



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 2019

THE HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

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 YEAR ENDED 31 MARCH 2019

TRUSTEES AND STAFF

Registered Office: PSA Group
 Pinley House, Sunbeam Way
 Coventry CV3 1ND

Corporate Patron: PSA Group

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
Ms. Michelle Vincent	Treasurer
Mr Paul Belfield	
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	
Mr Daniel Worthing	
Ms Elizabeth McKenzie	Appointed June 2018
Mr Naeem Alvi	Appointed July 2019

Staff:	Tina Costello Helen Kendrick Claire Evans* Joanne Farr* Naadira Moyeed* Aaron Greaves Jenny Whateley Sue Heyes Liz Daw* Lorna Longhorn Ben Slater Sukwinder Talwar Robert Brydon Hasmita Parmar Sanjay Chand	Chief Executive Officer Senior Manager Operations Senior Manager Finance Finance Officer Finance Officer Communications Officer Grants Officer Grants Officer Grants Officer Grants Assistant Partnership Manager Partnership Officer Database Officer Partnership Officer Finance Officer
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**Part-Time*

THE HEART OF ENGLAND COMMUNITY FOUNDATION
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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 Black Rock PO box 545 Darlington DL1 9TQ	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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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 2019.

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 and Warwickshire 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 section of organisations supporting those most in need.

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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

No amendments to our existing board in 2018-19. At each AGM, one third of the trustees must retire, those longest in office retiring first. The Board of Trustees meet on a quarterly basis.

Due to the steady growth of the Foundation, the Trustees have focused on gaps in the operational team and have led the recruitment of a Senior Manager – Operations to support the Chief Executive Officer. The focus for 2019-20 remains on our overall funding strategy; ensuring the Foundation continues to meet the societal needs of local communities.

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.

Annually the Trustees complete a skills matrix which enables the charity to review the skills and experience and identify any potential gaps to the existing board. This provides a baseline of who we would like to recruit, in terms of skills, diversity and representation from across the geographical area we serve. Potential Trustees are interviewed by the Chair and Chief Executive Officer

1.3 Board Subcommittees

The Foundation has four sub-committees.

Finance and Investment Committee, responsible for:

- Budgets and overseeing investment performance
- Quarterly investment returns and endowment performance
- Comparison of Investment Managers
- Maximisation interest rate income
- Reviewing investment strategy
- Annual meetings with all 3 Investment Managers
- Reviewing asset class investments
- Considering appropriate avenue for unrestricted core income
- Reviewing quarterly management accounts
- Analysing forecast against actual performance
- Monitoring and review finance resources

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1.3 Board Subcommittees (continued)

Management Committee, responsible for:

- Management of governance and operational risks
- Approval of new and revisions to policies and procedures
- Maintaining oversight of the risk register
- Maintaining oversight of the charity's operations
- Oversight and monitoring of operational projects and programmes
- Maintaining oversight of operational decisions making on HR changes include-disciplinaries, performance management and recruitment.
- Approval of formal HR changes such as staffing re-structures
- Approval of pay awards as the charity's remuneration committee.
- Approval of recommendations for new tenders/contracts and grant programmes in line with the delegation of authority policy.

Grant Sub-Committees

- **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.

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1.4 Business Planning

This year we continue to focus on 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

Following on from our commissioned socio-economic report on Birmingham and the Black Country, we have commissioned Coventry University to undertake both a qualitative and quantitative study of Coventry, Warwickshire and Solihull. We aim to publish the report by the end of 2019.

These reports will help us underpin our future priorities and encourage both new and existing donors to support some of the most pressing needs in our region.

This year the annual Trustee strategy day had a particular focus on future funding priorities and the potential for themed grant making using evidence-based research in terms of where our discretionary funding can make the most difference.

This will form part of our overall funding strategy which will be implemented in 2020. This will include reviewing all of our current processes, streamlining where appropriate and continuing to be an agile funder.

The Board also reflected on our current vision, values and mission and agreed that we would look to refresh these during 2019-20.

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.

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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 Marketing 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.

2. Achievements and Financial Performance for 2018-19.

We continue to celebrate our success in developing new relationships, maintaining existing ones and bringing in new funds to support the ever-growing societal needs of the communities we serve.

Our partnership with Wesleyan Assurance, our largest corporate donor has continued to flourish with Wesleyan increasing their overall investment to the Wesleyan Foundation to deliver more social investment both in the West Midlands and in other parts of the UK.

The Foundation is unique in the type of activity it supports, and we are in a position to educate potential donors on 'what's on their doorstep'. Small voluntary organisations have a smaller voice than larger nationals, so part of our role is to highlight the fabulous work taking place in local communities.

In the last financial year, we reported on a major gift from an anonymous donor, this year we worked on making their vision a reality, to support some of the most vulnerable adults in our region to have better lives by developing and implementing our Better Lives Programme.

The anonymous donor has been instrumental in a major step change for the Foundation through launching its first ever major capital build fund. With the help of an expert panel of brilliant volunteers this year we will announce funding of over £3 million pounds to enable three organisations to build, renovate or purchase property which will support some of our most vulnerable people in society.

UKCF, our affiliated body has been successful in securing some significant national programmes working with major donors such as Nationwide Building Society, Home Office, Transformation and Growth and the Tampon Tax Fund. These are funds distributed throughout the UK and the Foundation was successful in delivering all of the national programmes secured.

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2. Achievements and Financial Performance for 2018-19 (continued)

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

- IM Properties
- The Road Ahead – City of Culture Trust
- Get Ready Fund – City of Culture Trust
- Drayton Manor Park Foundation
- Birmingham Live Fund

Human Resources

It was recognised that the Chief Exec could no longer focus on the operational management of the Foundation so a Senior Manager – Operations was recruited to enable the Chief Exec to focus on fund development. It is a pivotal role and we were successful in recruiting an excellent appointment.

Incoming Resources

The Foundation's total incoming resources for 2018-19 were £6,536,861 and the overall funds of the foundation increased by £3,151,825 to £19,623,405.

Endowed Donations

During the financial year a further £2 million was received from the anonymous donors in relation to the Building Better Lives programme of which £1.3 million was placed within their existing endowment.

At the end of the fiscal year our endowed funds stood at £12,316,828

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2. Achievements and Financial Performance for 2018-19 (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 2018-19 was £2,364,306 which was a decrease of £2,579,311 from the previous fiscal year.

Our total grant expenditure was £2,040,338 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 National Lottery Communities Fund, European Social Fund, Building Better Opportunities. In 2018-19 our restricted core income was £521,028 compared to £286,235 in the previous fiscal year. This income includes £468,650 from our National Lottery Communities Fund European Social Fund, Building Better Opportunities Programme.

Unrestricted Core Income

Our unrestricted core income this year is derived from several sources, our investments, general donations and contribution to our core costs for the delivery of flow through grant programmes such as Wesleyan Assurance, Building Better Lives 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 2018-19 was £295,333 compared with £351,760 in the previous fiscal year.

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

Particular thanks must go to our Corporate Patron, PSA Groupe, for their continued support of our work through hosting us at their Head Quarters in Coventry.

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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2. Achievements and Financial Performance for 2018-19 (continued)

Expenditure

The Foundation made an operating surplus on unrestricted general funds of £55,222 which compares with a budgeted surplus for the year of £2,816 and an operating surplus in the previous year of £142,787.

Designated Funds

Our designated funds as of 31st March 2019 totalled £888,529. These include the current value of £639,873 from the Youell Legacy plus funds of £66,134 from the disposal of Craven Lane Hall and funds of £71,689 for the delivery of grant programmes in 2019-2020, which 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. At the 31 March 2019, total reserves were £19,623,406, of which endowed funds were £12,316,828 and restricted funds were £5,739,218. Of the remaining unrestricted funds totalling £1,567,360, £888,529 has been designated by Trustees. The actual free reserves at the end of the fiscal year equate to £678,831, just 9.5 months of budgeted core costs for 2019-20. However, £285,989 of these free reserves represents non-liquid fixed assets.

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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4. Trustees Responsibilities Statement for Charitable Companies (Continued)

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 Daffern's 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 14th August 2019 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 2019 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).

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 2019, 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.

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.

[continued ...]

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
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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.

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.

[continued ...]

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
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Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 12 & 13, 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.

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.

[continued ...]

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

- 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.
- 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.

Use of our report

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.

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.....14 August 2019.....

HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)
STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2019

Notes	Unrestricted Funds		Restricted Funds			Total 2019 £
	General Funds £	Designated Funds £	Core costs £	Distributable grants £	Endowment Funds £	
Income and Endowments						
2	193,554	64,611	521,028	3,413,538	1,963,155	6,155,886
Donations and legacies						76,787
Rental Income	76,787	0	0	0	0	
Investment Income	0	0	0	0	278,935	278,935
Bank Interest	24,992	0	261	0	0	25,253
Total Income and Endowments	295,333	64,611	521,289	3,413,538	2,242,090	6,536,861
Expenditure						
3	44,324	0	0	0	0	44,324
Raising Funds						47,736
Investment Management Costs	0	4,519	0	0	43,217	
Charitable Activities - Grants	0	0	0	2,040,338	0	2,040,338
Charitable Activities - Support costs	415,488	34,046	250,781	1,108	0	701,423
Big Lottery Fund, European Social Fund, Building Better Opportunities Partners	0	0	0	1,049,232	0	1,049,232
Governance	9,516	0	0	0	0	9,516
Total Expenditure	469,328	38,565	250,781	3,090,678	43,217	3,892,569
11	0	27,130	0	0	480,403	507,533
Net Gain/(loss) on investment assets						3,151,825
Net Income/(expenditure)	(173,995)	53,176	270,508	322,860	2,679,276	0
Transfers between funds	229,217	(47,941)	(160,983)	290,557	(310,850)	
Net Movement in Funds	55,222	5,235	109,525	613,417	2,368,426	3,151,825
Funds at 31 March 2018	623,608	883,294	186,944	4,829,332	9,948,402	16,471,580
Funds at 31 March 2019	678,830	888,529	296,469	5,442,749	12,316,828	19,623,405

Note: For Companies Act purposes the profit for the year (excluding the net movement of Endowment Funds) was £783,399 (2018 : £3,405,643).
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.

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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 2018 £
	General Funds £	Designated Funds £	Core costs £	Distributable grants £	
Income and Endowments					
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
Total Income and Endowments	351,760	180,833	286,297	5,945,921	1,263,514
Expenditure					
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
Total Expenditure	272,221	3,405	403,781	2,938,894	23,631
Net Gain/(loss) on investment assets	0	2,380	0	0	12,774
Net Income/(expenditure)	79,539	179,808	(117,484)	3,007,027	1,252,657
Transfers between funds	63,248	0	0	193,505	(256,753)
Net Movement in Funds	142,787	179,808	(117,484)	3,200,532	995,904
Funds at 31 March 2017	480,821	703,486	304,428	1,628,800	8,952,498
Funds at 31 March 2018	623,608	883,294	186,944	4,829,332	9,948,402

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

BALANCE SHEET

FOR THE YEAR ENDED 31 MARCH 2019

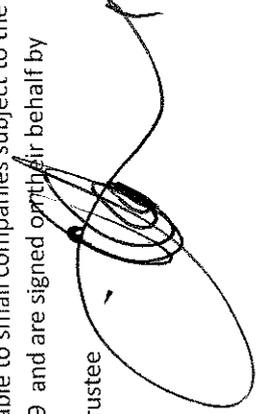
Notes	31 March 2019	31 March 2018
	£	£
Fixed Assets		
Tangible fixed assets	14,209	80,527
Investments		
Investment properties	1,005,000	1,005,000
Listed Investments	11,483,290	9,392,893
Cash at Investment Managers	<u>457,103</u>	<u>437,101</u>
	12,945,393	10,834,994
	<u>12,959,602</u>	<u>10,915,521</u>
Current Assets		
Cash at Bank and in hand	5,753,424	5,525,350
Debtors	<u>1,043,800</u>	<u>132,655</u>
	6,797,224	5,658,005
Creditors: amounts falling due within one year	<u>133,421</u>	<u>101,946</u>
Net Current Assets	6,663,803	5,556,059
Net Assets	<u>19,623,405</u>	<u>16,471,580</u>
Funds of the Charity		
Capital Funds		
Endowment Funds	12,316,828	9,948,402
Income Funds		
Restricted Funds	5,739,218	5,016,276
Unrestricted Funds (Designated)	883,294	883,294
Unrestricted Funds (General)	<u>678,830</u>	<u>623,608</u>
Total unrestricted Funds	1,567,359	1,506,902
Total Funds	<u>19,623,405</u>	<u>16,471,580</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 14th August 2019 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 2019

	Notes	2019		2018
		£		£
Cashflow from operating activities	18	(503,746)		2,911,656
Net cash flow from operating activities		<u>(503,746)</u>		<u>2,911,656</u>
Cash flow from investing activities				
Payments to acquire tangible fixed assets	10	(15,229)		(1,753)
Payments to acquire investments	11	(3,726,161)		(1,265,668)
Receipts from sales of investments	11	2,143,297		602,965
Receipt from sale of property		49,000		0
Interest received		25,253		11,318
Dividends received		278,935		250,038
Rents received from investment properties		76,787		63,556
Net cash flow from investing activities		<u>(1,168,118)</u>		<u>(339,544)</u>
Cash flow from financing activities				
Receipt of permanent endowments		1,919,940		1,006,760
Net cash flows from financing activities		<u>1,919,940</u>		<u>1,006,760</u>
Net Increase/(decrease) in cash and cash equivalents		248,076		3,578,872
Cash and cash equivalents at 1 April 2018		5,962,451		2,383,579
Cash and cash equivalents at 31 March 2019		<u>6,210,527</u>		<u>5,962,451</u>
Cash and cash equivalents consist of:				
Cash at bank and in hand		5,753,424		5,525,350
Short term deposits		457,103		437,101
Cash and cash equivalents at 31 March 2019		<u>6,210,527</u>		<u>5,962,451</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 2019

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 2019

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 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 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 2019

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 2019

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
(A company limited by guarantee)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 2019

2. Donations and Legacies

Donors contributed to the following restricted funds during the period:

	Core Costs £	Distributable Grants £	Total 2019 £	Total 2018 £
100 Club Birmingham	0	0	0	12,000
29th May 1961 Charitable Trust	0	17,000	17,000	0
Birmingham Funds	0	1,050	1,050	330
Birmingham Mail Charity Fund	0	1,138	1,138	906
Birmingham Sports Association	0	0	0	54,900
BSBT	0	89,326	89,326	104,290
Big Lottery Fund, European Social Fund, Building Better Opportunities	468,650	1,049,232	1,517,882	1,213,302
Comic Relief	0	671	671	178,853
Community Energy Warwickshire	0	9,000	9,000	9,490
Communities uncovered	0	0	0	48,000
Coventry Building Society	0	73,729	73,729	73,729
Deutsche Bank	0	8,500	8,500	5,296
Drayton Manor Park Foundation	0	2,918	2,918	8,551
Building Better Lives	0	666,667	666,667	2,790,000
Get ready	0	10,754	10,754	0
Harrison Beale & Owen	0	4,181	4,181	9,757
Heart of England CF - Various Donors	0	3,704	3,704	9,079
Heart of England Co-operative Society	0	0	0	19,845
Helping Hearts	0	39,880	39,880	0
Heritage Lottery Fund	0	0	0	24,087
High Sheriff of Warwickshire	0	769	769	0
John Saville Fund	0	10,500	10,500	19,000
Love Leamington	0	0	0	88
Mike Holland fund	0	12,500	12,500	0
Orbit Group	0	9,800	9,800	92,189
Orbit Hardship fund	0	10,555	10,555	0
PSA Peugeot Citroen	52,378	0	52,378	51,150
Pedimore	0	7,500	7,500	0
Positive futures	0	0	0	91,714
Road to 21	0	105,496	105,496	0
Royal London	0	15,000	15,000	5,000
Sandwell Community fund	0	10,000	10,000	0
Sports Relief (UKCF)	0	0	0	79,477
Tampon Tax	0	162,076	162,076	0
Tipton Education Fund	0	45,225	45,225	0
Transformation and growth	0	29,500	29,500	0
Wesleyan	0	943,000	943,000	1,197,400
Womens and girls fund	0	50,000	50,000	50,000
Youth Social Action	0	23,867	23,867	83,723
	521,028	3,413,538	3,934,566	6,232,156

THE HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 2019

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 £52,378, (2018: £51,150) 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 2019
	£	£	£
Consultancy	0	0	0
Staff Costs	44,324	0	44,324
Other costs	0	0	0
	<u>44,324</u>	<u>0</u>	<u>44,324</u>
	Unrestricted	Restricted	Total 2018
	£	£	£
Consultancy	0	0	0
Staff Costs	0	44,714	44,714
Other costs	507	0	507
	<u>507</u>	<u>44,714</u>	<u>45,221</u>

4. Grants

	Total 2019	Total 2018
	£	£
Grants awarded	<u>2,040,338</u>	<u>1,935,635</u>

For full details of grants awarded during the year please visit our website to download our 'Grants Making & social Investment Report 2018/19' at 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
(A company limited by guarantee)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 2019

5. Support Costs

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

	Grants	Administration	Fundraising	Total 2019	Total 2018
	£	£	£	£	£
Staff costs (see note 6)	* 158,928	315,346	0	474,274	430,554
Recruitment	* 1,800	7,030	0	8,830	11,974
Advertising and website development	7,065	13,903	1,823	22,791	18,244
Training and conferences	1,961	3,859	506	6,326	5,205
Subscriptions	* 0	12,852	0	12,852	29,685
Travel expenses	4,048	7,965	1,045	13,058	9,345
Staff welfare	26	51	7	84	601
Meetings	468	921	121	1,510	1,664
Printing and stationery	2,959	5,822	763	9,544	7,856
Postage and telephone	2,151	4,233	555	6,939	2,783
Office equipment	5,941	11,690	1,533	19,164	5,278
Repairs and renewals	0	0	0	0	750
Accountancy	0	0	0	0	2,580
Legal costs	527	1,037	136	1,700	2,791
Professional Fees	* 1,585	16,415	1,555	19,555	33,181
Big Lottery Fund, European Social Fund, Building Better Opportunities Co-Design	* 0	0	0	0	782
Rent	* 0	12,893	0	12,893	7,596
Fixed asset depreciation	867	1,706	224	2,797	679
Office accommodation and Facilities (see note 2)	16,237	31,951	4,190	52,378	51,150
Sundry expense	* 189	998	0	1,187	(235)
Insurance	459	903	119	1,481	1,397
Craven Lane Hall expenses	* 0	34,181	0	34,181	551
Barn expenses	* 0	(121)	0	(121)	68
	<u>205,211</u>	<u>483,635</u>	<u>12,577</u>	<u>701,423</u>	<u>624,479</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 2019

6. Staff Numbers and Costs

The average number of persons employed by the Foundation during the period was 17 (2018: 13), the full -time equivalent number of employees was 16 (2018: 12) and the aggregate payroll costs were as follows:

	Total 2019 £	Total 2018 £
Salaries	447,521	356,890
Redundancy costs	0	8,000
Casual staff costs	17,466	62,610
Social security costs	39,343	34,527
Other pension costs	<u>14,268</u>	<u>13,241</u>
	<u>518,598</u>	<u>475,268</u>
Support costs (see note 5)	474,274	430,554
Fundraising costs (see note 3)	<u>44,324</u>	<u>44,714</u>
	<u>518,598</u>	<u>475,268</u>

The number of employees earning over £60,000 per year (including benefits) in the period was one (2018: 1).

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 £74,312 (2018:£70,754).

The Trustees did not receive any remuneration during the year (2018: £nil). Trustees claimed expenses during the year of £26. (2018: £91).

7.1 Third party related transactions

The charity paid £21,033 (2018: £2,672) to Adecs Limited, a company related to Amrik Bhabra, a Trustee, for IT services.

The charity paid £0 (2018: £6,750) 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 charity paid £2,591 (2018: £0) to Wright Hassall, a company related to Lucie Byron, for Legal services.

THE HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 2019

8. Governance Costs

	Unrestricted	Restricted	Endowment	Total 2019	Total 2018
	£	£	£	£	£
Statutory audit fees	9,516	0	0	9,516	7,257
	<u>9,516</u>	<u>0</u>	<u>0</u>	<u>9,516</u>	<u>7,257</u>

The auditors remuneration amount to an audit fee of £9,000 (2018: £7,257) and other services of £516 (2018: £0).

9. Transfer between funds

	General	Designated	Core costs	Distributable grants	Endowment funds
	£	£	£	£	£
Endowment Income	90,293	0	0	220,557	310,850
Trustee allocation of discretionary grants	70,000	(70,000)	0	0	0
Trustee allocation of 17/18 surplus	(70,000)	0	0	70,000	0
Transfer of Craven lane fund as asset sold	0	14,981	(14,981)	0	0
Transfer of Birmingham operation and Jumping through hoops	98,830	0	(98,830)	0	0
Transfer of BBO costs from general funds	40,094	0	(40,094)	0	0
Transfer of BBO income	0	7,078	(7,078)	0	0
	<u>229,217</u>	<u>(47,941)</u>	<u>(160,983)</u>	<u>290,557</u>	<u>310,850</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 2019

10. Tangible Fixed Assets

	Freehold land & Buildings £	Computer Equipment £	Total 2019 £	Total 2018 £
Cost				
1 April 2018	78,750	10,664	89,414	87,661
Additions	0	15,229	15,229	1,753
Disposals	<u>(78,750)</u>	<u>0</u>	<u>(78,750)</u>	<u>0</u>
31 March 2019	<u>0</u>	<u>25,893</u>	<u>25,893</u>	<u>89,414</u>
Depreciation				
1 April 2018	0	8,887	8,887	8,208
charge for year	<u>0</u>	<u>2,797</u>	<u>2,797</u>	<u>679</u>
31 March 2019	<u>0</u>	<u>11,684</u>	<u>11,684</u>	<u>8,887</u>
Net Book value 31 March 2019	<u>0</u>	<u>14,209</u>	<u>14,209</u>	<u>80,527</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 2019

11. Fixed Asset Investments

11.1 Listed Investments

	Managed by Quilter £	Managed by CCLA £	Managed by Rathbones £	Total 2019 £	Total 2018 £
Market value at 1 April 2018	3,310,270	3,377,374	2,705,249	9,392,893	8,715,037
Additions at cost	2,089,032	187,960	1,449,169	3,726,161	1,265,667
Disposal proceeds	(1,994,615)	-	(148,682)	(2,143,297)	(602,965)
Gains/(losses)	74,050	248,047	185,436	507,533	15,154
Market value at 31 March 2019	<u>3,478,737</u>	<u>3,813,381</u>	<u>4,191,172</u>	<u>11,483,290</u>	<u>9,392,893</u>
Historical cost	<u>3,263,116</u>	<u>3,353,040</u>	<u>3,799,897</u>	<u>10,416,053</u>	<u>8,572,341</u>
Investments over 5% of portfolio value					
COIF Charities investment fund	-	2,759,426	-	2,759,426	2,826,041
Listed Investments at fair value comprise					
Equities	2,061,226	3,493,198	2,993,494	8,547,918	6,587,828
Securities	1,417,511	320,183	1,197,678	2,935,372	2,805,065
	<u>3,478,737</u>	<u>3,813,381</u>	<u>4,191,172</u>	<u>11,483,290</u>	<u>9,392,893</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 2019 £	Total 2018 £
Valuations				
1 April 2018	155,000	850,000	1,005,000	1,005,000
Gains/(losses)	0	0	0	0
31 March 2019	<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.

Both barns were revalued at 31 March 17 on 23 May 2017 by Peter Holt MRICs and David Holt FRICS of D&P Holt, Chartered Surveyors on the basis of fair value.

THE HEART OF ENGLAND COMMUNITY FOUNDATION
(A company limited by guarantee)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 2019

12. Debtors

	Total 2019 £	Total 2018 £
Grants and donations receivable	993,000	0
Bank interest receivable	2,181	0
Investment income receivable	22,702	27,469
Barn rent receivable	22,872	22,736
ESF claims receivable	0	79,369
Other debtors	300	890
	<u>1,041,055</u>	<u>130,464</u>
Prepayments	2,745	2,191
	<u>1,043,800</u>	<u>132,655</u>

13. Creditors

	Total 2019 £	Total 2018 £
Trade Creditors	4,423	0
Unpaid Grants	59,438	39,282
Deferred Income	17,687	17,865
Employee tax and social security	10,046	8,672
VAT	12,440	7,603
Staff Pension scheme contribution	1,781	1,890
	<u>105,815</u>	<u>75,312</u>
Accruals	27,606	26,633
	<u>133,421</u>	<u>101,945</u>

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

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14. Endowment Funds

	31 March 2018	Net incoming Resources	Investment Gains/(losses)	Transfers	31 March 2019
£	£	£	£	£	£
100 Club Birmingham	47,465	0	0	(47,465)	0
Ambassadors	87,817	(447)	2,818	0	90,188
Annie Bettman Fund	0	166,431	(3,755)	0	162,676
AXA	207,422	(1,262)	4,758	0	210,918
Birmingham fund	0	(2,144)	28,334	327,392	353,582
Birmingham Mail Charity Fund	47,488	(347)	2,080	0	49,221
Charles Henry Foyle Grassroots fund	40,957	0	0	(40,957)	0
Clarendon Court sports	6,928	(42)	159	0	7,045
Clarke Willmott Grassroots fund	23,169	0	0	(23,169)	0
Connie Watts Fund	18,043	0	0	(18,043)	0
Coventry Lord Mayor	22,262	(135)	511	0	22,638
Coventry Nursing trust	351,442	(1,989)	9,436	0	358,889
DBOI Grassroots Fund	132,167	(965)	5,788	0	136,990
Deeley 3 Peaks	11,832	(72)	271	0	12,031
Forest of Arden Golf Club Captain's Fund	19,200	(117)	440	0	19,523
Friends	17,747	(22)	1,197	0	18,922
Friends Provident	12,185	(74)	280	0	12,391
Building Better Lives	968,977	1,321,752	78,241	0	2,368,970
George & Vera Bryan Grassroots fund	185,737	(1,356)	8,134	0	192,515
Harry Payne Fund	2,573,567	0	185,859	0	2,759,426
Heart of England Fund	409,184	(2,490)	9,387	0	416,081
High Sheriff of Warwickshire	144,291	(181)	9,720	0	153,830
James Kenning	44,892	0	3,542	0	48,434
Jobson James Grassroots Endowment Fund	20,011	0	0	(20,011)	0
Jumping Through Hoops	616,170	(4,532)	30,211	0	641,849
Kingscliffe Fund	169,910	(1,034)	3,898	0	172,774
Midlands Heart	110,045	(670)	2,525	0	111,900
Mills & Roove Grassroots Fund	61,796	(451)	2,706	0	64,051
Mike Holland fund	0	94,907	(1,300)	0	93,607
National Grid	72,924	(444)	1,673	0	74,153
Orbit Heart of England Fund	160,257	(975)	3,676	0	162,958
Property for Kids Grassroots Fund	24,306	(177)	1,064	0	25,193
PSA Peugeot Citroen	360,449	(2,193)	8,269	0	366,525
Rider Levitt Bucknall Grassroots Fund	2,385	0	0	(2,385)	0
Rolls Royce	67,704	(412)	1,553	0	68,845
Sandwell Community Fund	0	90,192	0	0	90,192
Solihull Community Foundation	220,014	0	17,361	0	237,375
The Heatherlea Grassroots fund	213,218	0	0	(213,218)	0
Torrington House	207,385	(755)	4,732	0	211,362
Trustees' New Deal	36,233	2,360	2,684	215	41,492
Warwick Lying -in -trust	40,202	(292)	1,747	(215)	41,442
Willenhall Community Trust	51,447	0	4,466	5,149	61,062
Youell Family Fund 1	1,407,954	(6,823)	47,938	(5,149)	1,443,920
Youell Family Fund 2	733,220	0	0	0	733,220
Endowment Control Accounts	0	274,698	0	5,940	280,638
Investment income/Investment Managemtn costs	0	278,934	0	(278,934)	0
	<u>9,948,402</u>	<u>2,198,873</u>	<u>480,403</u>	<u>(310,850)</u>	<u>12,316,828</u>

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14. Endowment Funds continued

The investment income is allocated, on an annual basis, to unrestricted core funds £90,293 (2018: £86,554) and Grants for distribution £220,557 (2018: £170,199). Endowment funds include unrealised valuation gains of £1,067,237 (2018:£820,552).

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

	31 March 2018	Net incoming Resources	Investment Gains/(losses)	Transfers	31 March 2019
	£	£	£	£	£
Ambassadors	14,349	0	1,132	0	15,481
Coventry Nursing trust	24,549	0	1,937	0	26,486
Friends	14,113	0	1,114	0	15,227
Harry Payne Fund	2,573,567	0	185,859	0	2,759,426
High Sheriff of Warwickshire	114,531	0	9,038	0	123,569
James Kenning	44,892	0	3,542	0	48,434
Solihull Community Foundation	220,014	0	17,361	0	237,375
Trustees' New Deal	33,244	2,360	2,684	0	38,288
Willenhall Community Trust	56,596	0	4,466	0	61,062
Youell Family Fund 1	281,518	0	22,214	0	303,732
	<u>3,377,373</u>	<u>2,360</u>	<u>249,347</u>	<u>0</u>	<u>3,629,080</u>

15. Restricted Funds

	31 March 2018	Income	Expenditure	Transfers	31 March 2019
	£	£	£	£	£
Core					
Birmingham Operations	69,261	0	273	(68,988)	0
Big Lottery Fund, European Social Fund, Building Better Opportunities	21,917	468,911	198,049	(47,172)	245,607
Heritage Lottery Fund	15,062	0	81	(14,981)	0
Jumping through Hoops	80,704	0	0	(29,842)	50,862
PSA Peugeot Citroen (in Kind)	0	52,378	52,378	0	0
	<u>186,944</u>	<u>521,289</u>	<u>250,781</u>	<u>(160,983)</u>	<u>296,469</u>

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15. Restricted Funds Continued

	31 March 2018	Income	Expenditure	Transfers	31 March 2019
	£	£	£	£	£
Distributable grants					
100 Club Birmingham	4,463	0	0	(4,463)	0
29th May 1961 Charitable Total	5,979	17,000	21,000	0	1,979
Annie Bettman Fund	0	0	0	2,518	2,518
AXA	5,048	0	760	(3,705)	583
AXA Enterprise	0	0	3,593	6,998	3,405
Band HattonButton	7,311	0	0	0	7,311
Big Lottery Fund, European Social Fund, Better Opportunities	0	1,049,232	1,049,232	0	0
Birmingham Funds	(23)	1,050	50,845	80,837	31,019
Birmingham Mail Charity Fund	10,426	1,138	0	461	12,025
Birmingham Sports	47,948	0	16,195	0	31,753
Building stronger Britain together (BSBT)	0	89,326	89,326	0	0
Chamber of Commerce	2,664	0	1,994	0	670
Community Energy Warwickshire	9,527	9,000	11,595	0	6,932
Communities uncovered	45,243	0	21,070	0	24,173
Comic relief	54,671	671	56,324	4,885	3,903
Coventry Building Society	32,618	73,729	36,574	0	69,773
Coventry Community Games	1,862	0	1,800	0	62
Coventry Lord Mayor	0	0	0	338	338
Coventry Nursing Trust	6,426	0	6,233	3,827	4,020
Deutsche Bank	24	8,500	8,061	623	1,086
Drayton Manor Park	18,450	2,918	9,962	876	12,282
Federation of Petroleum Suppliers	11,594	0	11,594	0	0
Friends Provident	172	0	0	(172)	0
FH Fund	0	0	0	15,035	15,035
Get Ready Fund	0	10,754	10,295	0	459
Building better lives	2,790,000	666,667	47,264	0	3,409,403
Harrison Beale & Owen	12,305	4,181	0	0	16,486
Harry Payne Fund	6,757	0	93,737	89,720	2,740
Heart of England co-operative Society	3,186	39,880	33,827	0	9,239
Heart of England Fund	30,268	3,652	29,546	39,550	43,924
High Sheriff's Fund	6,700	769	2,400	3,359	8,428
John Saville Fund	6,750	10,500	17,000	0	250
Jumping Through Hoops	794,640	0	261,121	0	533,519
Kingscliffe Fund	4,664	0	3,000	1,729	3,393
Sub total carried Forward	<u>3,919,673</u>	<u>1,988,967</u>	<u>1,894,348</u>	<u>242,416</u>	<u>4,256,708</u>

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15. Restricted Funds Continued

	31 March 2018	Income	Expenditure	Transfers	31 March 2019
	£	£	£	£	£
Distributable grants					
Sub Total Brought Forward	3,919,673	1,988,967	1,894,347	242,414	4,256,707
Midland Heart	3,776	0	3,777	1,120	1,119
Mike Holland Trust	0	12,500	12,000	986	1,486
National Grid	2,030	0	1,999	1,107	1,138
Orbit Heart of England Fund	99,037	20,355	44,969	2,432	76,855
Positive Futures	20	0	0	0	20
Pedimore fund	0	7,500	0	0	7,500
PSA Peugeot Citroen	5,086	0	0	5,470	10,556
Rachel Stewart	918	52	0	0	970
Road to 21	0	105,496	120,446	0	(14,950)
Rolls Royce	1,886	0	1,886	1,027	1,027
Royal London	0	15,000	15,000	0	0
Sandwell Community Fund	0	10,000	0	0	10,000
Solihull Community Foundation	12,757	0	11,409	2,285	3,633
Sports relief (UKCF)	4,885	0	0	(4,885)	0
Tame Valley	(294)	0	(294)	0	0
Tampon tax	0	162,076	162,076	0	0
Tipton Education Fund	13,245	45,225	0	0	58,470
Torrington House	10,980	0	2,200	3,130	11,910
Transformation and Growth	0	29,500	29,500	0	0
Wesleyan fund	630,689	943,000	604,691	0	968,998
Women and Girls	8	50,000	49,992	0	16
Warwickshire Recycling	3,925	0	0	0	3,925
Youell family fund	30,011	0	17,650	31,008	43,369
Young at Heart	3,359	0	3,359	0	0
Youth Social Action	87,341	23,867	115,671	4,463	0
	<u>4,829,332</u>	<u>3,413,538</u>	<u>3,090,678</u>	<u>290,557</u>	<u>5,442,749</u>

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16. Designated Funds

	31 March 2018	Income	Expenses	Gains/ (Losses)	Investment gains/ transfers	31 March 2019
	£	£	£	£	£	£
Property Fund	78,750	0	34,046	0	14,981	59,685
Property Development Fund	6,449	0	0	0	0	6,449
Building Better Lives	180,833	0	0	0	(70,000)	110,833
BBO Provision	0	0	0	0	7,078	7,078
Coventry Building Society	0	6,771	0	0	0	6,771
Wesleyan	0	41,500	0	0	0	41,500
Nationwide	0	15,000	0	0	0	15,000
Tipton Education Fund	0	1,340	0	0	0	1,340
Youell Family Fund	617,262	0	4,519	27,130	0	639,873
	<u>883,294</u>	<u>64,611</u>	<u>38,565</u>	<u>27,130</u>	<u>(47,941)</u>	<u>888,529</u>

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.

The BBO Provision fund represents an amount set aside to cover any clawback from the BBO programme in the future

The Coventry Building Society, Wesleyan, Nationwide and the Tipton Education Fund represent amounts set aside for the running of the grant funds in future years.

17. Analysis of fund balances between the net assets

	General Funds	Designated Funds	Restricted Funds	Endowment funds	Total funds 2019
	£	£	£	£	£
Tangible Fixed Assets	14,209	0	0	0	14,209
Investments	271,780	639,873	0	12,033,739	12,945,392
Bank and Cash Balances	430,986	164,369	4,897,681	260,387	5,753,423
Debtors	28,397	89,500	903,200	22,702	1,043,799
Creditors	(66,542)	(5,213)	(61,663)	0	(133,418)
	<u>678,830</u>	<u>888,529</u>	<u>5,739,218</u>	<u>12,316,828</u>	<u>19,623,405</u>

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

	2019	2018
	£	£
Net income for year	3,151,825	4,401,547
Dividend received	(278,935)	(250,038)
Rents received from investment properties	(76,787)	(63,556)
Interest receivable	(25,253)	(11,318)
loss on disposal of property	29,749	0
Depreciation and impairment of tangible fixed assets	2,797	679
(Gains)/Losses on investments	(507,533)	(15,154)
Receipt of endowment	(1,919,940)	(1,006,760)
(Increase)/decrease in debtors	(911,145)	(82,105)
Increase /(decrease) in creditors	31,476	(61,639)
Net cash flow from operating activities	<u>(503,746)</u>	<u>2,911,656</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 £14,268 (2018: £13,241). This expenditure is apportioned as £3,135 in restricted funds and £11,133 in unrestricted funds.

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23. Financial instruments

The carrying value of the charity's Financial instruments

	2019	2018
	£	£
Financial Assets		
Measured at fair value through net income/expenditure:		
Fixed asset investments (note 11)	11,483,290	9,392,893
Measured at amortised cost:		
Barn rent receivable (note 12)	22,872	22,736

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

	2019	2018
	£	£
Net gains and losses		
Financial assets measured at fair value through net income/expenditure	507,532	15,154

24. Operating Leases – Lessor

Total future minimum lease payments collectable under non-cancellable operating leases:

	2019	2018
	£	£
Within one year	111,475	29,115
1-5 years	284,812	9,868
More than 5 years	0	0
Total	<u>396,287</u>	<u>38,983</u>

The Foundation lets the large and small Youell Barns, the large barn leases was renewed during 2018-19 and expires in February 2024