

# The London Community Foundation

Trustees' Report

and

Financial Statements

for the year ended

31 March 2015

**Company No: 4383269**

**Charity No: 1091263**

**CONTENTS**

Report of the trustees	
• Legal and administrative information	3
• Chair’s statement	6
• Objectives and activities	8
• Structure, governance and management	11
• Public benefit	13
• Strategic report:	
- 2014-15 objectives, achievements and performance	14
- Financial review	18
- Executive Remuneration	23
- Future plans	24
- Principal risks and uncertainties	25
Statement of trustees’ responsibilities	27
Independent auditor’s report	28
Statement of financial activities	30
Summary income and expenditure account	31
Balance sheet	32
Cashflow	33
Notes to the financial statements	34

## **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 2015. 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 W Salway	Chair
Martin E Richards	Vice Chair
Chris J L Samuel	Chair of Finance and Investment committee, appointed 8 December 2014
Paul G Cattermull	
Clive D Cutbill	
Gaynor Humphreys	
Rosanna M Machado	Appointed 17 December 2014
Sanjay Mazumder	
William R Moore	
Nicholas T J Reid	

**Legal and Administrative information (continued)**

**Trustees (continued)**

Other trustees serving during the period:

Stephen R Jordan	Resigned 2 March 2015
Davina E Judelson	Resigned 24 August 2015
Tajinder Nijjar	Resigned 2 March 2015
Juliet H G Wedderburn	Resigned 27 March 2015
Donald G Williamson	Resigned 2 March 2015
Jesse Zigmund	Resigned 17 August 2015

**Principal officers**

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

Sonal Shah	Chief Executive Officer
Victoria L Warne	Deputy CEO/Director of Programmes
Megan R Chidlow	Finance and Operations Director, Company Secretary

Other principal officers serving during the period:

Lucinda Shaw	Development Director, resigned 8 August 2015
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**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**

2015 marks our 20<sup>th</sup> anniversary since starting out as the South East London Community Foundation in 1995. From tiny beginnings with grantmaking of around £60,000 in our first year we have grown to be a significant London wide funder, not only through the monetary value of our grants but through our position as a bridge between different sectors and a convenor of different communities.

During the past year, we have awarded £5.2 million in grants, raised £8.1 million in donations and ended the year with total endowment funds of £18.1 million, up by 21% over the year. We hope that during the course of 2015-16, we will hit a cumulative total of £50 million in grant giving since our inception for the benefit of London and Londoners.

Our long term endowment building is a core part of our strategy to ensure sustainable funds for community benefit and has been assisted over the last three years by the government's Community First programme. This initiative provided 50% match funding for donors wishing to set up endowment funds and has been available nationally through the UK Community Foundation (UKCF) network. The 48 constituent local community foundations, which make up UKCF, in aggregate have shown the second fastest growth in endowment funds of any charity in the country and community foundations collectively are among the country's top 10 annual grantmakers.

I personally was drawn to community foundations by the opportunity to make a contribution to the places where I have lived and worked - and one which, by virtue of being an endowment fund, will endure through economic cycles and across generations. Community Foundation endowment funds build resilience for local communities, and I very much hope that the new government will make a similar match funding programme available in the future.

Our grantmaking continues to address a wide range of social issues in London with a wonderful array of solutions and initiatives which reflect the creativity and individuality of the charities and community groups whom we support, a great many of them small and unknown to the wider public. In addition to our open grant funds we have also worked hard to devise, and garner support for, more targeted programmes of investment. We are delighted to have increased our area based work on gang involvement through a partnership with the Evening Standard Dispossessed Fund and Office for Civil Society. You can read more in this report about this initiative and our Building Communities in Coldharbour programme which has now concluded after generous funding from JP Morgan.

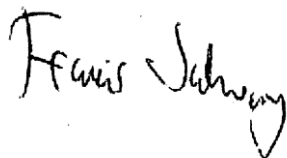
Our grantmaking work reflects the diversity of London and Londoners, and so does the mix of our donors. We are supported by large and small businesses, private individuals, central government, local government, housing associations, Trusts and others. This year we welcomed as new donors Peabody, the housing association, Vanquis Bank, Slater & Gordon, SEGRO, the Mayor's Office for Policing and Crime (MOPAC) and a number of private individuals. Our donors' generosity will always be the foundation for everything we do.

Our Board members have helped us to manage our finances prudently, whilst giving our Executive some capacity to invest in future growth. Over the last year, we have reviewed the income and costs associated with our activities to ensure that our resources are directed effectively.

During the year, we welcomed as new Board members Chris Samuel and Rosanna Machado. I would also like to thank longstanding Board members who stood down in the last the year: Gordon Williamson, Stephen Jordan, Juliet Wedderburn, Davina Judelson, Jesse Zigmund and Tajinder Nijjar.

**Chair's statement (continued)**

My thanks also go to our team at The London Community Foundation, led by Sonal Shah, who have worked with great diligence and skill to manage both our growth and the servicing of our existing programmes of work.

A handwritten signature in black ink that reads "Francis Salway". The signature is written in a cursive style with a large initial 'F' and a long, sweeping tail on the 'y'.

Francis Salway  
Chair

## **Objectives and activities**

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

**Our mission:** The London Community Foundation makes a difference to the lives of Londoners by connecting people who need help with those who are willing to give. We are dedicated to improving the lives of London's most disadvantaged. Child poverty, unemployment, isolation, homelessness, domestic violence and gang crime are just some of the issues we are tackling through our grantmaking. With the generosity and involvement of our donors, we have invested over £47 million into more than 9,500 charitable projects across the capital since we started in 1995.

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

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. Donors get involved in decision making around grants.
- b. The London Community Foundation's Pooled Funds – which include our Unrestricted Endowment, over which LCF has grantmaking discretion; 500 for London, which supports pre-selected projects over 3 themes; and the Catalyst Fund which supports our development costs.
- c. The London Community Foundation's Area Based Funds – which facilitate pooled giving to a local area. Examples 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 2015, LCF held £18.1 million (2014: £15.0 million) 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 offered 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 2015 LCF had twelve trustees (maximum eighteen) and included people who were formerly trustees of the other London foundations which have merged with The London Community Foundation since 2011.

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

### **Structure**

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

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

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

The **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 as necessary 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. The average number of staff employed during the year using a full time equivalent basis was 19 staff (2014: 21 staff). 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 presents 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 48 quality accredited community foundations now serving 94% of the UK population. With endowment funds of around £500 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, achievements and performance' and 'Future Plans' set out LCF's objectives and report on the activity and successes in the year to 31 March 2015 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

### 2014-15 objectives, achievement and performance

Following several years of internal focus centred around mergers, a building sale and relocation and a staff restructure 2014-15 was the first year for LCF to focus fully on core work. We are delighted to have increased our grantmaking by 19% and our endowment funds by 21% over the past year. We have also invested in systems that will allow us to better demonstrate our impact in future years.

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

#### Strategic objective 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

#### Performance highlights:

- a. Raised £5 million grantmaking income to be spent on grantmaking and associated projects against a target of £5 million, with 1,037 grants awarded in the year totalling £5.2 million.
- b. Raised £1.9 million in endowment funds under the Community First Match Challenge from Office for Civil Society.
- c. Over 160 funds managed with an average grant size of £8,868 made to organisations. The average grant made to individual recipients is £297. The majority of grants can be categorised under the following thematic areas:
  - Education and training – 25%
  - Employment and labour – 21%
  - Poverty and disadvantage – 9%
  - Health and wellbeing – 8%

The remaining 37% of grants are spread across a broad range of themes, including sport and recreation, crime and community safety, social inclusion, arts and culture and community support and development. It should be noted, that whilst poverty and disadvantage represents only 9% of the grants made, it is a theme that runs through the majority of grant made through the Foundation.

- d. 2,723 applications received (2014: 2,498), totalling £20.8 million in requests (2014: £20.9 million).

## **2014-15 objectives, achievement and performance (continued)**

e. Over 90,000 anticipated beneficiaries, the primary age groups benefitting from funded activities being:

- 7% Aged 12 and below
- 15% Aged 13-18
- 12% Aged 19-25
- 45% Aged 26-64
- 9% Aged 65 and over
- 12% All age groups (community-wide activities)

### **Strategic objective 2 – PROGRAMMES AND GRANTS:**

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

#### **Performance highlights:**

##### **a) Maintaining diversity of grant size and type**

We've continued to advocate for multi-year funding and strategic grants in partnership with our donors. Through our Westminster Fund we've continued to invest in youth provision on the Churchill Gardens estate, whilst our work with the Mayor's Office for Policing and Crime (MOPAC) included partnership grants to organisations working together to support victims of crime. We are pleased that the Deptford Challenge Trust continue to include a number of multi-year strategic grants in their portfolio and through My Lotto Community Fund, Elephant and Castle Community Fund, and our Path Programme, we've also been able to commit to a number of groups on a multi-year basis, providing greater stability and enabling them to focus on delivery. We've also been pleased to offer grants to individuals through our continued partnership with Affinity Sutton Housing and their Ready2Work scheme.

Our grants during the year have ranged from £15 to an individual to cover their back to work travel costs, to £109,000 to Safer London Foundation for their co-ordination work on our Path programme.

##### **b) Impact Assessment Framework**

In order to better collate the outcomes across the Foundation's grantmaking, we've been working with UK Community Foundations to implement a new online Impact Assessment Framework for our grantees, launched in June 2015. Data collected through the framework will be used towards the production of an Impact Report in 2016, and we also hope the framework will better enable our grantees, in particular smaller community organisations and charities, to track and demonstrate their impact to other funders.

## **2014-15 objectives, achievement and performance (continued)**

### **c) Place-based community development initiatives**

We've been pleased to continue our Partnership with Big Local North Brixton and to start work with Big Local Marks Gate in Barking and Dagenham, during the year. We've also continued to work on our own community development initiative, Building Communities in Coldharbour and develop our Path Programme, all of which include grantmaking, community support and co-ordination, to support groups and individuals to carry out vital work in their communities. (see also Strategic objective 4)

### **d) Outreach and grantee support**

In 2014-15 we were able to attend 14 "meet the funder" events with over 400 attendees across London, promoting our grant programmes and providing advice on how to complete applications and project planning. We've also been able to offer 10 training sessions to groups through several of our Lambeth-based programmes, as well as providing one to one support and capacity building advice to 51 groups.

In the last year we've received a high number of enquiries from groups requesting support with capacity building and training that they are no longer able to access from other sources. Whilst we are able to offer a degree of capacity building support and training through our grantmaking, it is clear that small to medium sized organisations in particular are in need of additional one to one and group training and support. In 2015 we will therefore be encouraging our existing donors and partners to include investment in training alongside their funds, and seeking to attract investment for this strand of work to sit alongside and complement our grant programmes.

## **Strategic Objective 3 – PROFILE AND PUBLIC RELATIONS**

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

- a. Secured 302 unique donors giving across London:
  - Including 41 giving above £25,000 (15 new, 26 repeat)
  - Including 15 giving between £5,000 and £24,999 (2 new, 13 repeat)
  - Including 37 giving between £1,000 and £4,999 (14 new, 23 repeat)
  
- b. Further developed our place based giving and grantmaking with particular highlights being:
  - The Path Programme in Lambeth, Camden and Brent in partnership with the Evening Standard Dispossessed Fund and Office for Civil Society
  - Love Kingston in partnership with Kingston Voluntary Action
  - Westminster Fund – a coalition of funders currently supporting a strategic grantmaking programme around Churchill Gardens



## **2014-15 objectives, achievement and performance (continued)**

- Building Communities in Coldharbour – our place based, community development initiative working with the community in and around Loughborough Junction in Lambeth

### **Strategic Objective 4 – THOUGHT LEADERSHIP**

#### **To establish and demonstrate the Foundation’s leadership role**

##### **a. Building Communities in Coldharbour**

We were proud to be chosen as Runner Up of the DSC Great Giving Award 2014, which recognises the immense achievements of everyone involved in “Building Communities in Coldharbour” over the last 4 years. Our place-based community development initiative focuses in and around Loughborough Junction in Lambeth with the aim of encouraging and empowering residents to build on the many skills and assets that exist in the community, and help find solutions to local issues. During the last year we have focused particularly on enterprise, training and capacity building, and making the most of local facilities.

Highlights have included:

- 24 local organisations supported to develop their capacity and skills
- Over 1,800 residents supported to use community hubs and facilities
- 150 residents engaging in training
- 38 residents securing qualifications
- 8 residents developing their own enterprise
- 112 volunteers supporting local activities
- 59 partnerships and joint promotional activities taking place

##### **b. Path Programme**

We’re delighted that The Path Programme, initially piloted in Lambeth has now been extended to Camden and Brent in partnership with the Evening Standard Dispossessed Fund and the Office for Civil Society. Through the programme, we aim to develop and connect the skills, expertise and hard work of the various individuals, voluntary groups and statutory agencies that want to help young gang members turn their lives around. Safer London Foundation have received grant funding through the programme to co-ordinate the various partners in each borough and facilitate a stronger multi agency approach, and we have commissioned Scott Flynn Associates to evaluate the programme over the next 18 months following a tender process.

## **Financial review**

### **Incoming resources**

Total incoming resources for the year 2014-15 were £8,131,000 against £7,930,000 in 2013-14. Looking at these results in more detail:

- Unrestricted incoming resources for the year 2014-15 are £118,000 lower than in 2013-14. In 2013-14 LCF received £98,000 as one off proceeds from the sale of the charity's building.
- Restricted voluntary income received for the year 2014-15 was £4,643,000 compared to £3,751,000 in 2013-14. This increase reflected some new funds in 2014-15 particularly £500,000 received from the Mayor's Office for Policing & Crime available to organisations supporting victims of crime and £690,000 from the Cockayne Foundation to support art as a way of enriching life experience.
- Donations towards new endowment funds received during the year 2014-15 totalled £1,926,000 compared to £2,548,000 in 2013-14. Included in 2013-14 endowment receipts is £1,095,000 received from Lambeth Council for the Beaufoy Trust as LCF took over as corporate trustee. In 2014-15 all funds raised were under the final year of the Community First Endowment Matching scheme.
- Investment income has increased to £570,000 during 2014-15 from £465,000 in 2013-14, this increase is due to the new Community First endowment funds invested, as well as full year effect of the transfer of the Beaufoy Trust received midway through 2013-14.
- Income from charitable activities is £402,000 in 2014-15 compared to £453,000 in 2013-14. The income in 2014-15 comes from two local area community focused partnerships with Big Local Trust in North Brixton and Marks Gate in Barking and Dagenham. The income in 2013-14 came from separate partnership projects with Fredericks Foundation and JP Morgan which have now finished.

### **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 2014-15 totalled £5,159,000 compared to £4,332,000 in 2013-14. The increase is across a range of funds but includes new funds such as SEGRO, Peabody Housing and MOPAC (Mayors Office for Policing and Crime).

## **Financial review (continued)**

### **Resources expended (continued)**

LCF's main cost is that of staff which represented 62% of LCF's expenditure excluding grant awards in 2014-15 (2013-14: 64%). Staff costs are allocated to costs of generating funds, charitable activities and governance costs based on time spent on these activities. Staff costs have decreased to £771,000 from £816,000 reflecting the decreased headcount to 19 average full time equivalent staff (2013-14: headcount 21)

### **Cashflow**

LCF's cash balances (excluding any cash held by the investment managers) have increased to £4,494,000 during the 2015 from £3,723,000 at the end of 2014. Cash held by LCF mainly represents restricted funds held for the purposes of grantmaking and of this balance £4,038,000 represented restricted and endowment funds (2014: £3,241,000). LCF works with donors to set a timetable for spending restricted funds, various factors determine the length of time funds are held in cash, including needs of the community and grant applicants, as well as internal resources and planning.

At the end of 2015 £456,000 of the cash balances represented unrestricted funds (2014: £482,000). The remaining part of free reserves of £875,000 are invested, these are funds held under the reserves policy which are not expected to be needed in the short to medium term and can be invested to generate a higher return than current interest rates allow.

### **Diversity of income and financial sustainability**

Whilst the trustees are pleased with the results for 2014-15, again achieving a better result than our planned deficit for unrestricted funds, we anticipate the next year to 18 months will be challenging. Over the past 4 years, like many charities, we have been adapting to an environment in which there are less significant multi-year opportunities available providing less certainty and stability around funding.

To meet these challenges and 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. This has been a key part of our sustainability and growth strategy and our success is illustrated both by the increase and diversification of income since 2009. Our business plan sets out that by 2016, no one programme should contribute more than 20% of Foundation income or 35% of Foundation grantmaking. Whilst we are within the grantmaking and programme goals for 2014-15, we note that income across the three different Comic Relief programmes represented 23% of restricted and unrestricted income in the last year (2014: 26%). There is work still to do but we have set much of the groundwork and are headed in the right direction.

## **Financial review (continued)**

### **Investments**

LCF's investment managers are Sarasin & Partners LLP and CCLA Investment Management Ltd. LCF has set a clear investment policy which is driven by LCF's principles. This policy is reviewed annually and is consistent with trustees' responsibilities under the Charities Act. 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 achieve long-term capital and income growth, 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 2015 the funds invested at Sarasin & Partners LLP, comprising all LCF's endowment funds except those held under the Communities First scheme, as well as some of LCF's unrestricted reserves, were valued at £13,976,000 (2014: £12,989,000). Investments held in the Communities First scheme and invested with CCLA were valued at £4,688,000 (2014: £2,413,000). The total value of funds invested, including cash held by investment managers for re-investment, amounted to £18,665,000 (2014: £15,402,000).

The portfolios at Sarasin & Partners LLP are invested in Sarasin's own pooled 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 2015 the total investment performance of the fund was an 12.6% total gain (net of fees and costs, 2014: 8.3% gain).

The portfolios held at CCLA are invested in CCLA's own pooled 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 2015 the total investment performance of the fund was a 13.34% total gain (net of fees and costs, 2014: 6.6% gain).

The Finance and Investment Committee reviews investment performance and is satisfied with the 2014-15 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 and Investment Committee at least once a year.

## **Financial review (continued)**

### **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 2015 stood at £18,110,000 (2014: £15,027,000).

**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 2015 stood at £2,908,000 (2014: £2,633,000).

**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 previous year resulting in a large decrease in this designated fund in 2014. The value of the fund at 31 March 2015 was £73,000 (2014: £97,000).
- Growth fund: this fund was designated in 2010 to cover the cost of additional investment in our development team over the next few years with a view to growing future income. The 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 2015 the growth fund stood at £48,000 (2014: £123,000), the remaining balance is due to be used by the end of March 2016.

**Free reserves** which are the balance of LCF's unrestricted reserves that have not been designated for a particular purpose and as such are freely available to the trustees for any of the charity's purposes. The free reserves held at 31 March 2015 were £875,000 (2014: £808,000). The increase reflects the unrealised investment gain on unrestricted funds of £45,000 during the year and costs in 2015 being kept lower than budgeted.

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

- 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.

## **Financial review (continued)**

### **Reserves policy (continued)**

- Holding of endowment. LCF holds over £18 million of endowment funds, of which over £4.3 million are permanently endowed; LCF's free reserves are intended to allow us to guarantee our sustainability and ability to manage endowed funds into the future.
- Holding of restricted funds. At any point LCF often holds in the region of £2 to £3 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 2015 at £875,000. This amount is £132,000 ahead of the figure calculated under the reserves policy, described above, which suggests a value of £743,000 was needed at 31 March 2015. The trustees are comfortable with the level of reserves held at the current time, given the continuing uncertainty over future income levels.

### **Pedlar's Acre Trust**

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

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

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

### **Beaufoy Trust**

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

## **Financial review (continued)**

### **Endowment spending policy**

LCF's policy regarding expendable endowments is to allocate a set percentage of the value of each fund at December each year for expenditure on grants and direct charitable expenditure in the next financial year. The trustees review this policy at least every three years and during 2014-15 the percentage used was 4% of fund value. 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 2015. 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 with the Charity Commission, is set by LCF at 3.5% (2013-14: 3.5%) of the value of the fund at December each year. If the trustees judge that a higher or lower amount would better fulfil the duty of being even-handed in the treatment of present and future beneficiaries of the fund, the amount may be varied in future decisions. The trustees expect to spend a total of 3.5% on grantmaking in the coming year for the permanent endowment fund 'Pedlar's Acre Trust' which has a total return approach agreed.

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

### **Executive Remuneration**

#### **Salaries**

LCF had on average 19 full time equivalent staff during 2014-15. Salaries are reviewed and agreed annually by LCF's Executive Committee, a sub-committee of our board of trustees. Recommendations for annual changes to existing staff salaries are made to the Executive Committee by the Chief Executive in consultation with relevant line managers. The recommendations for the Chief Executive's salary is made by the Chairman to the Executive Committee. In extraordinary circumstances, there is the opportunity to increase the pay of an individual outside of the formal annual review. Salaries are set with reference to the salary band set for each role and annual salary review takes into account factors including inflation, individual performance and LCF's financial position. Salary bands are openly stated in job adverts. Bands are set using voluntary sector benchmarking for the role, giving consideration to the skills and experience required, the market value for similar roles and LCF's financial position.

## **Executive Remuneration (continued)**

### **Our approach to pay**

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

### **Senior management pay**

LCF's Senior Management Team comprises of the Chief Executive, Deputy Chief Executive/Director of Programmes, Development Director and Finance and Operations Director. The combined pay of these four roles for 2014-15 was £198,576. Three of the roles work part time - the average paid hours of the four staff listed for the year were 31.5, 35, 31 and 25 respectively. All four of the team are members of the pension scheme. The contribution rate of the company is a maximum of 10% offered to staff on a £2 to £1 basis matching the employee's contributions. Pension contributions for the four staff totalled £19,655. The Chief Executive salary was at a rate of £71,400 per year pro rata for a 4.5 day week, actual pay being £64,260.

### **Pay ratio**

The ratio of our highest salary rate (£71,400) to our median salary (£32,570) is 2.2:1 (the highest paid staff member works on a part time basis, actual salary was £64,260 for hours worked).

## **Future plans**

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

### **1. FUNDING FOR LONDON:**

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

### **2. PROGRAMMES AND GRANTS:**

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



## **Future plans (continued)**

### **3. PROFILE AND PUBLIC RELATIONS:**

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

## **Principal risks and uncertainties**

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

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

The main risks identified in 2014-15 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.

**Principal risks and uncertainties (continued)**

- 2. Inefficient and unsustainable growth:** Whilst we are delighted with our success in developing new funds for communities across London, we are acutely aware that the increasing number of small, varied and complex funds under LCF's management put a strain on capacity and resourcing within the team. This, in turn, prevents us from pursuing larger opportunities which are essential to our operation. Much of the trustee discussions in 2014-15 have been focused on how we manage that risk through simplification and streamlining of our products. We aim to implement changes to the way we work in 2015-16.
  
- 3. Knowledge and relationships 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. We have spent much time over the last two years on knowledge sharing, through departmental manuals and fund management action plans, but recognise that this is work in progress and needs more attention going forward.

## **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.

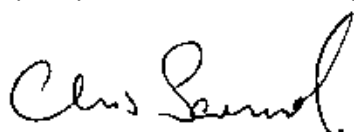
Each of the trustees confirms that:

- 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 directors, and signed on the board's behalf by:



21 September 2015

Chris Samuel (Chair of Finance and Investment committee)

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 2015 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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the its members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

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

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

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2015 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*

*13 October 2015*

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 2015**

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2015 £'000	Total 2014 £'000
<b>Incoming resources</b>						
Incoming resources from generated funds						
Voluntary income	2	588	4,643	1,926	7,157	6,914
Activities for generating funds	2	2	-	-	2	-
Investment income	2	205	311	54	570	465
Incoming resources from charitable activities	2	-	402	-	402	453
Other incoming resources	2	-	-	-	-	98
<b>Total incoming resources</b>		<b>795</b>	<b>5,356</b>	<b>1,980</b>	<b>8,131</b>	7,930
<b>Resources expended</b>						
Costs of generating funds						
Costs of charitable activities						
Grants programme	3, 21	512	5,159	-	5,671	4,876
Community development	3	24	153	-	177	130
Governance costs	3	36	5	-	41	40
<b>Total resources expended</b>		<b>915</b>	<b>5,395</b>	<b>88</b>	<b>6,398</b>	5,598
<b>Net (outgoing)/incoming resources before transfers</b>		<b>(120)</b>	<b>(39)</b>	<b>1,892</b>	<b>1,733</b>	2,332
Transfers in/(out) between funds	13, 14	43	314	(357)	-	-
<b>Total transfers</b>		<b>43</b>	<b>314</b>	<b>(357)</b>	-	-
<b>Net (outgoing)/incoming resources before other recognised gains and losses</b>		<b>(77)</b>	<b>275</b>	<b>1,535</b>	<b>1,733</b>	2,332
Gains on investments	9, 13	45	-	1,548	1,593	599
<b>Net movement in funds</b>		<b>(32)</b>	<b>275</b>	<b>3,083</b>	<b>3,326</b>	2,931
Balance at 1 April 2014		1,028	2,633	15,027	18,688	15,757
<b>Balance at 31 March 2015</b>	15	<b>996</b>	<b>2,908</b>	<b>18,110</b>	<b>22,014</b>	18,688

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 2015**

	<b>Total 2015 £'000</b>	Total 2014 £'000
Total income of continuing operations	<b>6,205</b>	5,382
Total expenditure of continuing operations	<b>(6,398)</b>	(5,598)
Net expenditure for the year before transfers and investment asset disposals	<b>(193)</b>	(216)
Transfers from endowment funds	<b>391</b>	180
Realised gain on disposal of fixed asset investments	<b>1</b>	1
<b>Net income/(expenditure)</b>	<b>199</b>	<b>(35)</b>

Total income comprises £795,000 (2014: £913,000) of unrestricted funds, £5,356,000 (2014: £4,415,000) of restricted funds and £54,000 (2014: £54,000) of 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 £193,000 (2014: £216,000) comprises net expenditure of £120,000 (2014: £52,000) in respect of unrestricted funds, net expenditure of £39,000 (2014: £144,000) in respect of restricted funds and net expenditure of £34,000 (2014: £20,000) in respect of endowment funds.

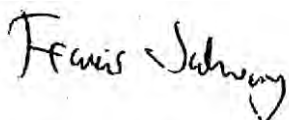
A transfer to income funds is made, in line with the charity's total return and expendable endowment policies, so that funds may be expended.

The summary income and expenditure account is derived from the statement of financial activities on page 30 which, together with the notes to the accounts on pages 34 to 56, provides full information on the movements during the year on all the funds of the charitable company.

**Balance sheet as at 31 March 2015**

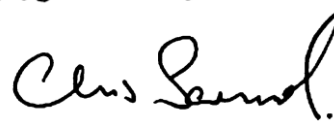
	Notes	2015 £'000	2014 £'000
<b>Fixed assets</b>			
Tangible assets	8	73	97
Investments	9	18,665	15,402
		<hr/>	<hr/>
		18,738	15,499
<b>Current assets</b>			
Investments	10	-	177
Debtors	11	136	235
Cash at bank and in hand		4,494	3,723
		<hr/>	<hr/>
		4,630	4,135
<b>Creditors: amounts falling due within one year</b>	12	<hr/> <b>(1,354)</b>	<hr/> (946)
<b>Net current assets</b>		<b>3,276</b>	3,189
<b>Net assets</b>		<hr/> <b>22,014</b>	<hr/> 18,688
<b>Capital funds</b>			
Expendable endowment funds	13	13,850	11,092
Permanent endowment funds	13, 17	4,260	3,935
		<hr/>	<hr/>
		18,110	15,027
<b>Revenue funds</b>			
Restricted funds	14	2,908	2,633
Unrestricted funds			
Designated funds	16	121	220
General funds		875	808
		<hr/>	<hr/>
		996	1,028
<b>Total funds</b>		<hr/> <b>22,014</b>	<hr/> 18,688

The accounts were approved by the board on:



Francis Salway  
Chair

21 September 2015



Chris Samuel  
Chair of Finance and Investment Committee

Company No: 4383269  
Charity No: 1091263



**Cashflow Statement for the year ending 31 March 2015**

	Notes	2015 Total £'000	2014 Total £'000
Net cash inflow from operating activities	A	1,814	2,079
Returns on investments and servicing of finance	B	570	465
Capital expenditure and financial investment	B	(1,698)	(1,928)
		<u>686</u>	<u>616</u>
Increase in cash	C	<u>686</u>	<u>616</u>

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

Net income for the year	1,733	2,332
Depreciation charge	24	19
Net gain on disposal of tangible fixed assets	-	(98)
Interest receivable	(12)	(16)
Investment income receivable	(558)	(449)
Fees deducted from investments	120	98
Gift of investment property	-	(177)
Gift of listed investments	-	(269)
Decrease in (operating) debtors	99	454
Increase in (operating) creditors	408	185
Net cash inflow from operating activities	<u>1,814</u>	<u>2,079</u>

**B Gross cash flows**

<b>Return on investments</b>		
Interest received	12	16
Investment income received	558	449
	<u>570</u>	<u>465</u>
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	-	(105)
Receipts from the disposal of tangible current and fixed assets	177	814
Payments to acquire investments	(1,945)	(2,667)
Receipts from the disposal of investments	70	30
	<u>(1,698)</u>	<u>(1,928)</u>

**C Analysis of changes in net debt**

	2014 £'000	Cashflows £'000	2015 £'000
Cash at bank and in hand	3,723	771	4,494
Cash held by investment manager for reinvestment	146	(85)	61
	<u>3,869</u>	<u>686</u>	<u>4,555</u>

## Notes to the financial statements for the year ended 31 March 2015

### 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 2015**

### **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 2015**

**2 Incoming resources**

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2015 £'000	Total 2014 £'000
<b>Voluntary income</b>					
Corporations	224	1,194	426	<b>1,844</b>	1,837
Trusts and foundations	130	2,188	-	<b>2,318</b>	2,528
National public authorities	65	870	632	<b>1,567</b>	712
Individuals	146	242	868	<b>1,256</b>	494
Local public authorities	23	149	-	<b>172</b>	1,343
<b>Total voluntary income</b>	<b>588</b>	<b>4,643</b>	<b>1,926</b>	<b>7,157</b>	6,914
<b>Activities for generating funds</b>					
Rental income	2	-	-	<b>2</b>	-
<b>Investment income</b>					
Interest receivable	11	1	-	<b>12</b>	16
Investment income	194	310	54	<b>558</b>	449
<b>Total investment income</b>	<b>205</b>	<b>311</b>	<b>54</b>	<b>570</b>	465
<b>Total incoming resources from generated funds</b>	<b>795</b>	<b>4,954</b>	<b>1,980</b>	<b>7,729</b>	7,379
<b>Income from charitable activities</b>					
Corporations	-	-	-	-	183
Trusts and foundations	-	389	-	<b>389</b>	157
Local public authorities	-	13	-	<b>13</b>	113
<b>Total income from charitable activities</b>	<b>-</b>	<b>402</b>	<b>-</b>	<b>402</b>	453
<b>Other incoming resources</b>					
Profit on disposal of asset	-	-	-	-	98
<b>Total income</b>	<b>795</b>	<b>5,356</b>	<b>1,980</b>	<b>8,131</b>	7,930

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 the year ended March 2014 LCF received donations of endowment funds from East London Community Foundation (ELCF) comprising endowment capital funds of £269,000 and endowment income of £1,000. 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 2015**

**3 Resources expended**

	Staff costs	Other direct costs	Grants	Support costs allocated	Total 2015	Total 2014
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Costs of generating voluntary funds</b>						
Costs of generating voluntary income	190	49	-	89	328	348
Costs relating to rental income	4	-	-	6	10	-
Investment management costs	2	2	-	1	5	5
<b>Unrestricted costs of generating funds</b>	<b>196</b>	<b>51</b>	<b>-</b>	<b>96</b>	<b>343</b>	<b>353</b>
Costs of generating voluntary income	73	5	-	-	78	126
Investment management costs	-	-	-	-	-	(1)
<b>Restricted costs of generating funds</b>	<b>73</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>78</b>	<b>125</b>
Investment management costs	-	88	-	-	88	74
<b>Endowment costs of generating funds</b>	<b>-</b>	<b>88</b>	<b>-</b>	<b>-</b>	<b>88</b>	<b>74</b>
<b>Total costs of generating funds</b>	<b>269</b>	<b>144</b>	<b>-</b>	<b>96</b>	<b>509</b>	<b>552</b>
<b>Charitable activities</b>						
Grants programme	354	15	-	143	512	544
Community development	6	-	-	18	24	28
<b>Unrestricted costs of charitable activities</b>	<b>360</b>	<b>15</b>	<b>-</b>	<b>161</b>	<b>536</b>	<b>572</b>
Grants programme	-	-	5,159	-	5,159	4,332
Community development	43	110	-	-	153	102
<b>Restricted costs of charitable activities</b>	<b>43</b>	<b>110</b>	<b>5,159</b>	<b>-</b>	<b>5,312</b>	<b>4,434</b>
<b>Total costs of charitable activities</b>	<b>403</b>	<b>125</b>	<b>5,159</b>	<b>161</b>	<b>5,848</b>	<b>5,006</b>
<b>Governance costs</b>						
Legal, professional and audit fees	-	12	-	-	12	15
Staff and other support costs	21	-	-	3	24	25
<b>Unrestricted costs of governance</b>	<b>21</b>	<b>12</b>	<b>-</b>	<b>3</b>	<b>36</b>	<b>40</b>
Legal, professional and audit fees	-	5	-	-	5	-
<b>Restricted costs of governance</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>
<b>Total costs of governance</b>	<b>21</b>	<b>17</b>	<b>-</b>	<b>3</b>	<b>41</b>	<b>40</b>
<b>Total resources expended</b>	<b>693</b>	<b>286</b>	<b>5,159</b>	<b>260</b>	<b>6,398</b>	<b>5,598</b>

Staff costs shown above do not include staff costs included within support costs and shown in note 4, further details of grants are shown in note 21.

**Notes to the financial statements for the year ended 31 March 2015**

**4 Analysis of support costs**

	Costs of generating funds £'000	Charitable activities £'000	Governance £'000	Total 2015 £'000	Total 2014 £'000
Support staff costs	29	48	1	<b>78</b>	116
Professional fees	6	10	-	<b>16</b>	37
Premises costs	37	61	1	<b>99</b>	81
Office and other costs	8	15	1	<b>24</b>	22
Depreciation	9	15	-	<b>24</b>	19
IT costs	7	12	-	<b>19</b>	22
<b>Total support costs</b>	<b>96</b>	<b>161</b>	<b>3</b>	<b>260</b>	297

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**

	2015 £'000	2014 £'000
Salaries and wages	<b>660</b>	703
Social security costs	<b>68</b>	73
Pension costs	<b>43</b>	40
<b>Total staff costs</b>	<b>771</b>	816

**Notes to the financial statements for the year ended 31 March 2015**

**5 Staff costs (continued)**

<b>Employees</b>	<b>2015 FTE</b>	<b>2014 FTE</b>	<b>2015 Number</b>	<b>2014 Number</b>
The average monthly number of employees during the year was:				
Grant delivery and community development	<b>11</b>	12	<b>11</b>	12
Fundraising	<b>6</b>	7	<b>7</b>	7
Support	<b>2</b>	2	<b>2</b>	3
<b>Total</b>	<b>19</b>	21	<b>20</b>	22

One employee received remuneration greater than £60,000 and less than £69,999 in 2015 (2014: 1). The employee also received company pension contributions of £6,426 into their pension in 2015 (2014: £7,000).

Thirteen employees participated in the charity's group stakeholder pension scheme (2014: 13)

**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 2015 or 2014. Directly incurred expenses for travel and subsistence relating to their role as trustees are reimbursed if claimed. In 2015 no expenses were claimed (2014: 1 trustee was paid £87).

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 2015 for this element of the insurance policy was £861 (2014: £650).

**Notes to the financial statements for the year ended 31 March 2015**

**7 Net (outgoing)/incoming resources**

	<b>2015</b>	2014
	<b>£'000</b>	£'000
This is stated after charging:		
Staff costs (note 5)	<b>771</b>	816
Auditor's remuneration (excluding VAT):		
Statutory audit services	<b>10</b>	10
Depreciation	<b>24</b>	19
Rentals under operating leases: property	<b>59</b>	39

**8 Tangible fixed assets**

	<b>Leasehold improvements</b>	<b>Furniture, IT and office equipment</b>	<b>Total 2015</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>			
As at 1 April 2014	73	57	<b>130</b>
<b>At 31 March 2015</b>	<b>73</b>	<b>57</b>	<b>130</b>
<b>Depreciation</b>			
Depreciation as at 1 April 2014	8	25	<b>33</b>
Charge for the year	15	9	<b>24</b>
<b>At 31 March 2015</b>	<b>23</b>	<b>34</b>	<b>57</b>
<b>Net book value</b>			
<b>At 31 March 2015</b>	<b>50</b>	<b>23</b>	<b>73</b>
At 31 March 2014	65	32	97

All tangible fixed assets held by the charity are for furtherance of charitable objectives and not for investment purposes.



**Notes to the financial statements for the year ended 31 March 2015**

**9 Fixed asset investments**

<b>a) Investments at market value</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Market value of listed investments at 1 April 2014	15,256	11,849
Additions at cost	1,945	2,667
Additions following asset transfer at value on transfer date (note 2)	-	269
Disposal proceeds	(71)	(30)
Realised gains	1	1
Disposals at carrying value brought forward	(70)	(29)
Fees deducted by the investment managers directly from the fund	(120)	(98)
Unrealised gains/(losses)	1,593	598
<b>Market value of listed investments at 31 March 2015</b>	<b>18,604</b>	<b>15,256</b>
Cash held by investment managers	61	146
	<b>18,665</b>	<b>15,402</b>
	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>b) Historical cost</b>		
Market value at 31 March 2015	18,604	15,256
Accumulated gains brought forward	(3,644)	(3,046)
Unrealised gains for the year	(1,593)	(598)
<b>Historical cost at 31 March 2015</b>	<b>13,367</b>	<b>11,612</b>
	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>c) Investments disposition</b>		
Cash and settlements pending	61	146
Common Investment Funds: Alpha CIF for Endowments (Income Units)	13,915	12,843
Common Investment Funds: COIF Charities Investment Fund	4,603	2,353
Common Investment Funds: COIF Ethical Investment Fund	86	60
	<b>18,665</b>	<b>15,402</b>

**Notes to the financial statements for the year ended 31 March 2015**

**10 Current asset investments**

	<b>Total 2015 £'000</b>	Total 2014 £'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.

**11 Debtors**

	<b>2015 £'000</b>	2014 £'000
Other debtors	73	156
Prepayments	53	48
Accrued income	10	31
	<b>136</b>	<b>235</b>

**12 Creditors: amounts falling due within one year**

	<b>2015 £'000</b>	2014 £'000
Grants payable	1,122	693
Other creditors	56	42
Accruals	76	55
Deferred income	100	156
	<b>1,354</b>	<b>946</b>

**Notes to the financial statements for the year ended 31 March 2015**

**13 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 2014 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers in/(out) £'000	Investment gain/(loss) £'000	Balance at 31 March 2015 £'000
<b>Expendable endowment</b>						
<b>Grassroots Grants funds:</b>						
Deutsche Bank Fund	582	-	(3)	(13)	54	620
Evening Standard Dispossessed Fund	3,069	-	(17)	-	293	3,345
Evening Standard Dispossessed Fund Croydo	179	-	(1)	-	17	195
Lambeth Community Fund	193	-	(1)	(3)	18	207
Peckham Fund	134	-	(1)	(3)	13	143
Rolls Royce Fund	32	-	-	(1)	3	34
Ruth's Fund	117	-	(1)	(2)	11	125
Westminster Fund	365	-	(1)	(8)	34	390
Wandsworth Educational Fund	114	-	(1)	(1)	11	123
Victoria Foundation Fund	339	-	(2)	(6)	32	363
Other Grassroots Grants funds	2,029	-	(10)	(45)	191	2,165
<b>Total Grassroots Grants funds</b>	<b>7,153</b>	<b>-</b>	<b>(38)</b>	<b>(82)</b>	<b>677</b>	<b>7,710</b>
<b>Community First funds:</b>						
Bromley Fund	55	26	-	-	8	89
Friends Life CF Endowment Fund	15	-	-	-	2	17
Land Securities Capital Commitment	120	9	(1)	-	13	141
Living Cities Community CF Endowment Fund	505	262	(4)	-	59	822
The London Leg Up Fund	-	275	(1)	-	12	286
Love Kingston CF endowment Fund	42	7	-	20	6	75
Westminster Fund	169	19	(1)	-	19	206
Other Community First funds	1,526	1,329	(16)	(17)	251	3,073
<b>Total Community First funds</b>	<b>2,432</b>	<b>1,927</b>	<b>(23)</b>	<b>3</b>	<b>370</b>	<b>4,709</b>

**Notes to the financial statements for the year ended 31 March 2015**

**13 Endowment funds (continued)**

	Balance at 1 April 2014 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers in/(out) £'000	Investment gain/(loss) £'000	Balance at 31 March 2015 £'000
<b>Other funds:</b>						
Cresswell Trust	57	-	-	(1)	5	61
Lewisham Fund	291	-	(2)	(6)	29	312
Portuguese Fund	533	-	(3)	(9)	50	571
Sue Estermann fund	174	-	-	(174)	-	-
Wandsworth Community Fund	452	-	(2)	(5)	42	487
<b>Total other endowment funds</b>	<b>1,507</b>	<b>-</b>	<b>(7)</b>	<b>(195)</b>	<b>126</b>	<b>1,431</b>
<b>Total expendable endowment</b>	<b>11,092</b>	<b>1,927</b>	<b>(68)</b>	<b>(274)</b>	<b>1,173</b>	<b>13,850</b>
<b>Permanent endowment</b>						
Barnet Endowment	64	-	-	-	6	70
Beaufoy Trust	1,134	-	(6)	-	108	1,236
Pedlar's Acre Trust	2,316	53	(12)	(83)	221	2,495
Richmond Civic Trust	421	-	(2)	-	40	459
<b>Total permanent endowment</b>	<b>3,935</b>	<b>53</b>	<b>(20)</b>	<b>(83)</b>	<b>375</b>	<b>4,260</b>
<b>Total endowment funds</b>	<b>15,027</b>	<b>1,980</b>	<b>(88)</b>	<b>(357)</b>	<b>1,548</b>	<b>18,110</b>

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 2015 can be seen in notes 14 and 21.

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 18.

**Notes to the financial statements for the year ended 31 March 2015**

**14 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 2014 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers in/(out) £'000	Balance at 31 March 2015 £'000
<b>Grantmaking funds</b>					
Affinity Sutton Business Start up Program	10	30	(23)	-	17
Affinity Sutton Community Grants	-	35	(35)	-	(0)
Affinity Sutton Decorating Fund	37	-	(30)	-	7
Affinity Sutton Digital Communities Fund	-	25	-	-	25
Affinity Sutton Re-Train Program	3	65	(65)	-	3
Affinity Sutton Re-Work Program	-	24	(15)	-	9
Big Local Coldharbour	11	309	(184)	(39)	97
Big Local Marks Gate Dagenham	-	13	(3)	(2)	8
Cockayne Fund	-	689	(686)	2	5
Comic Relief - Local Communities	174	263	(350)	-	87
Comic Relief - BBC Small Grants	-	60	(60)	-	-
Comic Relief Red Nose Day Dispossessed Fund	4	1,000	9	(11)	1,002
Covent Garden Market Authority	24	23	(18)	-	29
Deutsche Bank Small Grants Fund	21	9	(53)	24	1
eBay Foundation	4	28	(27)	-	5
Elephant and Castle Community Fund	26	50	(26)	-	50
Evening Standard Dispossessed Fund	12	66	(64)	-	14
Hammersmith & Fulham Opportunity Fund	8	3	(11)	-	-
Lambeth & Southwark Happiness & Wellbeing Fund	20	27	(18)	12	41
Lambeth Cooperative Fund	25	45	(44)	-	26
Land Securities Capital Commitment Fund	3	30	(34)	3	2
Living Communities Fund	36	49	(32)	-	53
Love Kingston	11	40	(11)	(20)	20
Mayor's Office for Policing & Crime (MOPAC)	-	500	(500)	-	-
MyLotto24 Community Fund	-	60	(57)	(3)	-
NHS Lambeth Wellbeing & Health (SE Communities)	10	-	-	(8)	2
Office for Civil Society (Evening Standard Dispossessed Fund)	25	370	(313)	(82)	-
The Path Programme	-	-	(258)	282	24
Peabody Community Fund	-	75	(41)	-	34
Pru Health - Evening Standard Dispossessed Fund	-	68	(67)	-	1

**Notes to the financial statements for the year ended 31 March 2015**

**14 Restricted funds (continued)**

	Balance at 1 April 2014 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers in/(out) £'000	Balance at 31 March 2015 £'000
<b>Grantmaking funds (continued)</b>					
Prudential Skills for Life	85	88	(88)	-	85
Redbridge Small Grants	2	29	(27)	-	4
The Rob Barr Charitable Fund	17	10	(28)	1	-
Santander SEDA fund	10	230	(230)	-	10
The SEGRO Community Fund for London	-	60	(10)	-	50
Slater & Gordon Health Projects & Research Fund	-	103	(103)	-	-
Sport Relief Community Cash Dispossessed Fund	1,000	1	(1,012)	11	-
Vanquis Active Community Fund	-	40	-	-	40
Violence against Women Themed Fund	12	3	-	2	17
Westminster Fund	1	12	(12)	31	32
Wimbledon Foundation Fund	3	100	(45)	-	58
Youth Aspirations Themed Fund	23	9	-	8	40
Other grantmaking funds	229	315	(376)	10	178
<b>Total grantmaking funds</b>	<b>1,846</b>	<b>4,956</b>	<b>(4,947)</b>	<b>221</b>	<b>2,076</b>
<b>Endowment funds (revenue element)</b>					
Beaufoy Trust	10	49	(5)	-	54
Bromley Community Fund	-	4	(15)	11	-
Deutsche Bank Fund	-	10	-	(10)	-
Evening Standard Dispossessed Fund	294	78	-	(200)	172
Evening Standard Dispossessed Fund Croydon	17	6	-	-	23
Peckham Fund	11	2	-	3	16
Pedlar's Acre Trust	61	-	(5)	91	147
Portuguese Fund	38	12	(39)	9	20
Richmond Civic Trust	19	10	(15)	-	14
Sue Estermann Fund	-	-	(78)	166	88
Victoria Foundation Fund	13	8	(14)	6	13
Wandsworth Community Fund	-	13	(17)	5	1
Wandsworth Educational Fund	-	3	(4)	1	-
Westminster Fund	-	7	-	(7)	-
Other endowment funds (income element)	144	142	(59)	18	245
	<b>607</b>	<b>344</b>	<b>(251)</b>	<b>93</b>	<b>793</b>

**Notes to the financial statements for the year ended 31 March 2015**

**14 Restricted funds (continued)**

	Balance at 1 April 2014 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers in/(out) £'000	Balance at 31 March 2015 £'000
<b>Community Development funds</b>					
JP Morgan Enterprise Fund	114	-	(115)	1	-
JP Morgan Community Development & Youth Fund	29	-	(28)	(1)	-
Other community development funds	6	-	(2)	-	4
	<b>149</b>	<b>-</b>	<b>(145)</b>	<b>-</b>	<b>4</b>
<b>Development funds</b>					
Charles Stewart Mott Foundation	13	32	(21)	-	24
Esmee Fairbairn	6	11	(17)	-	-
Lambeth Giving Fund	11	13	(13)	-	11
Other development funds	1	-	(1)	-	-
	<b>31</b>	<b>56</b>	<b>(52)</b>	<b>-</b>	<b>35</b>
<b>Total restricted funds</b>	<b>2,633</b>	<b>5,356</b>	<b>(5,395)</b>	<b>314</b>	<b>2,908</b>

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 2015**

**15 Analysis of net assets between funds**

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2015 £'000
<b>Fund balances at 31 March 2015</b>					
Represented by:					
Tangible fixed assets	-	73	-	-	73
Fixed asset investments	513	-	61	18,091	18,665
Current assets	494	48	4,069	19	4,630
Creditors: amounts falling due within one year	(132)	-	(1,222)	-	(1,354)
<b>Total funds</b>	<b>875</b>	<b>121</b>	<b>2,908</b>	<b>18,110</b>	<b>22,014</b>

**16 Designated Funds**

The Board of Trustees has designated two funds:

1. The tangible fixed assets and tangible current assets fund of £73,000 representing the net book value of LCF's tangible assets.
2. The growth fund was set up in 2010 in order to invest in organisational change over a period of several years. It supports activities which lead to greater sustainability for LCF, such as marketing to new audiences, developing new products and services. Movements during the year on the fund are shown below, the remaining balance of £48,000 is anticipated to be fully spent by March 2016.

<b>Movements on growth fund</b>	<b>2015 £'000</b>	2014 £'000
Opening balance at 1 April 2014	123	112
New designations	-	65
Resources expended	(75)	(54)
<b>Net movement in funds</b>	<b>48</b>	123



**Notes to the financial statements for the year ended 31 March 2015**

**17 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 2015 are shown below:

<b>Assets of each charity at 31 March 2015</b>	<b>The Community Foundation £'000</b>	<b>Pedlar's Acre Trust £'000</b>	<b>Total £'000</b>
Opening balance at 1 April 2014	16,372	2,316	<b>18,688</b>
Incoming resources	8,078	53	<b>8,131</b>
Resources expended	(6,386)	(12)	<b>(6,398)</b>
Fund transfers in/(out) (note 18)	83	(83)	-
Gain on investments	1,372	221	<b>1,593</b>
<b>Net movement in funds</b>	<b>19,519</b>	<b>2,495</b>	<b>22,014</b>
Tangible fixed assets	73	-	<b>73</b>
Fixed asset investments	16,133	2,532	<b>18,665</b>
Debtors	136	-	<b>136</b>
Cash at bank and in hand	4,494	-	<b>4,494</b>
Creditors: amounts falling due within on year	(1,317)	(37)	<b>(1,354)</b>
<b>Net assets at 31 March 2015</b>	<b>19,519</b>	<b>2,495</b>	<b>22,014</b>
<b>Funds of the charities</b>			
Expendable endowment funds	13,850	-	<b>13,850</b>
Permanent endowment funds	1,765	2,495	<b>4,260</b>
Restricted funds	2,908	-	<b>2,908</b>
Unrestricted funds	996	-	<b>996</b>
<b>Closing balance at 31 March 2015</b>	<b>19,519</b>	<b>2,495</b>	<b>22,014</b>

**Notes to the financial statements for the year ended 31 March 2015**

**18 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 2015 the trustees elected to transfer 3.5% of the value of the fund as at 31 December 2013 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

The investment fund and application of total return to permanent endowment fund:	<b>2015</b>	2014
	<b>£'000</b>	£'000
Opening value of permanent endowment at 1 April 2014	<b>2,316</b>	2,245
Less:		
Value of endowment at 31 March 2004	<b>(1,837)</b>	(1,837)
Opening value of unapplied total return at 1 April 2014	<b>479</b>	408
Add:		
Investment return: income	<b>53</b>	54
Investment return: unrealised gain/(loss) on investment	<b>221</b>	104
Less:		
Investment management and legal costs	<b>(12)</b>	(12)
Unapplied total return before transfer to income	<b>741</b>	554
Less:		
Unapplied total return applied	<b>(83)</b>	(75)
Sub total: unapplied total return as at 31 March 2015	<b>658</b>	479
Add:		
Value of endowment at 31 March 2004	<b>1,837</b>	1,837
Permanent endowment including unapplied total return as at 31 March 2015	<b>2,495</b>	2,316

**Notes to the financial statements for the year ended 31 March 2015**

**19 Obligations under operating leases**

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

Rental commitment for office space:	<b>2015</b>	2014
	<b>£'000</b>	£'000
In two to five years	<b>58</b>	58
	<b>58</b>	58

**20 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:

	<b>Balance at</b>	Balance at
	<b>31 March</b>	31 March
	<b>2015</b>	2014
	<b>£'000</b>	£'000
Cash at bank	<b>173</b>	44
Grantmaking funds due from Deptford Challenge Trust	-	185
Grants payable	<b>(154)</b>	(226)
	<b>19</b>	3

## Notes to the financial statements for the year ended 31 March 2015

### 21 Analysis of grants

During 2015 LCF made 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 since 2014 LCF has managed 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	471	140
Grant awards to institutions	566	5,019
<b>Total</b>	<b>1,037</b>	<b>5,159</b>

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	Next Generation Youth Café	4,200
	Rookie Sports Ltd	4,840
	St Edwards Development Project	1,000
	The Cooke e-Learning Foundation	4,000
	The Croft Tearoom CIC	4,033
Big Local North Brixton	Victim Support Lambeth	4,800
	Angell Town EMB Ltd	1,750
	CARENET	5,000
	Joy of Sound	5,000
	Lambeth Autism Group	4,277
Bromley Community Fund	UCanDoIT	1,500
	Excellence Community Training Group	2,950
	The Hub - Snowdown Close	1,200
	Bromley Children and Families Voluntary Sector Forum	2,500
	Friends of Chislehurst & Walden Recreation Grounds	1,800
Childhood Trust	Doorstep Homeless Families Project	3,500
	Waterloo Sports And Football Club	3,000
	Youth Education Support Services	3,200
	Springfield Community Flat	3,000
	Waltham Forest Arts in Education Network	2,000
Cockayne - Grants for the Arts	Welsh National Opera	50,000
	Royal Opera House Foundation	70,000
	Gasworks Gallery	35,000
	Hounslow Symphony Orchestra	4,000
	Darker Purpose Theatre Company	3,000

**Notes to the financial statements for the year ended 31 March 2015**

**21 Analysis of grants (continued)**

<b>Fund</b>	<b>Grantee</b>	<b>£</b>
Comic Relief BBC Regional	Carers Bromley	15,000
	The Drop In Bereavement Centre	15,000
	Connie Henry's Track Academy	15,000
	Hillingdon Carers	15,000
Comic Relief Local Communities	Basti Ram	10,000
	Brilliant Women	10,000
	The Squad	10,000
	The Thanet Youth and Community Centre	5,506
	The Eden Galvani Trust	8,500
Covent Garden Market Authority	Vauxhall CIC	4,424
	Oasis Children's Venture	4,092
	STORM Family Centre Ltd	4,940
	Vauxhall CIC	5,000
	Springfield Community Flat	4,940
Deutsche Bank Small Grants Fund	Baobab Centre for Young Survivors in Exile	4,992
	Chain Reaction Theatre Company	2,292
	Exposure Organisation Limited	4,150
	Lambeth Mediation Service	5,000
	Sport 4 Life	4,850
eBay Foundation	The Ivybridge Link	3,295
	Teens Unite Fighting Cancer	1,318
	Cruse Bereavement Care	1,318
	Heritage House School Buckinghamshire	9,884
	Matthew's Friends	6,590
Elephant and Castle Community Fund	Latin American Disabled People's Project	5,000
	Walworth Golden Oldies Community Care project	3,889
	Afro-Brazilian Arts and Cultural Exchange Institute	1,500
	Walworth Garden Farm	4,800
	Mobile Gardeners Community Interest Company	5,000
The Fairview Community Fund	Chickenshed Theatre Company	2,752
	One to One Enfield	2,610
	Enfield Parents & Children	3,000
	Silverfit Ltd	2,855
	The Nightingale Cancer Support Centre	1,730
First Foundation Communities Fund	Enabling Enterprise CIC	8,500
	Westminster Befriend a Family	8,000
	The Bloomfield Learning Centre for Children	8,500
	The Hackney Pirates	8,500

**Notes to the financial statements for the year ended 31 March 2015**

**21 Analysis of grants (continued)**

<b>Fund</b>	<b>Grantee</b>	<b>£</b>
Lambeth & Southwark Happiness & Wellbeing Fund	A Mile in Her Shoes	900
	Home-Start Southwark	2,000
	Kettle Partnership	2,000
	Lambeth Asian Centre	2,000
	Sickle Cell & Young Stroke Survivors	2,000
Lambeth Cooperative Challenge Programme	Wheels for Wellbeing	4,494
	Kettle Partnership	5,000
	Carers4Carers	2,000
	Longfield Hall Trust	4,858
	Ripe Enterprises Ltd	2,000
Land Securities Capital Commitment Fund	Phases	6,350
	Streets of Growth	7,000
	Straight Talking Peer Education	7,000
	Camden Spear Trust	6,899
	Switchback	7,000
Living Cities Community Fund	St Vincent's Family Project	5,000
	Contact the Elderly	2,480
	Pimlico Family Workshop Toy Library	4,993
	Musicus CIC	5,000
	Octavia Foundation	5,000
Mayor's Office for Policing & Crime (MOPAC) Victims Fund	Stay Safe East	20,000
	Rape Crisis South London	17,563
	Respond	20,000
	Galop	20,000
	Family Action	20,000
The MyLotto24 Community Fund	CoDa Dance Company	4,960
	Sufra - NW London	4,862
	Innercity Films	4,000
	Fourthland	5,000
	Burgess Park Food Project	4,840
Office for Civil Society (Evening Standard Dispossessed Fund)	MAC-UK	19,138
	Beyond Youth	19,694
	Plias Resettlement	20,000
	Springfield Community Flat	13,265
	Pan Intercultural Arts	20,000

**Notes to the financial statements for the year ended 31 March 2015**

**21 Analysis of grants (continued)**

<b>Fund</b>	<b>Grantee</b>	<b>£</b>
The Path Programme Fund	MAC-UK	19,138
	Beyond Youth	19,694
	Plias Resettlement	20,000
	Pan Intercultural Arts	19,840
	Safer London Foundation	30,500
Peabody Community Fund	Bermondsey Community Kitchen	5,000
	Mint Street Music Festival Team	1,000
	South Westminster Community Organisers	5,000
	Whitecross Community Centre	5,000
	Fluency Digital Ltd (trading as Fluency)	4,920
Prudential Skills for Life Fund	bMoney Wize Ltd	12,070
	New Leaf Educational Gardens	9,800
	Rewrite	14,210
	Youth A.I.D. Lewisham	9,847
	Youth Learning Network	13,132
Redbridge Council Small Grants Fund	Iford Sunday Drop-in for the Homeless	1,846
	AchieveAbility	1,890
	Muslim Womens Welfare Association	2,160
	The Redbridge Music Lounge	1,610
	Free Your Mind	1,950
The Rob Barr Charitable Fund sponsored by Russell Investments	Superkidz Community Trust	4,111
	Bounce Theatre CIC	4,000
	London Community Building CIC	2,900
	Southside Young Leaders Academy	3,500
	Mazí Mas	3,715
Santander Social Enterprise Development Awards	The Larches Trust Limited	10,000
	Brockwell Park Community Greenhouses	10,000
	Key Changes (Islington Music Forum)	10,000
	Re-Instate Ltd	10,000
	Urban Youth Action	10,000
Slater & Gordon Health Projects & Research Fund	Spinal Injuries Association	12,500
	Royal Hospital for Neuro-disability	12,000
	Keele University	12,300
	The Children's Trust	12,018
	University of Nottingham	12,187

**Notes to the financial statements for the year ended 31 March 2015**

**21 Analysis of grants (continued)**

<b>Fund</b>	<b>Grantee</b>	<b>£</b>
Sport Relief – Evening Standard Dispossessed Fund	Carney's Community	20,000
	South Central Youth Ltd	20,000
	Abundant Community Creations Limited	5,400
	Tower Hamlets Friends and Neighbours	10,000
	The Doorstep Library Network	10,000
Wandsworth Community Fund	Klevis Kola Foundation	4,842
	Battersea Crime Prevention Panel	5,000
	The Somali Community Advancement Organisation	2,430
	Elays Network	5,000
	GCSE Success	3,150
Westminster Fund	Dreamarts	4,000
	Westminster Befriend a Family	3,000
	City West Homes	4,700
Wimbledon Foundation Community Fund	Spare Tyre Theatre Company	4,500
	Mercy Foundation Centre	5,000
	World Heart Beat Music Academy	3,000
	FAST Project - London	2,606
	YMCA London South West	5,000