b>181,273</b>	<b>5,183</b>	<b>335,514</b>	<b>1,828,750</b>	<b>28,762</b>		<b>2,379,482</b>
<b>Net gain/(loss) on investment assets</b>	11	<b>79,935</b>	<b>88,339</b>	<b>-</b>	<b>-</b>	<b>1,040,090</b>		<b>1,208,364</b>
<b>Net Income/(Expenditure)</b>		<b>208,870</b>	<b>83,156</b>	<b>(93,575)</b>	<b>(260,627)</b>	<b>2,068,993</b>		<b>2,006,817</b>
<b>Transfers between funds</b>	9	<b>17,109</b>	<b>(15,000)</b>	<b>-</b>	<b>215,456</b>	<b>(217,565)</b>		<b>-</b>
<b>Net Movement in funds</b>		<b>225,979</b>	<b>68,156</b>	<b>(93,575)</b>	<b>(45,171)</b>	<b>1,851,428</b>		<b>2,006,817</b>
<b>Reconciliation of Funds</b>								
Funds at 31 March 2016		254,842	635,330	398,003	1,673,971	7,101,070		10,063,216
Funds at 31 March 2017		480,821	703,486	304,428	1,628,800	8,952,498		12,070,033

Note: For Companies Act purposes the profit for the year (excluding the net movement of Endowment Funds) was £155,389 (2016: £1,886,509). There were no discontinued activities during the year.

The Statement of Financial Activities includes all gains and losses recognised during the year.

Prior year comparatives are shown on page 16, please continue overleaf.

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

	Note	Unrestricted Funds		Restricted Funds			Total 2016 £
		General Funds £	Designated Funds £	Core Costs £	Distributable Grants £	Endowment Funds £	
<b>Income and Endowments</b>							
Donations and legacies	2	183,475	-	517,235	2,145,152	194,607	3,040,469
Rental Income		67,982	-	-	-	-	67,982
Investment Income		-	-	-	-	491,122	491,122
Bank Interest		3,184	-	17	-	-	3,201
<b>Total Income and Endowments</b>		<b>254,641</b>	<b>-</b>	<b>517,252</b>	<b>2,145,152</b>	<b>685,729</b>	<b>3,602,774</b>
<b>Expenditure</b>							
Raising Funds	3	6,919	-	879	-	-	7,798
Investment Management Costs		-	-	-	-	18,780	18,780
Charitable Activities - Grants	4	-	-	-	846,751	-	846,751
Charitable Activities - Support Costs	5	200,922	-	127,667	1,022	-	329,611
Big Lottery Fund, European Social Fund, Building Better Opportunities Partners		-	-	-	-	-	-
Governance	8	7,437	-	945	-	-	8,382
<b>Total Expenditure</b>		<b>215,278</b>	<b>-</b>	<b>129,491</b>	<b>847,773</b>	<b>18,780</b>	<b>1,211,322</b>
<b>Net gain/(loss) on investment assets</b>	11	<b>(17,732)</b>	<b>(14,869)</b>	<b>-</b>	<b>-</b>	<b>(165,706)</b>	<b>(198,307)</b>
<b>Net Income/(Expenditure)</b>	11	<b>21,631</b>	<b>(14,869)</b>	<b>387,761</b>	<b>1,297,379</b>	<b>501,243</b>	<b>2,193,145</b>
<b>Transfers between funds</b>	9	<b>27,322</b>	<b>(25,326)</b>	<b>7,174</b>	<b>185,437</b>	<b>(194,607)</b>	<b>-</b>
<b>Net Movement in funds</b>		<b>48,953</b>	<b>(40,195)</b>	<b>394,935</b>	<b>1,482,816</b>	<b>306,636</b>	<b>2,193,145</b>
<b>Reconciliation of Funds</b>							
Funds at 31 March 2015		205,889	675,525	3,068	191,155	6,794,434	7,870,071
Funds at 31 March 2016		254,842	635,330	398,003	1,673,971	7,101,070	10,063,216

THE HEART OF ENGLAND COMMUNITY FOUNDATION  
(A company limited by guarantee)  
BALANCE SHEET  
AS AT 31 MARCH 2017

	31 March 2017	31 March 2016
	£	£
<b>Fixed assets</b>		
Tangible fixed assets	79,453	80,723
<b>Investments</b>		
Investment properties	1,005,000	750,000
Listed Investments	8,715,037	6,938,839
Cash at Investment Managers	113,384	137,766
Bank deposit accounts	270	880
	<u>9,833,691</u>	<u>7,827,485</u>
	9,913,144	7,908,208
<b>Current assets</b>		
Cash at Bank and in hand	2,269,925	2,301,682
Debtors	50,549	150,957
	<u>2,320,474</u>	<u>2,452,639</u>
	(163,585)	(297,631)
<b>Creditors: amounts falling due within one year</b>		
<b>Net Current Assets</b>	<u>2,156,889</u>	<u>2,155,008</u>
<b>Net assets</b>	<u>12,070,033</u>	<u>10,063,216</u>
<b>Funds of the Charity</b>		
<b>Capital Funds</b>		
Endowment Funds	8,952,498	7,101,070
<b>Income Funds</b>		
Restricted Funds	1,933,228	2,071,974
Unrestricted Funds (Designated)	703,486	635,330
Unrestricted Funds (General)	480,821	254,842
Total Unrestricted Funds	<u>1,184,307</u>	<u>890,172</u>
<b>Total Funds</b>	<u>12,070,033</u>	<u>10,063,216</u>

These financial statements have been prepared in accordance with the special provisions applicable to small companies subject to the small companies' regime. The financial statements were approved by the trustees and authorised for issue on 31 August 2017 and are signed on their behalf by:

Paul Belfield – Chairman

Phil Ewing – Trustee

THE HEART OF ENGLAND COMMUNITY FOUNDATION  
(A company limited by guarantee)  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £	2016 £
<b>Cash flow from operating activities</b>			
<b>Net cash flow from operating activities</b>	18	(371,414)	1,653,910
		(371,414)	1,653,910
<b>Cash flow from investing activities</b>			
Payments to acquire investments		1,430,150	1,615,312
Receipts from sales of investments		(2,252,984)	(2,665,827)
Interest received		11,852	3,201
Dividends received		225,849	194,607
Rents received from investment properties		67,982	67,982
<b>Net cash flow from investing activities</b>		(517,151)	(784,725)
<b>Cash flow from financing activities</b>			
Interest paid		-	-
Receipt of permanent endowment		831,816	491,122
<b>Net cash flow from financing activities</b>		831,816	491,122
<b>Net (decrease) / increase in cash and cash equivalents</b>		(56,749)	1,360,307
<b>Cash and cash equivalents at 1 April 2016</b>		2,440,328	1,080,021
<b>Cash and cash equivalents at 31 March 2017</b>		2,383,579	2,440,328
<b>Cash and cash equivalents consist of:</b>			
Cash at bank and in hand		2,269,925	2,301,682
Short term deposits		113,654	138,646
<b>Cash and cash equivalents at 31 March 2017</b>		2,383,579	2,440,328

THE HEART OF ENGLAND COMMUNITY FOUNDATION  
(A company limited by guarantee)  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING 31 MARCH 2017

## **1. Accounting policies**

### **Basis of preparation**

Heart of England Community Foundation is a company limited by guarantee in England and Wales. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity. The address of the registered office is given in the charity information on page 3 of these financial statements. The nature of the charity's operations and principal activities are to act as a conduit for philanthropy, linking private and public funders with small community projects across the country of West Midlands.

The charity constitutes a public benefit entity as defined by FRS 102. 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 Republic of Ireland (FRS 102) issued on 16 July 2014 (as updated through Update Bulletin 1 published on 2 February 2016), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the charity and are rounded to the nearest £1.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The charity adopted SORP (FRS 102) in the current year and has not affected the reported financial position and performance.

### **Incoming resources**

All incoming resources are included in the statement of Financial Activities (SoFA) when the charity is legally entitled to the income after and performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

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.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102). Further detail is given in the Trustees' Annual Reports.

For legacies entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received. At this point income is recognised. On occasion legacies will be notified to the charity however it is not possible to measure the amount expected to be distributed. On these occasions, the legacy is treated as a contingent asset and disclosed.

THE HEART OF ENGLAND COMMUNITY FOUNDATION  
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FOR THE YEAR ENDING 31 MARCH 2017

Income from government and other grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measure reliably. Interest income is recognised using the effective interest method and dividend and rent income is recognised as the charity's right to receive payment is established.

**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.

**Support cost allocation**

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resource.

Fund-raising costs are those who incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of charitable activities.

The analysis of these costs is included in note 3.



THE HEART OF ENGLAND COMMUNITY FOUNDATION  
(A company limited by guarantee)  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING 31 MARCH 2017

**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

**Debtors and creditors receivable/payable within one year**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any loss arising from impairment are recognised in expenditure.

**Pension schemes**

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

**Tax**

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

**Going concern**

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

THE HEART OF ENGLAND COMMUNITY FOUNDATION  
(A company limited by guarantee)  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING 31 MARCH 2017

**Financial instruments**

**Financial assets**

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price.

Other financial assets, including investments in equity instruments and which are not subsidiaries, associates or joint ventures, are initially measured at fair value which is normally transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit and loss.

**Financial liabilities**

Basic financial liabilities, including trade and other payables, and bank loans that are classified as debt are initially recognised at transaction price. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

THE HEART OF ENGLAND COMMUNITY FOUNDATION  
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**2 Donations & Legacies**

Donors contributed to the following restricted funds during the period:

	<b>Core Costs</b>	<b>Distributable Grants</b>	<b>Total 2017</b>	<b>Total 2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
100 Club Birmingham	-	12,389	12,389	-
29 <sup>th</sup> May 1961 Charitable Trust	-	17,500	17,500	16,500
3g Communications Fund	-	2,113	2,113	-
Band Hatton Button	-	5,400	5,400	-
Birmingham Funds	-	4,286	4,286	3,110
Birmingham Mail Charity Fund	-	11,280	11,280	-
Birmingham Operations	2,000	8,719	10,719	250,000
Birmingham Philharmonic Orchestra	-	138	138	-
BSBT	-	82,725	82,725	-
Big Lottery Fund, European Social Fund, Building Better Opportunities	182,147	540,911	723,058	29,000
Comic Relief	-	106,270	106,270	212,201
Community Energy Warwickshire	-	9,252	9,252	6,628
Community Grants (ESF)	-	-	-	25,925
Connie Watts Fund	-	8,687	8,687	-
Coventry Building Society	-	65,422	65,422	28,044
Coventry Lord Mayor's Fund	-	-	-	2,841
Deutsche Bank	-	17,458	17,458	-
Drayton Manor Park Foundation	-	10,281	10,281	-
Fourteen Spirit of 2012	-	14,395	14,395	106,128
Harrison Beale & Owen	-	9,042	9,042	-
Heart of England CF – Various donors	-	20,659	20,659	16,991
Heart of England Co-operative Society	-	35,000	35,000	30,000
Heatherlea Fund	-	1,952	1,952	-
Heritage Lottery Fund	7,748	-	7,748	32,032
John Saville Fund	-	13,550	13,550	11,675
Jumping Through Hoops	-	-	-	1,450,000
Library of Birmingham	-	-	-	76,501
Lodders	-	-	-	189
Love Leamington	-	5,355	5,355	6,294
New Beginnings	-	75,857	75,857	-
Orbit Group	-	116,071	116,071	121,818
Positive Futures	-	-	-	88,454
PSA Peugeot Citroen	50,000	-	50,000	40,000
Rider Levett Bucknall Fund	-	104	104	-
Royal London	-	4,000	4,000	-
Sports Relief (UKCF)	-	80,000	80,000	100,000
Tame Valley Wetland	-	6,256	6,256	8,056
Tipton Education Fund	-	37,051	37,051	-
Tom's Fund	-	4,000	4,000	-
Young at Heart	-	132,000	132,000	-
Youth Social Action	-	110,000	110,000	-
	<b>241,895</b>	<b>1,568,123</b>	<b>1,810,018</b>	<b>2,662,387</b>

THE HEART OF ENGLAND COMMUNITY FOUNDATION  
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FOR THE YEAR ENDING 31 MARCH 2017

**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 £50,000 (2016: £40,000) 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 2017 £
Consultancy	-	-	-
Staff costs	-	28,182	28,182
Other costs	64	696	760
	<u>64</u>	<u>28,878</u>	<u>28,942</u>

	Unrestricted £	Restricted £	Total 2016 £
Consultancy	6,122	778	6,900
Other costs	797	101	898
	<u>6,919</u>	<u>879</u>	<u>7,798</u>

**4 Grants**

	Total 2017 £	Total 2016 £
Grants awarded	<u>1,287,239</u>	<u>846,751</u>

For full details of grants awarded during the year please visit our website to download our 'Grant Making & Social Investment Report 2016/17' at [www.heartofenglandcf.co.uk](http://www.heartofenglandcf.co.uk)

Grants awarded were wholly attributable to restricted funds in both the current and preceding year.

THE HEART OF ENGLAND COMMUNITY FOUNDATION  
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FOR THE YEAR ENDING 31 MARCH 2017

**5 Support Costs**

Items marked \* are based on actual expense, all others are pro-rated based on salary spread.

		Grants	Administration	Fundraising	Total 2017	Total 2016
		£	£	£	£	£
Staff costs (see note 6)	*	70,165	228,831	-	298,996	191,615
Recruitment	*	-	-	9,216	9,216	1,170
Advertising and website development		3,962	12,923	1,592	18,477	8,942
Training and conferences	*	-	2,000	1,206	3,206	3,473
ESF evaluation costs		-	-	-	-	(10,375)
Subscriptions	*	-	22,811		22,811	13,133
Travel expenses		2,183	5,978	736	8,897	6,400
Meetings		931	2,217	273	3,421	2,473
Printing and stationery		1,637	5,338	657	7,632	4,978
Postage & telephone		244	796	98	1,138	-
Office equipment		1,244	4,057	500	5,801	-
Accountancy		710	2,318	285	3,313	1,850
Legal costs		1,288	4,202	517	6,007	4,095
Professional Fees	*	-	27,387	-	27,387	7,675
Big Lottery Fund, European Social Fund, Building Better Opportunities Co-Design	*	-	250	-	250	5,250
Rent	*	-	1,500	-	1,500	-
Fixed asset depreciation		272	889	109	1,270	2,292
Office accommodation and facilities (see note 2)		10,723	34,970	4,307	50,000	40,000
ESF Sub contractor expenses		-	-	-	-	15,786
Sundry expenses	*	-	2,738	-	2,738	1,804
Insurance		202	658	81	941	595
Craven Lane Hall expenses (see below)	*	-	6,581	-	6,581	27,337
Barn expenses (see below)	*	-	520	-	520	1,118
		<u>93,561</u>	<u>366,964</u>	<u>19,577</u>	<u>480,102</u>	<u>329,611</u>

Craven Lane Hall restricted expenses include a planning application of £270, legal fees of £2,371, professional fees of £2,224 and a further settlement of 'the boundary dispute of £500.  
The unrestricted expenses are general running costs which are met by rental income.

Barn expenses relate to repairs carried out during the year.

THE HEART OF ENGLAND COMMUNITY FOUNDATION  
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FOR THE YEAR ENDING 31 MARCH 2017

## 6 Staff Numbers and Costs

The average number of persons employed by the Foundation during the period was nine (2016: seven), the full-time equivalent number of employees was eight (2016: six) and the aggregate payroll costs were as follows:

	<b>Total 2017 £</b>	<b>Total 2016 £</b>
Salaries	257,979	161,246
Casual staff costs	32,484	13,912
Social security costs	25,279	14,777
Other pension costs	11,436	1,681
	<u>327,178</u>	<u>191,616</u>
Support costs (see note 5)	298,996	191,616
Fundraising costs (see note 3)	28,182	-
	<u>327,178</u>	<u>191,616</u>

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

## 7 Trustees' and key management personnel remuneration and expenses

The charity considers its key management personnel as Tina Costello.

The total amount of employee benefits (including employers NI) received by key management personnel is £66,023 (2016: £54,623).

The Trustees did not receive any remuneration during the year (2016: £nil). No Trustees claimed travel expenses during the year (2016: £nil).

### 7.1 Third party related transactions

The charity paid £17,685 (2016:£nil) to JLT Consultancy, a company related to John Taylor, Trustee, for his external consultancy work on developing the Big Lottery Fund, European Social Fund, Building Better Opportunities in the Black Country.

The charity paid £7,127 (2016:£839) to Adecs Limited, a company related to Amrik Bhabra, Trustee, for IT services.

THE HEART OF ENGLAND COMMUNITY FOUNDATION  
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FOR THE YEAR ENDING 31 MARCH 2017

**8 Governance Costs**

	Unrestricted £	Restricted £	Endowment £	Total 2017 £	Total 2016 £
Statutory audit fees	3,958	4,385	-	8,343	7,925
Legal costs	-	-	-	-	457
	<u>3,958</u>	<u>4,385</u>	<u>-</u>	<u>8,343</u>	<u>8,382</u>

The auditors remuneration amounts to an audit fee of £7,705 (2016: £6,750) and other services of £638 (2016: £1,175).

**9 Transfers between funds**

	-----Unrestricted Funds-----		-----Restricted Funds-----		Endowment Funds £
	General £	Designated £	Core Costs £	Distributable Grants £	
Endowment income	66,647	-	-	150,918	(217,565)
Trustees allocation to discretionary grants	(50,000)	-	-	50,000	-
Release to cover grants spend	-	(15,000)	-	15,000	-
Realign coding of donation re 100 Club	462	-	-	(462)	-
	<u>17,109</u>	<u>(15,000)</u>	<u>-</u>	<u>215,456</u>	<u>(217,565)</u>

**10 Tangible Fixed Assets**

	Freehold Land and Buildings	Computer Equipment	Total 2017 £	Total 2016 £
Cost:				
1 April 2016	78,750	8,911	87,661	87,661
31 March 2017	<u>78,750</u>	<u>8,911</u>	<u>87,661</u>	<u>87,661</u>
Depreciation:				
1 April 2016	-	6,938	6,938	4,646
Charge for the year	-	1,270	1,270	2,292
31 March 2017	<u>-</u>	<u>8,208</u>	<u>8,208</u>	<u>6,938</u>
Net book value 31 March 2017	<u>78,750</u>	<u>703</u>	<u>79,453</u>	<u>80,723</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.

THE HEART OF ENGLAND COMMUNITY FOUNDATION  
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**11 Fixed Asset Investments**

**11.1 Listed Investments**

	Managed by Quilter £	Managed by CCLA £	Managed by Rathbones £	Total 2017 £	Total 2016 £
Market value at 1 April 2016	3,090,725	2,932,924	915,190	6,938,839	6,068,900
Additions at cost	1,317,453	3,530	932,001	2,252,984	2,665,827
Disposal proceeds	(1,350,565)	-	(79,585)	(1,430,150)	(1,615,312)
Gains / (losses)	350,220	390,219	212,925	953,364	(180,576)
Market value at 31 March 2017	<u>3,407,833</u>	<u>3,326,673</u>	<u>1,980,531</u>	<u>8,715,037</u>	<u>6,938,839</u>
Historical cost	<u>2,973,111</u>	<u>2,831,041</u>	<u>1,768,186</u>	<u>7,572,338</u>	<u>6,664,405</u>
Investments over 5% of portfolio value					
Artemis Fund Managers Income	-	-	-	-	260,340
Ishares li Core UK Gilts	-	-	-	-	186,763
COIF Charities Investment Fund	-	2,831,041	-	2,831,041	2,932,924
Listed Investments at fair value comprise:					
Equities				1,918,997	1,963,028
Securities				6,796,040	4,975,811
				<u>8,715,037</u>	<u>6,938,839</u>

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.



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11.2 Investment properties

	Small Barn	Large Barn	Total 2017	Total 2016
	£	£	£	£
1 April 2016	150,000	600,000	750,000	750,000
Additions at cost	-	-	-	17,731
Gains / (losses)	5,000	250,000	255,000	(17,731)
31 March 2017	<u>155,000</u>	<u>850,000</u>	<u>1,005,000</u>	<u>750,000</u>
Historical cost	<u>90,511</u>	<u>908,650</u>	<u>999,161</u>	<u>999,161</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.

Both barns were revalued, as at 31 March 2017, on 23 May 2017 by Peter Holt MRICS and David Holt FRICS of D & P Holt, Chartered Surveyors on the basis of fair value.

12 Debtors

	Total 2017	Total 2016
	£	£
Grants and donations receivable	6,650	89,567
Gift Aid receivable	5,040	4,625
Dividend tax receivable	-	1,916
Investment income receivable	18,747	17,684
Barn rent receivable	18,321	22,433
Other debtors	329	3,509
	<u>49,087</u>	<u>139,734</u>
Prepayments	1,462	11,223
	<u>50,549</u>	<u>150,957</u>

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**13 Creditors**

	<b>Total 2017 £</b>	<b>Total 2016 £</b>
Unpaid Grants	78,102	22,389
Deferred income	9,480	204,326
Employee taxes and social security	8,499	6,552
Staff pension scheme contributions payable	1,995	140
	<u>98,076</u>	<u>233,407</u>
Accruals	65,509	64,224
	<u>163,585</u>	<u>297,631</u>

THE HEART OF ENGLAND COMMUNITY FOUNDATION  
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**14 Endowment Funds**

	31 March 2016	Net Incoming Resources	Investment gains/(losses)	Transfers	31 March 2017
	£	£	£	£	£
100 Club Birmingham	-	44,979	2,728	(246)	47,461
Ambassadors	79,557	-	9,428	(428)	88,557
AXA	190,012	-	21,418	(1,209)	210,221
Birmingham Mail Charity Fund	-	39,532	2,398	(216)	41,714
Charles Henry Foyle Grassroots Fund	-	38,811	2,354	(212)	40,953
Clarendon Court Sports	6,346	-	716	(41)	7,021
Clarke Willmott Grassroots Fund	-	21,957	1,332	(121)	23,168
Connie Watts Fund	-	17,098	1,037	(94)	18,041
Coventry Lord Mayor	20,392	-	2,300	(130)	22,562
Coventry Nursing Trust	320,547	-	36,795	(1,906)	355,436
DBOI Grassroots Fund	-	122,982	7,459	(673)	129,768
Deeley 3 Peaks	10,839	-	1,222	(69)	11,992
Forest of Arden Golf Club Captain's Fund	17,587	-	1,984	(112)	19,459
Friends	15,369	-	2,201	(21)	17,549
Friends Provident	11,161	-	1,259	(71)	12,349
George & Vera Bryan Grassroots Fund	-	172,830	10,482	(946)	182,366
Harry Payne Fund	2,254,340	-	287,352	-	2,541,692
Heart of England Fund	374,820	-	42,272	(2,386)	414,706
High Sheriff of Warwickshire	120,853	-	17,272	(174)	137,951
James Kenning	38,296	-	5,809	-	44,105
Jobson James Grassroots Endowment Fund	-	18,963	1,150	(104)	20,009
Jumping Through Hoops	464,164	67,286	76,249	3,808	611,507
Kingscliffe Fund	155,640	-	17,554	(991)	172,203
Midland Heart	100,803	-	11,369	(642)	111,530
Mills & Reeve Grassroots Fund	-	57,502	3,487	(315)	60,674
National Grid	66,799	-	7,533	(424)	73,908
Orbit Heart of England Fund	146,799	-	16,556	(935)	162,420
Property For Kids Grassroots Fund	-	22,617	1,372	(124)	23,865
PSA Peugeot Citroen	330,178	-	37,237	(2,101)	365,314
Rider Levett Bucknall Grassroots Fund	-	2,260	137	(13)	2,384
Rolls Royce	62,019	-	6,994	(395)	68,618
Solihull Community Foundation	187,687	-	28,470	-	216,157
The Heatherlea Grassroots Fund	-	202,050	12,255	(1,108)	213,197
Torrington House	188,934	-	21,309	(1,203)	209,040
Trustees' New Deal	26,774	2,949	3,797	-	33,520
Warwick Lying-In Trust	37,447	-	2,146	(338)	39,255
Willenhall Community Trust	48,280	-	7,324	-	55,604
Youell Family Fund 1	1,267,272	-	152,268	(6,538)	1,413,002
Youell Family Fund 2	558,155	-	175,065	-	733,220
Investment income / Investment Management Costs	-	197,087	-	(197,087)	-
	<u>7,101,070</u>	<u>1,028,903</u>	<u>1,040,090</u>	<u>(217,565)</u>	<u>8,952,498</u>

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**14 Endowment Funds continued**

The investment income is allocated, on an annual basis, to unrestricted core funds (£66,647 (2016: £49,496)) and Grants for distribution (£150,918 (2016: £145,111)). Endowment funds include unrealised valuation gains of £1,148,538 (2016: £25,273).

The previous table includes the following funds relating to the Community First Programme:

	31 March 2016 £	Net incoming resources £	Investment gains/(losses) £	Transfers £	31 March 2017 £
Ambassadors	12,134	125	1,838	-	14,097
Coventry Nursing Trust	20,942	-	3,177	-	24,119
Friends	12,040	-	1,826	-	13,866
Harry Payne Fund	2,254,339	-	287,353	-	2,541,692
High Sheriff of Warwickshire	93,592	-	14,197	-	107,789
James Kenning	38,296	-	5,809	-	44,105
Solihull Community Foundation	187,687	-	28,470	-	216,157
Trustees' New Deal	25,459	3,405	3,797	-	32,661
Willenhall Community Trust	48,280	-	7,324	-	55,604
Youell Family Fund 1	240,155	-	36,428	-	276,583
	<u>2,932,924</u>	<u>3,530</u>	<u>390,219</u>	<u>-</u>	<u>3,326,673</u>

**15 Restricted Funds**

	31 March 2016 £	Income £	Expenses £	Transfers £	31 March 2017 £
<b>Core</b>					
Birmingham Operations	248,657	2,000	86,760	-	163,897
Big Lottery Fund, European Social Fund, Building Better Opportunities	1,047	182,191	162,683	-	20,555
Heritage Lottery Fund	9,000	7,748	5,389	-	11,359
Jumping Through Hoops	139,299	-	30,682	-	108,617
PSA Peugeot Citroen (in kind)	-	50,000	50,000	-	-
	<u>398,003</u>	<u>241,939</u>	<u>335,514</u>	<u>-</u>	<u>304,428</u>

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**15 Restricted Funds continued**

	31 March 2016	Income	Expenses	Transfers	31 March 2017
Distributable Grants	£	£	£	£	£
100 Club Birmingham	-	12,389	-	-	12,389
29 <sup>th</sup> May 1961 Charitable Trust	9,659	17,500	20,150	-	7,009
3g Communications Fund	-	2,113	-	-	2,113
AXA	3,472	-	-	3,154	6,626
Band Hatton Button	3,911	5,400	-	-	9,311
Big Lottery Fund, European Social Fund, Building Better Opportunities	-	540,911	540,911	-	-
Birmingham Funds	3,110	4,286	6,999	25,000	25,397
Birmingham Mail Charity Fund	-	11,280	1,400	-	9,880
Birmingham Operations	-	8,719	2,440	-	6,279
Birmingham Philharmonic Orchestra	-	138	-	-	138
BSBT	-	82,725	82,725	-	-
Chamber of Commerce	2,664	-	-	-	2,664
Comic Relief	113	106,270	106,383	-	-
Community Energy Warwickshire	3,057	9,252	4,320	-	7,989
Connie Watts Fund	-	8,687	-	-	8,687
Coventry Building Society	2,315	65,422	42,201	-	25,536
Coventry Community Games	6,087	-	2,225	-	3,862
Coventry Nursing Trust	2,297	-	2,296	2,945	2,946
Deutsche Bank	-	17,458	17,458	-	-
Drayton Manor Park	-	10,281	-	-	10,281
Federation of Petroleum Suppliers	11,594	-	-	-	11,594
Forest of Arden Golf Club Captain's Fund	380	-	-	242	622
Fourteen Spirit of 2012	56,000	14,395	70,395	-	-
Harrison Beale & Owen	-	9,042	2,500	-	6,542
Harry Payne Fund	12,185	-	93,160	86,943	5,968
Heart of England Co-operative Society	8,985	35,000	28,849	-	15,136
Heart of England Fund	21,560	15,845	41,089	47,424	43,740
Heatherlea Fund	-	1,952	-	-	1,952
High Sheriff's Fund	5,005	-	-	3,030	8,035
John Saville Fund	3,675	13,550	13,475	-	3,750
Jumping Through Hoops	1,309,722	-	235,371	-	1,074,351
Kingscliffe Fund	5,763	-	-	2,153	7,916
Library of Birmingham	76,501	-	76,501	-	-
Lodders	369	-	-	-	369
Love Leamington	8,802	5,355	4,745	-	9,412
Midland Heart	1,779	-	400	1,395	2,774
National Grid	737	-	-	924	1,661
New Beginnings	-	75,857	75,857	-	-
Orbit Heart of England	38,719	116,071	90,218	2,030	66,602
Sub Total Carried Forward	1,598,461	1,189,898	1,562,068	175,240	1,401,531

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**15 Restricted Funds continued**

	31 March 2016 £	Income £	Expenses £	Transfers £	31 March 2017 £
<b>Distributable Grants</b>					
Sub Total Brought Forward	1,598,461	1,189,898	1,562,068	175,240	1,401,531
Positive Futures	20	-	-	-	20
PSA Peugeot Citroen	10,660	-	7,500	8,221	11,381
Rider Levett Bucknall Fund	-	104	-	-	104
Rolls Royce	1,341	-	-	858	2,199
Royal London	-	4,000	4,000	-	-
Solihull Community Trust	20,411	3,814	8,837	2,078	17,466
Sports Relief (UKCF)	-	80,000	73,116	-	6,884
Tame Valley Wetlands	-	6,256	6,256	-	-
Tipton Education Fund	-	37,051	20,112	-	16,939
Toms Fund	-	4,000	4,000	-	-
Torrington House Holiday Fund	7,597	1,000	2,000	2,613	9,210
Warwickshire Recycling	5,925	-	2,000	-	3,925
Youell Family Fund	29,556	-	13,400	26,446	42,602
Young at Heart	-	132,000	125,461	-	6,539
Youth Social Action	-	110,000	-	-	110,000
	<u>1,673,971</u>	<u>1,568,123</u>	<u>1,828,750</u>	<u>215,456</u>	<u>1,628,800</u>
Total Restricted Funds	<u>2,071,974</u>	<u>1,810,062</u>	<u>2,164,264</u>	<u>215,456</u>	<u>1,933,228</u>

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**16 Designated Funds**

	31 March 2016	Income	Expenses	(Losses)	Investment gains /transfers	31 March 2017
	£	£	£	£	£	£
Heart of England Grants Fund	15,000	-	-	-	(15,000)	-
Property Fund	78,750	-	-	-	-	78,750
Property Development Fund	6,449	-	-	-	-	6,449
Youell Family Fund	535,131	-	(5,183)	-	88,339	618,287
	<u>635,330</u>	<u>-</u>	<u>(5,183)</u>	<u>-</u>	<u>73,339</u>	<u>703,486</u>

The Grants Fund represents amounts set aside by the Trustees to be used to supplement grants payable to beneficiaries. The opening balance was reassigned to restricted grants funds during the year.

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 Funds	Designated Funds	Restricted Funds	Endowment Funds	Total Funds 2017
	£	£	£	£	£
Tangible fixed assets	703	78,750	-	-	79,453
Investments	271,780	596,923	-	8,851,334	9,720,037
Bank and cash balances	227,931	72,010	2,001,811	81,827	2,383,579
Debtors	20,371	-	10,841	19,337	50,549
Creditors	(39,964)	(44,197)	(79,424)	-	(163,585)
	<u>480,821</u>	<u>703,486</u>	<u>1,933,228</u>	<u>8,952,498</u>	<u>12,070,033</u>

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**18 Reconciliation of net income to net cash flow from operating activities**

	2017 £	2016 £
Net income for year	1,751,817	2,193,145
Dividends received	(225,849)	(194,607)
Rents received from investment properties	(67,982)	(67,982)
Interest receivable	(11,852)	(3,201)
Depreciation and impairment of tangible fixed assets	1,270	2,292
(Gains) / losses on investments	(953,364)	180,576
Receipt of endowment	(831,816)	(491,122)
(Increase) / decrease in debtors	100,408	(72,426)
Increase / (decrease) in creditors	(134,046)	107,235
Net cash flow from operating activities	<u>(371,414)</u>	<u>1,653,910</u>

**19 Control Relationships**

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

**20 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.

**21 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.

**22 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 £11,436 (2016: £1,600).



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**23 Financial instruments**

The carrying value of the charity's financial instruments are as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Financial Assets</b>		
Measured at fair value through net income / expenditure:		
Fixed asset investments (note 11)	8,715,037	6,938,839
Measured at amortised cost		
Barn rent receivable (note 12)	18,321	22,433

The income, expenditure, net gains and net losses attributable to the charity's financial instruments are as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Net gains and losses</b>		
Financial assets measured at fair value through net income / expenditure:	953,364	(180,576)