

The London Community Foundation

Trustees' Report

and

Financial Statements

for the year ended

31 March 2016

Company No: 4383269

Charity No: 1091263

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Report of the trustees

The trustees present their statutory report with the financial statements of The London Community Foundation for the year ended 31 March 2016. The report has been prepared in compliance with Part 8 of the Charities Act 2011. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charitable company's Memorandum and Articles of Association, applicable laws and the requirements of 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 United Kingdom and Republic of Ireland (FRS 102), effective for accounting periods commencing 1 January 2015 or later.

The trustees' report is also a directors' report for the purposes of the Companies Act 2006 and other company legislation and meets the requirements for a strategic report as set out in the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Legal and administrative information

Name of charity

The London Community Foundation (LCF)

Status

Charity registered in England and Wales – number 1091263

Company limited by guarantee registered in England & Wales – number 4383269

Principal office and registered address

Unit 7, Piano House
9 Brighton Terrace
London
SW9 8DJ

Trustees

The serving trustees on the date of approval of this report were:

Francis W Salway	Chair
Martin E Richards	Vice Chair
Christopher J L Samuel	Chair of Finance and Investment committee
Paul G Cattermull	
Gaynor Humphreys	
Rosanna M Machado	
Sanjay Mazumder	
W Rhys Moore	
Nicholas T J Reid	

Legal and administrative information (continued)

Trustees (continued)

Other trustees serving during the period:

Davina E Judelson Resigned 24 August 2015

Clive D Cutbill Resigned 31 March 2016

Principal officers

The serving principal officers on the date of approval of this report were:

Russell Delew Chief Executive Officer, appointed 23 March 2016

Victoria L Warne Deputy CEO/Director of Programmes

Megan R Chidlow Finance and Operations Director/Company Secretary

Other principal officers serving during the period:

Sonal Shah Chief Executive Officer, resigned 7 March 2016

Lucinda Shaw Development Director, resigned 8 August 2015

Auditor

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Legal Advisors

Bates Wells & Braithwaite
2-6 Cannon Street
London
EC4M 6YH

Bankers

CAF Bank
25 Kings Hill Avenue
Kings Hill
West Malling
Kent
ME19 4JQ

Legal and administrative information (continued)

Bankers (continued)

CCLA Investment Management Limited
Senator House
85 Queen Victoria Street
London
EC4V 4ET

Scottish Widows Bank
67 Morrison Street
Edinburgh
EH3 8YJ

Investment Managers

Sarasin & Partners LLP
Juxon House
100 St Paul's Churchyard
London
EC4M 8BU

CCLA Investment Management Limited
Senator House
85 Queen Victoria Street
London
EC4V 4ET

Chair's statement

The year under review saw us achieve our highest level of annual grant awards at £5.9 million, an increase of 15% over the previous year. We estimate that the 1,033 grants awarded will have touched the lives of over 96,000 Londoners.

However, the year was one of challenge as well as success. We learnt that the government had decided against renewing its programme of match funding for endowment giving to community foundations. This means that we are unlikely to see the same level of growth in endowment funds as we have over recent years. As endowment funds generate an ongoing income flow from the monies invested, they represent a highly sustainable source of income for the charity. We are fortunate that our level of endowment funds already stands at £17 million, but realistically we must now plan for a lower level of future growth in endowment funds.

This makes it pleasing that we achieved such a high level of donations for immediate grantmaking during the year. A major contribution towards this came from 'The Estate We Are In' initiative with the London Evening Standard Dispossessed Fund which attracted generous additional funding support from the government's Office for Civil Society, Citibank, Linklaters, Mount Anvil and Citygrove Securities. A total of £1.2 million was raised, which supported 96 grant awards to groups working on estates across London. The initiative started with work on the Angell Town estate in Brixton, which provided the catalyst for the campaigning journalism in the London Evening Standard and for the fundraising.

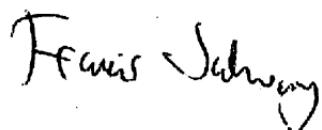
This initiative was high profile, but represents only part of what we do across London to support disadvantaged people over a range of issues such as pathways to employment, gang crime, social isolation, additional support for school age children, and mental ill health. The diversity of our work reflects the diversity of London and Londoners, and is mirrored by the diversity of our donors. We are supported by private individuals, companies, trusts, central and local government, social enterprises such as housing associations and this year, for the first time, a clinical commissioning group.

Our financial position continues to be sound. Our Board budgeted for a small annual deficit as we continue to invest resources in our development team for future growth. The actual financial performance was broadly in line with our budget and showed a modest deficit on unrestricted funds for the year of £69,000 (before revaluation of our investments, but after transfers between funds). Our free reserves stand at £847,000 which is in line with our current reserves target of £849,000.

A major event for us during the year was that Sonal Shah, our Chief Executive, made the decision to stand down to seek a new challenge after 11 years with the organisation and 7 years as our Chief Executive or Lead Director. We are enormously grateful to Sonal for all that she has achieved for us in increasing the scale and scope of the charity both through organic growth and through merger. We will miss Sonal and the way she has embodied the values and mission of the organisation. We are delighted to have appointed as our new Chief Executive, Russell Delew, whose career has been dedicated to the voluntary sector, most recently with Cancer Research UK, and who has an outstanding track record in fundraising.

I would also like to take this opportunity to thank Clive Cutbill who stood down as a trustee after 10 years. Clive is a leading charity solicitor and brought enormous value to our Board of trustees not only through his legal expertise, but also through his widespread knowledge of the charity sector.

My thanks also to our staff who have managed our highest ever level of grantmaking, and some very large individual grant programmes, with the same level of professionalism as they have become known for.

A handwritten signature in black ink that reads "Francis Salway". The script is cursive and fluid, with the first name "Francis" and the last name "Salway" clearly distinguishable.

Francis Salway
Chair

Objectives and activities

Our vision is of a strong and generous London where residents, business, government and civil society are inspired to act for the benefit of all who live in their city, leading the way in social action and philanthropic activity.

Our mission: The London Community Foundation makes a difference to the lives of Londoners by connecting people who need help with those who are willing to give. We are dedicated to improving the lives of London's most disadvantaged. Child poverty, unemployment, isolation, homelessness, domestic violence and gang crime are just some of the issues we are tackling through our grantmaking. With the generosity and involvement of our donors, we have invested over £53 million into more than 10,500 charitable projects across the capital since we started in 1995.

The London Community Foundation (LCF) is not a traditional grantmaking trust or foundation. It represents a collection of citizens, companies, public bodies and existing trusts who each believe that they will achieve more working together and using our grassroots expertise than they could alone. We are the meeting place for many different donors, public and private, with differing interests and areas of concern. They tell us what they're worried about and the difference they want to make and we work to put that into action, linking donors' interests with needs on the ground as we know them.

LCF's objects, as defined in the Memorandum and Articles of Association are:

1. The promotion of any charitable purposes for the benefit of the community in the Area of Benefit and in particular the advancement of education, the protection of good health both mental and physical, the relief of poverty and sickness and the provision, in the interests of social welfare, of facilities for recreation or other leisure time occupation with the object of improving the conditions of life of the persons for whom the opportunities and facilities are primarily intended.
2. Other exclusively charitable purposes in the United Kingdom and elsewhere with a preference for those which are in the opinion of the trustees beneficial for the Area of Benefit.

The 'Area of Benefit' for LCF is the London Boroughs and the City of London.

Our core activities are:

1. **Funding charities, community groups and social enterprises with a focus on community based action and projects that do not attract mass public support.**

We strive to make the grantmaking process as supportive, fair and accessible as possible with a community development ethos underpinning our practice. We give to a wide range of registered charities and community groups, but prioritise community based projects and small/medium sized organisations for funding. LCF's 'Grantmaking Policy and Procedures' sets out the guiding principles, process for setting fund criteria, and procedures that are common to all of LCF's grant programmes.

Objectives and activities (continued)

Whilst remaining responsive to donors' interests and wishes, we aim to uphold our core values and where possible, positively influence donors' approaches to giving.

- a. We use internal knowledge and research to identify need or priority areas in order to inform programme strategies and donors of the issues facing London's communities.
- b. Where possible, LCF recruits, trains and supports local residents and stakeholders to feed into the decision-making process and inform our work. Panel members play a crucial role in informing existing grantmaking practice and advising LCF staff and trustees on issues for future consideration.
- c. We endeavour to provide support to groups prior to the submission of applications. Organisations are encouraged to telephone LCF before making an application to discuss the most appropriate programmes for them and to discuss their project and their application. General guidance is given on the suitability of their project to individual funds and advice is given on how to put together an application.
- d. LCF endeavours to provide additional outreach and support to organisations, particularly those who are first time applicants, marginalised or hard to reach groups, or those where the group's leaders speak English as a second language.

2. Helping individual donors, companies, local and national government and trusts and foundations achieve their philanthropic or social responsibility goals.

LCF offers the following types of funds for supporters:

- a. The Donor Advised Fund – where the donor's thematic or geographic priorities are matched by LCF to needs on the ground. Donors get involved in decision making around grants, this has been evidenced in our work with Evening Standard Dispossessed Fund and Comic Relief
- b. The London Community Foundation's Pooled Funds – which include LCF's own endowment, over which LCF has grantmaking discretion; Give London, which supports some pre-selected projects and will also regularly provide funds for those groups experiencing the greatest need; and the Catalyst Fund which supports our development costs.
- c. The London Community Foundation's Area Based Funds – which facilitate pooled giving to a local area. Examples include Lambeth Giving, Wandsworth Community Fund, Elephant and Castle Opportunity Fund and Love Kingston.

Objectives and activities (continued)

3. Building community assets (endowment) to provide a sustainable source of funding for communities in London.

LCF aims to build community assets in the form of endowments which can respond to changing needs over time and provide a sustainable source of funding for charities and community organisations in London. As at 31 March 2016, LCF held £16.9 million (2015: £18.1 million) in endowment funds (the drop in value for endowment funds principally reflects the relatively high stock market values at the end of March in 2015 and the drop in value in the markets during the year to March 2016).

Endowment funds are raised primarily through:

- a. Individuals and companies that want to create a legacy for a particular geographic area or cause. The Community First Endowment Match Challenge initiated by Office for Civil Society offered an additional 50% on endowment gifts to LCF until March 2015, however this scheme was not replaced in 2016 impacting LCF's ability to grow its endowment further in the year.
- b. Trust transfers. Trusts can be transferred to LCF under the Boost Initiative, with LCF honouring the original objectives and/or reviving them for modern day needs. Trusts may be transferred if they have become dormant or ineffective, or if trustees feel that LCF will help to increase the impact of their charitable assets.

4. Raising awareness of needs in London and the ways in which people can help.

We continue to inform our donors and partners of the changing issues, challenges and opportunities facing local communities and the wider operating environment. Our site visits show "Another side of London" and introduce donors to some of the fantastic community groups and charities we support.

Structure, governance and management

LCF is a company limited by guarantee and a registered charity governed by its Memorandum and Articles of Association.

The directors of the charitable company are its trustees for the purposes of charity law and throughout this report are referred to as the trustees.

Structure, governance and management (continued)

Appointment, induction and training of trustees

As set out in the Articles of Association, new trustees are appointed by the trustees. There are no powers of appointment or co-option by any external organisation. New trustees are identified through nomination by other trustees, recommendations from respected individuals and engagement with LCF through professional networks. The Executive sub-committee of the Board is responsible for nominations and makes recommendations to the full Board on appointments.

At 31 March 2016 LCF had nine trustees (maximum eighteen) and included people who were formerly trustees of the other London foundations which have merged with The London Community Foundation since 2011.

Prior to appointment, prospective trustees meet with the Chair, CEO and at least one other trustee as well as key staff if appropriate. New trustees receive a pack of information including the Memorandum and Articles, accounts, business plan, role description, Charity Commission and other literature, and are asked to complete a declaration of eligibility. Introductory briefings with the CEO and key staff are provided, and all trustees are asked to serve on at least one sub-committee.

Structure

The trustees meet quarterly. Between these meetings business is conducted through the four sub-committees. These are the Executive, Programmes and Grants, Finance and Investment, and Development Committees.

Executive Committee comprises the Chair, Vice Chair, Chair of Finance and Investment Committee and other trustees as appropriate. The committee meets between four and seven times a year depending on needs. Its responsibilities include:

- coordinating the activities of other committees;
- reviewing and agreeing proposals from the CEO on planning and operational issues;
- submitting proposals to the Board;
- leading on governance and trustee recruitment;
- human resources including remuneration of staff;
- risk management;
- monitoring the performance of the CEO;
- recommending the budget, business plan and targets to the Board for approval.

The **Programmes and Grants Committee** meets four times a year and comprises a minimum of two trustees. It has ultimate authority, delegated by the trustees, to approve grants recommended by the panels. The committee also has the power to delegate authority to approve grants to senior staff where appropriate. Delegated authority currently sits with the CEO, Deputy CEO/Director of Programmes and Head of Programmes & Grant Operations for standard risk grants under £25,000.

Structure, governance and management (continued)

Structure (continued)

In addition, LCF invites individuals from the communities in which we work, to inform our grantmaking through funding 'panels'. These panels of volunteers make recommendations on grant awards by LCF. Trustees and staff wish to express their appreciation to the individuals involved in LCF's panels during the year.

The Programmes and Grants Committee leads on LCF's strategy for its interface with community, including grantmaking policy and practice.

The **Finance and Investment Committee** meets four times a year and comprises a minimum of two trustees. It is responsible for overseeing LCF's finances and investments. The committee is responsible for:

- financial policies and controls, investment and endowment spending policies;
- reviewing management accounts, budgets and forecasts;
- reviewing the draft statutory financial statements and recommending approval to the Board;
- receiving the reports of LCF's auditor;
- monitoring and reviewing the performance of LCF's investments;
- ensuring the Board is properly informed of LCF's financial position.

The **Development Committee** meets as necessary and comprises a minimum of two trustees. The committee leads on LCF's strategy for attracting new funds and raising profile.

Day-to-day operation of LCF is the responsibility of the CEO. The average number of staff employed during the year using a full time equivalent basis was 17 staff (2015: 19 staff).

The CEO reports formally to the Board every quarter on progress against targets and the business plan and presents proposals on forward strategy for discussion. Between quarterly meetings the CEO reports to the Executive Committee.

LCF is a quality accredited member of UK Community Foundations, the membership organisation that supports and promotes community foundations in the UK. There are 46 quality accredited community foundations serving most of the UK population. With endowment funds of around £500 million, over 15,000 donors and annual grantmaking averaging £50 million, the network is one of the UK's most significant grantmakers.

LCF does not have branches or any subsidiaries other than the Pedlar's Acre Trust and the Beaufoy Trust both of which hold permanent endowment and have LCF as their sole trustee.

Public benefit

Public benefit statement

Trustees of a charity have a duty to report in their Annual Report on their charity's public benefit. The trustees of LCF have considered the public benefit requirements which are explained on the Charity Commission website.

The sections of this report entitled '2015-16 objectives activities, achievements and performance' and 'Future plans' set out LCF's objectives and report on the activity and successes in the year to 31 March 2016 as well as explaining the plans for the current financial year. LCF's work benefits a wide range of community and voluntary sector organisations and their beneficiaries.

The trustees have considered this matter and concluded:

1. that the aims of the organisation continue to be charitable;
2. that the aims and the work done give identifiable benefits to the charitable sector and both indirectly and directly benefit individuals in need;
3. that the benefits are for the public and are not unreasonably restricted in any way and certainly not by ability to pay; and
4. that there is no detriment or harm arising from the aims or activities.

Strategic Report

2015-16 objectives, achievements and performance

While LCF has continued to focus fully on core work of developing programmes and raising new grantmaking funds in 2015-16, the year has been in part a period of transition in the lead up to the change in CEO - the change coinciding with the final year of our 5 year business plan.

However In a challenging economic period we are delighted to have built on previous successes and increased our grantmaking by 15% on the previous year. We have also invested in systems that will allow us to better demonstrate our impact in future years.

We report below against our strategic objectives (outward facing objectives):

2015-16 objectives, achievement and performance (continued)

Strategic objective 1 – FUNDING FOR LONDON

To maintain and grow the level of funds under The London Community Foundation’s management for the benefit of communities across London.

Secure a minimum of £5 million per annum for grantmaking. Improve long term sustainability of income through building endowment funds and significantly increasing the number of private individual donors

Performance highlights:

- a. Raised £6.2 million grantmaking income (being restricted income raised in the year and excluding investment income) to be spent on grantmaking and associated projects against a target of £5 million, with 1,033 grants awarded in the year totalling £5.9 million.
- b. 158 funds managed with an average grant size of £7,389 made to organisations. The average grant made to individual recipients is £487. Grants awarded can be categorised under the following thematic areas:

• Physical and mental health, wellbeing and safety	26%
• Life skills, education, employability and enterprise	26%
• Strengthening community cohesion and building social capacity	17%
• Reducing isolation and disadvantage, and increasing access to local services	16%
• Connecting people with the arts, culture and heritage	13%
• Access to and engagement with the environment and public spaces	2%
- c. 2,917 applications received (2015: 2,723), totalling over £36.6 million in requests (2015: £20.8 million).
- d. Over 96,000 anticipated beneficiaries, the primary age groups benefitting from funded activities being:

• All age groups (community-wide activities)	28%
• Aged 26-64	26%
• Aged 12 and below	26%
• Aged 13-18	10%
• Aged 65 and over	5%
• Aged 19-25	5%

2015-16 objectives, achievement and performance (continued)

Strategic objective 2 – PROGRAMMES AND GRANTS:

To ensure that the Foundation's community investment responds to identified local needs and is delivered to a high standard, maximising our community impact.

Performance highlights:

a) Maintaining diversity of grant size and type, and offering both reactive and strategic funding opportunities

Our partnership with the London Evening Standard on the "Dispossessed Fund" has enabled us to offer a number of larger grants up to £20,000 to locally based organisations working on estates or particular areas of housing across the capital. The initial focus of the fund on Angell Town in Lambeth, was inspired by our previous community development initiative, Building Communities in Coldharbour, where we worked with residents over three years to develop community-led solutions to local issues. On Angell Town, we worked with residents and local organisations to understand their priorities, enabling us to commission a number of activities directly whilst also running an openly advertised grant programme for others working in the area.

We've continued to advocate for multi-year funding with our donors and have been pleased that a number of our individual and corporate donors have awarded multi-year grants during the year, many for the first time. We've also been delighted to develop a relationship with Lambeth Clinical Commissioning Group (CCG), developing an area-based community grants programme addressing health, wellbeing and isolation. Our ongoing partnerships with Comic Relief and corporate donors such as Deutsche Bank and Segro, have enabled us to continue to offer a range of grant opportunities to groups across London, with grants typically ranging between £5,000 and £20,000.

We've also been pleased to offer grants to individuals through our continued partnership with Affinity Sutton Housing. Through their Ready2Work scheme, grants have supported residents to access vocational work placement opportunities, training and employment, as well as offering start up grants for new business ideas.

b) Impact Assessment Framework

We successfully launched our new Impact Assessment Framework in 2015, collecting vital impact data from our grantees that will better enable us to collate and demonstrate the Foundation's impact and that of our donors and supporters, in the form of an impact report in 2017. The framework pulls together all of our grantmaking under 6 overarching thematic areas, noted on page 14, under which applicants select outcomes and indicators that they aim to achieve through their work and report against a year later.

2015-16 objectives, achievement and performance (continued)

We hope that over the coming year, the data will also better enable some of our smaller grantees in particular to track and demonstrate their impact to other funders – we are conscious of the role we can play in supporting smaller groups to be able to compete for funds in an increasingly challenging funding environment, but equally to strike a balance and not to place too many demands on the community groups and charities we support.

c) Outreach and grantee support

We continue to promote our funding opportunities to groups and charities across London, attending 13 “meet the funder” events in 2015-16, attended by over 300 organisations. We’ve also continued to support groups to apply for grants at these events as well as offering telephone support throughout the year.

Demand for capacity building support continues, including advice on fundraising, evaluation, project planning and financial management. We were particularly pleased to have been able to offer additional capacity building support for grantees through four of our Funds - the Evening Standard Dispossessed Fund, Lambeth Community Fund, Elephant and Castle Fund and the Westminster Fund.

Strategic Objective 3 – PROFILE AND PUBLIC RELATIONS

To encourage giving through the Foundation from private and public sources – positioning LCF as the ‘go to’ place for those interested in supporting local charities and grassroots organisations across London.

- a. Secured 238 (2015: 302) unique donors giving across London:
 - Including 8 giving over £250,000 (2015: 6)
 - Including 27 giving between £25,000 and £249,000 (2015: 35)
 - Including 24 giving between £5,000 and £24,999 (2015: 15)

The reduction in the number of donations between £25,000 and £249,999 is due to LCF having match funding available for new endowments in 2014-15 which increased the donations received in that year. The scheme was no longer available in 2015-16, however more larger funds for immediate grantmaking were raised in 2015-16 than in the previous year.

- b. LCF were represented by a team of runners in both the Virgin Giving Marathon and Prudential Ride London in the year. Both teams raised money for LCF through sponsorship activity.

2015-16 objectives, achievement and performance (continued)

Strategic Objective 4 – THOUGHT LEADERSHIP

To establish and demonstrate the Foundation's leadership role

a. Path Programme

Following the expansion of our Path programme in 2015, we have continued to work with and support a portfolio of groups in Camden, Brent and Lambeth, co-ordinated by Safer London Foundation, to support young people to exit gangs. Scott Flynn Associated were commissioned to evaluate the programme with their report due at the end of this year, and this will enable us to assess whether a localised approach is having an impact on this field and capture learning that will help shape the future strategy of the programme.

b. Themed Funds

During the year, we began work on developing a number of themed funds where we had identified clear community need and where we believed we could attract greater philanthropic investment. Through this work we identified a greater opportunity for The London Community Foundation to bring donors together to meet community need. This larger project is currently in development with a launch expected at the start of the 2017-18 financial year.

Financial review

Income

Total income for the year 2015-16 was £7,509,000 against £8,131,000 in 2014-15, of which £6,636,000 (2014-15 £7,157,000) came from donations from a wide range of donors including trusts and foundations, local authorities, companies and individuals. Looking at these results in more detail:

- Unrestricted income for the year 2015-16 is £851,000, £56,000 higher than in 2014-15 due in part to the successful programme in partnership with London Evening Standard – ‘The Estate we are in’.
- Restricted voluntary income received for the year 2015-16 was £5,936,000 compared to £4,643,000 in 2014-15. This increase reflected funds for ‘The Estate we are in’ as well as funds received from the Mayor's Office for Policing & Crime available to organisations supporting victims of crime and from the Cockayne Foundation to support art as a way of enriching life experience.
- Donations towards new endowment funds received during the year 2015-16 totalled £67,000 compared to £1,926,000 in 2014-15. 2014-15 was the final year of the Community First Endowment matching scheme where new donations attracted government match funding. No match funding scheme was available in 2015-16, making endowment funds less attractive to donors.
- Investment income has increased to £629,000 during 2015-16 from £570,000 in 2014-15, this increase is due to the new Community First endowment funds invested by the end of 2014-15.
- Income from charitable activities is £243,000 in 2015-16 compared to £402,000 in 2014-15. The income in both years comes from two local area community focused partnerships with Big Local Trust in North Brixton and Marks Gate in Barking and Dagenham. Receipts of this funding depend on the planned activities each year set by each local community panel.

Expenditure

The Statement of Financial Activities shows our expenditure analysed between the costs of raising funds and the cost of our charitable work, with support costs (including governance costs) being allocated across each.

‘Charitable activities’ represents all grants made to beneficiaries, as well as expenditure on community development within the two programmes being run with Big Local Trust. It also includes the cost of running the grantmaking programmes and associated support costs. Grants awarded in 2015-16 totalled £5,929,000 compared to £5,159,000 in 2014-15. The increase is across a range of funds and includes £1.2m granted under ‘The Estate we are in’ programme.

Financial review (continued)

Expenditure (continued)

LCF's main cost is that of staff which represented 63% of LCF's expenditure excluding grant awards in 2015-16 (2014-15: 62%). Staff costs are allocated to the costs of raising funds and charitable activities based on time spent on these activities. Support staff costs are allocated in a similar manner. Staff costs have decreased to £740,000 from £774,000 reflecting the decreased headcount to 17 average full time equivalent staff (2014-15: 19).

Cashflow

LCF's cash balances (excluding any cash held by the investment managers) have decreased to £3,361,000 during 2015-16 from £4,494,000 at the end of 2014-15, reflecting a parallel increase in debtors at the year end date, due to timings of receipts around year end for regular funds. Cash held by LCF mainly represents restricted funds held for the purposes of grantmaking and of this balance £3,040,000 represented restricted and endowment funds (2015: £4,038,000). LCF works with donors to set a timetable for spending restricted funds, various factors determine the length of time funds are held in cash, including needs of the community and grant applicants, as well as internal resources and planning.

At the end of 2015-16 £321,000 of the cash balances represented unrestricted funds (2015: £456,000). The remaining part of free reserves of £846,000 are invested. These are funds, held under the reserves policy, which are not expected to be needed in the short term and can be invested to generate a higher return than current interest rates allow.

Diversity of income and financial sustainability

Whilst the trustees are satisfied with the results for 2015-16 and especially with the increased income available for grantmaking, we anticipate the next year will continue to be challenging. Over the past few years, like many charities, we have been adapting to an environment in which there are less significant multi-year opportunities available providing less certainty and stability around funding.

To meet these challenges we have focused on diversifying our income and reducing our reliance on government grant programmes. This has been a key part of our sustainability and growth strategy and our success is illustrated both by the increase and diversification of income since 2009. Our business plan set out that by 2016, no one programme should contribute more than 20% of Foundation income or 35% of Foundation grantmaking. Whilst we are within both the grantmaking and programme goals for 2015-16, we note that income across the three separate Comic Relief programmes represented 21% of restricted and unrestricted income in the last year (2015: 23%). There is work still to do but we are heading in the right direction.

Financial review (continued)

Investments

LCF's investment managers are Sarasin & Partners LLP and CCLA Investment Management Ltd. LCF has set a clear investment policy which is driven by LCF's principles. This policy is reviewed annually and is consistent with trustees' responsibilities under the Charities Act.

In setting the performance criteria against which the performance of the investment portfolio is managed, the aim is to achieve long-term capital and income growth, whilst also providing a reasonable level of income annually. The investment managers' performance and the degree of risk considered appropriate for LCF's investments are reviewed each year.

At 31 March 2016 the funds invested at Sarasin & Partners LLP, comprising all LCF's endowment funds except those held under the Communities First scheme, as well as some of LCF's unrestricted reserves, were valued at £13,041,000 (2015: £13,915,000). Investments held in the Communities First scheme and invested with CCLA were valued at £4,459,000 (2015: £4,689,000). The total value of funds invested, including cash held by investment managers for re-investment, amounted to £17,524,000 (2015: £18,665,000).

The portfolios at both Sarasin & Partners LLP and at CCLA are invested in the investment managers own pooled funds with underlying holdings in a broad spread of international "blue chip" equities, fixed income stocks and alternative investments. The total investment performance of the funds and the benchmark are shown below.

	Total investment performance in year to 31 March 2016 (net of fees and costs)	Total investment performance in year to 31 March 2015 (net of fees and costs)	Total investment performance annualised three year return to 31 March 2016 (net of fees and costs)
Sarasin & Partners LLP	-3.0%	+12.6%	+6.2%
CCLA	-0.4%	+13.3%	+6.5%
WM Total Charities benchmark	-0.2%	+12.3%	+6.0%

The Finance and Investment Committee reviews investment performance and is satisfied with the longer term performance. The committee notes that the fall in values for the year to 31 March 2016 is consistent with general market movements. LCF takes a long term view and measures the long-term performance against the WM Total Charities benchmark - a standard indicator of relative performance used by the investment industry and charities. Both Sarasin and CCLA provide quarterly reports and present to the Finance and Investment Committee at least once a year.

Financial review (continued)

Investments (continued)

Since the 31 March 2016 LCF has made the decision to move to a more even balance of funds invested with each of the two investment managers; this has been done by moving around £4 million of the funds held at Sarasin & Partners LLP to CCLA.

Reserves policy

LCF holds the following types of reserves:

Endowment reserves comprise capital sums donated under the restrictions that they are invested and that the investment return is available for expenditure in accordance with the donors' strategies for giving. Within the category of endowment are two sub categories: expendable and permanent endowment. The capital amounts of expendable endowment may be spent if the trustees decide to do so. The capital of permanent endowment may not be spent. Endowment reserves at 31 March 2016 stood at £16,933,000 (2015: £18,110,000).

Restricted reserves comprise funds available for expenditure in accordance with the donors' strategies for giving. Donations are typically spent over 1-2 year periods. Restricted reserves at 31 March 2016 stood at £3,625,000 (2014-15: £2,908,000).

Designated reserves are funds set aside from unrestricted reserves at the discretion of the trustees and comprise:

- **Tangible assets:** being the net book value of the leasehold improvements to the rented offices of LCF, as well as any office or IT equipment which LCF has capitalised in line with its accounting policy. The value of the assets at 31 March 2016 was £51,000 (2015: £73,000).
- **The Growth Fund:** this fund was designated in 2010 to cover the cost of additional investment in our development team with a view to growing future income. The fund was fully utilised by the end of 31 March 2016.

Free reserves which are the balance of LCF's unrestricted reserves that have not been designated for a particular purpose and as such are freely available to the trustees for any of the charity's purposes. The free reserves held at 31 March 2016 were £847,000 (2015: £875,000). The decrease reflects the unrealised investment loss on unrestricted funds of £29,000 during the year.

Trustees review LCF's reserves policy and reserves levels annually as part of the planning process. The level of reserves is one of the factors taken into consideration in setting future expenditure levels. The trustees have agreed a policy where free reserves should be maintained at a level representing 6 months of planned future unrestricted expenditure in addition to 3 years of property lease costs. This level is judged necessary after considering the following factors:

Financial review (continued)

Reserves policy (continued)

- The uncertainty of income. A relatively small proportion of LCF's income can be guaranteed beyond one year as few of our donors are in a position to commit to funding further ahead than one year. Free reserves at this level enable us to plan for the longer term and to utilise our resources more efficiently.
- Holding of endowment. LCF holds over £16.9 million of endowment funds, of which just under £4 million are permanently endowed; LCF's free reserves are intended to allow us to guarantee our sustainability and ability to manage endowed funds into the future.
- Holding of restricted funds. At any point LCF often holds in the region of £2 to £4 million of restricted funds intended for grantmaking across a wide range of funds, the reserves policy must ensure LCF has sufficient reserves to fulfil the intentions of the donors in regards to distributing the grantmaking funds held.
- Planning in the longer term. LCF operates a five year planning process in order to allow a long term strategy.

LCF's level of free reserves as at 31 March 2016 was £847,000. This amount is in line with the figure calculated under the reserves policy, described above, which suggests a value of £849,000 was needed at 31 March 2016. The trustees are comfortable with the level of reserves held at the current time, given the continuing uncertainty over future income levels.

Pedlar's Acre Trust

LCF took over the trusteeship of the charity Pedlar's Acre Trust from Lambeth Council in 2009, the assets of this trust comprise permanent endowment. LCF applied to the Charity Commission for the power to use a total return approach in regard to the fund's investments and this power was granted on 17 January 2011.

The total return approach to investment allows LCF to utilise some of the capital growth of the fund for current grantmaking, instead of only being able to use the investment income received. The power allows the charity to have an investment strategy aimed at maximising return without needing to ensure a significant part of the return is in the form of income rather than capital growth.

The trustees have a duty to maintain even-handedness in regard to supporting both current and future beneficiaries and will only use the power to spend the capital growth to the extent that the ability to support future beneficiaries will not be prejudiced.

Beaufoy Trust

LCF took over the trusteeship of the charity Beaufoy Trust from Lambeth Council in July 2013, the assets of this trust comprise permanent endowment. LCF does not currently operate a total return approach in regard to the fund's investments.

Financial review (continued)

Endowment spending policy

LCF's policy regarding expendable endowments is to allocate a set percentage of the value of each fund at December each year for expenditure on grants and direct charitable expenditure in the next financial year. The trustees review this policy at least every three years and during 2015-16 the percentage used was 3.75% of fund value.

The expenditure of the investment return of any permanent endowment where a total return approach has been agreed with the Charity Commission, is set by LCF at 3.5% (2014-15: 3.5%) of the value of the fund at December each year. If the trustees judge that a higher or lower amount would better fulfil the duty of being even-handed in the treatment of present and future beneficiaries of the fund, the amount may be varied in future decisions. The trustees expect to spend a total of 3.5% on grantmaking in the coming year for the permanent endowment fund 'Pedlar's Acre Trust' which has a total return approach agreed.

For permanent endowments where no total return approach is agreed, only the income arising from the fund may be spent.

Executive remuneration

Remuneration policies

LCF had on average 17 full time equivalent staff during 2015-16. Salaries are reviewed and agreed annually by LCF's Executive Committee, a sub-committee of our Board of trustees. Recommendations for annual changes to existing staff salaries are made to the Executive Committee by the Chief Executive in consultation with relevant line managers. The recommendations for the Chief Executive's salary is made by the Chairman to the Executive Committee. In extraordinary circumstances, there is the opportunity to increase the pay of an individual outside the formal annual review. Salaries are set with reference to the salary band set for each role and annual salary review takes into account factors including inflation, individual performance and LCF's financial position. Salary bands are openly stated in job advertisements. Bands are set using voluntary sector benchmarking for the role, giving consideration to the skills and experience required, the market value for similar roles and LCF's financial position.

Executive remuneration (continued)

Our approach to pay

LCF employs people on the basis of the specific skills, knowledge and behaviours that they bring to their particular role and to the success of LCF as a whole. We employ a flexible approach - depending on the needs of the business and of individual roles at any one time, we may recruit at the top of a band or towards the lower end to allow for emerging talent and for scope to grow. We want to reward staff fairly for the jobs that they do and we believe that our salaries and additional benefits, such as a 10% contributory pension, holiday entitlement, flexible working and maternity pay reflect this. LCF is a London Living Wage-accredited employer, meaning all our staff and contractors are paid at least the London Living Wage.

Remuneration of key management personnel

The trustees consider that they, together with the charity's Senior Management Team, comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

LCF's Senior Management Team comprises the outgoing and incoming Chief Executives, Deputy Chief Executive/Director of Programmes, Development Director and Finance and Operations Director. The combined pay of these five roles for 2015-16 was £176,044 (2014-15: £198,576). Three of the roles worked part time with average paid hours of 31.5 for the outgoing Chief Executive, 24 for the Finance and Operations Director and 33 for the Development Director. All of the team were members of the pension scheme in the year to 31 March 2016, apart from the incoming Chief Executive. The decrease in costs reflects the Development Director role being vacant for a large part of the year as LCF opted to postpone recruitment until after the change of CEO.

The contribution rate of the company is a maximum of 10% offered to staff on a £2 to £1 basis matching the employee's contributions. Pension contributions for the senior management team staff totalled £16,678 during 2015-16 (2014-15: £19,655).

The trustees of the charity receive no remuneration in respect of their services to the charity.

Pay ratio

The ratio of our highest salary rate to our median salary is 2.7:1.

Future plans

LCF's future plans are laid out in full in the 2011-16 business plan. During the coming year we will be reviewing and refining our strategy for the next 5 year business plan cycle.

In summary our outward facing objectives are:

1. FUNDING FOR LONDON:

To maintain and grow the level of funds under The London Community Foundation's management for the benefit of communities across London. Secure a minimum of £5 million per annum for grantmaking. Improve long term sustainability of income through building endowment funds and significantly increasing the number of private individual donors.

2. PROGRAMMES AND GRANTS:

To ensure that the Foundation's community investment responds to identified local needs and is delivered to a high standard, maximising our community impact. Ensure breadth and range of programmes, improve demonstration of impact, and where appropriate, integrate capacity building and a community development approach within our programme development.

3. PROFILE AND PUBLIC RELATIONS:

To encourage giving through the Foundation from private and public sources – positioning LCF as the 'go to' place for those interested in supporting local charities and grassroots organisations across London.

4. THOUGHT LEADERSHIP:

To establish and demonstrate the Foundation's leadership role through programme innovation and by shaping and influencing the development of donors' giving.

Principal risks and uncertainties

The trustees consider the major risks to which LCF is exposed by conducting a risk review as part of the business planning process and the maintenance of a risk register which is updated at least annually. Risk is also considered at the trustees' quarterly meetings and by relevant sub-committees, where specific risks require consideration. The trustees are satisfied that procedures are in place to manage or mitigate the impact of the significant risks they have identified.

The risk register of LCF is updated and reviewed annually as part of the business planning process with active risk management in place across six areas: finance and investment, staffing, governance, grantmaking, systems and operations and external relations.

The main risks identified in 2015-16 are shown below, along with the ways the risks are being mitigated:

Principal risks and uncertainties (continued)

- 1 Shortfall of income against costs:** The result of this would be an erosion of reserves, reduced sustainability and a contraction of the organisation. The LCF trustees have come to the end of a 5 year strategy of investment into development with a small annual operating deficit, which was funded from a designated reserve. Going forward the aim is to reduce the annual deficit significantly and reach a small surplus by 2018-19. Our monthly management accounts and development pipeline help to monitor progress and flag concerns that then feed into the annual business plan and budget setting for subsequent years. Linked with this are risks around insufficient long term funding, a drop in unrestricted income and growth of small funds which are costly to run. All of these are actively managed through our development activity which is prioritising multi year commitments, larger funds, endowment building and catalyst fund donations. Our focus is to invest in relationships with our existing donors and fundholders, maintain and grow these funds and secure additional long term growth. In the event of a material unplanned shortfall of income against costs, our protection would involve a combination of reducing our cost base and utilising some of our free reserves.
- 2. Inefficient and unsustainable growth:** Whilst we are delighted with our success in developing new funds for communities across London, we are acutely aware that the increasing number of small, varied and complex funds under LCF's management put a strain on capacity and resourcing within the team. This, in turn, prevents us from pursuing larger opportunities which are essential to our operation. Much of the trustee discussions in recent years have been focused on how we manage that risk through simplification and streamlining of our products. We aim to implement changes to the way we work in 2016-17.
- 3. Developing a professional, high performing and knowledgeable team for LCF:** One of the main values and components of LCF is the knowledge held within the team regarding local groups, initiatives and area needs, as well as the teams ability to add value and assess impact. As we build on these core strengths, LCF will continue to share knowledge and skills and, where necessary, add capability to the team.

Statement of trustees' responsibilities

The trustees (who are also directors of The London Community Foundation for the purposes of company law) are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing the accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

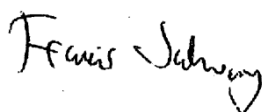
Each of the trustees confirms that:

- so far as the trustee is aware, there is no relevant audit information of which the charity's auditor is unaware; and
- the trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

The trustee's report, incorporating a strategic report, was approved by order of the Board of trustees, in their capacity as the charitable company directors, and signed on the Board's behalf by:



Francis Salway
Chair



Dated

Independent auditor's report to the members of The London Community Foundation

We have audited the financial statements of The London Community Foundation for the year ended 31 March 2016 which comprise the statement of financial activities, the summary income and expenditure account, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland).

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

Respective responsibilities of trustees and auditor

The trustees are also the directors of the charitable company for the purposes of company law. As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the trustees' report including the strategic report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Independent auditor's report to the members of The London Community Foundation
(continued)**

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the trustees' annual report including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Buzzacott LLP

Catherine Biscoe, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

1 November 2016

Statement of financial activities for the year ended 31 March 2016

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2016 £'000	Total 2015 £'000
Income from:						
Donations and legacies	2	633	5,936	67	6,636	7,157
Charitable activities	3	4	239	-	243	402
Investments	4	213	361	55	629	570
Other trading activities	5	1	-	-	1	2
Total income		851	6,536	122	7,509	8,131
Expenditure on:						
Raising funds	7	399	61	89	549	556
Charitable activities						
Grants programme	8	512	5,953	-	6,465	5,662
Community development	9	48	50	-	98	180
Total expenditure		959	6,064	89	7,112	6,398
Net (expenditure) / income before investment gains and losses		(108)	472	33	397	1,733
Net (losses) / gains on investments	15	(29)	-	(925)	(954)	1,593
Net (expenditure) / income		(137)	472	(892)	(557)	3,326
Transfers in / (out) between funds	18	39	245	(285)	(1)	-
Net movement in funds		(98)	717	(1,177)	(558)	3,326
Reconciliation of funds						
Total funds brought forward at 1 April 2015		996	2,908	18,110	22,014	18,688
Total funds carried forward at 31 March 2016	22	898	3,625	16,933	21,456	22,014

All of the activities of The London Community Foundation derive from continuing operations. There are no recognised gains and losses other than those shown above.

Summary income and expenditure account for the year ended 31 March 2016

	Total 2016 £'000	Total 2015 £'000
Total income of continuing operations	7,442	6,205
Total expenditure of continuing operations	(7,112)	(6,398)
Net income / (expenditure) for the year before transfers and investment asset disposals	330	(193)
Transfers from endowment funds	319	391
Realised gain on disposal of fixed asset investments	-	1
Net income	649	199

Total income comprises £851,000 (2015: £795,000) of unrestricted funds, £6,536,000 (2015: £5,356,000) of restricted funds and £55,000 (2015: 54,000) of endowment funds.

Detailed analyses of the expenditure are provided in the statement of financial activities.

Net income before investment asset disposals and transfers from the endowment funds for the year of £330,000 (2015: net expenditure of £193,000) comprises net expenditure of £108,000 (2015: £120,000) in respect of unrestricted funds, net income of £472,000 (2015: net expenditure of £39,000) in respect of restricted funds and net expenditure of £34,000 (2015: £34,000) in respect of endowment funds.

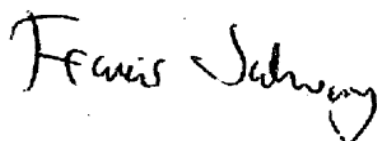
A transfer to income funds is made, in line with the charity's total return and expendable endowment policies, so that funds may be expended.

The summary income and expenditure account is derived from the statement of financial activities on page 30 which, together with the notes to the accounts on pages 34 to 60 provides full information on the movements during the year on all the funds of the charitable company.

Balance sheet as at 31 March 2016

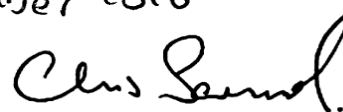
	Notes	2016 £'000	2015 £'000
Fixed assets			
Tangible assets	14	51	73
Investments	15	17,524	18,665
		17,575	18,738
Current assets			
Debtors	16	2,234	136
Cash at bank and in hand		3,361	4,494
		5,595	4,630
Creditors: amounts falling due within one year	17	(1,714)	(1,354)
Net current assets		3,881	3,276
Net assets		21,456	22,014
The funds of the charity:			
Capital funds			
Expendable endowment funds	18	12,971	13,850
Permanent endowment funds	18, 21	3,962	4,260
		16,933	18,110
Revenue funds			
Restricted funds	19	3,625	2,908
Unrestricted funds			
Designated funds	20	51	121
General funds		847	875
		898	996
Total funds		21,456	22,014

The accounts were approved by the Board on:



Francis Salway
Chair

19 September 2016



Christopher Samuel
Chair of Finance and Investment Committee

Company No: 4383269
Charity No: 1091263

Statement of cash flows for the year ended 31 March 2016

		2016 Total £'000	2015 Total £'000
	Notes		
Cash flows from operating activities:			
Net cash (used in) / provided by operating activities	A	<u>(1,824)</u>	<u>1,814</u>
Cash flows from investing activities			
Interest received		16	12
Investment income received		612	558
Proceeds from the sale of tangible fixed assets		-	177
Purchase of investments		(140)	(1,945)
Proceeds from the disposal of investments		166	70
Net cash provided by / (used in) investing activities		<u>654</u>	<u>(1,128)</u>
Change in cash and cash equivalents in the year		(1,170)	686
Cash and cash equivalents at 1 April 2015	B	4,555	3,869
Cash and cash equivalents at 31 March 2016	B	<u><u>3,385</u></u>	<u><u>4,555</u></u>

Notes to the statement of cash flows for the year ended 31 March 2016

A Reconciliation of net (expenditure) / income to net cash flow from operating activities

Net income for the year (as per the statement of financial activities)	(557)	3,326
Adjustments for:		
Net losses / (gains) on investments	954	(1,593)
Depreciation charge	22	24
Dividends and interest from investments	(629)	(570)
Fees deducted from investments	124	120
(Increase) / decrease in debtors	(2,098)	99
Increase / (decrease) in creditors	360	408
Net cash (outflow) / inflow from operating activities	<u><u>(1,824)</u></u>	<u><u>1,814</u></u>

B Analysis of cash and cash equivalents

	2016 £'000	2015 £'000
Cash at bank and in hand	3,361	4,494
Cash held by investment manager for reinvestment	24	61
	<u><u>3,385</u></u>	<u><u>4,555</u></u>

Notes to the financial statements for the year ended 31 March 2016

1 Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 March 2016.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest thousand pound.

Reconciliation with previous Generally Accepted Accounting Practice (GAAP)

In preparing the financial statements the Board has considered whether in applying the accounting policies required by FRS 102, a restatement of comparative items was needed. No restatements were required. Other than presentational adjustments required to reanalyse the expenditure for the year ended 31 March 2015 to accord with the format prescribed in the updated SORP, no further adjustments were required. Specifically, governance costs which were previously reported as a separate line of expenditure within the statement of financial activities is now included as a component of support costs and allocated to the remaining categories of expenditure as described in the expenditure accounting policy below.

In accordance with the requirements of FRS 102, a reconciliation of the net income for the year ended 31 March 2015 as reported in the above statement of financial activities against the net income for the year ended 31 March 2015 as reported in last year's approved financial statements is provided below. The net investment gains made during the year ended 31 March 2015 are now included as a component of the reported net expenditure:

Reconciliation of reported net income:	2015
	£'000
Net income as previously reported	1,733
Adjustment for net investment gains now treated as a component of net income	1,593
2015 net income as restated	3,326

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Board and management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

- The estimates of the useful economic lives of tangible fixed assets used to determine the annual depreciation charge;

Notes to the financial statements for the year ended 31 March 2016

1 Accounting policies (continued)

- The basis on which support costs have been allocated across the various expenditure headings;
- The assumptions adopted by the trustees and management in determining the value of any designations required from the charity's general unrestricted funds; and
- The rationale in determining an appropriate level of provision to accrue for dilapidation works to the charity's head office.

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

Income

Income is recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty and it is probable that the income will be received. Income is deferred only when the charity has to fulfil certain conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Income comprises donations and legacies, investment income, grant funding as well as sundry income.

Donations and grant income is recognised when the charity has confirmation of both the amount and settlement date. In the event of amounts pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that the donation or grant is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period. Grants or donations are also deferred if the donor specifies that the expenditure must occur in a subsequent accounting period.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having been transferred to the charity.

Notes to the financial statements for the year ended 31 March 2016

1 Accounting policies (continued)

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. All expenditure is stated inclusive of irrecoverable VAT.

Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes staff costs associated with fundraising, and the fees payable to the investment manager.
- Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include direct and support costs in respect to grant and community development programmes.

Allocation of support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of a finance function, human resources function, premises, communication and information systems support, and similar. Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Support costs (including governance costs) are allocated to the above expenditure headings based on employee numbers working in each area. This is further detailed within note 10 to the financial statements.

Pensions

LCF contributes to a defined contribution pension scheme in the UK and contributions for the year are charged to the statement of financial activities as they become due.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. All assets costing £1,000 or more and with an expected useful economic life exceeding one year are capitalised. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements	Over remaining life of lease
Office equipment	20% straight line
IT equipment	33.3% straight line

Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

Notes to the financial statements for the year ended 31 March 2016

1 Accounting policies (continued)

The charity does not acquire put options, derivatives or other complex financial instruments.

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method.

The investments held by the charity are subject to volatility risk in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Fund structure

General funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

Designated funds comprise monies set aside out of unrestricted general funds for specific future purposes or projects.

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

Notes to the financial statements for the year ended 31 March 2016

1 Accounting policies (continued)

Endowment funds are to be held indefinitely for the benefit of the charity and its beneficiaries as a capital fund. Income arising on these funds may be spent on the charitable objects of LCF and in line with restrictions placed on each fund. Capital gains or losses derived from these assets are taken to these funds and the capital return may also be transferred to the income funds of the charity to be applied towards charitable expenditure where the endowments are expendable endowments. For permanent endowments the capital return may only be applied where a total return approach is adopted as described below. Under the terms on which the endowment funds were given to the charity, an amount representing the cost to LCF of administering the fund is apportioned to unrestricted funds from investment income arising in the year.

Permanent endowment funds - with total return approach: Where the charity operates a total return approach for any of its permanent endowment funds, all income, gains and losses are taken to the part of the fund representing accumulated unapplied returns in the first instance. An amount reflecting the deemed investment return each year is calculated using the charity's endowment spending policy and is transferred to income funds to be applied within the terms of these funds.

Permanent endowment funds - without total return approach. For any permanent endowment funds where the charity is not operating a total return approach, only the income generated from the endowment is available to be

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis over the term of the lease.

Notes to the financial statements for the year ended 31 March 2016

2 Income from donations and legacies

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2016 £'000	Total 2015 £'000
Trusts and foundations	148	2,341	-	2,489	2,318
Corporations	260	1,700	56	2,016	1,844
Local public authorities	46	1,017	-	1,063	173
National public authorities	47	742	-	789	1,567
Individuals	132	136	11	279	1,255
2016 Total funds	633	5,936	67	6,636	7,157
2015 Total funds	588	4,643	1,926	7,157	

3 Income from charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2016 £'000	Total 2015 £'000
Trusts and foundations	4	173	-	177	389
Corporations	-	66	-	66	-
Local public authorities	-	-	-	-	13
2016 Total funds	4	239	-	243	402
2015 Total funds	-	402	-	402	

4 Income from investments

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2016 £'000	Total 2015 £'000
Interest receivable	16	1	-	17	12
Investment income	197	360	55	612	558
2016 Total funds	213	361	55	629	570
2015 Total funds	205	311	54	570	

5 Income from other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2016 £'000	Total 2015 £'000
Rental income	1	-	-	1	2
2016 Total funds	1	-	-	1	2
2015 Total funds	2	-	-	2	

Notes to the financial statements for the year ended 31 March 2016

7 Expenditure on raising funds

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2016 £'000	Total 2015 £'000
Investment management costs					
. Staff costs (note 12)	1	-	-	1	2
. Other direct costs	2	-	89	91	90
. Allocated support costs (note 10)	-	-	-	-	1
Cost of raising donations and legacies	-	-	-	-	-
. Staff costs (note 12)	214	60	-	274	295
. Other direct costs	45	1	-	46	54
. Allocated support costs (note 10)	136	-	-	136	103
Cost of generating rental income	-	-	-	-	-
. Staff costs (note 12)	1	-	-	1	4
. Other direct costs	-	-	-	-	-
. Allocated support costs (note 10)	-	-	-	-	7
2016 Total funds	399	61	89	549	556
2015 Total funds	390	78	88	556	

8 Expenditure on charitable activities: Grant programme

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2016 £'000	Total 2015 £'000
Grants payable	-	5,929	-	5,929	5,159
Staff costs (note 12)	316	-	-	316	322
Other direct costs	23	24	-	47	15
Allocated support costs (note 10)	173	-	-	173	166
2016 Total funds	512	5,953	-	6,465	5,662
2015 Total funds	503	5,159	-	5,662	

9 Expenditure on charitable activities: Community development

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2016 £'000	Total 2015 £'000
Staff costs (note 12)	8	26	-	34	49
Other direct costs	-	24	-	24	110
Allocated support costs (note 10)	40	-	-	40	21
2016 Total funds	48	50	-	98	180
2015 Total funds	27	153	-	180	

Notes to the financial statements for the year ended 31 March 2016

10 Analysis of support costs

	Total 2016 £'000	Total 2015 £'000
Support staff costs (note 12)	90	78
Professional fees	22	16
Premises costs	104	99
Office and other costs	47	24
Depreciation	22	24
IT costs	26	19
Governance costs (note 11)	38	38
Total support costs	349	298
Attributed to:		
Expenditure on raising funds (note 7)		
. Investment management costs	-	1
. Cost of raising donations and legacies	136	103
. Cost of generating rental income	-	7
Expenditure on charitable activities		
. Grant programme (note 8)	173	166
. Community development (note 9)	40	21
	349	298

Support costs are allocated to expenditure on raising funds and charitable activities based on employee time allocated to each area.

LCF receives a grant in support of its running costs from the Charles Stewart Mott Foundation, to support fund development activity.

11 Governance costs

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2016 £'000	Total 2015 £'000
Staff costs (direct)	24	-	-	24	21
Legal, professional and audit fees	14	-	-	14	17
	38	-	-	38	38
	33	5	-	38	

Notes to the financial statements for the year ended 31 March 2016

12 Staff costs and remuneration of key management personnel

	2016 £'000	2015 £'000
Salaries and wages	633	663
Social security costs	63	68
Pension costs	44	43
Total staff costs	740	774

Employees	2016 FTE	2015 FTE	2016 Number	2015 Number
The average monthly number of employees during the year was:				
Grant delivery and community development	10	11	11	11
Fundraising	5	6	6	7
Support	2	2	2	2
Total	17	19	19	20

	2016 Number	2015 Number
The number of staff whose emoluments in the year were greater than £60,000 are:		
£60,001 - £70,000	0	1
£70,001 - £80,000	1	0
Total	1	1

For clarity: in this note emoluments is taken to mean actual payments due in the year for hours worked and is therefore not a full time equivalent rate but an actual rate reflecting part time hours as well as employment for less than a full year.

The employee whose salary banding is disclosed above also received company pension contributions of £6,412 (2015: £6,426).

17 employees participated in the charity's group stakeholder pension scheme (2015: 13)

Key management personnel

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the trustees and the CEO, Director of Programmes/Deputy CEO, the Finance and Operations Director and the Development Director.

The total remuneration (including taxable benefits but excluding employer's pension contributions) of the key management personnel for the year was £176,044 (2015 - £199,826).

No remuneration or other payments have been made to the trustees of LCF for their services as Board members or for other services provided to the organisation in 2016 or 2015. Directly incurred expenses for travel and subsistence relating to their role as trustees are reimbursed if claimed. In 2016 no expenses were claimed (2015: no expenses claimed).

Notes to the financial statements for the year ended 31 March 2016

13 Net income

	2016 £'000	2015 £'000
This is stated after charging:		
Staff costs (note 5)	1	1
Auditor's remuneration (excluding VAT):		
Statutory audit services	10	10
Other services	1	-
Depreciation	22	24
Rentals under operating leases: property	58	59

14 Tangible fixed assets

	Leasehold improvements £'000	Furniture, IT and office equipment £'000	Total 2016 £'000
Cost			
As at 1 April 2015	73	57	130
At 31 March 2016	73	57	130
Depreciation			
Depreciation as at 1 April 2015	23	34	57
Charge for the year	15	7	22
At 31 March 2016	38	41	79
Net book value			
At 31 March 2016	35	16	51
At 31 March 2015	50	23	73

Notes to the financial statements for the year ended 31 March 2016

15 Fixed asset investments

a) Investments at market value

	2016 £'000	2015 £'000
Market value of listed investments at 1 April 2015	18,604	15,256
Additions at cost	140	1,945
Disposal proceeds	(166)	(71)
Realised gains	-	1
Disposals at carrying value brought forward	(166)	(70)
Gross fees deducted by the investment managers directly from the fund	(124)	(120)
Unrealised (losses) / gains	(954)	1,593
Market value of listed investments at 31 March 2016	17,500	18,604
Cash held by investment managers	24	61
	17,524	18,665
Reconciliation of investment management fees		
Gross fees deducted by the investment managers directly from the fund	124	120
Rebates received from investment managers to agreed fee level	(33)	(30)
Net investment management costs of fund (note 7)	91	90

The amounts deducted from the invested funds representing the Investment Managers' gross fees are made at the standard rate for the Common Investment fund invested in, and taken on a daily basis from the funds. The level of funds LCF has invested means LCF is due a fee rebate to a lower rate for all the invested funds. This rebate is paid quarterly in arrears.

b) Historical cost

	2016 £'000	2015 £'000
Market value at 31 March 2016	17,500	18,603
Accumulated gains brought forward	(5,225)	(3,644)
Unrealised losses / (gains) for the year	954	(1,593)
Unrealised gain in respect to disposals in the year	18	12
Historical cost at 31 March 2016	13,229	13,366

c) Investments disposition

	2016 £'000	2015 £'000
Cash and settlements pending	24	61
Common Investment Funds: Alpha CIF for Endowments (Income Units)	13,041	13,915
Common Investment Funds: COIF Charities Investment Fund	4,376	4,603
Common Investment Funds: COIF Ethical Investment Fund	83	86
	17,524	18,665

Notes to the financial statements for the year ended 31 March 2016

16 Debtors

	2016 £'000	2015 £'000
Other debtors	2,077	73
Prepayments	68	53
Accrued income	89	10
	2,234	136

At 31 March 2016 funds were due from the fundholders for two major funds, as well as a number of smaller funds, these amounts are shown as debtors. A number of the funds LCF receives fall into the latter part of the year and timing can vary year on year as to whether the funds are fully received before the year end as in 2015, or the agreement has been made but cash

17 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Grants payable	1,466	1,122
Other creditors	42	56
Accruals	84	76
Deferred income	122	100
	1,714	1,354

Deferred income primarily relates to funding where the donor has specified in the funding agreement that some of the income is in relation to a future period and expenditure of those funds should not take place until that period.

Movements on deferred income during the year was as follows:

	2016 £'000	2015 £'000
Balance brought forward at 1 April 2015	100	-
Amounts released to income	(100)	-
Cash received to be deferred	122	100
Balance carried forward at 31 March 2016	122	100

Notes to the financial statements for the year ended 31 March 2016

18 Endowment funds

LCF holds both expendable and permanent endowment funds. In addition to donations made to funds, many of LCF's endowment funds have benefitted from match funding received from the government schemes Grassroots Grants (2008-2011) and Community First (2012-2015). A selection of funds are shown below along with totals for each scheme.

	Balance at 1 April 2015 £'000	Income £'000	Expenditure £'000	Transfers in/(out) £'000	Investment gain/(loss) £'000	Balance at 31 March 2016 £'000
Expendable endowment						
Grassroots Grants funds:						
Bromley Community fund	238	-	(1)	(5)	(13)	219
Croydon Community Fund	341	-	(2)	(6)	(19)	314
Deutsche Bank GG endowment fund	620	-	(3)	(11)	(35)	571
Evening Standard Dispossessed Fund Croydon	195	-	(1)	-	(11)	183
Evening Standard Dispossessed Fund	3,345	-	(16)	-	(189)	3,140
Lambeth Community Fund	207	-	(1)	(3)	(12)	191
Peckham Fund	143	-	(1)	(3)	(8)	131
Rolls-Royce Fund	34	-	-	(1)	(2)	31
Ruth's Fund	125	-	(1)	(2)	(7)	115
Victoria Foundation Fund	363	-	(2)	(5)	(20)	336
Wandsworth Educational Fund	123	-	(1)	(1)	(7)	114
Westminster Fund	390	-	(2)	(8)	(22)	358
Other Grassroots Grants funds	1,586	-	(6)	(24)	(90)	1,466
Total Grassroots Grants funds	7,710	-	(37)	(69)	(435)	7,169
Community First funds:						
Barnet Fund	357	-	(2)	-	(13)	342
Bromley Fund	89	12	(1)	(7)	(3)	90
Friends Life Endowment Fund	17	-	-	-	(1)	16
Land Securities Capital Commitment	141	5	(1)	-	(5)	140
Living Cities Community Fund	822	-	(4)	-	(29)	789
The London Leg Up Fund	286	-	(2)	-	(10)	274
Love Kingston Fund	75	-	-	4	(3)	76
Westminster Endowment Fund	206	5	(1)	-	(8)	202
-	-	-	-	-	-	-
Other Community First funds	2,716	45	(16)	(104)	(91)	2,550
Total Community First funds	4,709	67	(27)	(107)	(163)	4,479

Notes to the financial statements for the year ended 31 March 2016

18 Endowment funds (continued)

	Balance at 1 April 2015 £'000	Income £'000	Expenditure £'000	Transfers in/(out) £'000	Investment gain/(loss) £'000	Balance at 31 March 2016 £'000
Other funds:						
Cresswell Trust	61	-	-	(1)	(3)	57
Lewisham Fund	312	-	(2)	(6)	(19)	285
Portuguese Fund	571	-	(3)	(8)	(32)	528
Wandsworth Community Fund	487	-	(2)	(4)	(28)	453
Total other endowment funds	1,431	-	(7)	(19)	(82)	1,323
Total expendable endowment	13,850	67	(71)	(195)	(680)	12,971
Permanent endowment						
Barnet Endowment	70	-	-	-	(4)	66
Beaufoy Trust	1,236	-	(4)	-	(72)	1,160
Pedlar's Acre Trust	2,495	55	(12)	(90)	(143)	2,305
Richmond Civic Trust	459	-	(2)	-	(26)	431
Total permanent endowment	4,260	55	(18)	(90)	(245)	3,962
Total endowment funds	18,110	122	(89)	(285)	(925)	16,933

Grants from endowment funds are made from the restricted fund relating to the endowment fund of the same name, grants for the year ended 31 March 2016 can be seen in notes 19 and 26.

Transfers out of expendable endowment funds to restricted funds represent a release of the capital representing capital return. The transfers operate under LCF's endowment spending policy and allow further application of the funds as grants.

Transfers from the permanent endowment fund Pedlar's Acre Trust to restricted funds represent the release of capital as allowed under the Total Return Order granted by the Charity Commission so that the funds may be applied as grants. Further details can be found in note 23.

Notes to the financial statements for the year ended 31 March 2016

19 Restricted funds

LCF holds many restricted funds, a sample of which are shown in the note below along with totals from each type of donor.

	Balance at 1 April 2015 £'000	Income £'000	Expenditure £'000	Transfers in/(out) £'000	Balance at 31 March 2016 £'000
Grantmaking funds					
Affinity Sutton Business Start Up Program	17	16	(20)	(6)	7
Affinity Sutton Decorating Fund	7	26	(24)	-	9
Affinity Sutton Digital Communities Fund	25	45	(48)	-	22
Affinity Sutton Re-Train Program	3	75	(63)	6	21
Affinity Sutton Re-Work Program	9	9	(16)	-	2
Big Local Marks Gate Dagenham	8	41	(4)	(5)	40
Big Local North Brixton	97	72	(88)	(29)	52
Cockayne Fund - Grants for the Arts	5	677	(662)	-	20
Comic Relief Local Communities	87	350	(223)	-	214
Comic Relief BBC large grants	-	90	(90)	-	-
Comic Relief Dispossessed Fund - Red Nose Day	1,002	1	(1,000)	-	3
Comic Relief Dispossessed Fund - Sport Relief	-	1,000	-	-	1,000
Covent Garden Market Authority	29	25	(17)	-	37
Deutsche Bank Small Grants Fund	1	42	(41)	21	23
eBay Foundation	5	22	(22)	-	5
Elephant and Castle Community Fund	50	-	(48)	-	2
Evening Standard Dispossessed Fund	14	51	-	(42)	23
Evening Standard Dispossessed Fund - Angel Town	-	167	(136)	50	81
Evening Standard Dispossessed Fund - The Estate We Are In	-	955	(1,084)	186	57
Give London	-	14	-	8	22
Lambeth - Healthier for Longer	-	450	(85)	-	365
Lambeth & Southwark Happiness & Wellbeing Fund	41	18	(41)	-	18
Land Securities Capital Commitment Fund	2	31	(34)	3	2
Living Communities Fund	53	9	(40)	14	36
Love Kingston	20	15	(17)	(2)	16
Mayor's Office for Policing & Crime (MOPAC)	-	742	(742)	-	-
Merton & Sutton Health & Wellbeing	-	77	-	-	77
The MyLotto24 Community Fund	-	51	(50)	-	1
New Beginnings Fund	-	79	-	-	79
The Path Programme	24	-	(7)	-	17
Peabody Community Fund	34	100	(86)	-	48
Prudential Skills for Life	85	85	(74)	-	96
Redbridge Council Small Grants Fund	4	29	(33)	-	-
Santander Social Enterprise Development Awards	10	236	(236)	-	10
The SEGRO Community Fund for London	50	88	(53)	-	85
Slater & Gordon Health Projects & Research Fund	-	50	(50)	-	-
Urban Greening Fund	11	1	(8)	-	4

Notes to the financial statements for the year ended 31 March 2016

19 Restricted funds (continued)

	Balance at 1 April 2015 £'000	Income £'000	Expenditure £'000	Transfers in/(out) £'000	Balance at 31 March 2016 £'000
Vanquis Active Community Fund	40	-	(40)	-	-
Wimbledon Foundation Fund	58	100	(100)	-	58
Other grantmaking funds	285	191	(332)	73	217
Total grantmaking funds	2,076	6,030	(5,614)	277	2,769
Endowment funds (income element)					
Beaufoy Trust	53	27	(32)	-	48
Bromley Community Fund	-	25	(27)	14	12
Croydon Community Fund	-	6	(12)	6	-
Deutsche Bank Fund	-	10	-	(10)	-
Evening Standard Dispossessed Fund	172	88	-	(165)	95
Evening Standard Dispossessed Fund -Croydon	23	6	-	(21)	8
Lambeth Community Fund	-	4	-	(4)	-
Living Communities Fund	14	20	-	(14)	20
Peckham Endowment Fund	16	2	-	3	21
Pedlar's Acre Trust	147	-	(135)	97	109
Portuguese Fund	20	12	(40)	8	-
Richmond Civic Trust	14	10	(14)	-	10
The London Leg Up Fund	-	8	(1)	1	8
Victoria Foundation Fund	13	8	-	5	26
Wandsworth Community Fund	1	13	(17)	4	1
Westminster Fund	-	7	-	7	14
Other endowment funds (income element)	320	135	(102)	42	395
	793	381	(380)	(27)	767
Community Development funds					
JP Morgan Evaluation	-	66	(8)	(3)	55
Vassall and Coldharbour Wellbeing Fund	-	25	(20)	-	5
Other community development funds	4	-	-	-	4
	4	91	(28)	(3)	64

Notes to the financial statements for the year ended 31 March 2016

19 Restricted funds (continued)

	Balance at 01-Apr 2015 £'000	Income £'000	Expenditure £'000	Transfers in/(out) £'000	Balance at 31 March 2016 £'000
Development funds					
Charles Stewart Mott Foundation	24	34	(33)	-	25
Lambeth Giving Fund	11	-	(9)	(2)	-
	35	34	(42)	(2)	25
Total restricted funds	2,908	6,536	(6,064)	245	3,625

The funds of the charity include restricted funds listed above, the closing balance represents the unexpended balances of income held on trust for specific purposes:

Grantmaking funds

Funds held for the purposes of grantmaking to communities, groups and projects as defined by the purpose of each fund.

Community Development funds

Funds held for the purposes of directly managing projects with the aim of benefitting various communities in certain areas of London through: improving local infrastructure and increasing community capacity through outreach, training, capacity building and community consultation.

Development funds

Funds held for the purpose of the growth of LCF including an increase in income and greater ability to help beneficiaries.

Transfers

Transfers in represent a release of the capital from endowment funds. Transfers out generally represent the pooling of the fund with other funds of similar purpose at the point of awarding grants.

20 Designated Funds

The Board of trustees has designated the following amounts from its unrestricted funds:

1. The tangible fixed assets fund of £51,000 (2015: £73,000) representing the net book value of LCF's tangible assets.
2. The Growth Fund was set up in 2010 in order to invest in organisational change over a period of several years. It supports activities which lead to greater sustainability for LCF, such as marketing to new audiences, developing new products and services. The fund is now fully expended.

Movements on the Growth Fund during the year was as follows:

	2016 £'000	2015 £'000
Opening balance at 1 April 2015	48	123
Utilisation of fund	(48)	(75)
Balance carried forward at 31 March 2016	-	48

Notes to the financial statements for the year ended 31 March 2016

21 Funds of Pedlar's Acre Trust

On 21 May 2009 the Charity Commission authorised a uniting direction for registration and accounting purposes between The London Community Foundation (charity no 1091263) and Pedlar's Acre Trust (charity number 205817). At the date of the uniting direction the assets of Pedlar's Acre Trust were valued at £1,843,330.

The transactions and assets of the separate charities for the year ended 31 March 2016 are shown below:

	The London Community Foundation £'000	Pedlar's Acre Trust £'000	Total £'000
Assets of each charity at 31 March 2016			
Opening balance at 1 April 2015	19,519	2,495	22,014
			-
Income	7,454	55	7,509
Expenditure	(7,100)	(12)	(7,112)
Fund transfers in/(out) (note 23)	89	(90)	(1)
Gain on investments	(811)	(143)	(954)
Net movement in funds	19,151	2,305	21,456
Tangible fixed assets	51	-	51
Fixed asset investments	(14,781)	32,305	17,524
Debtors	2,234	-	2,234
Cash at bank and in hand	3,361	-	3,361
Creditors: amounts falling due within on year	28,286	(30,000)	(1,714)
Net assets at 31 March 2016	19,151	2,305	21,456
Funds of the charities			
Expendable endowment funds	12,971	-	12,971
Permanent endowment funds	1,657	2,305	3,962
Restricted funds	3,625	-	3,625
Unrestricted funds	898	-	898
Closing balance at 31 March 2016	19,151	2,305	21,456

Notes to the financial statements for the year ended 31 March 2016

22 Analysis of net assets between funds

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2016 £'000
Fund balances at 31 March 2015					
Represented by:					
Tangible fixed assets	-	51	-	-	51
Fixed asset investments	481	-	110	16,933	17,524
Current assets - cash	321	-	3,039	-	3,360
Current assets - debtors	206	-	2,029	-	2,235
Creditors: amounts falling due within one year	(161)	-	(1,553)	-	(1,714)
Total funds	847	51	3,625	16,933	21,456

The restricted funds represented by fixed asset investments are made up of a few endowment funds where LCF's endowment spending policy has determined the portion of the capital gain on those funds which should be spent, but the investment assets will not be drawn down until spending plans are finalised.

The total unrealised gains as at 31 March 2016 constitutes movements on revaluation in respect of listed investments and are as follows:

	2016 £'000	2015 £'000
Total unrealised gains included above:		
On listed investments	4,253	5,225
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 April 2015	5,225	3,644
Less: in respect to disposals in the year	(18)	(12)
	5,207	3,632
Add: net (losses)/gains arising on revaluation arising in the year	(954)	1,593
Total unrealised gains at 31 March 2016	4,253	5,225

Notes to the financial statements for the year ended 31 March 2016

23 Application of the power of total return to Pedlar's Acre Fund

The investment power of total return was granted by a Charity Commission Order on 17 January 2011. The charity received advice from its legal advisors Bates Wells & Braithwaite with regard to the use of the power and ensuring its use does not prejudice the ability of the charity to support both current and future beneficiaries. This power permits the trustees to invest permanently endowed funds to maximise total return and apply an appropriate portion of the unapplied total return income each year. Until the power is exercised to transfer a portion of unapplied total return to income (as disclosed in the note below), the unapplied total return remains invested as part of the permanent endowment.

The trustees have selected the date of the valuation for total return purposes to be the value of the endowed fund at 31 March 2004. Pedlar's Acre Fund has been in existence since the 17th century, however no valuation is available for the charity prior to 31 March 2004. At this date Pedlar's Acre Trust Fund was valued at £1,836,806. The note below shows the opening unapplied total return and fund transfer in the year.

The power of total return allows the trustees to decide in each year how much of the unapplied total return is transferred to income funds and so available for grantmaking expenditure. During the year to 31 March 2016 the trustees elected to transfer 3.5% of the value of the fund as at 31 December 2015 to income funds, 3.5% being the amount LCF aims to spend of its permanent endowment funds holding Total Return power under its endowment spending policy. The trustees decided that the duty to be even-handed to future and present beneficiaries was fulfilled by following LCF's standard policy in 2015-16.

The investment fund and application of total return to permanent endowment fund:

	2016	2015
	£'000	£'000
Opening value of permanent endowment at 1 April 2015	2,495	2,316
Less:		
Value of endowment at 31 March 2004	(1,837)	(1,837)
Opening value of unapplied total return at 1 April 2015	658	479
Add:		
Investment return: income	55	53
Investment return: unrealised (loss)/gain on investment	(143)	221
Less:		
Investment management and legal costs	(12)	(12)
Unapplied total return before transfer to income	558	741
Less:		
Unapplied total return applied	(90)	(83)
Sub total: unapplied total return as at 31 March 2016	468	658
Add:		
Value of endowment at 31 March 2004	1,837	1,837
Permanent endowment including unapplied total return as at 31 March 2016	2,305	2,495

Notes to the financial statements for the year ended 31 March 2016

24 Obligations under operating leases

At 31 March 2016, the charity had total future minimum lease payments under non-cancellable operating leases for office rent as follows:

	2016	2015
	£'000	£'000
Within one year	64,350	64,350
After one but within two years	64,350	64,350
After two but within five years	21,450	85,800
	150,150	214,500

25 Funds held in capacity as agents - Deptford Challenge Trust

LCF manages the Deptford Challenge Trust (DCT) fund on behalf of DCT as an agent and distributes the fund to the beneficiary institutions selected by DCT. As the principal, DCT is responsible for ensuring the charitable application of the fund.

At the year end date the following assets and liabilities relating to the fund have been excluded from the balance sheet:

	Balance at 31 March 2016 £'000	Balance at 31 March 2015 £'000
Cash at bank	136	173
Grants payable	(118)	(154)
	18	19

26 Related party transactions

The total value of donations made by the trustees of the charity for the benefit of the charity during the year was £36,620 (2015: 149,609).

The charity's insurance cover includes a trustee indemnity insurance policy with cover up to a value of £1,000,000. The cost for the year to 31 March 2016 for this element of the insurance policy was £691 (2015: £861).

There were no other related party transactions during the year (2015: none).

Notes to the financial statements for the year ended 31 March 2016

27 Analysis of grants

	Number	Total £'000
Grant awards to individuals	249	121
Grant awards to institutions	784	5,808
Total	1,033	5,929

The majority of the grantmaking at LCF is to charities and community groups each year. LCF also makes grant awards to individuals from several funds set up by Affinity Sutton for that purpose. LCF manages a fund which makes grant awards of up to £400 to vulnerable residents in Affinity Sutton housing for the purposes of decorating their home. Additionally three Affinity Sutton funds award grants to residents in Affinity Sutton housing towards the purposes of retraining, returning to work and setting up Business ventures.

The analysis below shows a sample of grants made by LCF in the year from a number of funds, along with the name of the fund making the grant. All details of all grants made in the year can be requested from The London Community Foundation at its registered address.

Fund	Grantee	£
Affinity Sutton Community Grants	The Cooke e-Learning Foundation	4,500
	Hilda Lane Community Association	4,490
	Bradford Youth Development Partnership (BYDP)	4,500
	Kingston Voluntary Action	4,500
	North Herts Centre for Voluntary Service	4,500
Beaufoy Trust	Young Lambeth Coop (YLC) Ltd	32,000
Big Local North Brixton	Loughborough Estate Tenants And Residents	4,100
	Innecity Films	5,000
	Joy of Sound	5,000
	Wellbeing Alliance	5,000
	Myatt's Fields Park Project	5,000
Bromley Community Fund	Living Well Bromley	2,995
	Westmeria Counselling Services	2,640
	Winning Stars	3,000
	Age Concern Ravensbourne (Bertha James Day	3,000
	Orpington Football Club	3,000
Childhood Trust	Waterloo Sports And Football Club	3,000
	Waltham Forest Arts in Education Network	3,000
	Doorstep Homeless Families Project	3,000
	Youth Education Support Services	3,000

Notes to the financial statements for the year ended 31 March 2016

27 Analysis of grants (continued)

Fund	Grantee	£
Cockayne - Grants for the Arts	Luca Silvestrini's Protein	25,000
	Headlong Theatre Ltd	25,000
	The English Stage Company Ltd	25,000
	South London Gallery	25,000
	Royal Academy of Arts	39,000
Comic Relief Dispossessed Fund - Red Nose Day	The Margins Project	19,526
	Foundation for Change	19,456
	Mazí Mas	18,000
	The Mosaic Community Trust	20,000
	Carefree Kids	19,174
Comic Relief BBC large grants	Hillingdon Carers	15,000
	Carers Bromley	15,000
	The Drop In Bereavement Centre	15,000
	Connie Henry's Track Academy	15,000
	The Connection at St Martin's	15,000
Comic Relief Local Communities	London Sports Trust	10,000
	Lambeth Elderly Association from Vietnam	10,000
	The Holloway Neighbourhood Group	10,000
	The Comedy School	10,000
	Liberty Credit Union	10,000
Covent Garden Market Authority	Contact the Elderly	2,145
	Clube Santacruzense de Londres	720
	Code 7 Ltd	5,000
	EFA London	4,892
	FAST Project - London	5,000
Deutsche Bank Small Grants Fund	Pascal Theatre Company	5,000
	Realtime Arts	4,939
	Connie Henry's Track Academy	4,600
	London Community Building CIC	4,900
	Bermondsey Community Kitchen	4,800
Deutsche Bank Older People's fund	Advocacy For Older People	5,000
	South London Cares	5,000
eBay Foundation	Great Lakes Outreach	5,354
	Treloar's	3,293
	Small Steps	3,293
	Code Club	5,252
	FoodCycle	3,293

Notes to the financial statements for the year ended 31 March 2016

27 Analysis of grants (continued)

Fund	Grantee	£
Elephant and Castle Community Fund	CoolTan Arts	3,870
	EFA London	4,849
	Mouth That Roars	4,700
	Silverfit Ltd	4,995
	South London Cares	5,000
Evening Standard Dispossessed Fund - The Estate We Are In	InUnity Ltd	20,000
	Elays Network	19,230
	Providence House Youth Club	20,000
	Positive Steps Youth Project	20,000
	Hope House North London Limited	20,000
First Foundation Communities Fund	Myatt's Fields Park Project	10,000
	Westminster Befriend a Family	6,000
	Stepney City Farm	6,250
	The Hackney Pirates	6,000
	The Bloomfield Learning Centre	10,000
Give Camden	South Hampstead and Kilburn Community	682
	Doorstep Homeless Families Project	682
	Holly Lodge Community Centre	682
	Calthorpe Project	682
Gordon Family Fund	Harrow Law Centre	5,000
	Advocacy For Older People In Greenwich	5,000
	Silverfit Ltd	5,000
	Friends of One Tower Bridge Road	5,000
	Evergreen Care Bexley	5,000
Lambeth Giving Fund	Basaira Elderly Centre	2,500
	Church Housing Trust	2,500
	Mosaic Clubhouse	2,500
	Stockwell Good Neighbours	2,500
	Ebony Horse Club	2,500
Lambeth - Healthier for Longer	Upper Norwood Library Trust	85,000
Lambeth & Southwark Happiness & Wellbeing Fund	Trust Women's Project	5,000
	The Blue Elephant Theatre	5,000
	Copleston Centre	4,870
	Young People Matter	4,700
	Carers4Carers	5,000

Notes to the financial statements for the year ended 31 March 2016

27 Analysis of grants (continued)

Fund	Grantee	£
Lambeth Cooperative Challenge Programme	Spires Centre	2,981
	Streatham Youth and Community	2,970
	CEF Lyncx	3,000
	Carers4Carers	3,000
Land Securities Capital Commitment Fund	The Golden Co.	6,959
	The Big House Theatre Company	7,000
	ACT Training Services	6,572
	Working with Men	6,526
	Kahaila	7,000
Living Cities Community Fund	Zaccheus 2000 Trust	5,000
	Diverse Leaders Network	5,000
	Chocolate Films	4,067
	Age UK Westminster	5,000
	Westminster Befriend a Family	4,800
Love Kingston	Kingston Foodbank	3,350
	Oxygen	3,350
	Kingston Churches Action on Homelessness	5,031
	SurreySave Credit Union	5,031
Mayor's Office for Policing & Crime (MOPAC) Victims Fund	IMECE Women's Centre	80,000
	Africa Advocacy Foundation	79,768
	Enfield Citizens Advice Bureaux Service	39,080
	SurvivorsUK	30,000
	Faith Matters	58,550
The MyLotto24 Community Fund	Haven - The Survivors of Abuse Network	9,736
	Sufra - NW London	10,000
	Art Against Knives	9,879
	Burgess Park Food Project	9,925
	Home Energy Efficiency Training	10,000
Peabody Community Fund	Artburst Ltd	5,000
	London Sports Trust	5,000
	Pimlico Family Workshop Toy Library	5,000
	Stepney City Farm	5,000
	Covent Garden Dragon Hall Trust	5,000
Pedlar's Acre Trust	Code 7 Ltd	20,000
	Options 4 Change	21,292
	Springfield Community Flat	20,000
	High Trees Community Development Trust	10,000
	Your Story	10,000

Notes to the financial statements for the year ended 31 March 2016

27 Analysis of grants (continued)

Fund	Grantee	£
Portuguese endowment fund	Stockwell Partnership	10,000
	Portuguese Speakers Com Centre	25,000
Prudential Skills for Life	Leaders in Community	13,074
	Weavers Community Forum	14,938
	The Golden Co	11,376
	The Work, Skills and Independence Group	14,700
	Iconic Steps Film Academy	11,275
Redbridge Council Small Grants Fund	Forest Farm Peace Garden	2,500
	take stock exchange	2,720
	Refugee and Migrant Forum of Essex and London	2,500
	Fairlop Paddlesport	2,500
	Redbridge Green Fair Association	2,643
The Reel Fund	ABIANDA	6,000
	GOAL (Gospel Oak Action Link)	7,000
	The Baobab Centre for Young Survivors in Exile	6,000
	Doorstep Homeless Families Project	6,000
	Prospex	6,000
Richmond Civic Trust	Friends of Meadlands	5,350
	Barnes Common Management Company	4,000
	Richmond AID - SPADE project	2,694
	Empowering Youth	2,000
Santander Social Enterprise Development Awards	The Bike Project	10,000
	Gap - A Thanet Community Project	10,000
	Specialisterne Foundation UK	10,000
	London Reclaimed	10,000
	Rhubarb Theatre Company	10,000
The SEGRO Community Fund for London	Dagenham Bangladeshi Women	5,000
	London Bike Hub	4,700
	Straight Talking Peer Education	5,000
	Homeless Resource Centre	5,000
	YMCA West London	5,130
Slater & Gordon Health Projects & Research Fund	Spinal Injuries Association	3,501
	Royal Hospital for Neuro-disability	8,340
	Roy Castle Lung Cancer Foundation	12,500
	Imperial Neurotrauma Centre	13,650
	Buckinghamshire Healthcare NHS Trust - Community	12,009

Notes to the financial statements for the year ended 31 March 2016

27 Analysis of grants (continued)

Fund	Grantee	£
Sylvia Bond Community Fund	School-Home Support	5,000
	Barking and Dagenham Youth Dance	4,986
	Chain Reaction Theatre Company	4,993
	Home-Start Havering	10,000
	Wellgate Community Farm	5,000
Vassall and Coldharbour Wellbeing fund	Inclusion Arts	1,880
	Stockwell Good Neighbours	2,599
	Myatt's Fields Park Project	1,500
	Vassall Senior Citizens Association	1,200
	On the Record Community Interest Company	4,497
Vanquis Active Community Fund	Streets of Growth	8,000
	Chain Reaction Theatre Company	6,000
	Youth Learning Network	5,206
	Kazzum Arts Project	4,000
	The Blue Elephant Theatre	8,000
Violence Against Women Fund	Eaves Housing for Women	4,020
	HERA	4,020
	Iranian & Kurdish Women's Right Organisation	4,020
	Street Talk	4,020
Wandsworth Community Fund	St Michael's Church	4,425
	Inspirational Youth Ltd	4,825
	CARAS (Community Action for Refugees and Asylum)	3,246
	Tara Arts Group Ltd	5,000
	Football Beyond Borders	4,718
Westminster Fund	City West Homes	21,150
	SportWestminster C.I.C	1,896
	Dreamarts	4,500
	Westminster Befriend a Family	4,500
Wimbledon Foundation Community Fund	Youth Legal and Resource Centre	4,960
	ATTIC Theatre Company (London) Ltd	4,448
	Polka Theatre	5,000
	Linden Lodge Charitable Trust	5,000
	Mercy Foundation Centre	5,000
Youth At Risk	Barbara Melunsky Refugee Youth Agency	8,001
	Chance UK	7,959
	MyBnk	7,959
	South Central Youth	7,959
	Southside Young Leaders' Academy	7,959