The London Community Foundation

Trustees' Report

Report and Financial Accounts
for the year ended 31st March 2017

londoncf.org.uk

The London Community Foundation

Trustees' Report

and

Financial Statements

for the year ended

31 March 2017

Company No: 4383269
Charity No: 1091263

The London Community Foundation

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The London Community Foundation

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 2017. The report has been prepared in compliance with Part 8 of the Charities Act 2011. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charitable company's Memorandum and Articles of Association, applicable laws and the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective for accounting periods commencing 1 January 2015 or later.

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

Legal and administrative information

Name of charity
The London Community Foundation (LCF)

Status
Charity registered in England and Wales – number 1091263
Company limited by guarantee registered in England & Wales – number 4383269

Principal office and registered address
Unit 1.04, Piano House
9 Brighton Terrace
London
SW9 8DJ

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

Legal and administrative information (continued)

Trustees (continued)

Principal officers

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

Russell Delew	Chief Executive Officer
Megan Chidlow	Finance and Operations Director/Company Secretary
Rebecca Crosweller	Director of Marketing & Communications
Mandeep Hothi	Director of Programmes and Strategic Partnerships
Alex Le Vey	Director of Development

Other principal officers serving during the period:

Victoria Warne	Deputy CEO/Director of Programmes, resigned 4 February 2017

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

The London Community Foundation

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

The London Community Foundation

Chair's statement

In the year under review, we have achieved continuity in the delivery of our mission – to support disadvantaged Londoners – at a time of significant change in the senior management team of the organisation. I reported last year that we had just appointed Russell Delew as our new Chief Executive. Since then we have appointed new staff to head our Development, Marketing & Communications and Programmes and Strategic Partnerships teams. They have embraced the culture of the organisation, and have successfully combined the delivery of our targeted income for the year with formulating ambitious plans for the future.

Our total income for the year was £8,058,000 (2016: £7,509,000) and our net unrestricted income exceeded our operating costs to give us a net operating surplus of £103,000 (2016: operating deficit of £98,000). During the year we made 971 grant awards totalling £5.1 million, which we estimate touched the lives of over 100,000 Londoners. These grants covered a range of issues such as pathways to employment, gang crime, social isolation, domestic violence and mental health. We were also involved in a major initiative with the London Evening Standard Dispossessed Fund, The Felix Project, Citi and D & D London around food poverty and recycling of food waste.

I believe that one of our special attributes is the range of stakeholders we bring together – the individuals we support, the local charities and community groups we work with and the diverse range of our donors (central government, local government, trusts, companies and private individuals). There are few organisations with such a broad base of stakeholders, which gives us one of our unique strengths – the ability to operate across London with and for all elements of society. My thanks go to all our stakeholders and particularly to our donors who make our work possible.

Historically, our approach has been to tailor our work to the priorities and interests of our donors, which offers a bespoke offer for donors and a very successful model for The London Community Foundation. In future, we will be supplementing this approach by also taking more of a lead in identifying the key issues for Londoners in need and garnering support from a range of donors around these issues.

My thanks go to our staff who have continued to build on their reputation for professionalism and have engaged so positively in planning for the future of the organisation.

Since the end of the 2016-17 financial year, our team have been heavily involved in work to support the victims of the tragic Grenfell Tower fire which occurred on 14 June 2017. LCF has received just under £7 million in cash and pledges, working primarily with the Evening Standard Dispossessed Fund (£6.2 million) and Artists for Grenfell (£0.7 million). Within two months of the event £5.5 million had been distributed, or committed for distribution, to support victims and next of kin. Our thoughts combine a mix of sadness for the residents of the Tower and gratitude to all the donors for their generosity in supporting those who have suffered.

Francis Salway
Chair

The London Community Foundation

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 specialises in supporting grassroots, community-based organisations focused on helping Londoners facing disadvantage. We do this by harnessing ideas and talents in the community to make progress on deep-rooted issues that cannot be solved elsewhere.

London is a diverse city, in which complex social problems exist. We believe that communities often characterised as poor and disadvantaged are rich with ideas and assets. When these ideas and assets are maximised, small community groups can make a big difference. By shining a light on the key issues faced and supporting the best ideas to grow, we strengthen and nurture the network of local people solving problems in the community.

Child poverty, unemployment, isolation, homelessness, domestic violence and gang crime are just some of the issues we are tackling through our grant making. With the generosity and involvement of our donors, we have invested over £57 million into more than 11,500 charitable projects across the capital since we started in 1995.

The London Community Foundation (LCF) is not a traditional grant making trust or foundation. It represents a collection of citizens, companies, public bodies and trusts who each believe that they will achieve more working together and using our grassroots expertise than they could alone.

- We build knowledge of the needs and the key challenges affecting disadvantaged London. We lead the way on tough issues we believe can be solved by community-led organisations.
- We shape the agenda, building momentum around the key issues. We direct, advise and coordinate philanthropists and community groups to achieve high-level impact.
- We strengthen and nurture community-based organisations, to build capacity and grow sustainable and efficient operations. We encourage collaboration, providing coordinated support for disadvantaged London.

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.

Objectives and activities (continued)

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

Our core activities are:

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

   We strive to make the grant making 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 'Grant making 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 grant making practice and advising LCF staff and trustees on issues for future consideration.

   c. We endeavour to provide support to groups prior to the submission of applications. Organisations are encouraged to telephone LCF before making an application to discuss the most appropriate programmes for them and to discuss their project and their application. General guidance is given on the suitability of their project to individual funds and advice is given on how to put together an application.

   d. LCF endeavours to provide additional outreach and support to organisations, particularly those who are first time applicants, marginalised or hard to reach groups, or those where the group's leaders speak English as a second language.

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

   LCF offers the following types of funds for supporters:

Objectives and activities (continued)

a. The Donor Advised Fund – where the donor's thematic or geographic priorities are matched by LCF to needs on the ground. Donors get involved in decision making around grants, this has been evidenced in our work with Evening Standard Dispossessed Fund and Comic Relief

b. The London Community Foundation's Area Based Funds – which facilitate pooled giving to a local area. Examples include Lambeth Giving, Wandsworth Community Fund, Elephant and Castle Opportunity Fund.

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

   LCF aims to build community assets in the form of endowments which can respond to changing needs over time and provide a sustainable source of funding for charities and community organisations in London. As at 31 March 2017, LCF held £20.1 million (2016: £16.9 million) in endowment funds.

   Endowment funds held were 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 the Office for Civil Society offered an additional 50% on endowment gifts to LCF until March 2015.

   b. Trust transfers. Trusts can be transferred to LCF under the Boost Initiative, with LCF honouring the original objectives and/or reviving them for modern day needs. Trusts may be transferred if they have become dormant or ineffective, or if trustees feel that LCF will help to increase the impact of their charitable assets.

4. **Raising awareness of needs in London and the ways in which people can help.**
   We continue to inform our donors and partners of the changing issues, challenges and opportunities facing local communities and the wider operating environment. Our site visits show another side of London and introduce donors to some of the fantastic community groups and charities we support.

Structure, governance and management

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

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

Structure, governance and management (continued)

Appointment, induction and training of trustees

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

At 31 March 2017 LCF had nine trustees (maximum eighteen), including people who were formerly trustees of the other London foundations that 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 five sub-committees. These are the Programmes and Grants, Audit, Risk and Investment, Remuneration & Nominations, Executive and Development Committees.

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, Director of Programmes and Strategic Partnerships and Head of Programmes & Grant Operations for standard risk grants under £25,000.

In addition, LCF invites individuals from the communities in which we work, to inform our grant making through funding 'panels'. These panels of volunteers make recommendations on grant awards by LCF. The 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 grant making policy and practice.

Structure, governance and management (continued)

Structure (continued)

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

- monitoring and reviewing the performance of LCF's investments and investment managers;
- recommending the budget, business plan and targets to the Board for approval;
- reviewing the draft statutory financial statements and recommending approval to the Board;
- receiving the reports of LCF's auditor;
- financial policies and controls, reserves policy and investment and endowment spending policies;
- overseeing risk management.

The **Remuneration and Nominations Committee** meets once a year on a regular basis and at other times as required. The committee is responsible for:

- leading on governance and trustee recruitment;
- human resources including remuneration of staff.

The **Executive Committee** comprises the Chair and Vice Chair, with other trustees as appropriate. The committee meets only as necessary to make decisions to approve extraordinary spending outside the annual budget up to £25,000.

The **Development Committee** meets as necessary and comprises a minimum of two trustees. The committee coordinates 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 20 staff (2016: 17 staff).

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

LCF is a quality accredited member of UK Community Foundations, the membership organisation that supports and promotes community foundations in the UK. There are 46 quality accredited community foundations serving most of the UK population. With endowment funds of around £500 million, over 15,000 donors and annual grant making in the last year exceeding £65 million, the network is one of the UK's most significant grant makers.

LCF does not have any branches or 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 '2016-17 objectives activities, achievements and performance' and 'Future plans' set out LCF's objectives, and report on the activity and successes in the year to 31 March 2017, 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

2016-17 objectives, achievements and performance

While LCF has continued to focus fully on the core work of developing programmes and raising new grant making funds in 2016-17, the year has been, in part, a period of transition following the appointment of a new CEO in March 2016.

However we are delighted to have built on previous successes in this year. We have also been working on improvements to our processes that will allow us to better demonstrate our impact in future years.

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

2016-17 objectives, achievement and performance (continued)

Strategic objective 1 – FUNDING FOR LONDON

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

Secure a minimum of £5 million per annum for grant making with the aim of growing annual grant making to £7/£8 million by 2021. Improve long term sustainability of income through building endowment funds and significantly increasing the number of private individual donors

Performance highlights:

a. Raised £5.2 million grant making income (being restricted income raised in the year and excluding investment income) to be spent on grant making and associated projects against a target of £5 million, with 971 grants awarded in the year totalling £5.1 million.

b. 174 funds managed with an average grant size of £8,586 made to organisations. The average grant made to individual recipients is £365. Grants awarded can be categorised under the following thematic areas:

• Reducing isolation and disadvantage, and increasing access to local services	27%
• Physical and mental health, wellbeing and safety	23%
• Strengthening community cohesion and building social capacity	19%
• Life skills, education, employability and enterprise	16%
• Access to and engagement with the environment and public spaces	9%
• Connecting people with the arts, culture and heritage	6%

c. 2,708 applications received (2016: 2,917), totalling over £27.2 million in requests (2016: £36.6 million).

d. Over 100,000 anticipated beneficiaries, the primary age groups benefitting from funded activities being:

• Aged 12 and below	7%
• Aged 13-18	11%
• Aged 19-25	5%
• Aged 26-64	41%
• Aged 65 and over	5%
• All age groups (community-wide activities)	31%

2016-17 objectives, achievement and performance (continued)

Strategic objective 2 – PROGRAMMES AND GRANTS:
To ensure that the Foundation's community investment responds to identified local needs and is delivered to a high standard, maximising our community impact.

Performance highlights:

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

Our partnership with the London Evening Standard on the "Dispossessed Fund" has enabled us to shine a light on the issues of food poverty and food waste in the capital. Increasing numbers of Londoners are struggling to afford sufficient healthy food for themselves and their families whilst millions of tonnes of food are being thrown away each year. In partnership we raised awareness of the issues, and profiled many community groups developing ingenious solutions to address them. In total, 29 community groups were supported with grants of up to £20,000. Furthermore, we awarded grants totalling £319,000 to The Felix Project in the year for projects working to expand their food waste distribution operation to small groups pan-London.

Across the 152 applications for funding received, the breadth of ideas for dealing with food poverty and surplus food were outstanding, with many of the organisations who received funding at early stages in their development. In fact, nearly half of the 29 organisations receiving funding operated on an income of less than £100,000 in the last financial year. As such, there was also a capacity building element to the programme, where funded groups received support and advice to help strengthen their organisations and operations. The fact that the Fund was six times oversubscribed tells us that this campaign addressed a serious need in London. We are truly encouraged by all the resourceful projects and awareness brought to the issue through the campaign, representing a significant step forward in tackling food poverty in London.

We have continued to advocate for multi-year funding with our donors and have been pleased that a number of our individual and corporate donors have awarded multi-year grants during the year. We have also been delighted to develop a relationship with Sport England, designing a pilot programme in the five boroughs with the most pronounced need regarding lack of physical activity and involvement in sport. We are working together to engage with hard-to-reach individuals that might not otherwise be able to benefit from Sport England's support. Our ongoing partnerships with Comic Relief and corporate donors such as Peabody and Segro, have enabled us to continue to offer a range of grant opportunities to groups across London, with grants typically around £5,000.

2016-17 objectives, achievement and performance (continued)

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

b) Impact Assessment Framework

Having successfully launched our Impact Assessment Framework in 2015, we used the data collected from our grantees to collate and demonstrate the Foundation's impact and that of our donors and supporters, in the form of our first Annual Review. The framework pulls together all of our grant making under six overarching thematic areas, noted on page 13, under which applicants select outcomes and indicators that they aim to achieve through their work and report against a year later.

c) Outreach and grantee support

We continue to promote our funding opportunities to groups and charities across London, attending ten "meet the funder" events in 2016-17, attended by approximately 250 organisations. We've also continued to support groups to apply for grants at these events as well as offering telephone support throughout the year.

Demand for capacity building support continues, including advice on fundraising, evaluation, project planning and financial management. We were particularly pleased to have been able to offer additional capacity building support for grantees through our Evening Standard Dispossessed Fund Food for London programme, where we have partnered with the Cranfield Trust to deliver high quality business support to the most promising grantees.

Strategic Objective 3 – PROFILE AND PUBLIC RELATIONS
To encourage giving through the Foundation from private and public sources – positioning LCF as the 'go to' place for those interested in supporting local charities and grassroots organisations across London.

a. Secured 242 (2015-16: 238) unique donors giving across London:
    - Including 7 giving over £250,000 (2015:16: 8)
    - Including 37 giving between £25,000 and £249,000 (2015-16: 27)
    - Including 18 giving between £10,000 and £24,999 (2015-16: 11)

b. LCF were represented by a team of runners in the Virgin Giving London Marathon. All 30 runners finished the race, together raising over £60,000 for LCF through sponsorship activity.

2016-17 objectives, achievement and performance (continued)

Strategic Objective 4 – THOUGHT LEADERSHIP
To establish and demonstrate the Foundation's leadership role

We are working towards establishing LCF's role as a thought leader. This includes commissioning an externally authored report to look at the role of philanthropy in meeting London's social needs. In addition, LCF now has assigned lead staff members who will develop their expertise in the following themes: food poverty, youth related crime, violence against women and girls, mental health, social isolation amongst older people, young people, and refugee and asylum seekers. This will involve producing a short, internally written report for each of these themes, detailing how small groups across London are making a difference.

Financial review

Income

The total income for the year 2016-17 was £8,058,000 against £7,509,000 in 2015-16, of which £7,080,000 (2015-16 £6,636,000) came from donations from a wide range of donors including trusts and foundations, local authorities, companies and individuals. Looking at these results in more detail:

- Unrestricted income for the year 2016-17 is £824,000 (2015-16: £851,000).

- Restricted voluntary income received for the year 2016-17 was £5,198,000 compared to £5,936,000 in 2015-16. The funds received in the year included funds for Food for Life under the Evening Standard Dispossessed fund and funds from the Cockayne Foundation to support art as a way of enriching life experience.

- Donations towards new endowment funds received during the year 2016-17 totalled £1,058,000 compared to £67,000 in 2015-16. LCF received a new endowment during the year from Lambeth Council under the programme 'Healthier for Longer'.

- Investment income has increased to £684,000 during 2016-17 from £629,000 in 2015-16, this increase is due to the increase in endowment funds held.

- Income from charitable activities is £279,000 in 2016-17 compared to £243,000 in 2015-16. The income in both years comes from two local area community focused partnerships with Big Local Trust in North Brixton and Marks Gate in Barking and Dagenham. Receipts of this funding depend on the planned activities each year set by each local community panel.

Financial review (continued)

Expenditure

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

'Charitable activities' represents all grants made to beneficiaries, as well as expenditure on community development within the two programmes being run with Big Local Trust. It also includes the cost of running the grant making programmes and associated support costs. Grants awarded in 2016-17 totalled £5,078,000 compared to £5,929,000 in 2015-16. The timing of one of LCF's larger grant programmes moved from March to April this year resulting in lower overall grants this year, however grant awards are likely to increase again in the coming year.

LCF's main cost is that of staff which represented 59% of LCF's expenditure excluding grant awards in 2016-17 (2015-16: 63%). Staff costs are allocated to the costs of raising funds and charitable activities based on time spent on these activities. Support staff costs are allocated in a similar manner. Staff costs have increased to £852,000 from £740,000 reflecting the increased headcount to 20 average full time equivalent staff (2015-16: 17).

Cashflow

LCF's cash balances (excluding any cash held by the investment managers) have increased to £3,828,000 during 2016-17 up from £3,361,000 at the end of 2015-16, reflecting a corresponding decrease in debtors at the year end date, due to timings of receipts around year end for regular funds. Cash held by LCF mainly represents restricted funds held for the purposes of grant making and of this balance £3,553,000 represented restricted and endowment funds (2015-16: £3,040,000). 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 2016-17 of the £941,000 free reserves: £275,000 is a cash balance representing unrestricted funds (2015-16: £321,000) and £530,000 is invested (2015-16 £481,000), leaving other net assets of £136,000 (2015-16 £45,000). The invested funds, which are held under the reserves policy, are not expected to be needed in the short term and can be invested to generate a higher return than current interest rates allow.

Diversity of income and financial sustainability

Whilst the trustees are satisfied with the results for 2016-17, we anticipate the next year will continue to be challenging. Over the past few years, like many charities, we have been adapting to an environment in which there are less significant multi-year opportunities available providing less certainty and stability around funding.

Financial review (continued)

To meet these challenges we have focused on diversifying our income and reducing our reliance on government grant programmes. This has been a key part of our sustainability and growth strategy and our success is illustrated both by the increase and diversification of income since 2009. Our business plan sets out that LCF should aim that no one programme should contribute more than 20% of Foundation income or 35% of Foundation grant making in any year, this goal has been achieved for 2016-17.

Investments

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

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

At 31 March 2017 the funds invested at Sarasin & Partners LLP were valued at £10,335,000 (2016: £13,041,000). Investments held with CCLA were valued at £10,482,000 (2016: £4,459,000). The total value of funds invested, including cash held by investment managers for re-investment, amounted to £20,817,000 (2016: £17,524,000).

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

	Total investment performance in year to 31 March 2017 (net of fees and costs)	Total investment performance in year to 31 March 2016 (net of fees and costs)	Total investment performance annualised three year return to 31 March 2017 (net of fees and costs)
Sarasin & Partners LLP	15.9%	-3.0%	8.2%
CCLA	19.3%	-0.4%	10.6%
ARC Steady Growth (peer group comparison)	15.9%	-0.4%	7.3%

In May 2016 LCF made the decision to move to a more even balance of funds invested with each of the two investment managers; this was done by moving around £4 million of the funds held at Sarasin & Partners LLP to CCLA during the year to March 2017.

The London Community Foundation

Financial review (continued)

Investments (continued)

The Audit, Risk and Investment Committee reviews investment performance and is satisfied with the performance. LCF takes a long-term view and measures the long-term performance against the ARC Steady Growth benchmark (previously used the discontinued benchmark: WM Total Charities). The benchmark is a standard indicator of relative performance used by the investment industry and charities. Both Sarasin and CCLA provide quarterly reports and present to the Audit, Risk and Investment Committee at least once a year.

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 2017 stood at £20,123,000 (2016: £16,933,000), the increase represented an additional £1.1 million of new endowments received in the year along with an increase in stock market values in the year to 31 March 2017.

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 2017 stood at £4,263,000 (2016: £3,625,000).

Designated reserves are funds set aside from unrestricted reserves at the discretion of the trustees. At 31 March 2017, the only designation was in respect of a tangible fixed assets fund. The fund balance reflects the net book value of the leasehold improvements to the rented offices of LCF, as well as any office or IT equipment which LCF has capitalised in line with its accounting policy. The value of the assets at 31 March 2017 was £60,000 (2016: £51,000). The designation is made in recognition of the fact that these assets are essential to the day-to-day running of the charity and should therefore not be considered realisable to meet commitments.

Free reserves 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 2017 were £941,000 (2016: £847,000). The increase reflects the unrealised investment gain on unrestricted funds of £52,000 during the year, as part of the overall surplus.

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:

Financial review (continued)

Reserves policy (continued)

- Six months of planned future unrestricted expenditure (excluding development staff costs), net of six months forecast unrestricted income from endowment funds,
- Three months of development staff costs
- Two years of property lease costs.

This level is judged necessary after considering the following factors:

- The uncertainty of income. A relatively small proportion of LCF's income can be guaranteed beyond one year as few of our donors are in a position to commit to funding further ahead than one year. Free reserves at this level enable us to plan for the longer term and to utilise our resources more efficiently.
- Holding of endowment. LCF holds over £20.1 million of endowment funds, of which £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 typically holds between £2 and £5 million of restricted funds intended for grant making 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 grant making 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 2017 was £941,000. This amount is greater than the figure calculated under the reserves policy, described above, which suggests a value of £629,000 was needed at 31 March 2017. However, 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 grant making, instead of only being able to use the investment income received. The power to use a total return approach allows the charity to have an investment strategy aimed at maximising total return without needing to ensure a significant part of the return is in the form of income rather than capital growth.

Financial review (continued)

Pedlar's Acre Trust (continued)

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.

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 every year and during 2016-17 the percentage used was 3.75% of fund value. For the year 2017-18 the figure will be reduced to 3.5% to reflect changes in investment returns from stock markets over the longer term.

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% (2015-16: 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 grant making in the coming year for the permanent endowment fund 'Pedlar's Acre Trust' which has a total return approach agreed.

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

Executive remuneration

Remuneration policies

LCF had on average 20 full time equivalent staff during 2016-17. Salaries are reviewed and agreed annually by LCF's Remuneration and Nominations Committee, a sub-committee of our Board of trustees. Recommendations for annual changes to existing staff salaries are made to this 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 Remuneration and Nominations Committee. In extraordinary circumstances, there is the opportunity to increase the pay of an individual outside the formal annual review.

Executive remuneration (continued)

Salaries are set with reference to the salary band set for each role and annual salary review takes into account factors including inflation, individual performance and LCF's financial position. Salary bands are openly stated in job advertisements. Bands are set using voluntary sector benchmarking for the role, giving consideration to the skills and experience required, the market value for similar roles and LCF's financial position.

Our approach to pay

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

Remuneration of key management personnel

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

LCF's Senior Management Team in 2016-17 comprised the Chief Executive, Deputy CEO/Director of Programmes (role holder left in February 2017 and was replaced by the role Director of Programmes and Strategic Partnerships), Development Director, Director of Marketing and Communications and Finance and Operations Director. The combined pay of these five roles for 2016-17 was £284,136 (2015-16: £213,529 for four roles). Two of the roles in the year included in this figure worked part time with average paid hours of 26 per week for the Finance and Operations Director and 28 per week for the Deputy CEO/Director of Programmes. Four of the team were members of the pension scheme in the year to 31 March 2017.

The contribution rate of the company is a maximum of 10% offered to staff on a £2 to £1 basis matching the employee's contributions. Pension contributions for the senior management team staff totalled £17,119 during 2016-17 (2015-16: £16,678).

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

Pay ratio

The ratio of our highest salary rate to our median salary is 2.8:1.

Future plans

LCF's future plans are laid out in full in the three year business plan to 2020. During the coming year we will be working towards achieving the goals set out for year one, including preparing to launch a fundraising campaign.

In summary our outward facing objectives are:

1. **Funding for London:**
We will inspire philanthropists to give to our cause. We will be the charity of choice for people wanting to make a difference in London. We will proactively champion a clear and coherent offer, spearheaded by a major campaign.

2. **Programmes and grants**
We will use our expertise to design and deliver high quality, impactful grants programmes that tackle the issues which need addressing in London. We will identify the most promising innovations and support them to grow to scale across the capital. We will replicate our most successful work with institutional donors in new geographical areas.

3. **Marketing and communications:**
We will grow our reputation as being ambitious about London's future. We will become known as a thought leader, responsible for setting the agenda for London. In doing so, we will become the charity for London's grassroots.

4. **Donor Care:**
We will create an enjoyable and seamless end to end experience for all donors giving to LCF. We will tailor our donor care to ensure that supporters are valued, recognised and thanked appropriately.

Grenfell fire

In June 2017, the Evening Standard Dispossessed Fund, which LCF has managed for a number of years, launched an appeal in response to the fire at Grenfell Tower. Over £6 million has been raised from individuals and companies, in an overwhelming public outpouring of support. This enabled us, and other charities involved, to give immediate help to those whose lives were devastated by this terrible event. Alongside the newspaper appeal, LCF also received nearly £700,000 in donations and record sales generated through the 'Artists for Grenfell' charity single, produced by Syco Entertainment to raise additional funds to help those affected by the fire. The funds donated so far mean LCF's income and expenditure will be significantly higher in 2017-18 than other years and we will work to spend these funds helping those affected while continuing with our existing plans for the year noted above.

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, grant making, systems and operations and external relations.

The main risks identified in 2016-17 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. LCF achieved a surplus in the year to March 2017 and we continue to aim for small surpluses going forward, however as only limited amounts of unrestricted income are committed before the year begins, this aim remains an ongoing challenge. 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 unrestricted donations towards our core costs. Our focus is to invest in relationships with our existing donors and fundholders, maintain and grow these funds and secure additional long term growth. In the event of a material unplanned shortfall of income against costs, our protection would involve a combination of reducing our cost base and utilising some of our free reserves.

2. **Inefficient and unsustainable growth:** Whilst we are delighted with our success in developing new funds for communities across London, we are acutely aware that the increasing number of small, varied and complex funds under LCF's management put a strain on capacity and resourcing within the team. This, in turn, prevents us from pursuing larger opportunities which are essential to our operation. Much of the trustee discussions in recent years have been focused on how we manage that risk through simplification and streamlining of our products. We have begun to implement changes to the way we work and will continue this work in 2017-18.

3. **Developing a professional, high performing and knowledgeable team for LCF:** One of the main values and components of LCF is the knowledge held within the team regarding local groups, initiatives and area needs, as well as the team's ability to add value and assess impact. As we build on these core strengths, LCF will continue to share knowledge and skills and, where necessary, add capability to the team.

The London Community Foundation

Statement of trustees' responsibilities

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing the accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

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

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

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

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

Francis Salway F W Salway Dated 25 September 2017
Chair

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 2017 which comprise the statement of financial activities, the summary income and expenditure account, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland).

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

Respective responsibilities of trustees and auditor

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2017 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

The London Community Foundation

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, based on the work undertaken in the course of the audit, the information given in the trustees' report including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements and the trustees' report including the strategic report has been prepared in accordance with the applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report.

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

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

Buzzacott LLP

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

24 November 2017

The London Community Foundation

Statement of financial activities for the year ended 31 March 2017

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2017 £'000	Total 2016 £'000
Income and endowments from:						
Donations and legacies	2	824	5,198	1,058	**7,080**	6,636
Charitable activities	3	9	270	-	**279**	243
Investments	4	235	392	57	**684**	629
Other trading activities	5	15	-	-	**15**	1
Total income		**1,083**	**5,860**	**1,115**	**8,058**	7,509
Expenditure on:						
Raising funds	6	460	50	110	**620**	549
Charitable activities						
Grants programme	7	554	5,196	-	**5,750**	6,465
Community development	8	53	107	-	**160**	98
Total expenditure		**1,067**	**5,353**	**110**	**6,530**	7,112
Net income before investment gains and losses		**16**	**507**	**1,005**	**1,528**	397
Net gains / (losses) on investments	14	52	-	2,350	**2,402**	(954)
Net income / (expenditure)		**68**	**507**	**3,355**	**3,930**	(557)
Transfers in / (out) between funds	17, 18	35	131	(166)	-	-
Net movement in funds		**103**	**638**	**3,189**	**3,930**	(557)
Reconciliation of funds						
Total funds brought forward at 1 April 2016		898	3,625	16,933	**21,456**	22,014
Total funds carried forward at 31 March 2017	21	**1,001**	**4,263**	**20,122**	**25,386**	21,457

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.

The London Community Foundation

Income and expenditure account for the year ended 31 March 2017

	Total 2017 £'000	Total 2016 £'000
Total income of continuing operations	**7,000**	7,442
Total expenditure of continuing operations	**(6,530)**	(7,112)
Net income / (expenditure) for the year before transfers and investment asset disposals	**470**	330
Transfers from endowment funds	**219**	319
Realised gain on disposal of fixed asset investments	**212**	-
Net income	**901**	**649**

Total income comprises £1,083,000 (2016: £851,000) of unrestricted funds, £5,860,000 (2016: £6,536,000) of restricted funds and £57,000 (2016: 55,000) of endowment funds. Received in the year, but excluded from income, are new endowments of £1,058,000 in 2016 (2015: £57,000)

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

Net income before investment asset disposals and transfers from the endowment funds for the year of £470,000 (2016: £330,000) comprises net income of £16,000 (2016: net expenditure £108,000) in respect of unrestricted funds, net income of £507,000 (2016: £472,000) in respect of restricted funds and net expenditure of £53,000 (2016: £34,000) in respect of endowment funds.

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

The summary income and expenditure account is derived from the statement of financial activities on page 28 which, together with the notes to the accounts on pages 36 to 57, provides full information on the movements during the year on all the funds of the charitable company.

The London Community Foundation

Balance sheet as at 31 March 2017

	Notes	2017 £'000	2016 £'000
Fixed assets			
Tangible assets	**13**	**60**	51
Investments	**14**	**20,817**	17,524
		20,877	17,575
Current assets			
Debtors	**15**	**1,698**	2,234
Cash at bank and in hand		**3,828**	3,361
		5,526	5,595
Creditors: amounts falling due within one year	**16**	**(1,017)**	(1,714)
Net current assets		**4,509**	3,881
Net assets		**25,386**	21,456
The funds of the charity:			
Capital funds			
Expendable endowment funds	**17**	**15,723**	12,971
Permanent endowment funds	**17, 20**	**4,399**	3,962
		20,122	16,933
Revenue funds			
Restricted funds	**18**	**4,263**	3,625
Unrestricted funds			
Designated funds	**21**	**60**	51
General funds		**941**	847
		1,001	898
Total funds		**25,386**	21,456

The financial statements were approved by the board on: 25 September 2017

Francis Salway
Chair

Christopher Samuel
Chair of Audit, Risk and Investment Committee

Company No: 4383269
Charity No: 1091263

The London Community Foundation

Statement of cash flows for the year ended 31 March 2017

	Notes	2017 Total £'000	2016 Total £'000
Cash flows from operating activities:			
Net cash used in operating activities	A	**(206)**	(1,891)
Cash flows from investing activities			
Interest received		**13**	16
Investment income received		**672**	612
Purchase of property, plant and equipment		**(41)**	-
Purchase of investments		**(5,076)**	(140)
Proceeds from the disposal of investments		**4,053**	166
Net cash (used in) / provided by investing activities		**(379)**	654
Cash flows from financing activities:			
Receipt of endowment		**1,058**	67
Net cash provided by financing activities		**1,058**	67
Change in cash and cash equivalents in the year		**473**	(1,170)
Cash and cash equivalents at 1 April 2016	B	**3,385**	4,555
Cash and cash equivalents at 31 March 2017	B	**3,858**	3,385

Notes to the statement of cash flows for the year ended 31 March 2017

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

	2017	2016
Net income for the year (as per the statement of financial activities)	**2,872**	(624)
Adjustments for:		
Net (gains) / losses on investments	**(2,402)**	954
Depreciation charge	**31**	22
Dividends and interest from investments	**(684)**	(629)
Fees deducted from investments	**138**	124
Decrease / (increase) in debtors	**536**	(2,098)
(Decrease) / increase in creditors	**(697)**	360
Net cash from operating activities	**(206)**	(1,891)

Analysis of cash and cash equivalents

C

	2017 £'000	2016 £'000
Cash at bank and in hand	**3,828**	3,361
Cash held by investment manager for reinvestment	**30**	24
	3,858	3,385

The London Community Foundation

Notes to the financial statements for the year ended 31 March 2017

1 Accounting policies

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

Basis of preparation
These financial statements have been prepared for the year to 31 March 2017 with comparative information in respect to the year ended 31 March 2016.

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

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

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

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

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

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

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

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

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

Notes to the financial statements for the year ended 31 March 2017

1 Accounting policies (continued)

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

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

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

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

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

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

Expenditure

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

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

- Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes staff costs associated with fundraising, and the fees payable to the investment manager.

- Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include direct and support costs in respect to grant and community development programmes.

Notes to the financial statements for the year ended 31 March 2017

1 Accounting policies (continued)

Allocation of support and governance costs

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

Support costs (including governance costs) are allocated to the above expenditure headings based on employee time spent working in each area. This is further detailed within note 9 to the financial statements.

Pensions

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

Tangible fixed assets

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

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

Investments

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

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

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

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

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

Debtors

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

Notes to the financial statements for the year ended 31 March 2017

1 Accounting policies (continued)

Cash at bank and in hand

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

Creditors and provisions

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

Fund structure

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

Designated funds comprise monies set aside out of unrestricted general funds for specific future purposes or projects. Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

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

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

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

Leased assets

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

Notes to the financial statements for the year ended 31 March 2017

2 Income from donations and legacies

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2017 £'000	Total 2016 £'000
Trusts and foundations	332	2,845	-	**3,177**	2,489
Corporations	217	1,454	56	**1,727**	2,016
Local public authorities	40	278	1,000	**1,318**	1,063
Individuals	181	445	2	**628**	279
National public authorities	54	176	-	**230**	789
2017 Total funds	**824**	**5,198**	**1,058**	**7,080**	6,636
2016 Total funds	633	5,936	67	6,636	

3 Income from charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2017 £'000	Total 2016 £'000
Trusts and foundations	2	270	-	**272**	177
Corporations	7	-	-	**7**	66
2017 Total funds	**9**	**270**	**-**	**279**	243
2016 Total funds	4	239	-	243	

4 Income from investments

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2017 £'000	Total 2016 £'000
Interest receivable	12	1	-	**13**	17
Investment income	223	391	57	**671**	612
2017 Total funds	**235**	**392**	**57**	**684**	629
2016 Total funds	213	361	55	629	

5 Income from other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2017 £'000	Total 2016 £'000
Rental income	15	-	-	**15**	1
2017 Total funds	**15**	**-**	**-**	**15**	1
2016 Total funds	1	-	-	1	

Notes to the financial statements for the year ended 31 March 2017

6 Expenditure on raising funds

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2017 £'000	Total 2016 £'000
Investment management costs					
. Staff costs (note 11)	1	-	-	**1**	1
. Other direct costs	3	-	110	**113**	91
. Allocated support costs (note 9)	-	-	-	-	-
Cost of raising donations and legacies					
. Staff costs (note 11)	237	48	-	**285**	274
. Other direct costs	78	2	-	**80**	46
. Allocated support costs (note 9)	136	-	-	**136**	136
Cost of generating rental income					
. Staff costs (note 11)	2	-	-	**2**	1
. Other direct costs	3	-	-	**3**	-
. Allocated support costs (note 9)	-	-	-	-	-
2017 Total funds	**460**	**50**	**110**	**620**	549
2016 Total funds	399	61	89	549	

7 Expenditure on charitable activities: grant programme

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2017 £'000	Total 2016 £'000
Grants payable	-	5,078	-	**5,078**	5,929
Staff costs (note 11)	365	-	-	**365**	316
Other direct costs	15	118	-	**133**	47
Allocated support costs (note 9)	174	-	-	**174**	173
2017 Total funds	554	5,196	-	**5,750**	6,465
2016 Total funds	512	5,953	-	6,465	

8 Expenditure on charitable activities: community development

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2017 £'000	Total 2016 £'000
Staff costs (note 11)	13	69	-	**82**	34
Other direct costs	-	38	-	**38**	24
Allocated support costs (note 9)	40	-	-	**40**	40
2017 Total funds	53	107	-	**160**	98
2016 Total funds	48	50	-	98	

Notes to the financial statements for the year ended 31 March 2017

9 Analysis of support costs

	Total 2017 £'000	Total 2016 £'000
Support staff costs (note 11)	**93**	90
Professional fees	**37**	22
Premises costs	**102**	104
Office and other costs	**25**	47
Depreciation	**32**	22
IT costs	**25**	26
Governance costs (note 10)	**36**	38
Total support costs	**350**	349
Attributed to:		
Expenditure on raising funds (note 6)		
. Investment management costs	-	-
. Cost of raising donations and legacies	**136**	**136**
. Cost of generating rental income	-	-
Expenditure on charitable activities		
. Grant programme (note 7)	**174**	**173**
. Community development (note 8)	**40**	**40**
	350	349

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

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

10 Governance costs

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2017 £'000	Total 2016 £'000
Staff costs (direct)	23	-	-	**23**	24
Legal, professional and audit fees	13	-	-	**13**	14
	36	-	-	**36**	38
	38	-	-	38	

Notes to the financial statements for the year ended 31 March 2017

11 Staff costs and remuneration of key management personnel

	2017	2016
	£'000	£'000
Salaries and wages	**727**	633
Social security costs	**72**	63
Pension costs	**53**	44
Total staff costs	**852**	740

Employees	**2017**	2016	**2017**	2016
	FTE	FTE	**Number**	Number
The average monthly number of employees during the year was:				
Grant delivery and community development	**13**	10	**14**	11
Fundraising	**5**	5	**6**	6
Support	**2**	2	**2**	2
Total	**20**	17	**22**	19

	2017	2016
	Number	Number
The number of staff whose emoluments are greater than £60,000 are:		
- £70,001 - £80,000	**0**	1
- £90,001 - £100,000	**1**	0
Total	**1**	1

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

The employees whose salary banding is disclosed above also received company pension contributions of £7,125 (2016: £6,412).

20 employees participated in the charity's group stakeholder pension scheme (2016: 17)

Key management personnel

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the trustees and the CEO, Director of Programmes and Strategic Partnerships, Finance and Operations Director, Director of Development and Director of Marketing and Communications (2016: CEO, Director of Programmes/Deputy CEO, Finance and Operations Director and Director of Development).

The total remuneration (including employer's national insurance and pension contributions) of the key management personnel for the year was £284,136 (2016 - £213,529).

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 2017 or 2016. Directly incurred expenses for travel and subsistence relating to their role as trustees are reimbursed if claimed. In 2017 no expenses were claimed (2016: no expenses claimed).

Notes to the financial statements for the year ended 31 March 2017

12 Net income

This is stated after charging:	2017 £'000	2016 £'000
Staff costs (note 11)	**852**	740
Auditor's remuneration (excluding VAT):		
Statutory audit services	**10**	10
Other services	**1**	1
Depreciation	**31**	22
Rentals under operating leases: property	**57**	58

13 Tangible fixed assets

	Leasehold improvements £'000	Furniture, IT and office equipment £'000	Total 2017 £'000
Cost			
As at 1 April 2016	73	57	**130**
Additions	31	10	**41**
Disposals	-	(16)	**(16)**
At 31 March 2017	104	51	**155**
Depreciation			
As at 1 April 2016	38	41	**79**
Charge for the year	22	9	**31**
Disposals	-	(15)	**(15)**
At 31 March 2017	60	35	**95**
Net book value			
At 31 March 2017	**44**	**16**	**60**
At 31 March 2016	35	16	51

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Notes to the financial statements for the year ended 31 March 2017

14 Fixed asset investments

a) Investments at market value

	2017 £'000	2016 £'000
Market value of listed investments at 1 April 2016	**17,500**	18,604
Additions at cost (includes transfers between managers)	**5,076**	140
Disposal proceeds (includes transfers between managers)	**(4,053)**	(166)
Realised gains	**212**	-
Disposals at carrying value brought forward	**(3,841)**	(166)
Fees deducted by the investment managers directly from the fund	**(138)**	(124)
Unrealised (losses) / gains	**2,190**	(954)
Market value of listed investments at 31 March 2017	**20,787**	17,500
Cash held by investment managers	**30**	24
	20,817	17,524
Reconciliation of investment management fees		
Gross fees deducted by the investment managers directly from the fund	**138**	124
Rebates received from investment managers to agreed fee level	**(25)**	(33)
Net investment management costs of fund (note 6)	**113**	91

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

b) Historical cost

	2017 £'000	2016 £'000
Market value at 31 March 2017	**20,787**	17,500
Accumulated gains brought forward	**(4,271)**	(5,225)
Unrealised (gains) / losses for the year	**(2,190)**	954
Unrealised gain in respect to disposals in the year	**776**	18
Historical cost at 31 March 2017	**15,102**	13,247

c) Investments disposition

	2017 £'000	2016 £'000
Cash and settlements pending	**30**	24
Common Investment Funds: Alpha CIF for Endowments (Income Units)	**10,305**	13,041
Common Investment Funds: COIF Charities Investment Fund	**10,387**	4,376
Common Investment Funds: COIF Ethical Investment Fund	**95**	83
	20,817	17,524

Notes to the financial statements for the year ended 31 March 2017

15 Debtors

	2017 £'000	2016 £'000
Other debtors	**220**	2,077
Prepayments	**53**	68
Accrued income	**1,425**	89
	1,698	2,234

At the end of the year a fund was accrued which for £1,041,000 as LCF became entitled to the funding. This fund formed part of other debtors in 2016, however changes in the donor's financial processes meant an invoice was not required at the end of 2017 for income falling due and the income was accrued.

16 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Grants payable	**844**	1,466
Other creditors	**74**	42
Accruals	**79**	84
Deferred income	**20**	122
	1,017	1,714

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

Movements on deferred income during the year was as follows:	2017 £'000	2016 £'000
Balance brought forward at 1 April 2016	**122**	100
Amounts released to income	**(110)**	(100)
Cash received to be deferred	**7**	122
Balance carried forward at 31 March 2017	**19**	122

Notes to the financial statements for the year ended 31 March 2017

17 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 2016 £'000	Income £'000	Expenditure £'000	Transfers in/(out) £'000	Investment gain/(loss) £'000	Balance at 31 March 2017 £'000
Expendable endowment						
Grassroots Grants funds:						
Bromley Community Fund	219	-	(1)	(4)	28	**242**
Croydon Community Fund	314	-	(2)	(6)	33	**339**
Deutsche Bank Fund	571	-	(3)	(11)	72	**629**
Evening Standard Dispossessed Fund (Croydon)	183	-	(1)	-	23	**205**
Evening Standard Dispossessed Fund	3,140	-	(18)	-	399	**3,521**
Lambeth Community fund	191	-	(1)	(2)	20	**208**
Peckham Fund	131	-	(1)	(2)	15	**143**
Rolls-Royce Fund	31	-	-	(1)	4	**34**
Ruth's Fund	115	-	(1)	(2)	12	**124**
Victoria Foundation Fund	336	-	(2)	(5)	42	**371**
Wandsworth Educational Fund	114	-	(1)	(1)	15	**127**
Westminster Fund	358	-	(2)	(7)	47	**396**
Other Grassroots Grants funds	1,466	-	(9)	(22)	178	**1,613**
Total Grassroots Grants funds	**7,169**	**-**	**(42)**	**(63)**	**888**	**7,952**
Community First funds:						
Barnet Fund	342	-	(2)	-	54	**394**
Friends Life Fund	16	-	-	-	3	**19**
Give Camden CF Endowment fund	13	-	-	-	2	**15**
Land Securities Capital Commitment Fund	140	-	(1)	-	22	**161**
Land Securities Westminster Fund	201	-	(1)	-	32	**232**
London Community Foundation Fund	53	-	-	-	8	**61**
Living Cities Community Fund	789	-	(5)	-	125	**909**
Love Kingston Fund	76	-	(1)	8	12	**95**
The London Leg Up Fund	274	-	(2)	-	43	**315**
Other Community First funds	2,575	58	(18)	(9)	408	**3,014**
Total Community First funds	**4,479**	**58**	**(30)**	**(1)**	**709**	**5,215**

Notes to the financial statements for the year ended 31 March 2017

17 Endowment funds (continued)

	Balance at 1 April 2016 £'000	Income £'000	Expenditure £'000	Transfers in/(out) £'000	Investment gain/(loss) £'000	Balance at 31 March 2017 £'000
Other funds:						
Cresswell Trust	57	-	-	(1)	7	**63**
Lewisham Fund	285	-	(2)	(5)	33	**311**
Portuguese Fund	528	-	(3)	(7)	58	**576**
Wandsworth Community Fund	453	-	(3)	(4)	58	**504**
Lambeth Endowment Fund	-	1,000	(6)	-	108	**1,102**
Total other endowment funds	**1,323**	**1,000**	**(14)**	**(17)**	**264**	**2,556**
Total expendable endowment	**12,971**	**1,058**	**(86)**	**(81)**	**1,861**	**15,723**
Permanent endowment						
Barnet Endowment	66	-	(1)	-	8	**73**
Beaufoy Trust	1,160	-	(7)	-	125	**1,278**
Pedlar's Acre Trust	2,305	57	(14)	(85)	302	**2,565**
Richmond Civic Trust	431	-	(2)	-	54	**483**
Total permanent endowment	**3,962**	**57**	**(24)**	**(85)**	**489**	**4,399**
Total endowment funds	**16,933**	**1,115**	**(110)**	**(166)**	**2,350**	**20,122**

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 2017 can be seen in notes 18 and 26.

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

Transfers from the permanent endowment fund Pedlar's Acre Trust to restricted funds represent the release of capital as allowed under the Total Return Order granted by the Charity Commission so that the funds may be applied as grants. Further details can be found in note 22.

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Notes to the financial statements for the year ended 31 March 2017

18 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 2016 £'000	Income £'000	Expenditure £'000	Transfers in/(out) £'000	Balance at 31 March 2017 £'000
Grant making funds					
Barnet Giving Fund	-	16	(17)	10	**9**
Big Local Brixton	52	101	(54)	(14)	**85**
Big Local Marks Gate Dagenham	40	145	(49)	(16)	**120**
Clarion Housing Digital Communities Fund	22	40	(47)	-	**15**
Clarion Housing Re-Train Program	21	52	(43)	(5)	**25**
Clarion Housing Re-Work Program	2	10	(16)	7	**3**
Cockayne Fund - Grants for the Arts	20	793	(810)	-	**3**
Comic Relief Dispossessed Fund - Red Nose Day	3	1,000	-	(3)	**1,000**
Comic Relief Dispossessed Fund - Sport Relief	1,000	1	(1,004)	3	**-**
Croydon Tram Disaster Fund	-	101	(45)	-	**56**
Deutsche Bank Small Grants Fund	23	19	(61)	22	**3**
The Drug & Alcohol Relief fund	-	122	-	-	**122**
Elephant and Castle Community Fund	2	50	-	-	**52**
Evening Standard Dispossessed Fund	23	4	-	(23)	**4**
Evening Standard Dispossessed Fund - Food For London	-	573	(667)	127	**33**
Evening Standard Dispossessed Fund - The Estate We Are In	57	1	(6)	(5)	**47**
Evening Standard Dispossessed Fund - Estates: Angell Town	81	72	(60)	(2)	**91**
Lambeth - Healthier for Longer	365	-	(241)	-	**124**
Lambeth Giving Fund	14	12	(13)	-	**13**
Lambeth Wellbeing Fund	-	67	(80)	18	**5**
Land Securities - Capital Commitment Fund	2	-	-	3	**5**
Leap Science and Maths School UK Fund	-	141	-	-	**141**
Living Communities Fund	36	5	(49)	20	**12**
Love Kingston	16	10	(18)	(6)	**2**
The MyLotto24 Community Fund	1	53	(49)	-	**5**
New Beginnings Fund	79	-	(79)	-	**-**
Peabody Community Fund	48	120	(108)	-	**60**
Prudential Skills for Life	96	85	(85)	-	**96**
Redbridge Council Small Grants Fund	-	29	(29)	-	**-**
Reducing Isolation Fund	-	132	-	-	**132**
Santander Community Solutions	-	60	(60)	-	**-**
Sport England Active Communities F]und	-	176	-	-	**176**
Sport Relief/Comic Relief	213	175	(390)	1	**(1)**
The Segro Community Fund for London	85	90	(82)	-	**93**
UKCF Building Stronger Britain	-	180	(158)	-	**22**
Vanquis Active Community Fund	-	39	(39)	-	**-**
Wimbledon Foundation Community Fund	58	100	(105)	-	**53**
Youth Social Action	-	270	-	-	**270**
Other grant making funds	410	605	(434)	9	**590**
Total grant making funds	**2,769**	**5,449**	**(4,898)**	**146**	**3,466**

Notes to the financial statements for the year ended 31 March 2017

18 Restricted funds (continued)

	Balance at 1 April 12971 £'000	Income £'000	Expenditure £'000	Transfers in/(out) £'000	Balance at 31 March 2017 £'000
Endowment funds (revenue element)					
Beaufoy Trust	48	29	-	-	**77**
Bromley Community Fund	12	7	(25)	6	-
Croydon Community Fund	-	6	(12)	6	-
Deutsche Bank Fund	-	11	-	(11)	-
Evening Standard Dispossessed Appeal Fund - Croydon	8	6	-	(8)	**6**
Evening Standard Dispossessed Fund	95	92	-	(95)	**92**
Lambeth Endowment Fund	-	18	-	-	**18**
Living Communities Fund	20	20	-	(20)	**20**
London Community Foundation Fund	-	1	-	(1)	-
Love Kingston Fund	2	2	-	(2)	**2**
Peckham Fund	21	3	-	2	**26**
Pedlar's Acre Trust	109	-	(73)	92	**128**
Richmond Civic Trust	10	10	(10)	-	**10**
The London Leg Up Fund	8	8	-	-	**16**
Victoria Foundation Fund	26	8	(26)	5	**13**
Wandsworth Community Fund	1	14	(16)	4	**3**
Westminster Fund	14	7	(16)	7	**12**
Other endowment funds (income element)	393	152	(178)	(1)	**366**
	767	**394**	**(356)**	**(16)**	**789**
Community Development funds					
JP Morgan Evaluation	55	-	(60)	5	-
Other community development funds	9	-	(5)	(4)	-
	64	-	**(65)**	**1**	-

Notes to the financial statements for the year ended 31 March 2017

18 Restricted funds (continued)

	Balance at 1 April 0 £'000	Income £'000	Expenditure £'000	Transfers in/(out) £'000	Balance at 31 March 2017 £'000
Development funds					
Mott Foundation	25	17	(34)	-	8
	25	**17**	**(34)**	-	**8**
Total restricted funds	**3,625**	**5,860**	**(5,353)**	**131**	**4,263**

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

Grant making funds
Funds held for the purposes of grant making 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

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 generally 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.

19 Designated Funds

The tangible fixed assets fund of £60,000 (2016: £52,000) represents the net book value of LCF's tangible assets. The amount has been separated from the charity's general unrestricted funds (free reserves) in recognition of the fact that the assets are essential to the day-to-day operation of the charity and should therefore not be considered realisable to meet commitments.

Notes to the financial statements for the year ended 31 March 2017

20 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 2017 are shown below:

Assets of each charity at 31 March 2017	The London Community Foundation £'000	Pedlar's Acre Trust £'000	Total £'000
Opening balance at 1 April 2016	19,151	2,305	**21,456**
			-
Income	8,001	57	**8,058**
Expenditure	(6,516)	(14)	**(6,530)**
Fund transfers in/(out) (note 22)	85	(85)	**-**
Gain on investments	2,100	302	**2,402**
Net movement in funds	**22,821**	**2,565**	**25,386**
Tangible fixed assets	60	-	**60**
Fixed asset investments	18,237	2,580	**20,817**
Debtors	1,698	-	**1,698**
Cash at bank and in hand	3,828	-	**3,828**
Creditors: amounts falling due within on year	(1,002)	(15)	**(1,017)**
Net assets at 31 March 2017	**22,821**	**2,565**	**25,386**
Funds of the charities			
Expendable endowment funds	15,723	-	**15,723**
Permanent endowment funds	1,834	2,565	**4,399**
Restricted funds	4,263	-	**4,263**
Unrestricted funds	1,001	-	**1,001**
Closing balance at 31 March 2017	**22,821**	**2,565**	**25,386**

Notes to the financial statements for the year ended 31 March 2017

21 Analysis of net assets between funds

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2017 £'000
Fund balances at 31 March 2017					
Represented by:					
Tangible fixed assets	-	60	-	-	**60**
Fixed asset investments	530	-	165	20,122	**20,817**
Current assets - cash	275	-	3,553	-	**3,828**
Current assets - debtors	302	-	1,396	-	**1,698**
Creditors: amounts falling due within one year	(166)	-	(851)	-	**(1,017)**
Total funds	**941**	**60**	**4,263**	**20,122**	**25,386**

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

The total unrealised gains as at 31 March 2017 constitutes movements on revaluation in respect of listed investments and are as follows:

	2017 £'000	2016 £'000
Total unrealised gains included above:		
On listed investments	**5,685**	4,253
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 April 2016	**4,253**	5,225
Less: in respect to disposals in the year	**(758)**	(18)
	3,495	5,207
Add: net gains / (losses) arsing on revaluation arising in the year	**2,190**	(954)
Total unrealised gains at 31 March 2017	**5,685**	4,253

Notes to the financial statements for the year ended 31 March 2017

22 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 grant making expenditure. During the year to 31 March 2017 the trustees elected to transfer 3.5% of the value of the fund as at 31 December 2015 to income funds, 3.5% being the amount LCF aims to spend of its permanent endowment funds holding Total Return power under its endowment spending policy. The trustees decided that the duty to be even-handed to future and present beneficiaries was fulfilled by following LCF's standard policy in 2016-17.

The investment fund and application of total return to permanent endowment fund:	**2017** **£'000**	2016 £'000
Opening value of permanent endowment at 1 April 2016	**2,305**	2,495
Less:		
Value of endowment at 31 March 2004	**(1,837)**	(1,837)
Opening value of unapplied total return at 1 April 2016	**468**	658
Add:		
Investment return: income	**57**	55
Investment return: unrealised (loss)/gain on investment	**302**	(143)
Less:		
Investment management and legal costs	**(14)**	(12)
Unapplied total return before transfer to income	**813**	558
Less:		
Unapplied total return applied	**(85)**	(90)
Sub total: unapplied total return as at 31 March 2017	**728**	468
Add:		
Value of endowment at 31 March 2004	**1,837**	1,837
Permanent endowment including unapplied total return as at 31 March 2017	**2,565**	2,305

Notes to the financial statements for the year ended 31 March 2017

23 Obligations under operating leases

At 31 March 2017, the charity had total future minimum lease payments under non-cancellable operating leases for office rent as follows:

	2017 £'000	2016 £'000
Within one year	64	64
After one but within two years	64	64
After two but within five years	193	21
Over five years	86	-
	407	149

24 Funds held in capacity as agents - Deptford Challenge Trust

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

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

	Balance at 31 March 2017 £'000	Balance at 31 March 2016 £'000
Cash at bank	42	136
Grants payable	(7)	(118)
	35	18

25 Related party transactions

The total value of donations made by the trustees of the charity for the benefit of the charity during the year was £21,570 (2016: £36,620).

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 2017 for this element of the insurance policy was £561(2016: £691).

There were no other related party transactions during the year (2016: none).

Notes to the financial statements for the year ended 31 March 2017

26 Analysis of grants

	Number	Total £
Grant awards to individuals	396	140,847
Grant awards to institutions	575	4,936,844
Total	**971**	**5,077,691**

The majority of the grant making at LCF is to charities and community groups each year. LCF also makes grant awards to individuals from several funds set up by Affinity Sutton (now Clarion Housing Group) for that purpose. LCF manages a fund which makes grant awards of up to £400 to vulnerable residents in Affinity Sutton housing for the purposes of decorating their home. Additionally three Clarion Housing Group funds award grants to residents in Clarion housing towards the purposes of retraining, returning to work and setting up business ventures. Additionally in the last year LCF received funding from companies and individuals for the victims of the Croydon Tram Disaster and has distributed these funds as hardship grants to those injured in the crash and to bereaved families.

The institutions listed below are those who have been awarded £15,000 or more in the year from LCF.

	£
The Felix Project	319,508
Upper Norwood Library Trust	94,800
Music. Theatre. Wales.	75,000
Sufra NW London	65,000
Ripe Learning	41,174
Doorstep Homeless Families Project	40,008
Oasis Hub Waterloo	40,000
Refugee and Migrant Forum of Essex and London	36,751
English for Action	35,104
English National Opera (ENO)	35,000
The St. Matthew's Project	33,191
The Bike Project	33,000
CARAS (Community Action for Refugees and Asylum Seekers)	30,975
Abbey Community Centre	30,923
Frazzled Cafe	30,000
Britten Sinfonia	25,000
Cardboard Citizens	25,000
Mahogany Opera Group	25,000
National Portrait Gallery	25,000
Polka Theatre	25,000
Studio Wayne McGregor	25,000
Tête à Tête	25,000
Alternative Theatre Company Ltd (Bush Theatre)	25,000
The National Gallery	25,000
Theatre de Complicite Education Limited	25,000
Tricycle Theatre Company Limited	25,000
Victoria & Albert Museum	25,000
Welsh National Opera	25,000
JAN Trust	24,957
Harrow Law Centre	24,770
Homeless Resource Centre	24,652

Notes to the financial statements for the year ended 31 March 2017

26 Analysis of grants (continued)

	£
ML Community Enterprise	24,062
The Mosaic Community Trust	23,000
Carers4Carers	22,524
Waterloo Sports And Football Club	22,455
Mazí Mas	23,972
Newham All Star Sports Academy (NASSA)	21,930
Key Changes	20,570
Diversity Role Models	20,056
Artangel	20,000
Aurora Orchestra	20,000
Code 7	20,000
FirmFoundation	20,000
Migrants Organise	20,000
Russell Maliphant Company	20,000
Springfield Community Flat	20,000
St Cuthbert's Centre	20,000
Supamums	20,000
Waltham Forest Dyslexia Association	20,000
Whitechapel Gallery	20,000
NOPA	19,970
The Tab Centre	19,930
Autus	19,852
The Hornbeam Centre	19,837
Micro Rainbow International	19,785
Money A+E	19,780
Ghost Hairdressing Academy	19,754
Be Enriched	19,492
The Shadwell Community Project	19,485
Football Beyond Borders	19,369
Superkidz Community Trust	19,334
The Heart of England Community Foundation	19,269
Options 4 Change	19,250
Brixton Wings	19,150
New Cross and Deptford Families First	19,064
The Maypole Project	19,040
Friends of Strathmore School	18,954
London Bike Hub	18,926
In-Deep Community Task Force	18,785
Community Food Enterprise Ltd (CFE)	18,640
Redbridge Equalities & Community Council	18,465
African Society for Relief and Development	18,408
Sport Active Coaching	18,240
Ealing Equality Council	18,145
S.T.O.R.M.	18,139
Refugee and Migrant Network Sutton	18,096
Faith Matters	18,080

Notes to the financial statements for the year ended 31 March 2017

26 Analysis of grants (continued)

	£
The Cara Trust	17,904
May Project Gardens	17,590
Equal People Mencap	17,094
Refugee Support Network	17,000
Baobab Centre for Young Survivors in Exile	16,972
Ethiopian Women's Empowerment Group	16,796
Double Jab Boxing Club	16,684
The Family Centre	16,616
Oasis Academy Hadley	16,384
Future Skills Training	16,380
Akwaaba	16,069
International Centre for Integration and Cohesion	16,000
The Kensington and Chelsea Foundation	15,913
Access all Areas	15,782
PSHE Association	15,606
Artbox London	15,572
BowHaven	15,413
Henna Asian Women's Group	15,313
St Paul's Church Marylebone	15,173
Belarus Free Theatre	15,000
Unicorn Theatre	15,000
Chineke! Foundation	15,000
Dance Umbrella	15,000
Dwaynamics	15,000
Encouragement Through the Arts and Talking	15,000
Pegasus Opera Company	15,000
Richardsons - Trek RT	15,000
Soho Theatre	15,000
Arts Catalyst	15,000
The Connection at St Martin's-in-the-Fields	15,000
The Old Vic	15,000
Third Age Project	15,000
Union Chapel Project	15,000
Institutions receiving £15,000 or more from LCF in grant funding	2,773,880
Other grants to institutions not exceeding £15,000 per institution	2,162,964
Total grants to institutions	**4,936,844**

Notes to the financial statements for the year ended 31 March 2017

26 Analysis of grants (continued)

The analysis below shows a sample of grants under £15,000 made by LCF in the year from a selection of the funds managed, in order to illustrate the range of institutions supported by LCF.

Fund	Grantee	£
Big Local Marks Gate	Children's Food Trust	2,864
	Marks Gate Infant School PTA	3,000
	The Lionesses One O'Clock Club	1,522
	Stav's Streetfit	1,938
Bromley Community Fund	The Mixtape Project	2,000
	Bromley Borough Foodbank	3,000
	Bromley & Croydon Women's Aid	3,000
	in2scienceuk	3,000
Clarion Housing Digital Communities	Citizens Advice Milton Keynes	5,000
	Community Links Bromley	4,812
	Ethnic Minority Council	5,000
	Community Action Hertsmere	4,942
Cockayne - Grants for the Arts	HighTide	10,000
	Yellow Earth Theatre	10,000
	Apples and Snakes	4,000
	The Friends of Leighton House	10,000
Comic Relief Local Communities	Bridging the Gap Islington	8,748
	Ajoda Community Alliance	9,504
	Blue Ribbon Foundation	9,500
	Vivify Hub	9,888
Deutsche Bank Small Grants Fund	Blueprint: Film Foundation	5,000
	Parent Club	3,560
	Trinity African Methodist Episcopal Zion Church	4,995
	Choice in Hackney	4,750
Evening Standard Dispossessed Fund - Food for London	FEAST!	9,733
	Oasis Hub Ashburton Park	9,095
	The Manna	10,881
	FoodCycle	9,356
Gordon Family Fund	Advocacy for Older People in Greenwich	4,801
	Montage Theatre Arts	4,058
	Link Age Southwark	5,000
	Voluntary Services Lewisham	5,000

Notes to the financial statements for the year ended 31 March 2017

26 Analysis of grants (continued)

Fund	Grantee	£
Lambeth Giving Fund	YourStory	2,500
	Basaira Elderly Centre	1,750
	Church Housing Trust	1,750
	Mosaic Clubhouse	1,750
Lambeth - Healthier for Longer	Arts Bridge Charity	8,357
	Communities Welfare Network	7,810
	Myatt's Fields Park Project	10,000
	Stockwell Partnership	10,000
Lambeth Wellbeing Fund	Sixteenfeet Productions	4,838
	Paxton Green Time Bank	4,911
	Project Yogi Heart	4,930
	Friends Of Windmill Gardens	2,100
Living Cities Community Fund	Pimlico Toy Library	5,000
	St Andrew's Club	5,000
	St Vincent's Family Project	5,000
	Westminster Befriend a Family	4,950
Love Kingston	Express Community Interest Company	2,000
	St Peter's Norbiton	2,000
	Kingston LGBT Forum	2,000
	Refugee Action Kingston	2,000
Peabody Community Fund	Barnet Lone Parent Centre	5,000
	Caius House	5,000
	Sunday Assembly	5,000
	Bright Beginnings	4,978
Portuguese endowment fund	Latin American Disabled People's Project	5,000
	Oval Learning Cluster	5,000
	Native Scientist	5,000
	Hug Group	5,000
Prudential Skills for Life	Black Police Association Charitable Trust	10,000
	Well Grounded	12,340
	Circle Collective	12,500
	Streets of Growth	12,500
Redbridge Council Small Grants Fund	Haircuts4Homeless	2,500
	Centre for Excellence in Education and Training	4,000
	Bridging Families	2,500
	Forest Farm Peace Garden	2,500

Notes to the financial statements for the year ended 31 March 2017

26 Analysis of grants (continued)

Fund	Grantee	£
Regents Place Community Fund	C4WS Homeless Project	9,000
	Scene & Heard	5,000
	New Diorama Theatre	5,000
	Camden People's Theatre	5,000
Richmond Civic Trust	St Richard's CE Primary School PTA	850
	Let's Go Outside and Learn CIC	1,000
	East Twickenham Centennial Group	4,885
	2nd Mortlake Scout Group	3,179
Santander Community Solutions	Hot Line Meals Service (London)	5,000
	Destination Education	5,000
	On Road Ltd	5,000
	ComVida CIC	5,000
The Segro Community Fund for London	Havering Women's Aid Ltd	5,000
	Dame Kelly Holmes Trust	4,994
	Action For Kids	5,000
	Chain Reaction	4,984
Sport Relief: The Evening Standard Dispossessed Fund	Sutton Community Works	9,064
	St. Peters Community Wellbeing Projects	7,980
	St Mark's Family Centre	9,930
	Westminster Bangladeshi Association (WBA)	6,480
Wandsworth Community Fund	Parallel Youth Enterprise (PYE)	5,000
	A2ndVoice	2,750
	Level Water	5,000
	Carney's Community	4,800
Wimbledon Foundation Community Fund	The Squad	4,800
	Katherine Low Settlement	4,996
	The Baked Bean Company	4,600
	Wandsworth Community Chaplaincy Trust	2,500
Vanquis Active Community Fund	SPLASH Play	8,067
	Leaders in Community (LiC)	10,000
	Youth Futures	5,000
	Southside Young Leaders' Academy	10,000

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