

**COMMUNITY FOUNDATIONS FOR
LANCASHIRE AND MERSEYSIDE**

**FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018**

Company Number : 03422207

Charity Number : 1068887



CONTENTS**Page**

GROUP AND COMPANY INFORMATION**1**

TRUSTEES' REPORT**2 - 13****FINANCIAL REVIEW****14****STATEMENT OF TRUSTEES' RESPONSIBILITIES****15****INDEPENDENT AUDITORS' REPORT****16 - 18****CONSOLIDATED AND COMPANY STATEMENT OF
FINANCIAL ACTIVITIES****19****CONSOLIDATED AND COMPANY SUMMARY INCOME
AND EXPENDITURE ACCOUNT****20****CONSOLIDATED BALANCE SHEET****21****COMPANY BALANCE SHEET****22****STATEMENT OF CONSOLIDATED CASHFLOWS****23****NOTES TO THE FINANCIAL STATEMENTS****24 - 40**

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2018

GROUP AND COMPANY INFORMATION

| | |
|----------------------|---|
| Registered office: | Community Foundations for Lancashire and Merseyside Third Floor Stanley Building 43 Hanover Street Liverpool L1 3DN |
| Bankers: | Santander Bridle Road Bootle L30 4GB |
| Solicitors: | Brabners LLP Horton House Exchange Flags Liverpool L2 3YL |
| Investment Managers: | Investec Wealth & Investment Ltd The Plaza Old Hall Street Liverpool L3 9AB CCLA Investment Management Ltd 80 Cheapside London EC2V 6DZ |
| Auditors: | Beever and Struthers Chartered Accountants Central Buildings Richmond Terrace Blackburn BB1 7AP |
| Financial Advisers: | Parker Kelly Financial Services Vincent House 17 Stanley Street Liverpool L1 6AA |

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2018

TRUSTEES' REPORT

The trustees (who are also directors for the purposes of company law) present their Report and the Financial Statements for the year ended 31 March 2018 for the Community Foundations for Lancashire and Merseyside hereafter referred to as CFLM.

REFERENCE AND ADMINISTRATIVE DETAILS

The charity, CFLM, is constituted as a company limited by guarantee and not having any share capital. The company is registered in England and Wales, number 3422207, and its principal governing document is the company Memorandum and Articles of Association (as amended by special resolution on 4 December 2013 and formerly merged on 1 April 2014). The charity is also registered with the Charity Commission, number 1068887.

Trustees and Senior Staff

The persons who have acted as Trustees during the year were:

A Roberts, Chairman

A Myers, Vice Chair

C Bliss

M Dunnett (appointed 31 October 2017)

A Meachin

B Murphy

D Wareing

S Barrow (resigned 28 April 2017)

Subsequent to the year end on 21 May 2018, C Wardale and C Hall were appointed as trustees.

The senior staff during the year were:

R Brooke, Chief Executive Officer

K Morris, Community Philanthropy Director

S Bunting, Finance Director

Summary of our Purpose & Aims

The Community Foundations for Lancashire & Merseyside operate as one independent registered charity and are part of a UK and international movement of community foundations that distribute community funding, including via grant-making, facilitate and administer community philanthropy and contribute to achieving positive social change as local community leaders.

- Our Vision is to enrich the lives of people in and around Lancashire and Merseyside and through them create united, thriving and prosperous communities.
- Our Mission is to invest funding strategically under charity law that meets the needs of local communities, placing us as the charity of choice for philanthropists and funding partners, and the primary funder for the areas' social sector

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2018

TRUSTEES' REPORT

- Our Strategy is to understand the needs of local communities and those who care about those communities (Philanthropists, HNWLs, families, trusts, public / private / third sector organisations) to create partnerships to ensure that the needs of both are met, growing stronger communities together. We bring together individuals, families, foundations, and businesses to build better communities and make a difference.
- Our Theory of Change is: "We help individuals and organisations give to causes that matter to them, where there is most need and where it will have greatest impact. Enriching local people's lives and supporting the creation of united, prosperous and thriving communities."

Our Values are: Pride, Transparency, Working Together and Community Leadership.

Our 2017/18 Annual Review

Introduction

Community Foundation funding distribution has taken place in Merseyside since 1999 and in Lancashire since 2007, investing in total over £50 million in over 13,000 voluntary and community groups during that time across Lancashire and Merseyside to support communities to be prosperous and thriving.

Overview of 2017/18

2017/18 was an exceptional year in terms of fund growth and development. In administering over 70 funds and foundations we distributed over £2.5 million. This included 604 grants to community groups across Lancashire and Merseyside, as well as 27 grants to groups outside of our regions. Our joint endowment fund stood at £14.7 million by March 2018, having begun endowment building in 2007 with around £130,000. This includes the funds of the John Goore Charity which CFLM administrate and audit as a corporate trustee. This investment is a significant contributor to our sustainability as well as ensuring community legacy in Lancashire and Merseyside for future generations.

Other Significant Events in 2017/18

This year saw new funding programmes established for Lancashire. The Christal Foundation is a substantial endowment fund which will be launched in August 2018 to specifically support the needs of the Burnley community. We are also working with a local resident panel in the Parish of Westby with Plumpton to manage the Preston New Road Community Benefit fund which will see over £110,000 of investment made in the local area to support residents under the theme of reducing social isolation.

In Merseyside, new donor relationships were established including the Daneway Foundation which aims to improve the lives of young people aged between 11 and 25 years of age in the areas of Knowsley, Liverpool and Sefton. In 2018 the Clarke Family Foundation was established and we are pleased to support this significant investment in the community.

We are very proud to be working with the Office for the Police and Crime Commissioner for Merseyside and this year we administered the Crime Prevention Fund alongside the Police Property Act fund that we have delivered since 2009. The Crime Prevention Fund awarded £135,000 of grants to support community groups delivering projects that meet at least one of the Police Commissioner's Crime plan priorities. The Police

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2018

TRUSTEES' REPORT

Property Act fund supports community projects around the Halloween and Bonfire period as diversionary activities to help keep young people safe at this time of the year.

Round 3 of the Build a Stronger Britain Together fund was launched this year. This is an England and Wales wide programme working in partnership with the Home Office and UKCF which awards grants of up to £50,000 for very important projects that tackle extremism and radicalisation in all its forms and build community resilience. We have received a large number of applications from Lancashire, Merseyside and Greater Manchester and decisions will be announced later in 2018.

The Charity of John Goore

CFLM was appointed Corporate Trustee of The Charity of John Goore (registered Charity No. 238355) effective 2nd May 2017. As of this date the trustees of CFLM assumed control of Investment Land valued at £240,000 and investment assets valued at £260,053. These assets have been consolidated on acquisition, for more details please refer to note 12.

Our Partnerships as a Catalyst for Change

We administered over 70 funds and foundations in 2017/18, working in collaboration with philanthropists, families, trusts and companies who are committed to improving local lives. This work included administering 20 funds in Lancashire, 47 funds in Merseyside, 4 across the region and 3 across the UK. As an enabler for positive change, we strive to support those who choose to work with us to be effective in their giving and to have the greatest impact. We thank all our partners who work with us collaboratively each year for and with communities.

Working with Philanthropists and their Families

We continue to work with many business leaders with connections in the North West, facilitating their local giving for communities, including Sir Michael Bibby and Sir Terry Leahy. We also work closely with a number of families such as the McQueen family for The Mark McQueen Foundation, the Barnett family for the Olivia Rae Foundation, and the Lancaster family for the Lancaster Foundation.

Working with Trusts & Foundations

Trusts and Foundations who work with us include the 23 Foundation, the Fort Foundation, John Goore Charity, Lancaster Foundation, WO Street Foundation and the Westminster Foundation. In 2017/18 we worked with Halton Council to transfer a number of dormant and inactive trusts to establish the Halton Foundation, distributed funds on behalf of Comic Relief, and supported the John Laing Trust to encourage more applications from groups in Lancashire.

Working with Companies

Liverpool ONE Foundation remains the biggest corporate foundation held with CFLM and in 2017/18 reached the £2.169m milestone. Taking on board our 2018 Vital Signs findings that young people's mental wellbeing was one of the priorities for the city region, the Liverpool ONE Foundation began consultations in 2016 with community leaders on the current funding and community priorities. As a result, funding in 2018/19 will be allocated to this priority.

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2018

TRUSTEES' REPORT

CFLM continued their annual work with North & Western Lancashire Chamber of Commerce on the BIBAs Foundation, linked to the BIBAs to recognise good corporate citizenship in the county and support local community work and enterprise.

We thank all the companies that choose to work in collaboration with us to support the communities in which they employ and do business, including Hill Dickinson, Investec, Liverpool ONE, Medicash, TilneyBestInvest and Shop Direct.

Unlocking Dormant and Inactive Trusts

Our work in this area continues with the backing of the Charity Commission as a pre-approved administration option for trusts and foundations that are inactive, ineffective or dormant.

Working with New Donors and Fund Holders

The Charity Commission's endorsement of community foundations as an alternative to registering a charity provides a welcomed endorsement of our work locally and as a UK network of 46 community foundations.

The Charity Commission states that "this saves the time and effort of setting up and running a charity then closing it once the original need has been met. Depending on the charity, you can say where you want the money to go."

Our approach to income generation and fund development to bring on board new fund holders involves working with existing and new donors within Lancashire and Merseyside who are committed to our local communities. Via research, project visits, meetings, events and community funding distribution we have built valuable relationships.

We secure public sector funding programmes via tender or pitch processes, in line with their requirements and policies for the distribution of public funds. We secure contracts to be regional or local agents of funding programmes, such as Comic Relief, via our umbrella body, UK Community Foundations as Quality Accredited Community Foundations.

We thank all those people and organisations who have committed to donating and working with us, especially in building endowment funds with us, for current and future generations of communities.

Our Investment in Communities

In administering over 70 funds and foundations in 2017/18 we distributed in excess of £2.5million to over 600 recipients. This included 604 grants to community groups to across Lancashire and Merseyside, as well as 27 grants to groups outside of our regions. We supported vulnerable individuals, households in need, community groups, resident's associations, charities and social enterprises to improve the lives of local people across 11 social themes. The 56% success rate for applications in 2017/18 demonstrates primarily a continued demand for community project and organisational funding.

A breakdown of our overall funding approved for distribution to communities is outlined below.

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2018

TRUSTEES' REPORT

Total Funding Lancashire and Merseyside and Other: £2,476,050

56% of applications were approved and of the successful awards:

- 227 grants were distributed in Lancashire
- 377 grants were distributed in Merseyside
- 27 grants were distributed across the rest of the UK

Average Award Size

- Average Award Size: £3,924
- Lancashire: £4,693
- Merseyside: £3,337
- Other: £5,655

Funding For Lancashire

Funding was distributed in Lancashire in 2017/18 via 227 awards distributed to community groups and social enterprises by the Community Foundation for Lancashire. Our average award size for 2016/17 was £4,693, which a small decrease on 2016/17 average grant size of £4,778.

For detailed distribution details by area please refer to our Vital Signs publication available on our website: <http://www.lancsfoundation.org.uk/Knowledge>.

Funding For Merseyside

Funding for Merseyside in 2017/18 was distributed to communities via 377 awards distributed to community groups and social enterprises by the Community Foundation for Merseyside. Our average award size was £3,377 which was an increase on 2016/17's average grant size of £2,711.

Funding Across the Region

We distributed 27 awards in 2017/18 outside of our typical Lancashire and Merseyside area. This was especially due to our work with a number of fund holders who wished to support work across the country in addition to their grant-making in Lancashire and/or Merseyside.

Our Community Leadership

We are committed to our strategic view to understand the needs of local communities and donors and, by creating partnerships and involving donors, ensure that these needs are met via a social change agenda. Our community knowledge is increasing in its importance and further informs many aspects of our work. Our annual Vital Signs giving guides have moved from a pilot in 2013 – 2014 to an annual publication, highlighting community concerns and priorities to guide giving and our grant-making in Lancashire and Merseyside.

Vital Signs remains Lancashire's and Merseyside's first giving guide for charitably-minded people and businesses as well as philanthropists and charitable trusts of all kinds who have a common passion for communities. Our Vital Signs guides are a combination of national and local data, social intelligence and the

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2018

TRUSTEES' REPORT

results of community consultations to provide a voice for local communities on their concerns and aspirations to guide giving.

Our 2018 Vital Signs guides will report on impact across Lancashire and Merseyside in relation to the top three key themes identified in previous reports.

Our Governance

The merger of Community Foundation for Lancashire and Community Foundation for Merseyside in April 2014 was a significant milestone. This merger continues to reap the benefits of efficiencies.

Our Board since the merger is clearly defined in the following ways:

- A third representing Lancashire;
- A third representing Merseyside;
- A third made up of specialists, such as legal, H.R, finance and grant-making.

Via this approach written into our governing document we are able to maximise our reach, representation, expertise and influence across Lancashire and Merseyside.

Our Board adopts a business approach in a charitable context to ensure CFLM is on a sustainable pathway and is fit-for-purpose in an ever-changing economic and policy landscape.

Our Financial Management & Growth

CFLM operated for the sixth year with majority private funds, compared to majority public funds in 2011/12. The surplus for the year ended 31 March 2018 ensured we met our three year target of breakeven year-end results at least every three years. From our current £14.7 million endowment funds held, our ambition is to reach £20 million by 2020 and £37 million by 2030 for full sustainability. We plan for the excess reserves to be invested primarily in our growth and for organisational improvements as finances allow.

During 17/18 we continued to benefit from a reduction in investment management costs from £42,275 to £29,254. This coincided with investment performance which outstripped the FTSE ALL Share against which we benchmark performance.

Our Organisational Development

CFLM operates in an ever changing economic and political landscape. Due to this we work proactively to be fit for purpose and relevant to our communities in Lancashire and Merseyside. During our previous strategic plan period of 2013 to 2017 the Community Foundations made the successful transition from majority public funding to majority private funding to operate in a new environment and enhance our work.

Our organisational structure consists of 14 staff (approx. 11 full-time equivalents), working across the functions of Programmes (eight staff), Finance (three staff) and Organisational Effectiveness and

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2018

TRUSTEES' REPORT

Development (three staff). The commitment and passion of our staff team is hugely valued as we deliver our growth, community leadership and legacy agenda.

The Senior Management Team comprises of the Chief Executive, Development Director and Finance Director. Remuneration levels are set according to salary bands which have been benchmarked by reference to other community foundations within the UK Community Foundation network. Annual performance objectives are set by reference to key performance indicators agreed by the Board.

Key Partnerships

The Community Foundations have 'non-donor' relationships with many key players. Examples include local borough and district authorities, central Government and local business groups, including Knowsley Chamber of Commerce, North & Western Lancashire Chamber of Commerce and the Liverpool City Region Local Enterprise Partnership and Financial Planning Corporation (Southport). Also included are our professional advisors Brabners, CCLA, Investec, Parker Kelly and Beever & Struthers who have all been appointed due to their expertise, commitment to philanthropy or corporate social responsibility and being based in the region.

We also work locally with other infrastructure charities to work together to strengthen the social sector, especially at this time of public sector funding and policy changes, including Councils for Voluntary Services, Volunteer Centres and the VS6 Forum for Merseyside, chaired by Ellen Loudon of Liverpool Diocese.

Nationally we work with and are supported by our membership organisation, UK Community Foundations and exchange best practice with colleagues in the network.

Our Patron, President and Volunteers

The Board particularly wish to note their appreciation for the support of the Community Foundation for Merseyside's Patron, Cherie Blair and our Presidents, Lord Shuttleworth, the Lord Lieutenant of Lancashire and Mark Blundell, the newly appointed Lord Lieutenant of Merseyside, for their continued commitment to the work of the charity.

We are grateful for the contribution made by the volunteers who are champions and ambassadors for our work, including panel members who recommend our community funding distribution. All of our panel volunteers are inducted and trained, and generally contribute up to four or five days a year to the organisation to help us to distribute funding effectively to communities. Their contribution of knowledge and expertise is hugely valued in the success of our community investment and in terms of ensuring local knowledge and accountability.

Our Donations In-Kind

The Community Foundation has been afforded use of an office by Liverpool ONE and the Westminster Fund at 3rd Floor Stanley Building, 43 Hanover Street, Liverpool on an in-kind basis as our main office for which we are grateful.

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2018

TRUSTEES' REPORT

Planning for 2017/18 onwards

In early 2017 we confirmed and started developing our aims for 2017/18 which included setting Key Performance Indicators to achieve return on investments on a 5% return basis, growing our endowment fund by at least £400,000 a year and ambitiously £2 million a year, improving our use of our digital and database tools and diversifying our community funding options to meet social needs.

Our Strategic Objectives in 2018/19 – 2020/21 will be:

1. We will be informed by our community knowledge;
2. We will enable social change in our communities as their local community foundation;
3. We will grow philanthropy and charitable giving for Lancashire and Merseyside communities;
4. We will continue to operate on a sustainable pathway;
5. We will continue to be a professional, credible and valued charitable entity;
6. We will work together with others for our communities and our network.

We will monitor our progress quarterly during 2018/19 against an annual plan and KPIs and our three year strategic aims in yet a new economic and political environment, being informed and driven by our community knowledge.

Overview of our Governance & Operations

The Objects of our Charity

The objects of our charity, as set out in the CFLM Memorandum and Articles of Association, are the promotion of any charitable purposes for the benefit of the community in the United Kingdom but primarily within the following areas:

- the five Metropolitan Boroughs presently constituting the area of the County of Merseyside namely the City of Liverpool and the Metropolitan Boroughs of Wirral, Sefton, Knowsley and St Helens together with the area of Halton Borough Council;
- the County of Lancashire and the Boroughs of Blackburn with Darwen and Blackpool.

Significant Activities

The main area of our charitable activity is the awarding of charitable funding within the local community. This is achieved by raising donations from private, public and charitable sources and redistributing them (or the income they generate in the case of invested or endowed funds) as constructive grants to the local community, according to the donors' wishes. The charity has relatively little unrestricted income that it can use for grant-making.

The Board

The Board delegates responsibility for the day-to-day operational management of the organization to the Chief Executive.

CFLM is run by a Board of Trustees which is responsible for setting the strategic direction of the

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2018

TRUSTEES' REPORT

organisation, for establishing policy and for maintaining proper governance. It meets quarterly and comprises representatives of and/or experts in the private, public and voluntary sectors. Average trustee attendance is 85%-90% with absences typically due to holiday/sickness. All trustees have job descriptions and person specifications. Our Chair Arthur Roberts was appointed as joint Chair in October 2013 in preparation for the merger in April 2014.

The Board delegates responsibility to sub-committees, if required due to the Community Foundations' need.

Trustee Recruitment, Appointment and Development

The trustees are normally appointed by the members of the company and up to one-third of the trustees will normally retire each year and be eligible for re-election at the Annual General Meeting. Trustees can serve two terms of three years with re-election for each term and a third three year term if there is a case for the organisation's business plans. No places on the board are reserved for specific individuals or representatives of particular organisations; detailed procedures are in place for the nomination and appointment of trustees.

Annually the Board assesses the expertise and skills within the Board membership and proactively recruits new trustees with specific experience to ensure a full complement of expertise and skills in order to govern the charity and deliver our charitable objectives for public benefit. All new trustees are given an induction session by the Chairman and Chief Executive to explain the operation of the charity. Regular training and tailored up-dates for trustees take place to update them and to ensure they are fully engaged with the work of the Community Foundations.

Our Public Benefit

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. The charity's public benefit is assessed on an annual basis by the Board and staff to ensure we are continually improving our performance against our charitable objects, vision, mission and strategic social aims.

The charity benefits the public by securing income for charitable programmes and funds administered by us from public and private sector, and then distributing this in collaboration with those funders and donors as charitable funding to support charitable activities in communities as a charitable intermediary. Funding programmes and funds are established, developed, decided upon and monitored in line with the social needs and aspirations of the local communities we serve which are identified by local community leaders, subject experts or local donors as well as social intelligence, data, research and community consultations.

Funding is used towards (but not restricted to) the following purposes, provided that in each case, the purpose is recognised as being charitable according to the law of England and Wales:

- The prevention or relief of poverty;
- The advancement of education;
- The advancement of health or the saving of lives;

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2018

TRUSTEES' REPORT

- The advancement of citizenship or community development, which includes: rural or urban regeneration; and the promotion of civic responsibility, volunteering, the voluntary sector or the effectiveness or efficiency of charities;
- The advancement of the arts, culture, heritage or science;
- The advancement of amateur sport;
- The advancement of human rights, conflict resolution or reconciliation, or the promotion of religious or racial harmony, or equality and diversity;
- The advancement of environmental protection or improvement;
- The relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage;
- The promotion of the efficiency of: the armed forces of the Crown; police; fire and rescue services; or ambulance services.

Funding is not to be used to support the following:

- The advancement of religion;
- The advancement of political beliefs or party politics;
- Activities understood to be the exclusive responsibility of statutory authorities;
- Retrospective funding (i.e. paying for costs incurred before a decision on an application to CFLM for support can be made);
- The funding of any public or private sector compensation and / or mitigation.

The policy of the charity is to award funding to individuals and organisations that have made a formal application for a grant, that fulfil the requirements of the relevant programme or fund and which have the necessary systems in place to administer a grant. All funding applications are subject to a formal appraisal by our staff before being presented to the local grant panel, or the donor, for a recommendation. A scoring system and process is used to guide decisions. All panel or donor recommendations are ratified by the Community Foundations' senior staff or trustees prior to any offer being made. Funding distributed is reported quarterly to the Board by fund, locality and social theme.

Before any funding is distributed, we carefully and thoroughly assess the charitable and public benefits of the proposed activities. The impact of our community funding is then reported to funders, donors, stakeholders, staff and the Board as a measurement of the social impact achieved.

Investment Powers

The Charity's Investment Powers are prescribed in its Memorandum and Articles of Association. The Board of Trustees has approved a document called 'Policies on Fund Management and Financial Control', relating to the management of all of its funds and which includes the strategies for the investment of its endowment. The purpose of investment in the endowment fund is to generate a sustainable income for (i) grant-making and (ii) meeting running costs.

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2018

TRUSTEES' REPORT

The organisation has appointed professional investment managers to manage the endowment. During the year these were managed by: CCLA and Investec. As approved by Board and following a tender process, effective 1 October 2017 investments are to be managed by CCLA for public sector funds and charitable trust transfers, and Investec for corporate and individual endowment donations.

Investment performance targets are issued annually to investment managers; within a framework of maintaining a low to medium risk portfolio, investment performance is measured by the board and finance committee. Each manager is required to maintain a diversified portfolio, with focus on UK and overseas equities, debt instruments and cash; investment in derivatives or "hedge funds" is not permitted without the express consent of the trustees. Investment performance is monitored by the board on a quarterly basis, using benchmarks such as the FT All Stocks Government Index, the FT All Share Index, the FT World Index (excluding UK) and the IPD Index as well as a comparison of the current investment managers' performance with others in the field. Investment performance is reported to Board on a quarterly basis and reviewed annually.

For the Community First Endowment Challenge from 2012 – 2015 CCLA manages the funds based on an investment policy agreed by our UK umbrella organisation, UKCFs with approval from our Board. Although not classified as permanently endowed funds, CCLA manage funds under a total return policy, calculating the indexed value of the initial donation on an annual basis and enabling withdrawal of surplus over and above this figure to supplement income received during the year. This method of calculation has been applied since commencement of the programme so can be precisely calculated by CCLA.

In 2017/18, the board of trustees decided to withdraw surplus funds in CCLA investment, in order to provide donors with more flexibility in grant making. This approach is reviewed annually and decisions approved by board in Quarter 1 in order to support the grant making year of activities.

Our Risk Reviews

Our Board of Trustees undertakes a regular review of the risks that the organisation faces; these are published in a formal Organisational Risk Register and are reported in a Charity Commission advised 'heat map' format quarterly to Board.

All risks identified have been addressed and mitigated as far as possible during 2017/18 and looking ahead, no identified risks remain unaddressed. The Risk Assessment is subject to formal annual review and update by the trustees, with interim monitoring on a quarterly basis by the senior staff team. The organisation also uses a traffic light system to monitor and measure progress against a set of key organisational targets. Progress against target is assessed by the staff team on a monthly basis and reported to the Board on a quarterly basis, using a delivery forecast system.

**COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2018
TRUSTEES' REPORT**

Our Reserves Policy

Our Board has continued to endeavour to build and maintain a level of reserves appropriate to its commitments over the coming years. However, it is keen to maximise its charitable objectives and public benefit. The Board continues to ensure that reserves of six months running costs are held at any time as per our policy, in line with the Charity Commission's guidance. For 2017/18 the unrestricted reserves were £294,269 at the end of the financial year. CFLM has built joint reserves as per the policy and covered the budget deficit and core costs jointly as appropriate for sustainability, especially investment in our community impact. Any reserves held above the six month policy level are linked to a Reserves Spending Plan, regularly reviewed and approved by the Board to support CFLM's development and sustainability.

Our Auditors

CFLM reviewed its auditing services during 2017 through an audit tender process. Beever and Struthers have been appointed from 2017/18 to 2020/2021 as our auditors.

Small Company

This report has been prepared in accordance with provisions within Part 15 of the Companies Act 2006 as they relate to small companies.

By Order of the Board



**Arthur Roberts,
Chair
6 November 2018**

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2018

FINANCIAL REVIEW

Funding

The Trustees are committed to seeking funding from a wide range of sources, ensuring that income streams are diversified and CFLM is not overly reliant on any single source of funding.

Financial Statements

The financial statements have been prepared in accordance with the Companies Act 2006, Charities Act 2011 and FRS102 and comply with the Charities Statement of Recommended Practice on Accounting. The movement in funds is shown on the Consolidated Statement of Financial Activities. CFLM generated a surplus in its unrestricted funds of £22,955 (2017 £21,379). CFLM's total funds (unrestricted funds, restricted immediate impact funds and restricted endowment funds) amounted to £17,649,142 at 31 March 2018 (2017: £15,375,674). The Trustees have passed a total return resolution for permanent endowments - more information is included in note 13.

Reserves Policy

The reserves of CFLM are composed of restricted and unrestricted funds. These funds are maintained at a sufficient level in order to allow the smooth operation of our activities.

Unrestricted Reserves: The Trustees are committed to building up general reserves to ensure that the core activities of CFLM will continue into the future. The target is to have a minimum of six months' core costs in unrestricted reserves – based on our 2018/19 budget this would amount to £272,005. The free general reserves of the Foundation (our unrestricted reserves less our fixed assets) at 31 March 2018 amount to £294,269 (2017: £271,314).

Restricted Reserves: The restricted funds at the year end were either held in the form of cash in bank accounts or investments. Details of investments held are shown in note 13. The current level of restricted funds, and the ongoing funding arrangements relating to those funds, is sufficient to maintain the specific projects they relate to.

Investments Policy

Investment policy is reviewed annually by the finance and risk committee and board, in conjunction with a review of investment performance. Investment managers retain authority to trade in market securities within the mandate of retaining a well-diversified portfolio of medium risk. Our policy on fund management and financial control is available on request.

Commitments

The Trustees had made no commitments to future capital purchases, nor given any guarantees, at the balance sheet date.



A Roberts

Chair

6 November 2018

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2018
STATEMENT OF TRUSTEE RESPONSIBILITIES

The Trustees (who are also directors of CFLM for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 'The Financial Reporting Standard' applicable in the United Kingdom and Republic of Ireland'. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 each of the Trustees is aware:

- there is no relevant audit information of which the charitable company's auditor are 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 auditors are aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2018
INDEPENDENT AUDITORS REPORT TO THE TRUSTEES OF
COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

We have audited the financial statements of Community Foundations for Lancashire and Merseyside, the "parent company" and its subsidiaries ("the group") for the year ended 31 March 2018 which comprise the Consolidated and Company Statement of Financial Activities, the Consolidated and company Income and Expenditure account, the consolidated and company Balance Sheets, the Consolidated Cash Flow Statement and the related notes on pages 25 to 42. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland". The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2018 and of the group's incoming resources and application of resources, including its income and expenditure for the year 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 to you 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 (who are also the directors of the charitable company for the purposes of company law) are responsible for the other information. The other information comprises the information included in the 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.

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2018
INDEPENDENT AUDITORS REPORT TO THE TRUSTEES OF
COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

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.

Opinion on 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' Strategic report (which includes company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and requirements.

Matters on which we are required to report by exception

In the light of the 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 trustees' report.

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

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

Responsibilities of directors

As explained more fully in the Trustees' Responsibilities Statement set out on page 16, 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.

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2018
INDEPENDENT AUDITORS REPORT TO THE TRUSTEES OF
COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's web-site at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.



Mark Bradley BA FCA (Senior Statutory Auditor)
For and on behalf of Beever and Struthers

Central Buildings
Richmond Terrace
Blackburn
BB1 7AP

6/11/18

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 MARCH 2018

| | Notes | Unrestricted Funds £ | Restricted Funds £ | Endowment Funds £ | 2018 £ | 2017 £ |
|---|-------|----------------------------|--------------------------|-------------------------|--------------------|--------------------|
| Income | | | | | | |
| Income and endowments from: | | | | | | |
| Donations and legacies | 4.1 | 95,974 | - | 1,977,601 | 2,073,575 | 401,176 |
| Charitable Activities | 4.2 | 251,158 | 2,634,152 | - | 2,885,310 | 2,592,590 |
| Investments | 4.3 | 21,502 | - | 426,122 | 447,624 | 395,743 |
| Other Activities | 4.4 | 1,565 | - | - | 1,565 | 9,499 |
| Total | | 370,199 | 2,634,152 | 2,403,723 | 5,408,074 | 3,399,008 |
| Expenditure on: | | | | | | |
| Raising funds | | | | | | |
| Costs of generating donations and legacies | 5 | (197,353) | - | - | (197,353) | (196,037) |
| Investment management costs | 5 | - | - | (29,254) | (29,254) | (42,275) |
| Charitable activities | 5 | (328,308) | (2,476,050) | - | (2,804,358) | (2,100,162) |
| Total | | (525,661) | (2,476,050) | (29,254) | (3,030,965) | (2,338,474) |
| Realised gain on investment assets | | - | - | 49,137 | 49,137 | 29,506 |
| Unrealised gain/(loss) on investment assets | | (15,629) | - | (137,239) | (152,868) | 1,825,195 |
| Net income/(expenditure) | | (171,091) | 158,102 | 2,286,367 | 2,273,378 | 2,915,235 |
| Transfers between funds | 17-19 | 194,046 | 428,241 | (622,287) | - | - |
| Net movement in funds | | 22,955 | 586,343 | 1,664,080 | 2,273,378 | 2,915,235 |
| Reconciliation of funds | | | | | | |
| Total funds brought forward | 4.5 | 271,314 | 2,067,878 | 13,036,572 | 15,375,764 | 12,460,529 |
| Total funds carried forward | | 294,269 | 2,654,221 | 14,700,652 | 17,649,142 | 15,375,764 |

The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities of the charity.

The statement of financial activities for the year ended 31 March 2017 is provided in note 4.5

The notes on pages 24 to 40 form part of these financial statements.

**COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
CONSOLIDATED AND COMPANY SUMMARY INCOME AND EXPENDITURE ACCOUNT FOR
THE YEAR ENDED 31 MARCH 2018**

| | 2018 | 2017 |
|--------------------------------------|--------------------|--------------------|
| | £ | £ |
| Gross income from all sources | 5,408,074 | 3,399,008 |
| Less endowment income | (2,403,723) | (657,943) |
| Total Income | 3,004,351 | 2,741,065 |
| Total expenditure | (3,030,965) | (2,338,474) |
| Less endowment expenditure | 29,254 | 42,275 |
| Transfers from endowment funds | 622,287 | 516,588 |
| Net income for the year | 624,927 | 961,454 |

The notes on pages 24 to 40 form part of these financial statements.

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2018

| | Notes | 2018 | | 2017 | |
|---------------------------------|-------|------------------|--------------------------|------------------|--------------------------|
| | | £ | £ | £ | £ |
| Fixed Assets | | | | | |
| Tangible assets | 11 | 6,086 | | 8,416 | |
| Investments | 13 | 15,123,513 | | 12,973,957 | |
| | | | <u>15,129,599</u> | | <u>12,982,373</u> |
| Current Assets | | | | | |
| Debtors | 14 | 23,144 | | 48,349 | |
| Cash at bank and in hand | | <u>2,854,067</u> | | <u>2,746,527</u> | |
| | | 2,877,211 | | 2,794,876 | |
| CREDITORS: amounts | | | | | |
| falling due within one year | 15 | <u>(357,668)</u> | | <u>(401,485)</u> | |
| Net Current Assets | | | <u>2,519,543</u> | | <u>2,393,391</u> |
| Total Net Assets | | | <u><u>17,649,142</u></u> | | <u><u>15,375,764</u></u> |
| The Funds of the Charity | | | | | |
| Endowment Funds | 19 | | 14,700,652 | | 13,036,572 |
| Unrestricted Funds | 18 | | 294,269 | | 271,314 |
| Restricted Funds | 17 | | 2,654,221 | | 2,067,878 |
| Total Charity Funds | | | <u><u>17,649,142</u></u> | | <u><u>15,375,764</u></u> |

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved by the Board of Trustees and authorised for issue on 6th November 2018



A Roberts – Trustee

Company Number 3422207

The notes on pages 24 to 40 form part of these financial statements.

**COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
COMPANY BALANCE SHEET
AS AT 31 MARCH 2018**

| | Notes | 2018 | 2017 |
|---|-------|--------------------------|--------------------------|
| | | £ | £ |
| Fixed Assets | | | |
| Tangible assets | 11 | 6,086 | 8,416 |
| Investments | 13 | 15,123,513 | 12,973,957 |
| | | <u>15,129,599</u> | <u>12,982,373</u> |
| Current Assets | | | |
| Debtors | 14 | 23,144 | 48,349 |
| Cash at bank and in hand | | <u>2,854,067</u> | <u>2,746,527</u> |
| | | 2,877,211 | 2,794,876 |
| CREDITORS: amounts falling due within one year | 15 | <u>(357,668)</u> | <u>(401,485)</u> |
| Net Current Assets | | <u>2,519,543</u> | <u>2,393,391</u> |
| Total Net Assets | | <u><u>17,649,142</u></u> | <u><u>15,375,764</u></u> |
| The Funds of the Charity | | | |
| Endowment Funds | 19 | 14,700,652 | 13,036,572 |
| Unrestricted Funds | 18 | 294,269 | 271,314 |
| Restricted Funds | 17 | 2,654,221 | 2,067,878 |
| Total Charity Funds | | <u><u>17,649,142</u></u> | <u><u>15,375,764</u></u> |

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved by the Board of Trustees and authorised for issue on 6th November 2018



A Roberts – Trustee

Company Number 3422207

The notes on pages 24 to 40 form part of these financial statements.

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2018
STATEMENT OF CONSOLIDATED CASHFLOWS

| | 2018 £ | 2017 £ |
|---|--------------------|------------------|
| Cash used in operating activities | | |
| Net (expenditure)/income for the year | (12,989) | 444,866 |
| Adjustments for: | | |
| Loss on investments | 15,629 | - |
| Decrease in debtors | 25,204 | 305,144 |
| (Decrease)/increase in creditors | (43,816) | 29,903 |
| Depreciation | 4,002 | 1,785 |
| Net cash provided by (used in) operating activities | (11,970) | 781,698 |
| Cash flows from investing activities | | |
| Purchase of investments | (1,768,156) | (230,000) |
| Purchase of fixed assets | (1,672) | (9,524) |
| Net cash used in investing activities | (1,769,828) | (239,524) |
| Cash flows from financing activities | | |
| Cash withdrawn from investments | 411,790 | 426,995 |
| Receipt of expendable endowment | 1,477,548 | 271,588 |
| Cash provided by financing activities | 1,889,338 | 698,583 |
| Increase in cash and cash equivalents in the year | 107,540 | 1,240,757 |
| Cash and cash equivalents at the beginning of the year | 2,746,527 | 1,505,770 |
| Total Cash and cash equivalents at the end of the year | 2,854,067 | 2,746,527 |

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2018

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Charity is a registered charity in England and Wales and is a private Limited company by guarantee without share capital, registered in England and Wales under the Companies Act. The address of the principal office is Third Floor, Stanley Building, 43 Hanover Street, Liverpool, L1 3DN.

2. STATEMENT OF COMPLIANCE

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 the Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102) and the Companies Act 2006.

3. ACCOUNTING POLICIES

3.1 Basis of preparation

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 the Republic of Ireland (FRS 102) (effective 1 January 2015) – Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Statement of Financial Activities and Balance Sheet consolidate the financial statements of The Charity of John Goore (Charity Reg No 238355) which was acquired on May 2nd 2017.

The Community Foundations for Lancashire and Merseyside Ltd meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

3.2 Going concern

The trustees are satisfied that the accounts should be prepared on a going concern basis and have considered this for the period of twelve months from the date of approval.

3.3 Incoming resources

Incoming resources are included in the Statement of Financial Activities (SOFA) when they become receivable, except donations and gifts in kind. Donations are included when they are received. Gifts in kind are valued at an estimate of market value where this can be readily ascertained.

Deferral of income takes place where grants are received substantially in advance of the expenditure to which it relates. Where grants include a contribution to costs for distribution of restricted funds, this is recognised on distribution of funds.

Investment returns are drawn in accordance with a total return policy and transferred to restricted funds for distribution, with an agreed proportion transferred to cover management and administration costs. Income to cover costs for management of the invested funds is recognised when received and income to cover costs for distribution of the resulting restricted funds is recognised on distribution of those funds.

Incoming resources from government funded entities are accounted for in the same way as other income.

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2018

NOTES TO THE FINANCIAL STATEMENTS

3. ACCOUNTING POLICIES (continued)

3.3 b Donated Services and Facilities

Donated professional services and donated facilities are recognised as income when the Community Foundation has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from its use is probable and the economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of volunteers is not recognised and users of these financial statements should refer to the Trustees' annual report for more information about their contribution.

On receipt donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

3.4 Resources Expended

Resources expended are included in the SOFA on the accruals basis as a liability is incurred, based on work done or services provided in the period. Expenditure includes irrecoverable VAT, and is reported as part of the expenditure to which it relates.

Grants payable are recognised as expenditure when the commitment is made and monitoring of previous commitments is complete.

Costs of Generating Funds includes the cost of brochures, advertising, fundraising and other promotional events designed to increase public awareness of the Foundation, together with other costs directly attributable to fundraising activities.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes costs that can be allocated directly to such activities and those costs of an indirect nature necessary for the activities of the charity. Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly; others are apportioned on an appropriate basis as set out in note 5.

3.5 Acquisition of Subsidiary

Subsidiaries are accounted for at Fair Value of transfer on date of acquisition, and subsequently adjusted to fair value as at the Balance Sheet date.

3.6 Basis of consolidation

The financial statements consolidate the accounts of Community Foundations for Lancashire & Merseyside and its subsidiary undertaking The Charity of John Goore.

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2018

NOTES TO THE FINANCIAL STATEMENTS

3. ACCOUNTING POLICIES (continued)

3.7 Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation. The costs of minor additions or those costing under £500 are not capitalised.

Depreciation is provided to write off the cost of each asset over its expected useful life using the following rates and methods: -

| | |
|-----------------------|-------------------|
| Fixtures and fittings | 33% straight line |
| Office equipment | 33% straight line |

Impairment reviews are carried out as and when evidence comes to light that the recoverable amount of a functional fixed asset is below its net book value due to damage, obsolescence or other relevant factor.

3.8 Fixed Asset Investments

Investments are included at fair value at the balance sheet date.

Realised gains and losses on investments are calculated as the difference between sale proceeds and their fair value at the start of the year, or their subsequent cost, net of transaction costs, and are charged or credited to the statement of financial activities in the year of disposal.

Unrealised gains and losses represent the movement in fair value during the year and are credited or charged to the statement of financial activities based on the fair value, as advised by the charity's investment managers, at the year end. All endowed funds received are managed on a total investment return basis.

3.9 Creditors and Provisions

Creditor balances are accounted for once an obligation for payments is confirmed. Grant payments are accrued when approved for settlement, payments for service contracts are accrued once the service has been delivered.

3.10 Pensions

The company contributes to Individual Personal Pension policies for its employees. Contributions are charged to the SOFA in the period to which they relate.

3.11 Fund Accounting

Unrestricted funds are incoming resources receivable or generated for the objects of the charity without further specified purpose and which can be used in accordance with the charitable objects at the discretion of the trustees.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Endowment funds are held for long term returns for the Foundation. A percentage withdrawal from the funds is distributed in accordance with the wishes of the original donor. Capital gains or losses arising on the investments form part of the fund. Charges for investment management and advice are charged to the fund as incurred. Income earned on endowment funds is transferred to restricted and unrestricted funds.

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

4. INCOMING RESOURCES

| | 2018 | 2017 |
|---------------------------------------|------------------|----------------|
| 4.1 Voluntary Income | | |
| | £ | £ |
| Endowments Received | 1,977,601 | 271,588 |
| Sponsorship, Donations and Membership | 16,785 | 50,675 |
| Gifts in kind – Use of office | 70,000 | 70,000 |
| Gifts in kind – Rates | 5,603 | 6,113 |
| Gifts in kind – Use of parking spaces | 2,800 | 2,800 |
| Gifts in kind – Phones | 786 | - |
| | <u>2,073,575</u> | <u>401,176</u> |

4.2 Incoming Resources from Charitable Activities

| | 2018 | 2017 |
|--|------------------|----------------|
| | £ | £ |
| 23 Foundation | 24,993 | 26,225 |
| ACC Foundation | 11,879 | 9,033 |
| B&M | - | 54,882 |
| BIBAs Foundation | 21,290 | 36,017 |
| Big Local Trust Northwood | 143,379 | 71,096 |
| BridgeBuilder Foundation | 184 | - |
| Building Stronger Britain Together | 278,571 | 162,739 |
| CFLM Discretionary Fund | - | 233 |
| Clarke Family Foundation | 1,187,500 | - |
| Comic Relief | 154,384 | 83,137 |
| Community Benefit Fund (Preston New Road) | 125,480 | - |
| Crime Prevention Fund | 150,000 | - |
| Daneway Foundation | 30,460 | 44,000 |
| High Sheriffs & Merseyside Police Trust Fund | 19,424 | 47,725 |
| Hill Dickinson | 70,428 | 92,192 |
| John Goore Trust | 5,009 | 22,789 |
| John Laing | 22,400 | 22,400 |
| Lancaster Community Fund | 12,700 | 12,400 |
| Lancashire Community Investment Fund | 12,163 | 6,250 |
| Lancashire Flood Relief Fund | 22,179 | 41,703 |
| Liverpool ONE Foundation | 299,229 | 200,152 |
| Liverpool Tennis Foundation | 3,000 | 2,152 |
| Mark McQueen Foundation | 1,733 | 45 |
| Carried forward | <u>2,596,385</u> | <u>935,170</u> |

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

4. INCOME (cont....)

4.2 Incoming Resources from Charitable Activities (Cont....)

| | | |
|---|------------------|------------------|
| Brought forward | 2,596,385 | 935,170 |
| Merseyside Community Investment Fund | 3,000 | 5,445 |
| New Beginnings Fund | - | 156,332 |
| Older Peoples Fund Lancashire | - | 150,000 |
| Older Peoples Fund Merseyside | - | 150,000 |
| Olivia Rae Foundation | 796 | 501 |
| Open Arms | 40,000 | - |
| Peel Ports | 12,000 | 12,592 |
| Pendle Music Bursary Fund | - | 575 |
| Peter Hearne Fund | 6,250 | - |
| Police Property Act Fund | 47,905 | 50,324 |
| Ray Messer Foundation | 15,963 | 18,596 |
| Rossendale Community Fund | - | 820 |
| Rossiter Foundation | 1,295 | - |
| Royal London Foundation | 21,200 | - |
| Rumi and Rishi | - | 953 |
| RWE Innogy UK Ltd | 9,964 | 19,832 |
| Santander | - | 70,550 |
| United Utilities | 36,000 | 897,000 |
| # I will Merseyside (formerly Youth Social Action Merseyside) | 29,500 | 59,400 |
| # I will Lancashire(Formerley (Youth Social Action Lancashire) | 40,000 | 50,000 |
| # I will Manchester | 22,500 | - |
| Other deferred | 2,552 | 14,500 |
| | 2,885,310 | 2,592,590 |

4.3 Investment Income

| | 2018 | 2017 |
|------------------------------------|----------------|----------------|
| | £ | £ |
| Bank and other interest receivable | 5,157 | 9,388 |
| Investment Income | 442,467 | 386,355 |
| | 447,624 | 395,743 |

4.4 Other Income

| | 2018 | 2017 |
|---------------------------------|------------------|------------------|
| | £ | £ |
| Fees Received | 1,565 | 9,499 |
| | 1,565 | 9,499 |
| Total Incoming Resources | 5,408,074 | 3,399,008 |

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2018

NOTES TO THE FINANCIAL STATEMENTS

INCOMING RESOURCES (cont....)

4.5 Comparative Statement of Financial Activities

| | Unrestricted Funds £ | Restricted Funds £ | Endowment Funds £ | 2017 £ |
|--|----------------------------|--------------------------|-------------------------|--------------------|
| Income and endowments from: | | | | |
| Donations and legacies | 129,588 | - | 271,588 | 401,176 |
| Total donations and legacies | 129,588 | - | 271,588 | 401,176 |
| Charitable Activities | 216,216 | 2,376,374 | - | 2,592,590 |
| Investments | 9,388 | - | 386,355 | 395,743 |
| Other Activities | 9,499 | - | - | 9,499 |
| Total | 364,691 | 2,376,374 | 657,943 | 3,399,008 |
| Expenditure on | | | | |
| Raising funds | | | | |
| Costs of generating donations and legacies | (196,037) | - | - | (196,037) |
| Investment management costs | - | - | (42,275) | (42,275) |
| Charitable activities | (309,960) | (1,790,202) | - | (2,100,162) |
| Total | (505,997) | (1,790,202) | (42,275) | (2,338,474) |
| Realised gain on investment assets | - | - | 29,506 | 29,506 |
| Unrealised loss on investment assets | - | - | 1,825,195 | 1,825,195 |
| Net expenditure | (141,306) | 586,172 | 2,470,369 | 2,915,235 |
| Transfers between funds | 162,685 | 353,903 | (516,588) | - |
| Net movement in funds | 21,379 | 940,075 | 1,953,781 | 2,915,235 |
| Reconciliation of funds | | | | |
| Total funds brought forward | 249,935 | 1,127,803 | 11,082,791 | 12,460,529 |
| Total funds carried forward | 271,314 | 2,067,878 | 13,036,572 | 15,375,764 |

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

5. TOTAL RESOURCES EXPENDED

| | Basis of Allocation | Donations and Legacies | Charitable Activities | Investment Management Costs | Total 2018 | Total 2017 |
|------------------------------------|---------------------|------------------------|-----------------------|-----------------------------|------------|------------|
| | | £ | £ | £ | £ | £ |
| Grants Paid (see note 6) | Direct | - | 2,476,050 | - | 2,476,050 | 1,790,202 |
| Staff costs (see below and note 8) | Direct | 81,943 | 259,485 | - | 341,428 | 314,568 |
| Healthcare costs | Direct | 1,905 | - | - | 1,905 | 1,540 |
| Publicity and advertising | Direct | 6,657 | - | - | 6,657 | 9,457 |
| Postage & stationery & telephone | Staff time | 1,818 | - | - | 1,818 | 1,550 |
| Staff training | Direct | 882 | - | - | 882 | 1,875 |
| Meeting costs | Direct | - | 2,583 | - | 2,583 | 1,777 |
| Rent/Rates in kind | Direct | 17,249 | 61,154 | - | 78,403 | 78,913 |
| Consultancy | Usage | 11,385 | - | - | 11,385 | 27,363 |
| Audit & accountancy fees | Usage | 9,228 | - | - | 9,228 | 11,772 |
| Travel | Direct | 8,690 | - | - | 8,690 | 6,381 |
| Computer running costs | Staff Time | 8,324 | - | - | 8,324 | 6,694 |
| Panel meetings | Direct | - | 142 | - | 142 | 109 |
| Subscriptions | Direct | 26,170 | - | - | 26,170 | 19,735 |
| Bank charges | Usage | 600 | - | - | 600 | 459 |
| Insurance | Staff Time | 4,636 | - | - | 4,636 | 1,441 |
| Recruitment | Direct | 275 | - | - | 275 | 2,998 |
| Volunteer expenses | Direct | 1,134 | - | - | 1,134 | 1,322 |
| Other | Direct | 3,467 | - | - | 3,467 | 5,070 |
| Depreciation | Direct | 4,002 | - | - | 4,002 | 1,785 |
| Legal & prof fees | Usage | 1,496 | - | - | 1,496 | 4,058 |
| Investment management costs | Direct | - | - | 29,254 | 29,254 | 42,275 |
| Events | Direct | - | 2,097 | - | 2,097 | 500 |
| Special Project cost | Direct | - | 2,847 | - | 2,847 | 4,974 |
| Human Resources | Direct | 1,656 | - | - | 1,656 | 1,656 |
| Conference | Staff Time | 3,436 | - | - | 3,436 | - |
| External Grant Assessors | Direct | 2,400 | - | - | 2,400 | - |
| | | 197,353 | 2,804,358 | 29,254 | 3,030,965 | 2,338,474 |

The overheads above include £79,189 of donated goods for which the Community Foundations pay no consideration. Once these donated goods are deducted from core expenditure the overheads (excluding grants awarded & investment management costs) amount to £446,472 versus £427,083 in 2017.

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2018

NOTES TO THE FINANCIAL STATEMENTS

Allocation of governance and support costs

The Community Foundation initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the key charitable activities undertaken in the year. The table above details the basis for apportionment.

6. GRANTS AWARDED

All the charitable activities undertaken by the charity represent grant-making. Further details about the grants made in the year can be seen in Note 17.

7. NET INCOMING RESOURCES

Net incoming resources are stated after charging:

| | 2018 | 2017 |
|-----------------------|---------------|---------------|
| | £ | £ |
| Depreciation | 4,002 | 1,785 |
| Auditors remuneration | 9,228 | 11,772 |
| | <u>13,230</u> | <u>13,557</u> |

8. STAFF COSTS

| | 2018 | 2017 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 296,667 | 274,778 |
| Social security costs | 21,919 | 25,052 |
| Other pension costs | 22,842 | 14,739 |
| | <u>341,428</u> | <u>314,569</u> |

No employee received emoluments of more than £60,000 (2017: none).

The charity contributes to Individual Personal Pension policies for all its employees. The assets of the schemes are held separately from those of the Charity in independently administered funds. The pension charge of £22,842 (2017: £14,739) represents contributions paid by the Charity to the funds. There were no outstanding contributions at 31 March 2018 (31 March 2017: NIL).

9. STAFF NUMBERS

The average number of employees (excluding trustees) during the year was as follows:

| | 2018 | 2017 |
|------------------------------------|-----------|-----------|
| | No. | No. |
| Management | 3 | 3 |
| Philanthropy Development | 5 | 3 |
| Finance | 2 | 2 |
| Philanthropy Services & Programmes | 3 | 3 |
| Total full time equivalents | <u>13</u> | <u>11</u> |
| Total staff employed | <u>14</u> | <u>13</u> |

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2018

NOTES TO THE FINANCIAL STATEMENTS

10. TAXATION

The charity is exempt from tax on income and gains falling within Section 505 of The Taxes Act 1988 or Section 252 of The Taxation of Charitable Gains Act 1992 to the extent that these are applied to its charitable objectives.

11. TANGIBLE FIXED ASSETS

| | Fixtures & Fittings | Office Equipment | Total |
|-------------------------|------------------------|---------------------|---------------|
| Cost | £ | £ | £ |
| At 1 April 2017 | 14,038 | 67,293 | 81,331 |
| Additions | - | 1,672 | 1,672 |
| At 31 March 2018 | 14,038 | 68,965 | 83,003 |
| Depreciation | | | |
| At 1 April 2017 | 14,038 | 58,877 | 72,915 |
| Charge for year | - | 4,002 | 4,002 |
| At 31 March 2018 | 14,038 | 62,879 | 76,917 |
| Net book value | | | |
| At 31 March 2018 | - | 6,086 | 6,086 |
| At 1 April 2017 | - | 8,416 | 8,416 |

12. Acquisition of The Charity of John Goore

| | 2018 |
|---|----------------|
| Cost | £ |
| Investment Land acquired on 2 May 2017 | 240,000 |
| Investments acquired on 7 May 2017 | 260,053 |
| Loss on Investment in the year | (6,947) |
| Fair Value of Acquisition at 31 March 2018 | 493,106 |

The assets which CFLM acquired on 2 May by means of assuming governance responsibilities for The Charity of John Goore (Charity Registration No. 238355) have been accounted for at Fair Value at acquisition date and at the year end date.

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

13. INVESTMENTS - GROUP + COMPANY

| INVESTMENTS | 2018 | 2017 |
|--|-------------------|-------------------|
| UK listed investments | £ | £ |
| Rathbone Brothers Plc | | |
| Market value at 1 April 2017 | 949 | 4,928,874 |
| Additions | 5 | 224,782 |
| Disposals at market value | - | (583,013) |
| Asset Transfer to Investec | - | (4,645,182) |
| Revaluation gain/(loss) | - | 75,488 |
| Market value at 31 March 2018 | - | 949 |
| Cash deposits in the UK | - | - |
| Sub total Rathbones | 954 | 949 |
| Investec Wealth & Investment | | |
| Market value at 1 April 2017 | 7,152,271 | 1,523,044 |
| Additions | 2,031,277 | 767,183 |
| Disposals at market value | (1,128,124) | (867,339) |
| Asset Transfer from Rathbones | - | 4,645,182 |
| Revaluation gain/(loss) | (146,212) | 1,084,201 |
| Market value at 31 March 2018 | 7,909,212 | 7,152,271 |
| Cash deposits in the UK | 664,536 | 668,282 |
| Subtotal Investec Wealth & Investment | 8,573,748 | 7,820,553 |
| CCLA Common Investment Fund | | |
| Market value at 1 April 2017 | 5,152,455 | 4,406,508 |
| Additions | 722,628 | 87,441 |
| Disposals at market value | (108,753) | (7,000) |
| Revaluation gain/(loss) | 58,110 | 665,506 |
| Market value at 31 March 2018 | 5,824,440 | 5,152,455 |
| Cash deposits in the UK | - | - |
| Subtotal CCLA | 5,824,440 | 5,152,455 |
| CCLA CFLM Discretionary Investment | | |
| Mark Value at 5 April 2017 | - | - |
| Additions | 500,000 | - |
| Disposals at market value | - | - |
| Revaluation gain/loss | (15,629) | - |
| Closing Market Value | 484,371 | - |
| Investment Land | 240,000 | - |
| Total Investments - GROUP | 15,123,513 | 12,973,957 |
| Historical cost | 14,713,957 | 12,973,957 |

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2018

NOTES TO THE FINANCIAL STATEMENTS

13. INVESTMENTS (continued)

Listed Investments

| | | |
|--------------------------------|-------------------|-------------------|
| UK investments | 4,150,403 | 4,287,525 |
| Overseas and other investments | 9,619,436 | 7,868,729 |
| Cash deposits | 1,113,674 | 817,703 |
| | 14,883,513 | 12,973,957 |

The investment land included above and a CCLA portfolio totalling £493,106 represent the assets of the Charity of John Goore. In the company balance sheet these have been reflected as an investment in subsidiary in accordance with the SORP requirements.

The trustees consider individual investment holdings in excess of 5% of the portfolio value to be material. No individual shareholdings or investments are considered individually to be material with the market values and proportion of the portfolio shown as at 31 March 2018.

The investments are held to provide an investment return to the charity.

| | Endowment | Unapplied total return released to income | Total Endowment |
|---|-------------------|---|-------------------|
| At April 2017 | | | |
| Gift Component of Endowment: | 10,140,407 | - | 10,140,407 |
| Unapplied total return | - | 2,833,550 | 2,833,550 |
| Total | 10,140,407 | 2,833,550 | 12,973,957 |
| Movements in the reporting period: | | | |
| Gift of expendable endowment | 1,737,601 | - | 1,737,601 |
| Investment Management Fees | - | (29,254) | (29,254) |
| Dividends and Interest | - | 426,122 | 426,122 |
| Realised and Unrealised Gains | - | (88,102) | (88,102) |
| Total | 1,737,601 | 308,766 | 2,046,367 |
| Unapplied total return released to income | - | (621,182) | (621,182) |
| Net movements in reporting period | 1,737,601 | (312,416) | 1,425,185 |
| At 31 March 2018 | | | |
| Gift Component of Endowment: | 11,878,008 | - | 11,878,008 |
| Unapplied total return | - | 2,521,134 | 2,521,134 |
| Total | 11,878,008 | 2,521,134 | 14,399,142 |

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

14. DEBTORS

| | 2018 | 2017 |
|------------------------------|---------------|---------------|
| | £ | £ |
| Grants | - | 15,450 |
| Other debtors | 11,044 | 30,017 |
| Prepayments & Accrued income | 12,100 | 2,882 |
| | <u>23,144</u> | <u>48,349</u> |

15. CREDITORS: amounts falling due within one year

| | 2018 | 2017 |
|---------------------------|----------------|----------------|
| | £ | £ |
| Grant creditors | 112,711 | 209,296 |
| Other creditors | 27,273 | 4,431 |
| Accruals | 11,255 | 12,712 |
| Deferred income (note 16) | 206,429 | 175,046 |
| | <u>357,668</u> | <u>401,485</u> |

16. DEFERRED INCOME

Deferred income comprises income received in respect of grant making not fully distributed by 31 March 2018.

| | 2018 | 2017 |
|---|----------------|----------------|
| | £ | £ |
| Balance as at 1 April 2017 | 175,046 | 93,202 |
| Amount released to income earned from charitable activities | (109,376) | (75,949) |
| Amount deferred in year | 140,759 | 157,793 |
| Balance as at 31 March 2018 | <u>206,429</u> | <u>175,046</u> |

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2018

NOTES TO THE FINANCIAL STATEMENTS

17. RESTRICTED FUNDS

| | As at 1 April 2017 £ | Movement in Resources | | | As at 31 March 2018 £ |
|--|----------------------------|-----------------------|---------------|----------------|-----------------------------|
| | | Incoming £ | Outgoing £ | Transfers £ | |
| 23 Foundation | 1,345 | 21,417 | (51,750) | 39,426 | 10,438 |
| ACC Liverpool Foundation | 772 | 10,454 | (4,000) | - | 7,226 |
| Aldridge Foundation | 9,125 | - | (1,250) | 1,795 | 9,670 |
| Alfred Shaw Trust | 11,167 | - | (16,196) | 14,847 | 9,818 |
| B&M | (586) | - | - | - | (586) |
| BHP Billiton | 8,758 | - | (17,565) | 9,747 | 940 |
| BIBAs Foundation | 23,168 | 18,183 | (32,898) | - | 8,453 |
| Big Local Trust Northwood | 65,583 | 131,552 | (140,871) | - | 56,264 |
| Bridgebuilder Foundation | 1,608 | - | - | - | 1,608 |
| BSBT | 27,555 | 242,966 | (273,365) | - | (2,844) |
| CFLM Discretionary Fund | (2,954) | - | 250 | 3,902 | 1,198 |
| Clarke Family Foundation | - | 1,187,500 | - | - | 1,187,500 |
| Comic Relief | - | 144,142 | (77,422) | - | 66,720 |
| Community Benefit Fund-Preston New Road | - | 111,863 | - | - | 111,863 |
| Crime Prevention Fund | - | 135,000 | (135,000) | - | - |
| Daneway Foundation | 44,000 | 24,640 | (44,000) | - | 24,640 |
| Tilney Investment Management | 5,438 | - | (17,213) | 17,734 | 5,959 |
| Grass Roots | (1,130) | - | - | - | (1,130) |
| Gorse Bank Trust | 1,469 | - | - | 616 | 2,085 |
| Halton Foundation Halton Chamber of Commerce | 1,238 | - | - | 2,791 | 4,029 |
| Halton Foundation Knights House | - | - | (2,320) | 4,114 | 1,794 |
| Halton Foundation Widnes Education Revenue Fund | - | - | - | 211 | 211 |
| High Sheriffs Trust & Merseyside Police | 35,688 | 7,905 | (57,330) | 19,447 | 5,710 |
| Huyton with Roby War Distress Fund | - | 4,400 | - | - | 4,400 |
| Hill Dickinson | 34,644 | 64,308 | (30,350) | (17,845) | 50,757 |
| Investec Wealth & Management | 1 | - | - | 1,505 | 1,506 |
| Japanese Tsunami Fund | 1,101 | - | - | - | 1,101 |
| Jim Hosker Memorial Fund | 4,827 | - | (1,750) | - | 3,077 |
| John Goore Trust | 45,954 | (2,628) | (27,788) | 16,948 | 32,486 |
| John Laing Charitable Trust | 500 | 20,000 | (10,000) | - | 10,500 |
| Joseph Harley Trust | 9,212 | - | (1,350) | 2,069 | 9,931 |
| Knowsley Foundation Social Enterprise Sector Devt Fund | 59,749 | - | (31,000) | 894 | 29,643 |
| Lancashire Community Investment Fund | 30,285 | 10,703 | (20,818) | (10,656) | 9,514 |
| Lancashire Flood Recovery | 155,268 | 21,075 | (139,136) | 5,000 | 42,207 |
| Lancaster Community Fund | 1,506 | 11,176 | (5,797) | 1,233 | 8,118 |
| Lancaster Foundation | - | - | (28,813) | 32,515 | 3,702 |
| Balance Carried Forward | 575,291 | | | | |

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2018

NOTES TO THE FINANCIAL STATEMENTS

17. RESTRICTED FUNDS (cont....)

| | As at 1 April 2017 £ | Movement in Resources | | | As at 31 March 2018 £ |
|---|----------------------------|-----------------------|--------------------|----------------|-----------------------------|
| | | Incoming £ | Outgoing £ | Transfers £ | |
| Balance Brought Forward | 575,291 | | | | |
| Leahy Foundation | 31,691 | - | (38,259) | 35,143 | 28,575 |
| Liverpool ONE Foundation | 203,473 | 270,000 | (205,685) | 15,038 | 282,826 |
| Liverpool Tennis Foundation | (50) | 2,640 | (2,138) | - | 452 |
| Mando Group Foundation | 2,440 | - | (2,441) | - | (1) |
| Mark McQueen Foundation Lancashire | 14,288 | - | (14,114) | 5,778 | 5,952 |
| Mark McQueen Foundation Merseyside | 17,345 | 1,525 | (17,345) | 15,144 | 16,669 |
| Medicash | 1,731 | - | - | 1,883 | 3,614 |
| Merseyside Community Investment Fund | 4,652 | 2,640 | - | 9,981 | 17,273 |
| MJB Fund | 21,131 | - | (25,000) | 25,255 | 21,386 |
| New Progress Housing | 22,947 | - | (11,419) | 9,013 | 20,541 |
| Older Peoples Fund Lancashire | 150,000 | (18,000) | (36,657) | - | 95,343 |
| Older Peoples Fund Merseyside | 150,000 | (18,000) | (87,375) | - | 44,625 |
| Olivia Rae Foundation | 730 | 703 | 3,400 | 4,103 | 8,936 |
| Open Arms | - | 36,000 | (35,798) | - | 202 |
| Peel Ports 500 | 12,165 | 10,560 | (6,088) | 1,067 | 17,704 |
| P Hearne Fund | - | 6,000 | (6,000) | - | - |
| Pendle Music Bursary Fund | 8,394 | - | (5,052) | 8,436 | 11,778 |
| Police Property Act Fund | 1,361 | 39,195 | (44,911) | 4,355 | - |
| Ray Messer Foundation | 30,809 | 15,964 | - | - | 46,773 |
| Rossendale Community Fund | 1,633 | - | (12,338) | 11,686 | 981 |
| Rossiter Foundation | 11,126 | - | (9,400) | 9,629 | 11,355 |
| Royal London Foundation | - | 20,000 | (20,000) | - | - |
| Rumi and Rishi Fund | 27,529 | - | (16,450) | 9,445 | 20,524 |
| Runcat Community Action | 504 | - | - | - | 504 |
| RWE Innogy UK Ltd Hambledon Hill | 12,084 | 8,769 | (8,860) | - | 11,993 |
| Sefton MBC Education & Learning Fund | 6,557 | - | (1,600) | 6,147 | 11,104 |
| Sefton MBC Taylor Fund | - | - | (200) | 209 | 9 |
| Shooting Stars Foundation | 536 | - | - | - | 536 |
| Shop Direct | 1,305 | - | - | 3,157 | 4,462 |
| Surviving Winter Lancashire | 1,267 | - | - | - | 1,267 |
| Surviving Winter Merseyside | 412 | - | - | - | 412 |
| United Utilities | 630,216 | - | (523,573) | - | 106,643 |
| WO Street Lancashire | (294) | - | - | 34,523 | 34,229 |
| WO Street Merseyside | 2,885 | - | - | 7,371 | 10,256 |
| Youthbank | (1,917) | - | - | - | (1,917) |
| # I will Merseyside (Formerly Youth Social Action Merseyside) | 59,400 | 25,000 | (95,126) | 40,000 | 29,274 |
| #I Will Manchester | - | 22,500 | - | - | 22,500 |
| #I will Lancashire (Formerly Youth Social Action Lancashire) | 50,000 | 44,000 | (89,000) | 20,000 | 25,000 |
| Other Funds | 16,237 | - | 3,111 | 4,585 | 23,933 |
| | 2,067,878 | 2,634,152 | (2,476,050) | 428,241 | 2,654,221 |

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2018

NOTES TO THE FINANCIAL STATEMENTS

Fund balances represent grants receivable for the charity to distribute in accordance with the terms and conditions of the donor. Balances on the funds represent undistributed funds held in the bank accounts.

All funds available, together with the criteria, priorities, areas covered and application process are detailed on our websites at www.lancsfoundation.org.uk and www.cfmerseyside.org.uk

A post year end payment was made from the Clarke Family Foundation Fund to the Clarke Family Charitable Foundation (Registered Charity 1178785). The payment of £1,190,081 was made on 30 August 2018 and comprised of £1,187,500 plus accrued interest of £2,581.

18. UNRESTRICTED FUNDS

| | As at 1 April 2017 | Movement in Resources | | | As at 31 March 2018 |
|-------------------------------|-----------------------|-----------------------|------------------|----------------|------------------------|
| | £ | Incoming £ | Outgoing £ | Transfers £ | £ |
| Unrestricted funds | 266,314 | 370,199 | (536,290) | 194,046 | 294,269 |
| Designated fund- Flood Appeal | 5,000 | - | (5,000) | - | - |
| Total | 271,314 | 370,199 | (541,290) | 194,046 | 294,269 |

19. ENDOWMENT FUNDS

| | As at 1 April 2017 | Movement in Resources | | | As at 31 March 2018 |
|----------------------|-----------------------|-----------------------|-----------------|--------------------------|------------------------|
| | £ | Incoming £ | Outgoing £ | Gains and Transfers £ | £ |
| Permanent endowment | 364,314 | 512,051 | - | (18,537) | 857,828 |
| Expendable endowment | 12,672,258 | 1,891,672 | (29,254) | (691,852) | 13,842,824 |
| | 13,036,572 | 2,403,723 | (29,254) | (710,389) | 14,700,652 |

Included in the above figures are the following significant (over £100,000) funds:

| | 1 April 2017 | | | 31 March 2018 | |
|--|--------------|-----------|---------|---------------|-----------|
| | £ | £ | £ | £ | £ |
| Permanent endowment: | | | | | |
| Rossendale Community Fund | 124,853 | 4,335 | - | (4,193) | 124,995 |
| Sefton MBC Education & Learning Trust | 135,786 | 4,623 | - | (4,458) | 135,951 |
| 1 other fund | 103,675 | 3,040 | - | (2,939) | 103,776 |
| The Charity of John Goore (refer Note 12) | - | 500,053 | - | (6,947) | 493,106 |
| Expendable endowment: | | | | | |
| 23 Foundation | 1,200,577 | 37,107 | (4,269) | (75,190) | 1,158,225 |
| Alfred Shaw Trust | 402,020 | 13,358 | - | (12,928) | 402,450 |
| BHP Billiton | 296,842 | 9,207 | (1,055) | (18,587) | 286,407 |
| Christal Foundation | - | 1,003,842 | (1,446) | (24,238) | 978,158 |

Balance Carried Forward 2,263,754

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

19. ENDOWMENT FUNDS (cont....)

| | As at 1 April 2017 | Movement in Resources | | Gains and transfers | As at 31 March 2018 |
|---|-----------------------|-----------------------|-----------------|------------------------|------------------------|
| | £ | Incoming £ | Outgoing £ | £ | £ |
| Tilney Investment Management | 480,146 | 15,758 | - | (15,247) | 480,657 |
| Halton Foundation – Knights House | 1,992 | 344,228 | - | (17,399) | 328,821 |
| High Sheriffs and Merseyside Police Trust | 578,702 | 18,149 | (1,672) | (32,893) | 562,287 |
| Hill Dickinson Foundation | 336,086 | 11,329 | (314) | (13,615) | 333,486 |
| John Goore Trust | 317,691 | 15,431 | (1,130) | (16,230) | 315,762 |
| Lancashire General Endowment | 174,337 | 5,923 | (620) | (10,916) | 168,724 |
| Lancaster Foundation | 872,209 | 28,567 | - | (27,640) | 873,136 |
| Leahy Foundation | 1,002,555 | 32,183 | (1,635) | (32,289) | 1,000,814 |
| Liverpool ONE Foundation | 2,209,816 | 70,486 | (4,149) | (106,249) | 2,169,904 |
| Mark McQueen Foundation (L) | 177,105 | 5,493 | (630) | (11,089) | 170,879 |
| Mark McQueen Foundation (M) | 461,199 | 14,304 | (1,640) | (28,878) | 444,985 |
| Merseyside Community Investment | 300,115 | 9,391 | (862) | (16,989) | 291,655 |
| MJB Fund | 747,745 | 23,345 | (2,171) | (42,502) | 726,417 |
| New Progress Housing Tenants Fund | 276,247 | 8,568 | (982) | (17,297) | 266,536 |
| Pendle Music Bursary | 235,964 | 7,856 | - | (7,300) | 236,520 |
| Rumi and Rishi Fund | 255,730 | 8,375 | - | (8,104) | 256,001 |
| The Rossiter Family Fund | 293,247 | 9,095 | (1,043) | (18,362) | 282,937 |
| WO Street Lancashire | 1,058,180 | 32,820 | (3,762) | (66,258) | 1,020,980 |
| WO Street Merseyside | 224,482 | 6,961 | (798) | (14,056) | 216,590 |
| 21 other funds make up the balance of endowed funds: | 769,271 | 159,895 | (1,076) | (57,596) | 870,494 |
| Total | 13,036,572 | 2,403,723 | (29,254) | (710,389) | 14,700,652 |

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2018

NOTES TO THE FINANCIAL STATEMENTS

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| 2018: | Fixed assets £ | Investments £ | Net Current Assets £ | Total £ |
|--------------------|----------------------|-------------------|----------------------------|-------------------|
| Endowment Funds | - | 14,639,142 | 61,510 | 14,700,652 |
| Restricted Funds | - | - | 2,654,221 | 2,654,221 |
| Unrestricted Funds | 6,086 | 484,371 | (196,188) | 294,269 |
| | <u>6,086</u> | <u>15,123,513</u> | <u>2,519,543</u> | <u>17,649,142</u> |

21. TRUSTEES' EXPENSES

No trustees have received remuneration. Travel expenses of £720 (2017: £919) were paid to Arthur Roberts during the year, £97 were paid to Andrew Myers (2017:£Nil) and Nil (2017:£402) of travel expenses were paid to Stephen Barrow.

22. RELATED PARTY TRANSACTIONS

Mr M Dunnett, a trustee, is Director of Portfolio Management for Grosvenor Europe which through Liverpool ONE, have provided in-kind office premises to CFLM since January 2011, included in these accounts at a £70,000 value during the year. Liverpool ONE also donated funds to contribute to rates payable to Liverpool City Council, included in these accounts of £5,603. Liverpool ONE also hold endowment and restricted funds with CFLM. The Liverpool ONE endowment fund was valued at £2,169,903 at 31 March 2018. The fund generated £70,406 during the year, of which £33,520 was donated towards the costs of CFLM, with the balance transferred for distribution through their restricted fund. CFLM received additional donations totalling £200,000 from Liverpool ONE and distributed £205,605 through their restricted fund.

23. CONTINGENT LIABILITIES

The restricted fund balances carried forward at 31 March 2018 represent funds available due to the timing of the receipt of grant funds and their distribution. The conditions attaching to the funding streams are such that the balances represent income for the year as defined in the Charities SORP.

24. MEMBERS' LIABILITY

The charity is a private company limited by guarantee and consequently does not have share capital. The members are liable to contribute a maximum of £1 each towards the assets of the charity in the event of the company being wound up.