



**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 2018**

**THE HEART OF ENGLAND COMMUNITY FOUNDATION**  
**(A company limited by guarantee)**  
**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2018**

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**THE HEART OF ENGLAND COMMUNITY FOUNDATION**  
**(A company limited by guarantee, no. 5999452)**  
**YEAR ENDED 31 MARCH 2018**

**TRUSTEES AND STAFF**

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

**Corporate Patron:** PSA Groupe

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

Trustees:	
Mr Phil Ewing	Chairman (appointed as 12.10.17)
Ms. Michelle Vincent	Treasurer
Mr Paul Belfield	(resigned as Chairman 12.10.17)
Mr. Amrik Bhabra MBE	
Ms. Lucie Byron	
Sir Dominic Cadbury	
Mrs Sally Carrick	
Mr Philip Pemble	
Mr John Taylor	
Mr Christopher West	
Ms Jude Jennison	Appointed December 2017
Mr Daniel Worthing	Appointed September 2017
Ms Elizabeth McKenzie	Appointed June 2018

<b>Staff:</b>	Tina Costello	Chief Executive Officer
	Claire Evans*	Senior Manager Finance
	Joanne Farr*	Finance Assistant
	Ryan Boyce	Senior Manager Development
	Aaron Greaves	Communications Officer
	Ellen Alcock	Grants Manager
	Louise Cotton	Grants Officer
	Jennifer Gilder	Grants Officer
	Sue Heyes	Grants Officer
	Jennifer Tullett	Administrator
	Tony Costello*	Partnership Manager
	Robert Brydon	Database Officer
	Rachel West	Partnership Officer
	Hasmita Parmar	Partnership Officer
	Ben Slater	Partnership Officer
	Sanjay Chand	Finance Officer
	Dean Kindon	Finance Assistant

*\*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

Santander Bank  
Bootle  
Merseyside  
L30 4GB

**Solicitors:**

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

**THE HEART OF ENGLAND COMMUNITY FOUNDATION**  
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**YEAR ENDED 31 MARCH 2018**  
**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 2018.

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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**TRUSTEES' REPORT**

**1.1 Objects and activities (continued)**

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2011 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 2017, Paul Belfield retired as Chair serving 4 years in the role and was replaced by incoming Chair Philip Ewing.

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 terms in office. The Board of Trustees meet on a quarterly basis.

The Foundation has had steady growth over the last few years which has significantly increased our grant making. This year's Trustee Away Day focused on our grant making and a decision was made to look strategically at the way we award grants in the future.

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 a full induction and are regularly updated on the operational running of the Foundation.

**1.3 Board Subcommittees**

The Foundation has four sub-committees.

In this financial year the Trustees newly implemented the **Finance and Investment Committee** which is responsible for:

- Budgetary management, the setting and reviewing of budgets and overseeing investment performance
- Quarterly investment returns and endowment performance
- Compare of Investment Managers
- Maximise interest rate income
- Review investment strategy
- Annual meetings with all 3 Investment Managers
- Review asset class investments
- Consider appropriate avenue for unrestricted core income
- Review quarterly management accounts
- Analyse forecast against actual performance
- Monitor and review finance resources

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**TRUSTEES' REPORT**

**1.3 Board Subcommittees (continued)**

The other three committees are:

- **Management Committee** which ensures the proper administration of the charity including:
  - 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 meeting 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
  
- **Birmingham and Black Country Grants 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 is now fully incorporated into Full Trustee Board meetings which negates the need for a separate Fund Development Committee.

**1.4 Business Planning**

This year we implemented our 3-year strategy with the following key themes underpinning our strategic direction: -

- 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

To enable us to better understand our communities we commissioned Wolverhampton University to undertake a socio-economic research report on Birmingham and the Black Country. Our report 'Communities Uncovered' has key recommendations for our future grant making and we will endeavour to work with current and new donors in addressing some of

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**TRUSTEES' REPORT**

**1.4 Business Planning (continued)**

these issues. We understand that many of these issues are ingrained in communities but with the right resources we know that we can make a difference at a local level.

In 2018-19 we will commission a similar report working with a local university to better understand the needs of Coventry, Warwickshire and Solihull.

During the year the Foundation implemented a Grant Making Task Force comprising key trustees and staff to look at both our internal and external processes in how we make awards. This is an ongoing piece of work with any recommendations to be implemented in April 2019.

Fund Development is paramount to the Foundation's core business so in 2018-19 we will continue to focus on growing our endowment and securing new income streams.

**1.5 Risk Management**

The principal identified risks to which the Foundation are 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 earnings across the sector.

**1.7 Fundraising Regulator Statement of Compliance**

Heart of England Community Foundation does not contract to a third party to undertake any fundraising on its behalf. The charity does employ a Fundraising Officer who initiates campaigns and supports fundraising activities. We have received no fundraising complaints during the year.

The charity only makes fundraising approaches to contacts who have given explicit consent to receive such campaign documentation under GDPR guidelines. The charity does not make fundraising approaches to its contacts.



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**TRUSTEES' REPORT**

**2. Achievements and Financial Performance for 2017-18**

We have had some fantastic achievements in 2017-18.

We've developed a partnership with Wesleyan Assurance, a major corporate, to establish the Wesleyan Foundation, a two-tiered grants programme supporting local initiatives not just in our area of benefit but across the wider UK. Wesleyan Assurance wanted to focus their social

investment on smaller organisations doing valuable work in their communities and have invested £500k of funding to support this.

A major gift of £4 million pounds was donated in December 2017. This is a major step change for the foundation as the funding will be utilised to develop a major capital building programme called Building Better Lives, potentially supporting three organisations with funding to develop sustainable accommodation for vulnerable adults across the West Midlands.

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

- Birmingham Sports Fund
- The Women and Girls Fund (derived from the Tampon Tax)
- Positive Futures Fund
- Nationwide Building Society

**Human Resource**

We recognised that we needed to recruit a robust finance team and now have a Senior Manager – Finance and a Finance Officer, working directly with the Chief Exec and the Finance and Investment Committee.

Our Donor Development Director left the Foundation this year, both the Chief Exec and Management Committee agreed that the role would be replaced with a Senior Manager – Operations which will enable the Chief Exec to focus on fund development.

**Incoming Resources**

The Foundation's total incoming resources for 2017-18 were £8,028,325 and the overall funds of the foundation increased by £4,401,547 to £16,471,580.

**Endowed Donations**

During the year £1,000,000 relating to the Building Better Lives was transferred to the Charity's endowment funds. At the end of the fiscal year our endowed funds stood at £9,948,402.

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**TRUSTEES' REPORT**

**2. Achievements and Financial Performance for 2017-18 (continued)**

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**

The Foundation's investment policy, updated and reviewed in every 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 bench marked against the FTSE APCIMS (Association of Private Client Investment Managers) Index.

**Grants**

The total grant income for 2017-18 was £4,943,617 which was an increase of £3,926,405 the previous fiscal year.

Our total grant expenditure was £1,935,635 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 2017-18 our restricted core income was £286,235 compared to £241,895 in the previous fiscal year. This income includes £210,998 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, contribution to our core costs for the delivery of flow through grant programmes such as Wesleyan Assurance, Women and Girls Fund and Coventry Building Society.

The balance of our unrestricted income is, at present, used to meet core expenditure which is not covered by restricted income. Unrestricted income for 2017-18 was £351,760 compared with £310,208 in the previous fiscal year.

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.

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**TRUSTEES' REPORT**

**2. Achievements and Financial Performance for 2017-18 (continued)**

The trustees have agreed to allocate £70,000 of our cumulative core surplus for grant making in 2018-19.

**Expenditure**

The Foundation made an operating surplus on unrestricted general funds of £142,787, which compares with a budgeted surplus for the year of £46,794 and an operating surplus in the previous year of £225,979.

**Designated Funds**

Our designated funds as of 31<sup>st</sup> March 2018 totalled £883,294. These include the current value of £617,261 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.

We also received a contribution of £180,833 for the development and implementation of our Capital programme Building Better Lives. This is for a specific 3-year period and is 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 £623,608, just over 10 months of budgeted core costs for 2018-19. However, £273,556 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).

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

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**TRUSTEES' REPORT**

**4. Trustees Responsibilities Statement for Charitable Companies (Continued)**

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.

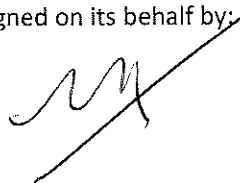
**5. Auditors**

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 8<sup>th</sup> October 2018 and is signed on its behalf by:

Philip Ewing  
Chair



**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF  
THE HEART OF ENGLAND COMMUNITY FOUNDATION  
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Opinion**

We have audited the financial statements of The Heart of England Community Foundation (the 'charitable company') for the year ended 31 March 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 2018, 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.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

[continued ...]

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF  
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**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters 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 (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

*[continued...]*

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF  
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**Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 directors' 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' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on pages 11 & 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

*[continued...]*

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF  
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**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.


*[continued...]*



**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF  
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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Signed:   
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

Date: 8<sup>th</sup> October 2018

**HEART OF ENGLAND COMMUNITY FOUNDATION**  
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**STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2018**

Notes	Unrestricted Funds		Restricted Funds		Total 2,018 £
	General Funds £	Designated Funds £	Core costs £	Distributable grants £	
<b>Income and Endowments</b>					
Donations and legacies	276,948	180,833	286,235	5,945,921	1,013,476
Rental Income	63,556	0	0	0	0
Investment Income	0	0	0	0	250,038
Bank Interest	11,256	0	62	0	0
<b>Total Income and Endowments</b>	<b>351,760</b>	<b>180,833</b>	<b>286,297</b>	<b>5,945,921</b>	<b>1,263,514</b>
<b>Expenditure</b>					
Raising Funds	507	0	44,714	0	0
Investment Management Costs	0	3,405	0	0	23,631
Charitable Activities - Grants	0	0	0	1,935,635	0
Charitable Activities - Support costs	264,457	0	359,067	955	0
Big Lottery Fund, European Social Fund, Building Better Opportunities Partners	0	0	0	1,002,304	0
Governance	7,257	0	0	0	0
<b>Total Expenditure</b>	<b>272,221</b>	<b>3,405</b>	<b>403,781</b>	<b>2,938,894</b>	<b>23,631</b>
<b>Net Gain/(loss) on investment assets</b>	<b>0</b>	<b>2,380</b>	<b>0</b>	<b>0</b>	<b>12,774</b>
<b>Net Income/(expenditure)</b>	<b>79,539</b>	<b>179,808</b>	<b>(117,484)</b>	<b>3,007,027</b>	<b>1,252,657</b>
Transfers between funds	63,248			193,505	(256,753)
<b>Net Movement in Funds</b>	<b>142,787</b>	<b>179,808</b>	<b>(117,484)</b>	<b>3,200,532</b>	<b>995,904</b>
Funds at 31 March 2017	480,821	703,486	304,428	1,628,800	8,952,498
<b>Funds at 31 March 2018</b>	<b>623,608</b>	<b>883,294</b>	<b>186,944</b>	<b>4,829,332</b>	<b>9,948,402</b>

Note: For Companies Act purposes the profit for the year (excluding the net movement of Endowment Funds) was £3,405,643 (2017 : £155,389). 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 19, please continue overleaf.



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

**BALANCE SHEET**

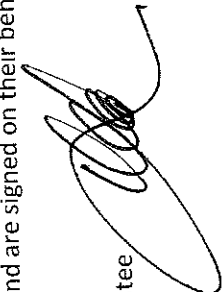
**FOR THE YEAR ENDED 31 MARCH 2018**

Notes	31 March 2018	31 March 2017
	£	£
<b>Fixed Assets</b>		
Tangible fixed assets	80,527	79,453
<b>Investments</b>		
Investment properties	1,005,000	1,005,000
Listed investments	9,392,893	8,715,037
Cash at Investment Managers	437,101	113,384
Bank Deposit account	<u>10,834,994</u>	<u>9,833,691</u>
	10,915,521	9,913,144
<b>Current Assets</b>		
Cash at Bank and in hand	5,525,350	2,269,925
Debtors	<u>132,655</u>	<u>50,549</u>
	5,658,005	2,320,474
Creditors: amounts falling due within one year	<u>101,946</u>	<u>163,585</u>
Net Current Assets	5,556,059	2,156,889
<b>Net Assets</b>	<u>16,471,580</u>	<u>12,070,033</u>
<b>Funds of the Charity</b>		
<b>Capital Funds</b>		
Endowment Funds	9,948,402	8,952,498
<b>Income Funds</b>		
Restricted Funds	5,016,276	1,933,228
Unrestricted Funds (Designated)	883,294	703,486
Unrestricted Funds (General)	<u>623,608</u>	<u>480,821</u>
Total unrestricted Funds	1,506,902	1,184,307
<b>Total Funds</b>	<u>16,471,580</u>	<u>12,070,033</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 8<sup>th</sup> October 2018 and are signed on their behalf by



Phil Ewing - Chairman



Paul Belfield- Trustee

HEART OF ENGLAND COMMUNITY FOUNDATION

(A company limited by guarantee)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2,018 £	2,017 £
Cashflow from operating activities	18	2,911,656	(371,414)
<b>Net cash flow from operating activities</b>		<u>2,911,656</u>	<u>(371,414)</u>
<b>Cash flow from investing activities</b>			
Payments to acquire tangible fixed assets		(1,753)	0
Payments to acquire investments		602,966	1,430,150
Receipts from sales of investments		(1,265,669)	(2,252,984)
Interest received		11,318	11,852
Dividends received		250,038	225,849
Rents received from investment properties		63,556	67,982
<b>Net cash flow from investing activities</b>		<u>(339,544)</u>	<u>(517,151)</u>
<b>Cash flow from financing activities</b>			
Interest paid		1,006,760	831,816
Receipt of permanent endowments		1,006,760	831,816
<b>Net cash flows from financing activities</b>		<u>2,013,520</u>	<u>1,663,632</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>3,578,872</u>	<u>(56,749)</u>
<b>Cash and cash equivalents at 1 April 2017</b>		<u>2,383,579</u>	<u>2,440,328</u>
<b>Cash and cash equivalents at 31 March 2018</b>		<u>5,962,451</u>	<u>2,383,579</u>
<b>Cash and cash equivalents consist of:</b>			
Cash at bank and in hand		5,525,350	2,269,925
Short term deposits		437,101	113,654
<b>Cash and cash equivalents at 31 March 2018</b>		<u>5,962,451</u>	<u>2,383,579</u>

**THE HEART OF ENGLAND COMMUNITY FOUNDATION**  
**(A company limited by guarantee)**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING 31 MARCH 2018**

**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 county 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.

**Incoming resources**

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income and after 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**  
**(A company limited by guarantee)**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING 31 MARCH 2018**

**1. Accounting policies (continued)**

**Incoming Resources (continued)**

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 measured 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 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 which are 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 2018**

**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

**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 2018**

**1. Accounting policies (continued)**

**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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**FOR THE YEAR ENDING 31 MARCH 2018**

**2. Donations and Legacies**

Donors contributed to the following restricted funds during the period:

	Core Costs £	Distributable Grants £	Total 2018 £	Total 2017 £
100 Club Birmingham	-	12,000	12,000	12,389
29th May 1961 Charitable Trust	-	-	-	17,500
3g Communications Fund	-	-	-	2,113
Band Hatton Button	-	-	-	5,400
Birmingham Funds	-	330	330	4,286
Birmingham Mail Charity Fund	-	906	906	11,280
Birmingham Operations	-	-	-	10,719
Birmingham Philharmonic Orchestra	-	-	-	138
Birmingham Sports Association	-	54,900	54,900	-
BSBT	-	104,290	104,290	82,725
Big Lottery Fund, European Social Fund, Building Better Opportunities	210,998	1,002,304	1,213,302	723,058
Comic Relief	-	178,853	178,853	106,270
Community Energy Warwickshire	-	9,490	9,490	9,252
Communities uncovered	-	48,000	48,000	-
Connie Watts Fund	-	-	-	8,687
Coventry Building Society	-	73,729	73,729	65,422
Deutsche Bank	-	5,296	5,296	17,458
Drayton Manor Park Foundation	-	8,551	8,551	10,281
Fourteen Spirit of 2012	-	-	-	14,395
Building Better Lives	-	2,790,000	2,790,000	-
Harrison Beale & Owen	-	9,757	9,757	9,042
Heart of England CF - Various Donors	-	9,079	9,079	20,659
Heart of England Co-operative Society	-	19,845	19,845	35,000
Heatherlea Fund	-	-	-	1,952
Heritage Lottery Fund	24,087	-	24,087	7,748
John Saville Fund	-	19,000	19,000	13,550
Love Leamington	-	88	88	5,355
New Beginnings	-	-	-	75,857
Orbit Group	-	92,189	92,189	116,071
PSA Peugeot Citroen	51,150	-	51,150	50,000
Positive futures	-	91,714	91,714	-
Rider Levitt Bucknall Fund	-	-	-	104
Royal London	-	5,000	5,000	4,000
Sports Relief (UKCF)	-	79,477	79,477	80,000
Tame Valley Wetland	-	-	-	6,256
Tipton Education Fund	-	-	-	37,051
Toms Fund	-	-	-	4,000
Wesleyan	-	1,197,400	1,197,400	-
Womens and girls fund	-	50,000	50,000	-
Young at Heart	-	-	-	132,000
Youth Social Action	-	83,723	83,723	110,000
	<b><u>286,235</u></b>	<b><u>5,945,921</u></b>	<b><u>6,232,156</u></b>	<b><u>1,810,018</u></b>

**THE HEART OF ENGLAND COMMUNITY FOUNDATION**  
**(A company limited by guarantee)**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING 31 MARCH 2018**

**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 is £51,150, (2017: £50,000) has been reflected in the Statement of Financial Activities as gifts and as support costs within the restricted core cost fund.

**3. Fundraising Costs**

	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>2018</b>
			<b>£</b>
Consultancy	-	-	-
Staff Costs	-	44,714	44,714
Other costs	507	-	507
	<u>507</u>	<u>44,714</u>	<u>45,221</u>
	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>2017</b>
			<b>£</b>
Consultancy	-	-	-
Staff Costs	-	28,182	28,182
Other costs	64	696	760
	<u>64</u>	<u>28,878</u>	<u>28,942</u>

**4. Grants**

	<b>Total</b>	<b>Total</b>
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Grants awarded	<u>1,935,635</u>	<u>1,287,239</u>

For full details of grants awarded during the year please visit our website to download our 'Grants Making & social Investment Report 2017/18' 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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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING 31 MARCH 2018**

**5. Support Costs**

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

		Grants	Administration	Fundraising	Total 2018	Total 2017
		£	£	£	£	£
Staff costs (see note 6)	*	95,172	307,080	28,302	430,554	298,996
Recruitment	*	-	11,974	-	11,974	9,216
Advertising and website development		4,033	13,012	1,199	18,244	18,477
Training and conferences		1,151	3,712	342	5,205	3,206
Subscriptions	*	-	29,685	-	29,685	22,811
Travel expenses		2,066	6,665	614	9,345	8,897
Staff welfare		133	429	39	601	-
Meetings		368	1,187	109	1,664	3,421
Printing and stationery		1,737	5,603	516	7,856	7,632
Postage and telephone		615	1,985	183	2,783	1,138
Office equipment		1,167	3,764	347	5,278	5,801
Repairs and renewals		166	535	49	750	-
Accountancy		570	1,840	170	2,580	3,313
Legal costs		617	1,991	183	2,791	6,007
Professional Fees	*	-	33,181	-	33,181	27,387
Big Lottery Fund, European Social Fund, Building Better Opportunities Co- Design	*	-	782	-	782	250
Rent	*	-	7,596	-	7,596	1,500
Fixed asset depreciation		149	485	45	679	1,270
Office accommodation and Facilities (see note 2)		11,306	36,481	3,363	51,150	50,000
Sundry expense	*	-	(235)	-	(235)	2,738
Insurance		309	996	92	1,397	941
Craven Lane Hall expenses	*	-	551	-	551	6,581
Barn expenses	*	-	68	-	68	520
		<u>119,559</u>	<u>469,367</u>	<u>35,553</u>	<u>624,479</u>	<u>480,102</u>

**THE HEART OF ENGLAND COMMUNITY FOUNDATION**  
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**FOR THE YEAR ENDING 31 MARCH 2018**

**6. Staff Numbers and Costs**

The average number of persons employed by the Foundation during the period was 13 (2017: 9), the full -time equivalent number of employees was 12 (2017: 8) and the aggregate payroll costs were as follows:

	<b>Total 2018 £</b>	<b>Total 2017 £</b>
Salaries	356,890	257,979
Redundancy costs	8,000	-
Casual staff costs	62,610	32,484
Social security costs	34,527	25,279
Other pension costs	13,241	11,436
	<u>475,268</u>	<u>327,178</u>
Support costs (see note 5)	430,554	298,996
Fundraising costs (see note 3)	44,714	28,182
	<u>475,268</u>	<u>327,178</u>

The number of employees earning over £60,000 per year (including benefits) in the period was one (2017: nil).

**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 £70,754 (2017:£66,023).

The Trustees did not receive any remuneration during the year (2017: £nil). Trustees claimed expenses during the year of £91. (2017: £nil).

**7.1 Third party related transactions**

The charity paid £nil (2017: £17,685) 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 £2,672 (2017: £7,127) to Adecs Limited, a company related to Amrik Bhabra, a Trustee, for IT services.

The charity paid £6,750 (2017: £nil) to Harrison Beale and Owen Ltd, a company related to Phil Ewings, a Trustee, for support in delivering the Big Lottery Fund, European Social Fund, Building Better Opportunities in the Black Country.

**THE HEART OF ENGLAND COMMUNITY FOUNDATION**  
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**FOR THE YEAR ENDING 31 MARCH 2018**

**8. Governance Costs**

	Unrestricted	Restricted	Endowment	Total 2018	Total 2017
	£	£	£	£	£
Statutory audit fees	3,411	3,846	-	7,257	8,343
	<u>3,411</u>	<u>3,846</u>	<u>-</u>	<u>7,257</u>	<u>8,343</u>

The auditors remuneration amount to an audit fee of £7,257 (2017: £7,705) and other services of £nil (2017: £638).

**9. Transfer between funds**

	General	Designated	Core cost: Distributable grants		Endowment funds
	£	£	£	£	£
Endowment Income	86,554	0	0	170,199	(256,753)
Trustee allocation of discretionary grants	(25,000)	0	0	25,000	0
Tipton Education Fund adj	1,694	0	0	(1,694)	0
	<u>63,248</u>	<u>0</u>	<u>0</u>	<u>193,505</u>	<u>(256,753)</u>

**10. Tangible Fixed Assets**

	Freehold land & Buildings	Computer Equipment	Total 2018	Total 2017
	£	£	£	£
Cost				
1 April 2017	78,750	8,911	87,661	87,661
	<u>-</u>	<u>1,753</u>	<u>1,753</u>	<u>-</u>
31 March 2018	<u>78,750</u>	<u>10,664</u>	<u>89,414</u>	<u>87,661</u>
Depreciation				
1 April 2017	-	8,208	8,208	6,938
charge for year	<u>-</u>	<u>679</u>	<u>679</u>	<u>1,270</u>
31 March 2018	<u>-</u>	<u>8,887</u>	<u>8,887</u>	<u>8,208</u>
Net Book value 31 March 2018	<u>78,750</u>	<u>1,777</u>	<u>80,527</u>	<u>79,453</u>

No depreciation has been charged in the year on the land and buildings 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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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING 31 MARCH 2018**

**11. Fixed Asset Investments**

**11.1 Listed Investments**

	Managed by Quilter £	Managed by CCLA £	Managed by Rathbones £	Total 2018 £	Total 2017 £
Market value at 1 April 17	3,407,833	3,326,673	1,980,531	8,715,037	6,938,839
Additions at cost	361,231	5,000	899,436	1,265,667	2,252,984
Disposal proceeds	(428,582)	-	(174,383)	(602,965)	(1,430,150)
Gains/(losses)	<u>(30,212)</u>	<u>45,701</u>	<u>(335)</u>	<u>15,154</u>	<u>953,364</u>
Market value at 31 March 2018	<u>3,310,270</u>	<u>3,377,374</u>	<u>2,705,249</u>	<u>9,392,893</u>	<u>8,715,037</u>
Historical cost	<u>2,973,111</u>	<u>2,826,041</u>	<u>2,773,189</u>	<u>8,572,341</u>	<u>7,572,338</u>
Investments over 5% of portfolio value					
COIF Charities investment fund	<u>-</u>	<u>2,826,041</u>	<u>-</u>	<u>2,826,041</u>	<u>2,831,041</u>
Listed Investments at fair value comprise					
Equities	1,912,508	2,724,845	1,950,475	6,587,828	1,918,997
Securities	<u>1,397,762</u>	<u>652,529</u>	<u>754,774</u>	<u>2,805,065</u>	<u>6,796,040</u>
	<u>3,310,270</u>	<u>3,377,374</u>	<u>2,705,249</u>	<u>9,392,893</u>	<u>8,715,037</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.

**11.2 Investment properties**

	Small Barn £	Large Barn £	Total 2018 £	Total 2017 £
1 April 2017	155,000	850,000	1,005,000	750,000
Gains/(losses)	-	-	-	255,000
31 March 2018	<u>155,000</u>	<u>850,000</u>	<u>1,005,000</u>	<u>1,005,000</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 underdeveloped land and properties donated was estimated by the Trustees at £85,000.

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**12. Debtors**

	<b>Total 2018</b>	<b>Total 2017</b>
	<b>£</b>	<b>£</b>
Grants and donations receivable	-	6,650
Gift aid receivable	-	5,040
Investment income receivable	27,469	18,747
Barn rent receivable	22,736	18,321
ESF claims receivable	79,369	-
Other debtors	<u>890</u>	<u>329</u>
	130,464	49,087
Prepayments	<u>2,191</u>	<u>1,462</u>
	<u>132,655</u>	<u>50,549</u>

**13. Creditors**

	<b>Total 2018</b>	<b>Total 2017</b>
	<b>£</b>	<b>£</b>
Unpaid grants	39,282	78,102
Deferred Income	17,865	9,480
Employees tax and social security	8,672	8,499
VAT	7,603	-
Pension Liability	<u>1,890</u>	<u>1,995</u>
	75,312	98,076
Accruals	<u>26,634</u>	<u>65,509</u>
	<u>101,946</u>	<u>163,585</u>

Deferred income has arisen as a result of rental income being received in advance.



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**14. Endowment Funds**

	31 March 2,017 £	Net incoming Resources £	Investment Gains/(losses) £	Transfers £	31 March 2,018 £
100 Club Birmingham	47,461	(874)	1,142	(264)	47,465
Ambassadors	88,557	0	(403)	(337)	87,817
AXA	210,221	0	(1,847)	(952)	207,422
Birmingham Mail Charity Fund	41,714	5,003	1,003	(232)	47,488
Charles Henry Foyle Grassroots fund	40,953	(753)	985	(228)	40,957
Clarendon Court sports	7,021	0	(62)	(32)	6,927
Clarke Willmott Grassroots fund	23,168	(427)	557	(129)	23,169
Connie Watts Fund	18,041	(332)	434	(100)	18,043
Coventry Lord Mayor	22,562	0	(198)	(102)	22,262
Coventry Nursing trust	355,436	0	(2,494)	(1,500)	351,442
DBOI Grassroots Fund	129,768	0	3,121	(722)	132,167
Deeley 3 Peaks	11,992	0	(105)	(54)	11,833
Forest of Arden Golf Club Captain's Fund	19,459	0	(171)	(88)	19,200
Friends	17,549	0	215	(17)	17,747
Friends Provident	12,349	0	(108)	(56)	12,185
Building Better Lives	0	1,000,000	(31,023)	0	968,977
George & Vera Bryan Grassroots fund	182,366	0	4,386	(1,015)	185,737
Harry Payne Fund	2,541,692	0	31,875	0	2,573,567
Heart of England Fund	414,706	0	(3,643)	(1,879)	409,184
High Sheriff of Warwickshire	137,951	5,000	1,477	(137)	144,291
James Kenning	44,105	0	787	0	44,892
Jobson James Grassroots Endowment Fun	20,009	(368)	481	(111)	20,011
Jumping Through Hoops	611,507	0	8,034	(3,371)	616,170
Kingscliffe Fund	172,203	0	(1,513)	(780)	169,910
Midlands Heart	111,530	0	(980)	(505)	110,045
Mills & Roove Grassroots Fund	60,674	0	1,459	(338)	61,795
National Grid	73,908	0	(649)	(335)	72,924
Orbit Heart of England Fund	162,420	0	(1,427)	(736)	160,257
Property for Kids Grassroots Fund	23,865	0	574	(133)	24,306
PSA Peugeot Citroen	365,314	0	(3,210)	(1,655)	360,449
Rider Levitt Bucknall Grassroots Fund	2,384	(43)	57	(13)	2,385
Rolls Royce	68,618	0	(603)	(311)	67,704
Solihull Community Foundation	216,157	0	3,857	0	220,014
The heatherlea Grassroots fund	213,197	(3,920)	5,128	(1,187)	213,218
Torrington House	209,040	1,128	(1,836)	(947)	207,385
Trustees' New Deal	33,520	2,345	583	(215)	36,233
Warwick Lying -in -trust	39,255	0	947	0	40,202
Willenhall Community Trust	55,604	0	992	(5,149)	51,447
Youell Family Fund 1	1,413,002	0	(5,048)	0	1,407,954
Youell Family Fund 2	733,220	0	0	0	733,220
Investment income/Investment Managen	0	226,407	0	(226,407)	0
	<u>8,952,498</u>	<u>1,233,166</u>	<u>12,774</u>	<u>(250,037)</u>	<u>9,948,401</u>

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**14. Endowment Funds continued**

The investment income is allocated, on an annual basis, to unrestricted core funds (£86,554 (2017 £66,647)) and Grants for distribution (£160,217 (2017: 150,918)). Endowment funds include unrealised valuation gains of £820,552 (2017:£1,148,538).

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

	<b>31 March 2017</b>	<b>Net incoming Resources</b>	<b>Investment Gains/(losses)</b>	<b>Transfers</b>	<b>31 March 2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Ambassadors	14,097	-	252	-	14,349
Coventry Nursing trust	24,119	-	430	-	24,549
Friends	13,866	-	247	-	14,113
Harry Payne Fund	2,541,692	-	31,875	-	2,573,567
High Sheriff of Warwickshire	107,789	-	6,742	-	114,531
James Kenning	44,105	-	787	-	44,892
Solihull Community Foundation	216,157	-	3,857	-	220,014
Trustees' New Deal	32,661	-	583	-	33,244
Willenhall Community Trust	55,604	-	1,092	-	56,696
Youell Family Fund 1	276,583	-	4,935	-	281,518
	<u>3,326,673</u>	<u>-</u>	<u>50,800</u>	<u>-</u>	<u>3,377,473</u>

**15. Restricted Funds**

	<b>31 March 2017</b>	<b>Income</b>	<b>Expenditure</b>	<b>Transfers</b>	<b>31 March 2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Core</b>					
Birmingham Operations	163,897	-	94,636	-	69,261
Big Lottery Fund, European Social Fund, Building Better Opportunities	20,555	1,213,364	1,212,003	-	21,916
Heritage Lottery Fund	11,359	24,087	20,384	-	15,062
Jumping through Hoops	108,617	-	27,912	-	80,705
PSA Peugeot Citroen (in Kind)	-	51,150	51,150	-	-
	<u>304,428</u>	<u>1,288,601</u>	<u>1,406,085</u>	<u>-</u>	<u>186,944</u>

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15. Restricted Funds Continued

	31 March 2017	Income	Expenditure	Transfers	31 March 2018
	£	£	£	£	£
<b>Distributable grants</b>					
100 Club Birmingham	12,389	-	-	(7,926)	4,463
29th May 1961 Charitable Total	7,009	12,000	13,030		5,979
3g Communication Fund	2,113	-	-	(2,113)	-
AXA	6,626	-	4,649	3,071	5,048
Band HattonButton	9,311	-	2,000	-	7,311
Big Lottery Fund, European Social Fund, Better Opportunities	-	1,002,304	1,002,304	-	-
Birmingham Funds	25,397	330	60,756	35,006	(23)
Birmingham Mail Charity Fund	9,880	906	500	140	10,426
Birmingham Operations	6,279	-	-	(6,279)	-
Birmingham Philharmonic Orchestra	138	-	-	(138)	-
Birmingham Sports	-	54,900	6,952	-	47,948
Building stronger Britain together (BSBT)	-	104,290	104,290	-	-
Chamber of Commerce	2,664	-	-	-	2,664
Community Energy Warwickshire	7,989	9,490	7,952	-	9,527
Communities uncovered	-	48,000	2,757	-	45,243
Comic relief	-	178,853	124,182	-	54,671
Connie Watts Fund	8,687	-	-	(8,687)	-
Coventry Building Society	25,536	73,729	66,647	-	32,618
Coventry Community Games	3,862	-	2,000	-	1,862
Coventry Nursing Trust	2,946	-	-	3,480	6,426
Deutsche Bank	-	5,296	5,000	(272)	24
Drayton Manor Park	10,281	8,551	-	(382)	18,450
Federation of Petroleum Suppliers	11,594	-	-	-	11,594
Friends Provident	-	-	-	172	172
Forest of Arden Golf Club Captain's Fund	622	-	-	(622)	-
Building better lives	-	2,790,000	-	-	2,790,000
Harrison Beale & Owen	6,542	9,756	3,993	-	12,305
Harry Payne Fund	5,968	-	89,184	89,973	6,757
Heart of England co-operative Society	15,136	19,845	31,795	-	3,186
Heart of England Fund	43,740	7,356	57,153	36,325	30,268
Heatherlea fund	1,952	-	-	(1,952)	-
High Sheriff's Fund	8,035	-	4,500	3,165	6,700
John Saville Fund	3,750	19,000	16,000	-	6,750
Jumping Through Hoops	1,074,351	-	285,367	5,656	794,640
Kingscliffe Fund	7,916	-	4,800	1,548	4,664
Lodders	369	-	-	(369)	-
Sub total carried Forward	<u>1,321,082</u>	<u>4,344,606</u>	<u>1,895,811</u>	<u>149,796</u>	<u>3,919,673</u>

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**15. Restricted Funds Continued**

	31 March 2017	Income	Expenditure	Transfers	31 March 2018
	£	£	£	£	£
<b>Distributable grants</b>					
Sub Total Brought Forward	1,321,082	4,344,606	1,895,811	149,796	3,919,673
Love Leamington	9,412	88	9,500	-	-
Midland Heart	2,774	-	-	1,002	3,776
National Grid	1,661	-	660	1,029	2,030
Orbit Heart of England Fund	66,602	92,189	62,015	2,261	99,037
Positive Futures	20	91,714	91,714	-	20
PSA Peugeot Citroen	11,381	-	11,381	5,086	5,086
Rachel Stewart		918	-	-	918
Rider Levitt Bucknall grassroots Fund	104	-	-	(104)	-
Rolls Royce	2,199	-	1,268	955	1,886
Royal London		5,000	5,000	-	-
Solihull Community Foundation	17,466	-	7,009	2,300	12,757
Sports relief (UKCF)	6,884	79,478	81,477	-	4,885
Tame Valley		-	294	-	(294)
Tipton Education Fund	16,939	-	2,000	(1,694)	13,245
Torrington House	9,210	805	1,945	2,910	10,980
Wesleyan fund		1,197,401	566,712	-	630,689
Women and Girls		50,000	49,992	-	8
Warwickshire Recycling	3,925	-	-	-	3,925
Youell family fund	42,602	-	42,555	29,964	30,011
Young at Heart	6,539	-	3,180	-	3,359
Youth Social Action	110,000	83,722	106,381	-	87,341
	<u>1,628,800</u>	<u>5,945,921</u>	<u>2,938,894</u>	<u>193,505</u>	<u>4,829,332</u>

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**16. Designated Funds**

	31 March 2017	Income	Expenses	(losses)	Investment gains/ transfers	31 March 2018
	£	£	£	£	£	£
Property Fund	78,750	-	-	-	-	78,750
Property Development Fund	6,449	-	-	-	-	6,449
Building Better Lives	-	180,833	-	-	-	180,833
Youell Family Fund	618,287	-	3,405	-	-	617,262
	<u>703,486</u>	<u>180,833</u>	<u>3,405</u>	<u>-</u>	<u>2,380</u>	<u>883,294</u>

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.

Building Better Lives fund is a capital grants programme.

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

	General Funds	Designated Funds	Restricted Funds	Endowment funds	Total funds 2,018
	£	£	£	£	£
Tangible Fixed Assets	1,776	78,751	0	0	80,527
Investments	271,780	594,201	0	9,531,912	10,397,893
Bank and Cash Balances	381,796	215,555	4,974,909	390,191	5,962,451
Debtors	25,817	0	80,539	26,299	132,655
Creditors	(57,561)	(5,213)	(39,172)	0	(101,946)
	<u>623,608</u>	<u>883,294</u>	<u>5,016,276</u>	<u>9,948,402</u>	<u>16,471,580</u>

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

	<b>2018</b>	<b>2017</b>
	£	£
Net income for year	4,401,547	1,751,817
Dividend received	(250,038)	(225,849)
Rents received from investment properties	(63,556)	(67,982)
Interest receivable	(11,318)	(11,852)
Depreciation and impairment of tangible fixed assets	679	1,270
(Gains)/Losses on investments	(15,154)	(953,364)
Receipt of endowment	(1,006,760)	(831,816)
(Increase)/decrease in debtors	(82,105)	100,408
Increase /(decrease) in creditors	(61,639)	(134,046)
	<u>2,911,656</u>	<u>(371,414)</u>
Net cash flow from operating activities		

**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 £13,241 (2017: £11,436).

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**23. Financial instruments**

The carrying value of the charity's

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Financial Assets</b>		
Measured at fair value through net income/expenditure:		
Fixed asset investments (note 11)	9,392,893	8,715,037
Measured at amortised cost:		
Barn rent receivable (note 12)	22,736	18,321

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

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Net gains and losses</b>		
Financial assets measured at fair value through net income/expenditure	15,154	953,364

