

The London Community Foundation

Trustees' report

and

financial statements

for the year ended

31 March 2014

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 2014. 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 requirements of Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2005).

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). The charity changed its name from The Capital Community Foundation on 14 December 2011.

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 William Salway	Chair
Stephen Robert Jordan	Vice Chair
Donald Gordon Williamson	Treasurer
Paul Gurney Cattermull	Appointed 2 December 2013
Clive Donald Cutbill	
Gaynor Humphreys	Appointed 16 September 2013
Davina Eve Judelson	
Sanjay Mazumder	
William Rhys Moore	
Tajinder Nijjar	
Nicholas Timothy John Reid	Appointed 2 December 2013

Legal and Administrative information (continued)

Trustees (continued)

Martin Edgar Richards

Juliet Hope Grant Wedderburn

Jesse Zigmund

Other trustees serving during the period:

Donovan Thomas Norris Resigned 2 December 2013

Carole Lesley Souter Resigned 16 September 2013

Principal officers

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

Sonal Shah Chief Executive Officer

Victoria Louise Warne Deputy CEO/Director of Programmes

Megan Ruth Chidlow Finance Manager, Company Secretary

Lucinda Shaw Development Director

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

This year marks the 100th anniversary of community foundations across the world. Against this historical perspective, we are a young organisation in a 1,700 strong global movement. Founded in 1995 to cover boroughs in south east London, we have been working across the capital since 2007. We may lack the scale of some of the oldest and largest community foundations in the United States, but we exhibit the high rates of growth commonly associated with youth. Our endowments have grown from just under £50,000 in 2007 to £15 million in 2014, including a 25% increase over the last year.

Our core purpose is grantmaking to support communities in London. This year, with the support and generosity of our donors, we awarded 1,059 grants with a value of £4.3 million (2012-13: 942 grants at £5.5 million). Whilst the value of grants has reduced with the end of the Fair Share programme in Brent, Enfield and Barking and Dagenham, we are delighted to have taken on a number of new fundholders throughout the year – including Grosvenor, Prudential, inmidtown BID, First State Investments and Fairview Homes. As always, our work is wholly dependent upon the generosity of our donors, and alongside our new names, we are fortunate in the continuing support we have from longstanding donors.

Whilst we support a vast range of organisations, our core work is founded upon the belief that small, locally based charities and voluntary groups can have a disproportionately large impact with relatively small grant awards. We continue to offer groups a range of open access, multi borough grant programmes, but are increasingly developing highly localised strategic grant programmes to complement this work. Examples are 'Building Communities in Coldharbour' with lead funding from JP Morgan and the 'Churchill Gardens Initiative' supported by donors to the Westminster Fund.

Our ability to operate pan London and across a vast range of issues is important to many of our donors, but so is our detailed coverage of specific localities or themes. Localised fundraising and grantmaking, such as our 'Love Kingston' campaign, has been thriving – with almost £300,000 raised for the borough through a partnership with Kingston Voluntary Action. And in Lambeth we have piloted the 'Path Programme', a partnership based grants programme providing exit pathways for young people in gangs and preventing others from getting involved. We are delighted to have been able to focus more on this issue across London with significant funding from Office for Civil Society to the Evening Standard Dispossessed Fund.

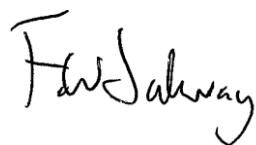
During the year, we moved our offices from a building we owned in Vauxhall to a building we rent in Brixton. The new offices provide a more efficient working environment for our team and, most importantly, the move has enabled us to hold our reserves in a more liquid form than a property we occupy. Our reserves are at a healthy level - this has enabled us to continue allocating a modest amount of reserves towards our development team through the designated 'growth fund' in order to promote our future growth.

I would like to take this opportunity to thank Carole Souter who stood down as a Trustee after initially chairing our board and more recently chairing our Programmes and Grants Committee. My thanks also go to Don Norris, who stood down as Trustee and Treasurer, for his careful management of our finances. During the year, we welcomed as new Trustees Gaynor Humphreys, Nick Reid and Paul Cattermull.

Chair's statement (continued)

My thanks also go to our team at The London Community Foundation, led by Sonal Shah, who have managed change and growth with enthusiasm and commitment.

Francis Salway

A handwritten signature in black ink, reading "Francis Salway". The signature is written in a cursive, flowing style.

Chairman

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. That's what we do. 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 £42 million into more than 8,000 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.

Our core activities are:

1. Funding charities, community groups and social enterprise 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.

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.

Objectives and activities (continued)

- 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 regional government and existing 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.
- b. The London Community Foundation's Pooled Funds – which include our Unrestricted Endowment, 500 for London and the Catalyst Fund.
- c. The London Community Foundation's Area Based Funds – which facilitate pooled giving to a local area. Examples are Lambeth Giving, Wandsworth Community Fund, Elephant and Castle Opportunity Fund, Love Kingston etc.

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 endowment 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 2014, LCF held £15.0 million (2013: £12.1million) in endowment funds.

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 will offer an additional 50% on endowment gifts to LCF until March 2015.

Objectives and activities (continued)

- 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.

This is done through a programme of site visits and events such as through The Philanthropy Fellowship.

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.

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.

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 2014 LCF had fourteen trustees (maximum eighteen), which includes representatives from the other London foundations which have merged with 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 & Investment, and Development Committees.

The **Executive Committee** comprises the Chair, Vice Chair, Treasurer and other trustees as appropriate. The committee meets between six and ten 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;

Structure, governance and management (continued)

Structure (continued)

- monitoring the performance of the CEO;
- recommending the budget, business plan and targets to the board for approval.

The **Finance & 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 **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 and Deputy CEO/Director of Programmes for standard risk grants under £25,000.

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 **Development Committee** meets two to four times a year and comprises a minimum of three 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. At 31 March 2014 there were 16 full-time and 4 part-time permanent staff members (2013: 13 full-time and 5 part-time). LCF also benefits from the work of volunteers and independent advisors who can be invited to sit on board sub-committees.

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

Structure, governance and management (continued)

Structure (continued)

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 now serving 94% of the UK population. With endowment funds of around £380 million, over 15,000 donors and grantmaking averaging £50 million a year, 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 'Objectives and Activities', 'Performance and Achievements' and 'Future Plans' set out LCF's objectives and report on the activity and successes in the year to 31 March 2014 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

2013-14 objectives, achievement and performance

2013-14 saw the culmination of many internally focused years for us. The past four years have been heavily concentrated on the consolidation of Community Foundations in London which was completed in February 2013 with outstanding issues resolved in the 2013-14 financial year. 2013-14 also saw us complete an internal restructure, the sale of our previous Vauxhall offices and a relocation to Brixton. These areas of work have been vital in strengthening the Foundation, but have inevitably taken up both staff and trustee resource as well as focusing us internally for a prolonged period.

Despite the internal focus, we are delighted that 2013-14 saw some major successes in terms of developing new funds and delivering those to the community. We exceeded our minimum grantmaking targets, continued the expansion of our geographic reach, increased the level of private giving through LCF and developed new strategic grantmaking programmes. We report below against our strategic objectives (outward facing objectives):

Strategic objective 1: To maintain and grow the level of the Foundation's annual grantmaking for the benefit of communities across London at a local and regional level. Secure a minimum of £5 million per annum for grantmaking to support a range of community activity.

Performance highlights:

- a. Raised £4.1 million grantmaking income to be spent on grantmaking and associated projects against a target of £5 million, with 1,059 grants awarded in the year totalling £4.3 million. Income was down against target largely due to the Fair Share Trust programme ending in 2013 and ongoing fluctuations in the timing of income received. See also Financial Review page 18.
- b. Over 160 funds managed with an average grant size of £4,100. The majority of grants have fallen under the following thematic areas:
 - Education and Training – 45%
 - Poverty and disadvantage – 15%
 - Health and wellbeing – 7%
 - Employment and labour – 6%

The remaining 27% of grants have fallen under a broad range of themes, including social inclusion, sport and recreation, crime, advice services, and community support and development.

- c. 2,498 applications received, totalling £20.9 million in requests.

2013-14 objectives, achievement and performance (continued)

- d. Over 130,000 anticipated beneficiaries, the primary age groups benefitting from funded activities being:

- 8% Aged 12 and below
- 32% Aged 13-18
- 14% Aged 19-25
- 40% Aged 26-64
- 6% Aged 65 and over

Strategic objective 2: To encourage giving through the Foundation from private and public sources – positioning LCF as the ‘go to’ place for those interested in supporting social action in London, whatever their level of giving.

Performance highlights:

- a. Secured 599 unique donors:
- Including 30 giving above £25,000 (9 new, 21 repeat)
 - Including 16 giving between £5,000 and £24,999 (6 new, 10 repeat)
 - Including 33 giving between £1,000 and £4,999 (21 new, 12 repeat)
- b. Further developed our local area funds with particular highlights being:
- Love Kingston
 - Westminster Fund
 - Elephant and Castle Opportunity Fund
 - Hammersmith and Fulham Opportunity Fund

Strategic Objective 3: To establish and demonstrate the Foundation’s leadership role through programme innovation and by shaping and influencing the development of donors’ giving.

Over the last three years we have seen a significant change in our grantmaking both in terms of diversity of Funds and by introducing a more proactive approach to help tackle community issues. We see this as a key part of our leadership role. Over the last year, we have maintained small grants programmes that respond to community need, whilst continuing to develop and manage strategic funds, area-based initiatives and community led programmes such as Building Communities in Coldharbour, the Churchill Gardens Programme and the Path Programme, explained in more detail under Objective 5.

Strategic Objective 4: To build community assets (endowment) which will provide a sustainable and flexible source of grant funding for communities in London at a local and regional level. Increase the Foundation’s endowment through the Community First endowment challenge which runs to March 2015 and provides government match of £1 for every £2 donation.

2013-14 objectives, achievement and performance (continued)

We have invested heavily in this work using our own reserves, as we believe the match funding presents an opportunity for us to increase the number of endowment fundholders who are a key part of our long term funding to communities and our own sustainability. We have raised an additional £2.5 million in new endowment funds in 2013-14.

Strategic objective 5: To ensure grant programmes respond to community needs and are delivered to a high standard, maximising our community impact. Ensure breadth and range of programmes, develop Foundation Initiative and explore the integration of a community development approach within our programme development.

We have once again seen an unprecedented number of applications to LCF's programmes over the last year, as demand for charities' and community groups' services continue to increase. As in previous years, we continue to fund core costs and overheads as well as activity costs with the aim of providing some level of stability for organisations, particularly during the challenging economic climate.

We are continuing to work on streamlining our processes, with further developments to our online database and applications facility. An online monitoring facility is in the pipeline for 2014-2015 - this will reduce our own levels of administration in addition to that of groups. It will also help us to support smaller groups in the development of more robust yet simple monitoring systems to better demonstrate their impact. We continue to work on our London-wide and local profile, maintaining our presence at funder fairs, community network and sector events.

Our range of funding has further diversified in the last year, now offering small grants starting at £50 for individuals, to strategic grants of £30,000 and our largest grant at just over £141,000. The number of grants to individuals has significantly increased to over 500 a year, largely due to our partnership with Affinity Sutton (detailed below).

In the last year, we have continued to build on our area-based initiative, Building Communities in Coldharbour, and have incorporated a community development approach into our new Path Programme, also detailed below. We believe strategic grantmaking and area-based approaches are a vital part of our portfolio, and we plan to build on our existing initiatives further in 2014-15.

Performance highlights

Highlights from the last year have included:

1. The development of a strong partnership with Affinity Sutton on their Ready2Work programme

We're delighted to have been partnering with Affinity Sutton to deliver grants to individual residents. These include:

- Business Start Up grants

2013-14 objectives, achievement and performance (continued)

- Re-Work grants; supporting unemployed residents to access vocational work placement opportunities or paid employment
- Re-Train grants; supporting residents to participate in training courses that will help them access future training and employment opportunities.

We have also continued to deliver Affinity Sutton's Community Grants programme nationally.

2. Continued development of Building Communities in Coldharbour (BCC)

BCC is a special initiative of The London Community Foundation - an area-based community development initiative in Lambeth, now in its third year. The vision of BCC was to work with the Coldharbour community to identify local issues, assets and solutions and to commission a variety of projects to tackle local needs and build on the areas strengths. The grants fund for this area is only part of the story – in addition we have employed a dedicated Community Development Manager on the ground to support local residents, build partnerships and the capacity of local groups. To date the programme has concentrated on: developing residents' skills and encouraging community engagement; supporting young people to develop their skills, confidence and abilities; co-ordinating local activities and developing local partnerships; encouraging enterprise; and increasing local ownership and use of facilities. Since 2011, we have engaged over 3,400 residents in programme activities, supported the development and use of 8 community facilities engaging over 1,800 residents, supported 24 organisations to improve their capacity, established Loughborough Women's Group, engaged 155 residents in training and supported 41 individual residents to design and deliver projects through our Resident Challenge Fund.

3. Development of the Path Programme

The Foundation established the Path Programme in 2013 via our Lambeth Community Fund, in response to the high levels of youth violence and young people at risk in the borough. The Path programme supports a number of groups to collaborate on supporting young people out of criminal/gang related lifestyles and providing a safe exit pathway from violence. We have been delighted to secure further investment in the programme from the Office of Civil Society, via our Evening Standard Dispossessed Fund. This has boosted our work in Lambeth, and in 2014 we are now planning to roll out the pilot into two other London boroughs.

4. The Dispossessed Fund - we're delighted to have worked again with the London Evening Standard to award grants through the Dispossessed Fund. We are also pleased to have worked in collaboration with Comic Relief and the London Evening Standard, awarding £1million of funding to small community groups and charities across London via Red Nose Day.

Financial review

Incoming resources

Total incoming resources for the year 2013-14 were £7,930,000 against £6,798,000 in 2012-13. Looking at these results in more detail:

- Unrestricted incoming resources for the year 2013-14 are £334,000 higher than 2012-13. One key factor, in addition to increases to voluntary income noted below, is the income resulting from the sale of the freehold land and buildings in the year. The net profit on the sale, which is shown within other incoming resources, was £98,000.
- Within unrestricted incoming resources, unrestricted voluntary income, which is mainly raised from the management of donor funds, increased by £198,000 to £615,000. This was significantly helped by funds raised through the London Marathon, with sponsorship donations increasing from £25,000 to £78,000 in 2013-14. The increase also reflects a number of new funds and new donors in the year.
- Restricted voluntary income received for the year 2013-14 was £3,751,000 compared to £4,735,000 in 2012-13. This decrease reflected the end of several programmes at the end of 2012-13 including the ten year Fair Share Trust programme which LCF had managed in three areas for the last two years. Restricted income for Fair Share in 2012-13 totalled £792,000.
- Donations towards new endowment funds received during the year 2013-14 totalled £2,548,000 compared to £797,000 in 2012-13. Included in 2013-14 endowment receipts is £1,095,000 received from Lambeth Council for the Beaufoy Trust. LCF took over as corporate trustee of the Beaufoy Trust in July 2013. Additionally LCF raised £911,000 of new endowment funds under the Communities First scheme, including matched funds from the Office for Civil Society.
- Investment income has increased to £465,000 during 2013-14 from £404,000 in 2012-13, this increase is due to the new Community First endowment funds invested as well as the transfer of the Beaufoy Trust.
- Income from charitable activities has risen to £453,000 from £415,000 in 2012-13 due to the partnership with Fredericks Foundation where LCF successfully raised funds for Fredericks microloans programme focused on employment creation.

Financial review (continued)

Resources expended

The Statement of Financial Activities shows our resources expended analysed between the costs of fundraising, charitable work and governance costs, with support costs allocated across each.

‘Charitable activities’ represents all grants made to beneficiaries, as well as expenditure on community development including the LCF initiative ‘Building Communities in Coldharbour’. It also includes the cost of running the grantmaking programmes and associated support costs. Grants awarded in 2013-14 totalled £4,332,000 compared to £5,548,000 in 2012-13. The decrease is partly due to the end of the Fair Share Trust programme in March 2013 which made grants of £788,000 2012-13.

LCF’s main cost is that of staff which represented 64% of LCF’s expenditure excluding grant awards in both 2012-13 and 2013-14. Staff costs are allocated to costs of generating funds, charitable activities and governance costs based on time spent on these activities. Staff costs have increased to £816,000 from £689,000 reflecting the increased headcount to 21 average full time equivalent staff from 17 in 2012-13.

Cashflow

LCF’s cash balances (excluding any cash held by the investment managers) have increased to £3,723,000 during the year from £3,032,000 at the end of 2013. Cash held by LCF at any point in time mainly represents restricted funds held for the purposes of grantmaking with only a small amount representing free reserves. In 2014 £482,000 of the cash held at the end of the year represented unrestricted funds (2013: £312,000), the remaining £3,241,000 represented restricted and endowment funds (2013: £2,720,000). LCF works with donors to set a timetable for spending restricted funds, various factors determine the length of time funds are held including needs of the community and grant applicants as well as internal resources and planning.

Diversity of income and financial sustainability

Whilst the trustees are pleased with the results for 2013-14 (coming in well below our planned deficit), we anticipate the next year will, once more, be tough. Over the past 3 years, like many charities, we have been adapting to an environment in which there are less multi-year large funds available.

As part of a five year business plan to 2016, we have focused on diversifying our income and reducing our reliance on government grant programmes as a key part of our sustainability and growth strategy. This strategy has shown success illustrated both by the increase and diversification of income since 2009. Our business plan sets out that by 2016, no one programme should contribute more than 20% of foundation income or 35% of foundation grantmaking. While we are within the grantmaking goal for 2013-14, income across the Comic Relief range of funds represented 26% of restricted and unrestricted income in the last year.

Financial review (continued)

Diversity of income and financial sustainability (continued)

The next year will be a crucial period for LCF as we seek to capitalise on the opportunities available following three years of merger and consolidation. We face challenges in the years ahead, but the time is also ripe for growth.

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. Our investment managers are instructed to take all reasonable measures to follow LCF's investment policy.

In setting the performance criteria against which the performance of the investment portfolio is managed, the aim is to grow the capital and income in real terms over the long term, whilst also providing a reasonable level of income annually. The actual allocation of assets is reviewed each year taking into account advice from the investment managers and the degree of risk considered appropriate for LCF's investments.

At 31 March 2014 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 £12,989,000 (2013: £10,692,000). Investments held in the Communities First scheme and invested with CCLA were valued at £2,413,000 (2013: £1,378,000). The total value of funds invested, including cash held for re-investment, amounted to £15,402,000 (2013: £12,070,000).

The portfolios at Sarasin & Partners LLP are invested in Sarasin's own funds with underlying holdings in a broad spread of international "blue chip" equities, fixed income stocks and alternative investments. In the year to 31 March 2014 the total investment performance of the fund was an 8.3% total gain (net of fees and costs, 2013: 15.2% gain).

The portfolios held at CCLA are invested in CCLA's own funds with underlying holdings in a broad spread of international "blue chip" equities, fixed income stocks and alternative investments. In the year to 31 March 2014 the total investment performance of the fund was a 6.6% total gain (net of fees and costs, 2013: 17.6% gain).

The Finance & Investment Committee reviews investment performance and is satisfied with the 2013-14 performance. The committee 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 & Investment Committee at least once a year.

Financial review (continued)

Consolidation of Community Foundations in London

In April 2012 North West London Community Foundation merged with LCF. The merger resulted in a total of £756,000 of net assets being transferred to LCF in 2012-13. The net assets represented £38,000 of unrestricted funds, £36,000 of restricted funds and £682,000 of endowment funds. In February 2013, East London Community Foundation decided to close its operations and transferred some of its assets to LCF. This resulted in a total of £448,000 being transferred to LCF comprising £32,000 restricted funds and £416,000 endowment funds in 2012-13. A final transfer of assets was received in 2013-14 totalling £270,000, the assets comprised £1,000 restricted funds and £269,000 endowment funds.

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 2014 stood at £15,027,000 (2013: £12,082,000).

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 2014 stood at £2,633,000 (2013: £2,614,000).

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. LCF sold its land and buildings during the year resulting in a large decrease in this designated fund. The value of the fund at 31 March 2014 was £97,000 (2012: £727,000).
- Growth fund: this fund has been designated to cover the cost of additional investment in our development team over the next two years with a view to growing future income. This fund supports activities which lead to greater sustainability for LCF, such as marketing to new audiences and developing new products and services. At 31 March 2014 the growth fund stood at £123,000 (2013: £112,000) after injection of an additional £65,000 from the profit on sale of our former office building.

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 2014 were £808,000 (2013: £222,000). The increase reflects the sale of the land and buildings in the year and the consequent changes to the value of designated reserves.

Financial review (continued)

Reserves policy (continued)

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 elected that 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:

- 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 £15 million of endowment funds, of which over £3.9 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 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 2014 at £808,000. This amount is slightly ahead of the figure calculated under the revised reserves policy of £736,000. The trustees are comfortable with the level of reserves held at the current time, given the continuing uncertainty over 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.

Financial review (continued)

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.

Endowment spending policy

LCF's policy regarding expendable endowments uses a total return approach: 4% of the value of each fund at December each year has been allocated for expenditure on grants and direct charitable expenditure in the next financial year. The trustees review this policy at least every three years. In September 2014 the trustees decided to reduce the percentage to be allocated for expenditure on grants and direct charitable expenditure from 4% to 3.75% in the future for most funds effective from 1 April 2014. The change reflected several factors including current predictions of long term total return.

The expenditure of the investment return of any permanent endowment where a total return approach has been agreed by the Charity Commission is set at 3.5% (2012-13: 5.0%) of the value of each 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.

Future plans

LCF's future plans are laid out in full in the 2011-16 business plan. In summary:

1. Income:

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.

Future plans (continued)

3. Profile and PR:

To encourage giving through the Foundation from private and public sources – positioning LCF as the ‘go to’ place for those interested in supporting social action in 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.

5. People and process:

To ensure that the Foundation’s human and financial resources are deployed for maximum effect and that governance, back office and systems are continually improved. Continually build a flexible, effective, professional and enjoyable environment for staff, trustees and all our stakeholders.

Principal risks and uncertainties

The trustees consider the major risks to which LCF is exposed, by conducting a risk review 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. In 2013-14 our key risks were identified and managed as follows:

- 1. Building sale and relocation:** The sale and move to rented offices was implemented in order to ensure a stronger liquid reserves position and create a better working environment for staff.
- 2. Organisational restructure:** This was implemented in order to create extra capacity, more effectively manage the growing number and complexity of LCF fundholders and focus the development team’s time on new business – thereby managing risks around fund management, income generation and enabling better succession planning.

Principal risks and uncertainties (continued)

The main risks identified at present are shown below, along with the ways the risks are being mitigated:

- 1 Shortfall of income against costs:** The result of this would be an erosion of reserves, reduced sustainability and a contraction of the organisation. Whilst the LCF trustees have agreed a 5 year strategy of investment into development with a small annual operating deficit, funded from a designated reserve, our growth fund, this is closely monitored with annual review and agreement of business plans and budget. 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. 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. Low profile of organisation:** Whilst we have come a long way in terms of increased profile, there is much more to do in order to get the Foundation more firmly on the map. This is work in progress but an area in which we are putting additional resource through pro bono support and extra communications activity.
- 3. Knowledge confined to one or two staff members within a small team:** The 2013-14 restructure was the start of tackling this, but we recognise that we continue to be a small team where knowledge is still insufficiently spread for strong succession planning. In the coming year we will be prioritising more work around knowledge sharing, through departmental manuals and fund management action plans.

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 incoming resources and application of resources, including 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 the Statement of Recommended Practice (Accounting and Reporting by Charities) (the Charities' SORP);
- 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's directors, and signed on the board's behalf by:



Gordon Williamson (Treasurer)



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 2014 which comprise the statement of financial activities, the summary income and expenditure account, the balance sheet, the cashflow statement, 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).

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

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 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**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

6 October 2014

Catherine Biscoe, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor

130 Wood Street
London
EC2V 6DL

Statement of financial activities for the year ended 31 March 2014

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2014 £'000	Total 2013 £'000
Incoming resources						
Incoming resources from generated funds						
Voluntary income	2	615	3,751	2,548	6,914	5,949
Activities for generating funds	2	-	-	-	-	30
Investment income	2	139	272	54	465	404
Incoming resources from charitable activities	2	61	392	-	453	415
Other incoming resources	2	98	-	-	98	-
Total incoming resources		913	4,415	2,602	7,930	6,798
Resources expended						
Costs of generating funds	3	353	125	74	552	396
Costs of charitable activities						
Grants programme	3, 23	544	4,332	-	4,876	5,929
Community development	3	28	102	-	130	242
Governance costs	3	40	-	-	40	66
Total resources expended		965	4,559	74	5,598	6,633
Net (outgoing)/incoming resources before transfers		(52)	(144)	2,528	2,332	165
Transfers (out)/in between funds	14, 15	(3)	163	(160)	-	-
Transfers in following mergers	22	-	-	-	-	756
Total transfers		(3)	163	(160)	-	756
Net (outgoing)/incoming resources before other recognised gains and losses	7	(55)	19	2,368	2,332	921
Gains on investments	9, 14	22	-	577	599	1,231
Net movement in funds		(33)	19	2,945	2,931	2,152
Balance at 1 April 2013		1,061	2,614	12,082	15,757	13,605
Balance at 31 March 2014	16	1,028	2,633	15,027	18,688	15,757

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.

Income and expenditure account for the year ended 31 March 2014

	Total 2014 £'000	Total 2013 £'000
Total income of continuing operations	5,382	6,001
Total expenditure of continuing operations	(5,598)	(6,633)
Net expenditure for the year before transfers and investment asset disposals	(216)	(632)
Transfers from endowment funds	180	239
Realised gain on disposal of fixed asset investments	1	3
Net expenditure	(35)	(390)

Total income comprises £913,000 (2013: £579,000) for unrestricted funds, £4,415,000 (2013: £5,366,000) for restricted funds and £54,000 (2013: £56,000) for endowment funds.

Detailed analyses of the expenditure are provided in the statement of financial activities and note 3.

Net expenditure before investment asset disposals and transfers from the endowment funds for the year of £216,000 (2013: £632,000) comprises net expenditure of £52,000 (2013: £127,000) in respect of unrestricted funds, net expenditure of £144,000 (2013: £506,000) in respect of restricted funds and net expenditure of £20,000 (2013: net income of £257) 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 28 which, together with the notes to the accounts on pages 33 to 53, provides full information on the movements during the year on all the funds of the charitable company.

Balance sheet as at 31 March 2014

	Notes	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	8	97	11
Investments	9	15,402	12,070
		<hr/> 15,499	12,081
Current assets			
Tangible assets	10	-	716
Investments	11	177	-
Debtors	12	235	689
Cash at bank and in hand		3,723	3,032
		<hr/> 4,135	4,437
Creditors: amounts falling due within one year	13	<hr/> (946)	(761)
Net current assets		3,189	3,676
Net assets		<hr/> 18,688	15,757
Capital funds			
Expendable endowment funds	14	11,092	9,371
Permanent endowment funds	14,18	3,935	2,711
		<hr/> 15,027	12,082
Revenue funds			
Restricted funds	15	2,633	2,614
Unrestricted funds			
Designated funds	17	220	839
General funds		808	222
		<hr/> 1,028	1,061
Total funds		<hr/> 18,688	15,757

The accounts were approved by the board on

Francis Salway

Francis Salway
Chair

22/9/14

Gordon Williamson

Gordon Williamson
Treasurer

Company No: 4383269
Charity No: 1091263

Cashflow Statement for the year ending 31 March 2014

		2014 Total £'000	2013 Total £'000
	Notes		
Net cash inflow from operating activities	A	2,079	799
Returns on investments and servicing of finance	B	465	404
Capital expenditure and financial investment	B	(1,928)	(1,276)
Increase (decrease) in cash	C	616	(73)

A Adjustment of net income for the year to net cash inflow from operating activities

Net income for the year	2,332	921
Depreciation charge	19	28
Net gain on disposal of tangible fixed assets	(98)	-
Interest receivable	(16)	(20)
Investment income receivable	(449)	(384)
Fees deducted from investments	98	70
Gift of investment property	(177)	-
Gift of listed investments	(269)	(824)
Decrease in (operating) debtors	454	634
Increase in (operating) creditors	185	374
Net cash inflow from operating activities	2,079	799

B Gross cash flows

Return on investments

Interest received	16	20
Investment income received	449	384
	465	404

Capital expenditure

Payments to acquire tangible fixed assets	(105)	-
Net receipts from the disposal of tangible fixed assets	814	-
Payments to acquire investments	(2,667)	(1,356)
Receipts from the disposal of investments	30	80
	(1,928)	(1,276)

C Analysis of changes in net debt

	2013 £'000	Cashflows £'000	2014 £'000
Cash at bank and in hand	3,032	691	3,723
Cash held by investment managers	221	(75)	146
	3,253	616	3,869

Notes to the financial statements for the year ended 31 March 2013

1 Accounting policies

1.1 Basis of preparation

The accounts are prepared under the historical cost convention as modified by the inclusion of investments at market value.

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice published in March 2005 (SORP 2005), the requirements of the Companies Act 2006 and applicable Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

1.2 Incoming resources

Voluntary income received by way of donations and grants is included in full in the statement of financial activities when receivable. Intangible income is not included unless it represents goods or services which would otherwise have been purchased. Income from investments is credited to the statement of financial activities when it is receivable by the charity.

1.3 Deferred Income

Grants and donations received that have conditions attached, are not recognised as incoming resources, but are deferred as a liability until the conditions have been met or certainty exists that they can be met. Grants or donations will also be deferred if the donor specifies that the expenditure must occur in a subsequent accounting period.

1.4 Resources expended

Grants payable are included when agreed and, where applicable, when matching income has been confirmed as receivable.

Expenditure is classified under the charity's principal categories of activity. Staff and support costs are allocated to activities on the basis of staff time spent on those activities.

Governance costs are the costs associated with the governance arrangements of the charity. The costs included in this category relate to organisational administration and compliance with constitutional and statutory requirements.

1.5 Tangible assets and depreciation

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

Tangible assets classed as current assets are stated at the net book value at the point of transfer to current assets.

1.6 Investments

Investments are stated at market value. Gains and losses on disposal and revaluation of investments are charged or credited to the statement of financial activities in the year in which they arise.

Notes to the financial statements for the year ended 31 March 2013

1 Accounting policies (continued)

1.7 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.

1.8 Accumulated funds

Unrestricted funds are donations and other income received or generated for the objects of the charity without further specified purpose, and are available as general funds.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Restricted funds are to be used for specific purposes as laid down by the donors' strategies for giving.

Endowment funds are funds received which 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 applied towards charitable expenditure.

Notes to the financial statements for the year ended 31 March 2014

2 Incoming resources from generated funds

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2014 £'000	Total 2013 £'000
Voluntary income					
Corporations	213	1,200	424	1,837	1,086
Trusts and foundations	135	1,851	542	2,528	3,996
National public authorities	55	350	307	712	200
Local public authorities	29	219	1,095	1,343	276
Individuals	183	131	180	494	391
Total voluntary income	615	3,751	2,548	6,914	5,949
Activities for generating funds					
Rental income	-	-	-	-	30
Investment income					
Interest receivable	13	3	-	16	20
Investment income	126	269	54	449	384
Total investment income	139	272	54	465	404
Total incoming resources from generated funds	754	4,023	2,602	7,379	6,383
Income from charitable activities					
Corporations	-	183	-	183	140
Trusts and foundations	61	96	-	157	179
Local public authorities	-	113	-	113	96
Total income from charitable activities	61	392	-	453	415
Other incoming resources					
Profit on disposal of tangible current asset	98	-	-	98	-
Total income	913	4,415	2,602	7,930	6,798

In July 2013 Lambeth Council transferred the trusteeship of Beaufoy Trust to LCF. The net assets of £1,095,000 of the Beaufoy Trust transferred to LCF are permanently endowed and are shown within voluntary income from local public authorities above.

During both years LCF received donations of endowment funds from East London Community Foundation (ELCF) comprising endowment capital funds of £269,000 (2013: £416,000) and endowment income of £1,000 (2013: £32,000). ELCF had elected for voluntary liquidation and an agreement was made that LCF should take over management of ELCF's Evening Standard Dispossessed endowment fund.

Notes to the financial statements for the year ended 31 March 2014

3 Resources expended

	Staff costs	Other direct costs	Grants	Support costs allocated	Total 2014	Total 2013
	£'000	£'000	£'000	£'000	£'000	£'000
Costs of generating voluntary funds						
Costs of generating voluntary income	165	78	-	105	348	179
Costs relating to rental income	-	-	-	-	-	28
Investment management costs	2	2	-	1	5	2
Unrestricted costs of generating funds	167	80	-	106	353	209
Costs of generating voluntary income	106	20	-	-	126	132
Investment management costs	-	(1)	-	-	(1)	-
Restricted costs of generating funds	106	19	-	-	125	132
Investment management costs	-	74	-	-	74	55
Endowment costs of generating funds	-	74	-	-	74	55
Total costs of generating funds	273	173	-	106	552	396
Charitable activities						
Grants programme	346	32	-	166	544	381
Community development	7	-	-	21	28	50
Unrestricted costs of charitable activities	353	32	-	187	572	431
Grants programme	-	-	4,332	-	4,332	5,548
Community development	53	49	-	-	102	192
Restricted costs of charitable activities	53	49	4,332	-	4,434	5,740
Total costs of charitable activities	406	81	4,332	187	5,006	6,171
Governance costs						
Legal, professional and audit fees	-	15	-	-	15	31
Trustees' expenses	-	-	-	-	-	-
Staff and other support costs	21	-	-	4	25	35
Unrestricted costs of governance	21	15	-	4	40	66
Total costs of governance	21	15	-	4	40	66
Total resources expended	700	269	4,332	297	5,598	6,633

Staff costs shown above do not include staff costs included within support costs and shown in note 4. For further details of grants see note 23.

Notes to the financial statements for the year ended 31 March 2014

4 Analysis of support costs

	Costs of generating funds £'000	Charitable activities £'000	Governance £'000	Total 2014 £'000	Total 2013 £'000
Support staff costs	41	73	2	116	51
Professional fees	13	23	1	37	58
Office and other costs	8	14	-	22	23
Depreciation	7	12	-	19	28
Premises costs	29	51	1	81	16
IT costs	8	14	-	22	17
Total support costs	106	187	4	297	193

Support costs under the categories above are allocated to costs of generating funds, charitable activities and governance based on employee numbers in each area.

LCF receives some donations in support of its running costs. These donations include several grants, including one from the Charles Stewart Mott Foundation, to support fund development activity.

Costs for the following activities are allocated to costs of generating funds, charitable activities or governance as detailed below:

Investment management costs: staff time spent monitoring funds under management and managing funds for investment.

Fundraising: staff time spent increasing the funds available to communities in London and promoting LCF's services as an effective philanthropic partner. Communications work to raise the profile of LCF's activities and the needs of local communities.

Grant programmes: staff time spent in assessing, allocating and monitoring grants made, development of the programme and evaluating overall programme performance.

Community development: staff time spent developing programmes aimed at benefitting various communities including outreach, training, capacity building, community consultation and direct interventions in response to community need.

Governance: staff time and costs associated with LCF's statutory and governance obligations including time and costs relating to mergers with other Community Foundations. Governance costs include support to trustee meetings, the preparation of accounts and audit.

5 Staff costs

	2014 £'000	2013 £'000
Salaries and wages	703	602
Social security costs	73	55
Pension costs	40	32
Total staff costs	816	689

Notes to the financial statements for the year ended 31 March 2014

5 Staff costs (continued)

Employees	2014 FTE	2013 FTE	2014 Number	2013 Number
The average monthly number of employees during the year was:				
Grant delivery and community development	12	10	12	11
Fundraising	7	5	7	6
Support	2	1	3	2
Governance	-	1	-	1
Total	21	17	22	20

One employee received remuneration greater than £60,000 and less than £69,999 in 2014 (2013: 1).

Thirteen employees participated in the charity's group stakeholder pension scheme (2013: 11)

6 Trustee remuneration

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 2014 or 2013. Directly incurred expenses are reimbursed, if claimed, and in 2014 a total of £87 (2013: £327) claimed by 1 trustee (2013: 2 trustees) was paid for travel and subsistence relating to their role as trustees.

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 2014 for this element of the insurance policy was £650 (2013: £550).

7 Net (outgoing)/incoming resources

This is stated after charging	2014 £'000	2013 £'000
Staff costs (note 5)	816	689
Auditor's remuneration (excluding VAT):		
Statutory audit services	10	11
Other services	-	1
Depreciation	19	28
Rentals under operating leases: property	39	-

Notes to the financial statements for the year ended 31 March 2014

8 Tangible fixed assets

	Leasehold improvements	Furniture, IT and office equipment	Total
	£'000	£'000	£'000
Cost			
As at 1 April 2013	-	25	25
Additions	73	32	105
At 31 March 2014	73	57	130
Depreciation			
Depreciation as at 1st April 2013	-	14	14
Charge for the year	8	11	19
At 31 March 2014	8	25	33
Net book value			
At 31 March 2014	65	32	97
At 31 March 2013	-	11	11

All tangible fixed assets held by the charity are for furtherance of charitable objectives and not for investment purposes. Freehold land and buildings were reclassified to current assets in 2013 as LCF intended to sell these assets within one year.

Notes to the financial statements for the year ended 31 March 2014

9 Fixed asset investments

a) Investments at market value	2014 £'000	2013 £'000
Market value of listed investments at 1 April 2013	11,849	8,588
Additions at cost	2,667	1,356
Additions following merger at value on transfer date (note 22)	-	408
Additions following asset transfer at value on transfer date (note 2)	269	416
Disposal proceeds	(30)	(80)
Realised gains	1	2
Disposals at carrying value brought forward	(29)	(78)
Fees deducted by the investment managers directly from the fund	(98)	(70)
Unrealised gains	598	1,229
Market value of listed investments at 31 March 2014	15,256	11,849
Cash held by investment managers	146	221
	15,402	12,070
Historical cost at 31 March 2014	13,212	10,305
Accumulated unrealised investment gains at 31 March 2014	2,044	1,544
	15,256	11,849
b) Investments disposition	2014 £'000	2013 £'000
Cash and settlements pending	146	221
Common Investment Funds: Alpha CIF for Endowments (Income Units)	12,843	10,471
Common Investment Funds: COIF Charities Investment Fund	2,353	1,318
Common Investment Funds: COIF Ethical Investment Fund	60	60
	15,402	12,070

Notes to the financial statements for the year ended 31 March 2014

10 Tangible current assets

	Total 2014 £'000	Total 2013 £'000
Land and buildings reclassified from fixed assets	-	716

LCF's freehold building and land were reclassified to current assets on 31 March 2013 to reflect the trustees' decision to sell the property during the year ended 31 March 2014. The sale was completed on 30 September 2013. See note 8 for details of tangible fixed assets.

11 Current asset investments

	Total 2014 £'000	Total 2013 £'000
Investment property	177	-

A leasehold flat was included amongst the investment assets representing the endowment funds which were transferred to LCF from East London Community Foundation during the year to 31 March 2014. The board elected to sell the flat and the sale was completed in May 2014.

12 Debtors

	2014 £'000	2013 £'000
Other debtors	156	625
Prepayments	48	8
Accrued income	31	56
	235	689

13 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Grants payable	693	494
Other creditors	42	40
Accruals	55	66
Deferred income	156	161
	946	761

Notes to the financial statements for the year ended 31 March 2014

14 Endowment funds

LCF holds both expendable and permanent endowment funds. Many of LCF's endowment funds have benefitted from match funding, in addition to donations made to funds, 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 2013 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers in/(out) £'000	Investment gain/(loss) £'000	Balance at 31 March 2014 £'000
Expendable endowment						
Grassroots Grants funds:						
Deutsche Bank Fund	570	-	(3)	(11)	26	582
Evening Standard Dispossessed Fund	2,688	269	(11)	-	123	3,069
Lambeth Community Fund	188	-	(1)	(3)	9	193
Peckham Fund	131	-	(1)	(3)	7	134
Rolls-Royce Fund	31	-	-	-	1	32
Ruth's Fund	114	-	-	(2)	5	117
Westminster Fund	357	-	(2)	(6)	16	365
Wandsworth Educational Fund	111	-	(1)	(1)	5	114
Victoria Foundation Fund	331	-	(2)	(5)	15	339
Other Grassroots Grants funds	2,066	93	(17)	(35)	101	2,208
Total Grassroots Grants funds	6,587	362	(38)	(66)	308	7,153
Communities First funds:						
Bromley Fund	42	14	-	(2)	1	55
Land Securities Capital Commitments	106	14	(1)	(2)	3	120
Friends Life CF Endowment Fund	-	15	-	-	-	15
Love Kingston CF endowment Fund	19	22	-	-	1	42
Living Communities CF Endowment Fund	-	510	(1)	-	(4)	505
Other Communities First funds	1,310	336	(9)	18	40	1,695
	1,477	911	(11)	14	41	2,432
Other funds:						
Lewisham Fund	286	-	(2)	(6)	13	291
Portuguese Fund	521	-	(3)	(9)	24	533
Wandsworth Community Fund	445	-	(2)	(12)	21	452
Cresswell Trust	55	-	-	-	2	57
Sue Estermann Fund	-	180	-	(6)	-	174
	1,307	180	(7)	(33)	60	1,507
Total expendable endowment	9,371	1,453	(56)	(85)	409	11,092

Notes to the financial statements for the year ended 31 March 2014

14 Endowment funds (continued)

	Balance at 1 April 2013 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers in/(out) £'000	Investment gain/(loss) £'000	Balance at 31 March 2014 £'000
Permanent endowment						
Pedlar's Acre Trust	2,245	54	(12)	(75)	104	2,316
Richmond Civic Trust	404	-	(2)	-	19	421
Barnet Endowment	62	-	-	-	2	64
Beaufoy Trust	-	1,095	(4)	-	43	1,134
Total permanent endowment	2,711	1,149	(18)	(75)	168	3,935
Total endowment funds	12,082	2,602	(74)	(160)	577	15,027

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 2014 can be seen in notes 15 and 23.

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 19.

Notes to the financial statements for the year ended 31 March 2014

15 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 2013 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers in/(out) £'000	Balance at 31 March 2014 £'000
Grantmaking funds					
Affinity Sutton Business Start up Programme	-	61	(32)	(19)	10
Affinity Sutton Community Grants	5	206	(211)	-	-
Affinity Sutton Decorating Fund	23	40	(26)	-	37
Affinity Sutton Lewisham	48	-	(37)	-	11
Affinity Sutton Re-Train Programme	-	50	(63)	16	3
Affinity Sutton Re-work Programme	-	21	(24)	3	-
Big Local Coldharbour	7	-	11	(7)	11
BIG Lottery/Evening Standard Dispossessed fund	-	422	(417)	-	5
British Airways	18	14	(31)	-	1
Columbia Foundation Fund	76	48	(124)	-	-
Comic Relief - Local Communities	106	263	(195)	-	174
Comic Relief - BBC Small Grants	-	30	(30)	-	-
Comic Relief Community Cash	13	1,000	-	(13)	1,000
Comic Relief RND Community Cash	1,001	3	(1,004)	4	4
Covent Garden Market Authority	24	23	(23)	-	24
Deutsche Bank Small Grants Fund	59	-	(85)	47	21
eBay Foundation	8	28	(32)	-	4
Elephant and Castle Community Fund	25	27	(24)	(2)	26
Evening Standard Dispossessed Fund	141	28	(157)	-	12
First Foundation Communities Fund	-	21	(21)	-	-
Fredericks Fund - Anglo American	-	43	(43)	-	-
Hammersmith & Fulham Opportunity Fund	10	8	(10)	-	8
inmidtown BID step-up Fund	-	40	(40)	-	-
Lambeth - Health Fund	-	50	(85)	35	-
Lambeth & Southwark Happiness & Wellbeing Fund	-	20	-	-	20
Lambeth Cooperative Fund	50	-	(20)	(5)	25
Land Securities Capital Commitment Fund	-	36	(37)	4	3
	1,614	2,482	(2,760)	63	1,399

Notes to the financial statements for the year ended 31 March 2014

15 Restricted funds (continued)

	Balance at 1 April 2013 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers in/(out) £'000	Balance at 31 March 2014 £'000
Grantmaking funds (continued)					
Man Group Charitable Trust Community Fund	42	-	(42)	-	-
NHS Lambeth Wellbeing & Health (SE Communities)	2	20	(14)	2	10
NHS SE Communities for Health Programme	4	-	(2)	-	2
Office for Civil Society (Dispossessed Fund)	-	350	(325)	-	25
Prudential	-	5	(5)	-	-
Prudential Skills for Life	-	85	-	-	85
Redbridge Council Small Grants Fund	-	29	(27)	-	2
Santander SEDA fund	30	281	(301)	-	10
Southfields Fund	30	-	(26)	(1)	3
The city of London small business micro loan fond (Frederick	7	-	(7)	-	-
Urban Greening Themed Fund	8	1	-	-	9
Violence against Women Themed Fund	8	4	-	-	12
Wates Family Enterprise Trust	-	2	(2)	-	-
Westminster Council Small Grants Fund	-	100	(100)	-	-
Other grantmaking funds	181	520	(495)	83	289
Total grantmaking funds	1,926	3,879	(4,106)	147	1,846
Endowment funds (income element)					
Evening Standard Dispossessed Fund	197	117	-	(20)	294
Pedlar's Acre Trust	94	-	(80)	47	61
Portuguese Fund	50	12	(33)	9	38
Richmond Civic Trust	13	10	(4)	-	19
Wandsworth Community Fund	-	12	(24)	12	-
Wandsworth Educational Fund	-	3	(4)	1	-
Westminster Fund	-	7	-	(7)	-
Beaufoy Trust	-	10	-	-	10
Other endowment funds (income element)	142	123	(70)	(10)	185
Total endowment funds (income element)	496	294	(215)	32	607

Notes to the financial statements for the year ended 31 March 2014

15 Restricted funds (continued)

	Balance at 1 April 2013 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers in/(out) £'000	Balance at 31 March 2014 £'000
Community development funds					
JP Morgan Enterprise Fund	-	140	(26)	-	114
JP Morgan Community Development & Youth	115	-	(86)	-	29
Other community development funds	37	-	(15)	(16)	6
Total community development funds	152	140	(127)	(16)	149
Development funds					
Charles Stewart Mott Foundation	13	30	(30)	-	13
TLI Camden Community Fund	3	11	(14)	-	-
Esmee Fairbairn	6	22	(22)	-	6
TLI Haringey Community Fund	2	-	(2)	-	-
TLI Kingston Community Fund	4	18	(22)	-	-
Other development funds	12	21	(21)	-	12
Total development funds	40	102	(111)	-	31
Total restricted funds	2,614	4,415	(4,559)	163	2,633

The funds of the charity include restricted funds listed above, the closing balance represents the unexpended balances of incoming resources 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.

Notes to the financial statements for the year ended 31 March 2014

16 Analysis of net assets between funds

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2014 £'000
Fund balances at 31 March 2014					
Represented by:					
Tangible fixed assets	-	97	-	-	97
Fixed asset investments	471	-	114	14,817	15,402
Current assets	471	123	3,331	210	4,135
Creditors: amounts falling due within one year	(134)	-	(812)	-	(946)
Total funds	808	220	2,633	15,027	18,688

17 Designated Funds

The Board of Trustees has designated two funds:

1. The tangible fixed assets and tangible current assets fund of £97,000 (2013: £727,000) representing the net book value of LCF's tangible assets.
2. The growth fund was set up 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. Movements during the year on the fund are shown below, the remaining balance of £123,000 is anticipated to be spent over the next two years.

Movements on growth fund	2014 £'000	2013 £'000
Opening balance at 1 April 2013	112	151
Resources expended	(54)	(39)
Fund transfers in	65	-
Closing balance at 31 March 2014	123	112

Notes to the financial statements for the year ended 31 March 2014

18 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 2014 are shown below:

	The London Community Foundation £'000	Pedlar's Acre Trust £'000	Total £'000
Assets of each charity at 31 March 2014			
Opening balance at 1 April 2013	13,512	2,245	15,757
			-
Incoming resources	7,876	54	7,930
Resources expended	(5,586)	(12)	(5,598)
Fund transfers in/(out) (note 17)	75	(75)	-
Gain on investments	495	104	599
Net movement in funds	16,372	2,316	18,688
Tangible fixed assets	97	-	97
Fixed asset investments	13,171	2,231	15,402
Current asset investments	177	-	177
Debtors	235	-	235
Cash at bank and in hand	3,638	85	3,723
Creditors: amounts falling due within on year	(946)	-	(946)
Net assets at 31 March 2014	16,372	2,316	18,688
Funds of the charities			
Expendable endowment funds	11,092	-	11,092
Permanent endowment funds	1,619	2,316	3,935
Restricted funds	2,633	-	2,633
Unrestricted funds	1,028	-	1,028
Closing balance at 31 March 2014	16,372	2,316	18,688

Notes to the financial statements for the year ended 31 March 2014

19 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 2014 the trustees elected to transfer 3.5% of the value of the fund as at 31 December 2012 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 2013-14.

The investment fund and application of total return to permanent endowment fund:	2014	2013
	£'000	£'000
Opening value of permanent endowment at 1 April 2013	2,245	2,060
Less:		-
Value of endowment at 31 March 2004	(1,837)	(1,837)
Opening value of unapplied total return at 1 April 2013	408	223
Add:		
Investment return: income	54	56
Investment return: unrealised gain/(loss) on investment	104	238
		-
Less:		-
Investment management and legal costs	(12)	(12)
Unapplied total return before transfer to income	554	505
Less:		
Unapplied total return applied	(75)	(97)
Sub total: unapplied total return as at 31 March 2014	479	408
Add:		
Value of endowment at 31 March 2004	1,837	1,837
Permanent endowment including unapplied total return as at 31 March 2014	2,316	2,245

Notes to the financial statements for the year ended 31 March 2014

20 Obligations under operating leases

LCF had annual commitments at the year end under non-cancellable operating leases expiring as follows:

Rental commitment for office space:	2014	2013
	£'000	£'000
In two to five years	58	-
	58	-

21 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 2014 £'000	Balance at 31 March 2013 £'000
Cash at bank	16	44
Grant making funds due from Deptford Challenge Trust	135	185
Grants payable	(148)	(226)
	3	3

22 Transfer of funds from following mergers

North West London Community Foundation

On 30 April 2012, The London Community Foundation merged with North West London Community Foundation (NWLCF). The total net assets of NWLCF gifted to LCF are shown:

	Total £'000
Investments - Common Investment Fund	408
Investments - cash	21
Current assets	327
Transfer from North West London Community Foundation	756

Notes to the financial statements for the year ended 31 March 2014

23 Analysis of grants

During 2014 LCF continued to make grant awards to individuals as well as to charities and community groups. These grants were awarded from funds donated to support individuals affected by fuel poverty over winter. LCF also 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 in 2014 LCF now manages three funds which award grants to residents in Affinity Sutton housing towards the purposes of retraining, returning to work and setting up Business ventures.

	Number	Total £'000
Grant awards to individuals	552	160
Grant awards to institutions	507	4,172
Total	1,059	4,332

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	Birmingham Playcare Network	3,737
	Sussex Clubs for Young People	3,165
	Bromley Gypsy Traveller Project	5,000
	Maidenbower Park Community Club	4,042
	Community Action Hertsmere	4,335
Affinity Sutton Lewisham	Youth in Media Community Project	4,400
	Barber D's Barbering Academy	4,612
	Body Talking - Tea Dance for Little People	2,500
	Sing London	2,167
	Lewisham ArtHouse Ltd	2,500
Bromley Community Fund	Crystal Palace Development Trust	1,900
	Community Options	2,600
	Society for the advancement of Black Arts	1,750
	Welcare in Bromley	2,600
	Jusb	2,271
Covent Garden Market Authority	Vauxhall CIC	3,075
	Lambeth Mediation Service	5,000
	Larkhill Residents Association	5,000
	South London Lambeth Trading Collective	2,262
	Vauxhall Gardens Estates Tenants & Residents Assoc.	2,050
Comic Relief BBC Regional	The Connection at St Martin's	15,000
	The Choir with no name	15,000

Notes to the financial statements for the year ended 31 March 2014

23 Analysis of grants (continued)

Fund	Grantee	£
Comic Relief Red Nose Day Community Cash	Advocacy for older people in Greenwich	19,940
	Home-Start Hillingdon	18,000
	Kilburn Neighbours Abbey Community Care	19,500
	Kingston Carers Network	20,000
	Stepney City Farm	19,998
Comic Relief Local Communities	Blue Elephant Theatre	7,243
	Bonny Downs Community Association	10,000
	Waltham Forest Dyslexia Association	4,630
	Paddington Law Centre	9,999
	Haringey Migrant Support Centre	10,000
Deutsche Bank Small Grants Fund	Wellgate Community Farm	4,968
	Green Shoes Arts	4,965
	Kingston Bereavement Service	2,500
	Volunteer Centre Hackney	4,988
	4ALL- Building Community in West Dulwich	4,795
eBay Foundation	The Smile Train	789
	RNLI	3,000
	Macmillan Cancer Support	2,000
	Teens Unite Fighting Cancer	9,275
	HELP Counselling Centre	3,710
Evening Standard Dispossessed Fund	Keeping Kids Company	15,000
	City Gateway	141,363
Fidelity UK Foundation London Community Development Fund	Food Cycle	10,500
	London Bubble Theatre Company	20,000
	Generate	6,600
	Streets of Growth	11,515
	Phases	12,500
Lambeth - Health Fund	Friends of Norwood park	500
	Myatt's Fields park Project	7,420
	Oasis Children's Venture	10,064
	Stockwell Partnership	13,607
	Holland Town Residents Association	500
Land Securities Capital Commitment Fund	Phases	7,390
	The Otesha Project	7,500
	Switchback initiative	7,484
	Street of Growth	7,500
	Doorstep Homeless Families Project	7,500

Notes to the financial statements for the year ended 31 March 2014

23 Analysis of grants (continued)

Fund	Grantee	£
Office for Civil Society (Dispossessed Fund)	Race on the Agenda	25,000
	Regenerate	25,000
	SE1 United Youth Forum	24,816
	Hackney Pirates	25,873
	Gangslane Foundation Trust	24,948
Pedlar's Acre Trust	New Initiatives & Community Association	20,000
	Options 4 Change	20,000
	Code 7 Ltd	20,000
	Your Story	20,000
Redbridge Council Small Grants Fund	The Redbridge Music Lounge	1,465
	Arthritis Self Help Network	1,500
	Redbridge Pensioners Forum	1,000
	Redbridge Green Fair Association	1,000
	Age Link	1,000
Rowan Bentall Charitable Trust	RACE	495
	Kingston Carers Network	460
	New Endeavour Club	500
	Futures Theatre Company	500
	The Fircroft Trust	500
Santander Social Enterprise Development Awards	Big Barn CIC	5,000
	Touretteshero CIC	10,000
	Holloway Neighbourhood Group	20,000
	Out of the Dark	20,000
	Brentwood Community Print CIC	10,000
Southfields Fund	Riversdale Primary PTC	1,500
	Sheringdale School Association	2,000
	Regenerate	2,442
	Hestia Housing Support	3,776
	Carney's Community	4,888
Wandsworth Community Fund	Home Start Wandsworth	3,500
	STORM Family Centre Ltd	5,000
	World Heartbeat Music Academy	4,975
	Regenerate	3,811
	Small Steps DFP	4,800
Westminster City Council Small Grants Fund	African Womens Group	3,568
	Fitzrovia Neighbourhood Association	5,000
	Dreamarts	4,930
	The Westminster Boating Base	4,547
	Silverfit Ltd	4,830