

1150304



# **Report and Financial Statements For the Year Ended 31 March 2002**



## **REPORT OF THE MEMBERS OF THE COUNCIL OF MANAGEMENT FOR THE YEAR 2001-02**

The Architectural Heritage Fund (AHF) is incorporated as a company limited by guarantee (company number 1150304) and is registered as a charity (number 266780). Its registered office is Clareville House, 26-27 Oxendon Street, London SW1Y 4EL.

### **OBJECTS**

The Memorandum of Association defines the AHF's charitable objects as:

- to promote the permanent preservation for the benefit of the public generally of buildings, monuments or other edifices or structures of particular beauty or historical, architectural or constructional interest anywhere in the United Kingdom;
  - to protect and conserve or promote the protection and conservation of the character and heritage of the places in which such buildings are situated;
- and
- to educate the public in the need for heritage conservation and to encourage high standards in the contemporary environment.

### **OPERATION AND POLICY**

The AHF promotes the permanent preservation of historic buildings in the United Kingdom by providing financial assistance, advice and information to building preservation trusts (BPTs) and other charities and by disseminating information about the work of BPTs to statutory and non-statutory bodies, non-government organisations and the public at large. BPTs - charities established to preserve historic buildings for the benefit of the nation - operate within defined geographical areas, usually a specific town or county.

The AHF seeks to achieve its objects primarily by making grants and low-interest short-term loans to enable BPTs and other charities to acquire and repair buildings which merit preservation for re-use. The AHF makes grants for initial feasibility studies and for other costs, including the cost of employing a project organiser. Refundable grants towards the cost of specific professional work to develop a project and to provide additional working capital are also available.

As well as providing financial assistance, the AHF is a principal source of advice and information to and about BPTs. It maintains a register of 'revolving fund' BPTs (charities constituted to acquire, repair and dispose of properties deemed worthy of preservation and to apply the proceeds of one project to the working capital required for the next). This enables the AHF, local authorities and others to identify the number and location of charities established with the aim of undertaking a programme of preservation projects. BPTs on the register at 1 April 1995 are exempt from the provisions of Part V of the Local Government and Housing Act 1989. AHF advice and financial assistance, however, is equally available to 'single project' BPTs - charities established to preserve a single historic building or site. Loans and (from 1 April 2002) most types of grant are available to any charity with an eligible project.

## MANAGEMENT

The governing body of the AHF is the Council of Management, whose members have legal responsibility as directors of the AHF as a company and as trustees of the AHF as a charity. The Council of Management is responsible for every aspect of the AHF's business and for overseeing its day to day management. Half of the members of the Council of Management are appointed by the Crown (since July 1997, by the Secretary of State for Culture, Media and Sport), and half by the AHF itself. Council members usually serve for terms of five years, renewable. Every member of the Council of Management is also a member of the AHF as a company. The AHF has no other members.

The Council of Management normally meets five times a year. The Finance and General Purposes Committee comprises the Chairman or Deputy Chairman and any two other members of the Council of Management. Responsibility is delegated to this Committee to make some loan and grant offers, and to deal with other matters between Council meetings, either by meeting or by post. An Audit Committee, composed of up to four Council members, considers and reports to the Council of Management on aspects of financial control and performance.

The members of the Council of Management during the year ended 31 March 2002 were:

- \*Mr David Adams#
- +Mr Colin Amery
- \*Mr Nicholas Baring# (*Deputy Chairman*)
- +Mr William Cadell
- +Mr Robert Clow
- \*Mr Malcolm Crowder
- \*Mr Roy Dantzie# (*appointed 29 June 2001*)
- \*Mrs Fionnuala Jay-O'Boyle
- +Mr John Pavitt
- +Mrs Jane Sharman (*Chairman*)
- +Mr Merlin Waterson
- \*Dr Roger Wools

+Appointed by the Secretary of State for Culture, Media and Sport.

\*Appointed by the AHF.

# Member of the Audit Committee.

All members of the Council of Management are eligible as members of the Finance and General Purposes Committee.

### Interests of Members of the Council of Management

Some members of the Council of Management are also directors or trustees of, or consultants to, organisations which apply for and receive financial assistance from the AHF, or with which the AHF has an arm's-length business relationship. In this event the member or members disclose the interest at the meeting at which the application is considered or the business is discussed, and take no part in the Council of Management's decision.

## SECRETARIAT

The AHF's employees on 31 March 2002 were:

Jonathan Thompson	<i>Director (chief executive) and Company Secretary</i>
Stephen Enthoven	<i>Director of Projects</i>
Barbara Wright	<i>Loans Administrator and Finance Manager</i>
Maria Perks	<i>Projects Development Manager</i>
Diane Kendal	<i>Personal Assistant and Office Manager</i>
Anna Mumford	<i>Systems Administrator and Finance Officer</i>

## ADVISERS

The AHF's professional advisers at 31 March 2002 were:

*Solicitors:* Bates, Wells & Braithwaite  
Cheapside House, 138 Cheapside, London EC2V 6BB

Burness Solicitors  
242 West George Street, Glasgow G2 4QY

*Auditors:* BDO Stoy Hayward  
8 Baker Street, London W1U 3LL

*Bankers:* National Westminster Bank plc  
Westminster Branch, PO Box 3038, 57 Victoria Street,  
London SW1H 0HN

Accounts were also held with the Bank of Scotland, CafCash Ltd, COIF Charities Deposit Fund and Woolwich plc.

## IMPLEMENTATION OF POLICY

As a lender of last resort, the AHF is prepared to take reasonable financial risks if the historic and/or architectural merit of a particular scheme is considered sufficient to warrant this.

The extent to which the AHF is able to implement its policies is largely determined by the size of its endowment fund and annual income. The endowment fund, a capital fund that cannot be spent and is devoted to the provision of loans, is composed of government grants and private sector donations made since 1976. Annual income is derived from interest on loans and bank deposits, government grants for particular programmes, donations and legacies, and sundry other sources.

Most money not on loan is kept on deposit, on the best terms consistent with financial prudence and ready accessibility.

## **RISK MANAGEMENT**

The AHF has undertaken a full risk assessment of the Charity's operations. The principal risks have been assessed and an action plan developed. The process and plan will continue to be reviewed and updated.

## **PROGRAMME SUPPORT AND OTHER ACTIVITIES**

### **AHF Register of Building Preservation Trusts**

There are currently 172 organisations on the AHF's Register of revolving fund BPTs, as there were in 2001.

### **United Kingdom Association of Building Preservation Trusts (APT)**

In 1989 the AHF helped found the United Kingdom Association of Building Preservation Trusts (APT), with which it enjoys active co-operation and to which it provides financial and practical support. The AHF continued its financial and practical support for APT throughout the year under review.

### **Heritage Information**

In March 2002 the AHF offered, exceptionally, a grant of £20,000 to the Building Conservation Centre Trust (subsequently renamed the Heritage Information Trust) to support the Heritage Information project. In addition, a loan of £200,000 was offered in September 2001 to provide working capital for the project; this remained a loan commitment at the year end, though it appears unlikely that our loan offer will be taken up.

This project, also financially supported by English Heritage, the DTI, and others, aims to provide a portal website for the historic environment. In particular, it aims to help anyone to find consultants qualified and experienced in dealing with historic buildings. Such a portal site and service would be likely to be of considerable use to organisations the AHF supports, and to the heritage sector in general.

### **Publications**

The AHF's website at [www.ahfund.org.uk](http://www.ahfund.org.uk) has been completely replaced and relaunched in March-June 2002. It contains full details of the AHF's activities, case studies, and other material.

The illustrated *Annual Review* remains the AHF's principal publication. Other current publications are *How to Rescue a Ruin - by setting up a local Buildings Preservation Trust* (revised edition 1997), *The Architectural Heritage Fund - The First Twenty Years* (1996), *Funds for Historic Buildings in England and Wales - A Directory of Sources* (first edition May 1998; updated annually).

The AHF has also published, with other organisations, *Catalytic Conversion - REVIVE Historic Buildings for Re-use* (November 1998), and *VAT and the Built Heritage*, published in October 1999 in printed form and on the Internet (at [www.vatbuiltheritage.org.uk](http://www.vatbuiltheritage.org.uk)).

## **The Revive to Regenerate Campaign**

On 9 July 2002 the AHF launched the Revive to Regenerate campaign, in the presence and with the backing of HRH The Prince of Wales and Baroness Blackstone, Minister of State for the Arts. The campaign will raise the profile of the AHF, and increase its funding base, but also seeks to promote the activity the AHF supports, the rescue and revival by voluntary organisations of historic buildings at risk. More details will follow in the AHF's Annual Review. Sponsorship for the campaign has been provided by the Berkeley Group.

## **FINANCIAL HELP FROM THE AHF**

The AHF can help any charity intending to rescue a historic building. The building needs to be listed, scheduled, or in a Conservation Area, and the project must involve a change of ownership and/or of use.

### ***Feasibility Study Grants***

The AHF can offer any charity with an eligible project, grants of up to 75% towards the cost of an initial options appraisal. The study should take a first look at the key conservation issues affecting the building, examine the options, and consider in outline the viability of the most beneficial option. The maximum grant is normally limited to £5,000, but in exceptional circumstances can be up to £7,500. In rare cases the AHF will offer grants for studies which examine feasibility of only one option, but the grant offered will then be a maximum of £3,000.

During the year the AHF made thirty-two feasibility study grant offers amounting to £165,532. The AHF disbursed £85,351 for 22 feasibility studies and forty-five offers worth £230,662 were carried forward to 2002-03.

### ***Refundable Project Development Grants***

Once a feasibility study has shown that the project has a reasonable chance of success, the AHF can offer refundable grants, normally up to £15,000, for specific items of professional work to develop a project to the point at which it meets the application requirements of the AHF and other funding bodies. In exceptionally large or complex cases a further £10,000 may be made available. If a loan is subsequently contracted for the project, the amount of the grant disbursed will be regarded as the first instalment and be repayable, together with interest at 4%, when the loan is repaid.

During 2001-02 the AHF offered fifteen refundable project development grants amounting to £212,915 and disbursed £163,625 in respect of sixteen projects. Offers amounting to £253,791 were carried forward to 2002-03.

### ***Loans***

Low-interest loans are available for working capital for projects undertaken by BPTs and other charities. The recipient must normally have, or acquire, title to the historic building to be repaired. The AHF requires security for every loan, either in the form of a formal repayment guarantee or a first charge over any property to which a free and marketable title can be offered. Loans are normally subject to a ceiling of £500,000 and the usual loan period is two years. The AHF currently charges interest at 4% simple per annum, payable at the end of the loan period.

During 2001-02 the AHF contracted 11 new loans with a value of £2,359,300. Twenty-three loans with a contract value of £2,902,900 were fully repaid. This brought the cumulative value of loans contracted to £35,927,431 in respect of 419 projects and of loans repaid to £29,246,131 for 381 projects. The contract value of 38 loans outstanding at 31 March 2002 was £6,582,800.

<b>Activity during the year:</b>		<b>Contract values</b>
Loans contracted at 1 April 2001	51	£7,249,100
New loans contracted	11	£2,359,300
Loans repaid in full	23	£(2,902,900)
Contract value reduced		£(122,700)
Loans contracted at 31 March 2002	38	£6,582,800

Cash of £2,527,332 was advanced in respect of the 11 new loans and five loans contracted prior to 1 April 2001. The actual amount repaid during the year amounted to £2,984,600.

In 2001-02 the AHF offered 24 new and 2 supplementary loans amounting to £6,148,100. During the year, eleven loan offers were withdrawn or reduced and the AHF ended the financial year with offers amounting to £6,051,800 in respect of 26 projects.

Loan commitments at 31 March 2002 were as follows:

Value of contracted loans	38	£6,582,800
Less part repayments		£(162,400)
Loan offers	26	£6,051,800
<b>Overall commitments</b>	<b>64</b>	<b>£12,472,200</b>

### ***Refundable Working Capital Grants***

Where a project can be fully funded but there is insufficient security to cover the AHF's contribution to the working capital requirement, it may at its discretion offer a refundable working capital grant in addition to a loan. Such a grant must be repaid, with interest, before the loan security is released.

The AHF offered and disbursed three refundable working capital grants to the value of £215,700 during 2001-02.

**Like the AHF, building preservation trusts (BPTs) specialise in historic building regeneration and if resources are under pressure, the AHF will give preference to BPT applicants. There are also two additional grants available only to BPTs:**

### ***Project Administration Grants***

Once the feasibility study has identified the best option for a building and the BPT has resolved to take the project forward, it is eligible for a grant of £4,000 towards its own non-professional costs in developing the scheme.

The AHF offered ten project administration grants during the year and disbursed instalments in respect of these and previous grants amounting to £31,000. Instalments amounting to £30,000 were carried forward to 2002-03.

### ***Project Organiser Grants***

Project organiser grants enable a BPT to pay for the time of a suitable person to develop and co-ordinate a project and take it towards completion. The Project Organiser may be someone appointed for a fee from outside, or can be a temporary or permanent employee of the BPT. The grant, which must relate to one specific project, will usually be spread over more than one year and normally be up to a maximum of £15,000.

During the year, the AHF offered thirteen project organiser grants amounting to £172,100 and disbursed instalments amounting to £169,355. A balance of £242,139 was carried forward to 2002-03.

## **REVIEW OF THE FINANCIAL POSITION**

### **Reserves Policy**

The Council of Management considers it prudent for the AHF to maintain reserves to safeguard the future of the charity and to enable the AHF to meet the demand for grants and loans. It has reviewed its reserves policy, taking into account operating requirements and lending strategy, and concluded that an amount of not less than the sum of one year's projected new loan contracts and grants should be maintained in the form of free reserves. These reserves are divided between the Designated Lending Fund, the Designated Projects Fund and the General Fund and amounted in total at the year-end to £3,616,589.

### **Endowment Fund**

The AHF received an endowment fund grant of £100,000 during 2001-02 and the balance had therefore increased to £9,920,197 on 31 March 2002.

### **Restricted Funds (Programme Grant Funds)**

Restricted funds represent grants sought and received towards the cost of specific charitable programmes. During the year the AHF received £351,009 in restricted income. At 31 March 2002 £110,563 remained unspent and was carried forward into 2002-03.

### **Other Funds For Charitable Purposes**

The Council of Management has set aside the designated funds described below.

#### ***Designated Lending Fund***

The purpose of the designated lending fund is to increase the total amount available for loans, and for expenditure arising in connection with loans. The designated lending fund stood at £2,000,770 on 31 March 2002. The Council of Management decided not to make any transfers to this fund during the year.

#### ***Designated Projects Fund***

The purpose of the designated projects fund is to supplement annual income available for expenditure on grants and other forms of assistance; to provide a reserve for future commitments arising from grants not disbursed during the year within which they are offered; and to provide for other expenditure at the discretion of the Council of Management. The Council of Management considers the designated projects fund at the end of each year with a view to transferring from the general fund a proportion of any net incoming resources if the total amount held in the designated projects fund does not exceed 25% of unrestricted funds at the end of that year. The balance of the designated project fund on 31 March 2002 was £865,000, 24% of unrestricted funds.

#### ***General Fund***

The general fund comprises funds that do not fall into any other classification. The Council of Management set up this fund on 31 March 1996 with a balance equivalent to approximately 5% of the endowment fund. Transfers are made from net incoming resources each year so as to retain an adequate balance in the general fund, subject to a minimum equivalent to one quarter of the AHF's budgeted annual expenditure. At 31 March 2002, the general fund amounted to £750,819.



**Incoming Resources**

Total incoming resources in the year ended 31 March 2002 amounted to £1,064,522. This included £100,000 endowment fund income, £351,009 in restricted income and £613,513 in unrestricted income.

**Resources Used**

Charitable expenditure during the year amounted to £711,345. Of this expenditure, loan-related activities, grants, programme support (which includes non-financial assistance to BPTs and publications), the overheads which attach to these and the AHF's contribution to the Association of Preservation Trusts amounted to £661,735. Management and administration of the charity amounted to £49,610.

**Net Movement in Funds**

The AHF's total funds increased by £300,934 during the year, comprising an increase of £100,000 in the endowment fund, a reduction of £10,317 in restricted funds (Programme grant fund) and a net excess of incoming resources over resources expended of £211,251 on unrestricted funds. Total funds at 31 March 2002 were £13,647,349 of which £11,920,967 is available as Revolving Capital.

**Fixed Assets**

The net value of tangible fixed assets increased from £22,696 to £24,445.

**Cash at Bank and In Hand**

Cash at bank and in hand increased from £6,203,157 to £6,683,516 during the year.

**EVENTS SINCE THE BALANCE SHEET DATE**

There have been no events since the end of the year that materially affect the AHF's position.

Signed on behalf of the Members of the Council of Management.



Mrs Jane Sharman  
*Chairman*

25 September 2002

# **The Architectural Heritage Fund**

## **Financial Statements**

**For the Year Ended 31 March 2002**

**THE ARCHITECTURAL HERITAGE FUND**  
**Responsibilities of Members of the Council of Management**

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Company law requires the Council of Management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of The Architectural Heritage Fund ("AHF") and of its income and expenditure for that period. In preparing those financial statements, the Council of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the AHF will continue in business.

The Council of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the AHF, and for ensuring that the financial statements comply with the Companies Act 1985. It is also responsible for safeguarding the assets of the AHF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**THE ARCHITECTURAL HERITAGE FUND****Report of the independent auditors**

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**To the members of The Architectural Heritage Fund**

We have audited the financial statements of The Architectural Heritage Fund for year ended 31 March 2002 on pages 11 to 19. These financial statements have been prepared in accordance with the accounting policies set out on pages 14 to 15.

*Respective responsibilities of the Council Members and auditors*

The Council Members' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Council Members' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Members of the Council of Management is not consistent with the financial statements, if the The Architectural Heritage Fund has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Council Members' remuneration and transactions with The Architectural Heritage Fund is not disclosed.

We read the Report of the Members of the Council of Management and consider the implications for our report if we become aware of any apparent misstatements within it.

*Basis of opinion*

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council Members in the preparation of the financial statements, and of whether the accounting policies are appropriate to The Architectural Heritage Fund's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

*Opinion*

In our opinion the financial statements give a true and fair view of the state of affairs of The Architectural Heritage Fund at 31 March 2002 and of its incoming resources and application of resources, including its income and expenditure in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**BDO STOY HAYWARD**  
Chartered Accountants  
and Registered Auditors  
London

300 Stoy Hayward

25 September 2002

## THE ARCHITECTURAL HERITAGE FUND

## Statement of Financial Activities for the year ended 31 March 2002

Income and expenditure	Note	Endowment fund £	Restricted funds £	Unrestricted funds £	2002 Total £	2001 Total £
<b>Incoming resources</b>						
Donations, legacies etc		-	-	3,043	3,043	41,352
Activities in furtherance of the charity's objects:						
Government grants		100,000	351,009	-	451,009	199,000
Refund from Association of Preservation Trusts		-	-	4,734	4,734	15,065
Other income		-	-	6,635	6,635	6,255
Sponsorship		-	-	17,500	17,500	-
Interest receivable		-	-	581,601	581,601	682,475
<b>Total incoming resources</b>		<b>100,000</b>	<b>351,009</b>	<b>613,513</b>	<b>1,064,522</b>	<b>944,147</b>
<b>Less: cost of generating funds</b>						
Fundraising and publicity		-	-	52,243	52,243	39,599
<b>Net incoming resources available for charitable application</b>		<b>100,000</b>	<b>351,009</b>	<b>561,270</b>	<b>1,012,279</b>	<b>904,548</b>
<b>Charitable expenditure</b>						
Loan-related activities		-	-	99,051	99,051	112,656
Increase in bad debt provision		-	-	23,750	23,750	-
Programme support activities	2	-	-	176,759	176,759	154,596
Grants	2	-	361,326	(24,877)	336,449	230,589
Contribution to Association of Preservation Trusts	2	-	-	25,726	25,726	32,747
Business in the Community (for Regeneration Through Heritage)		-	-	-	-	20,000
Management and administration		-	-	49,610	49,610	77,896
<b>Total charitable expenditure</b>		<b>-</b>	<b>361,326</b>	<b>350,019</b>	<b>711,345</b>	<b>628,484</b>
<b>Total resources expended</b>	2	<b>-</b>	<b>361,326</b>	<b>402,262</b>	<b>763,588</b>	<b>668,083</b>
<b>Net movement in funds -</b>						
Net income for the year	3	100,000	(10,317)	211,251	300,934	276,064
<b>Balances at 1 April 2001</b>	11	<b>9,820,197</b>	<b>120,880</b>	<b>3,405,338</b>	<b>13,346,415</b>	<b>13,070,351</b>
<b>Balances at 31 March 2002</b>	11	<b>9,920,197</b>	<b>110,563</b>	<b>3,616,589</b>	<b>13,647,349</b>	<b>13,346,415</b>

All amounts relate to continuing activities, none of which have been discontinued.

All recognised gains and losses are included in the Statement of Financial Activities.

The notes on pages 14 to 19 form part of these financial statements.

## THE ARCHITECTURAL HERITAGE FUND

## Balance Sheet as at 31 March 2002

	Note	2002	2001
		£	£
<b>Fixed assets</b>			
Tangible assets	6	24,445	22,696
<b>Current assets</b>			
Debtors			
Loans disbursed for preservation projects		6,407,319	6,691,803
Other debtors:			
Accrued income - loan interest receivable		411,093	433,204
Amounts held by AHF's solicitors for loans not yet contracted		150,000	0
Other prepayments		13,926	16,387
Other debtors		2,175	8,268
Cash			
Cash at bank	9	360,964	221,244
Short-term deposits	9	6,322,552	5,981,913
		<u>13,668,029</u>	<u>13,352,819</u>
<b>Creditors: amounts falling due within one year</b>			
Accruals		<u>45,125</u>	<u>29,100</u>
<b>Net current assets</b>		<u>13,622,904</u>	<u>13,323,719</u>
<b>Net assets</b>		<u><u>13,647,349</u></u>	<u><u>13,346,415</u></u>
<b>Funds</b>			
Endowment fund	11	9,920,197	9,820,197
Restricted funds			
Programme grant fund	11	110,563	120,880
Unrestricted funds			
Designated lending fund	11	2,000,770	2,000,770
Designated projects fund	11	865,000	865,000
General fund	11	750,819	539,568
		<u>3,616,589</u>	<u>3,405,338</u>
<b>Total funds</b>		<u><u>13,647,349</u></u>	<u><u>13,346,415</u></u>

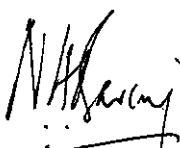
At the year end, the AHF had commitments of £7,211,644 in respect of loans contracted but not yet disbursed and loan and grant offers (2001 - £6,694,624); see note 7.

Debtors include £2,474,060 in loans disbursed which are receivable after more than one year (2001 - £2,741,200).

The financial statements were approved by the Members of the Council on 25 September 2002 and signed on their behalf by:



Mrs Jane Sharman  
Chairman



Mr Nicholas Baring  
Deputy Chairman

The notes on pages 14 to 19 form part of these financial statements

## THE ARCHITECTURAL HERITAGE FUND

## Cash flow statement for the year ended 31 March 2002

	2002	2001
	£	£
Net cash (outflow)/inflow from operating activities (see note 8)	495,010	(1,019,995)
Capital expenditure and financial investment		
Purchase of fixed assets	(14,651)	(8,508)
Proceeds from disposal of fixed assets	-	1,392
	(14,651)	(7,116)
Management of liquid resources	480,359	(1,027,111)
Movement in short term deposits	(340,639)	309,067
Increase / (decrease) in cash (see note below)	139,720	(718,044)

## Note

Reconciliation of net cashflow to  
movement in net funds

	£
Increase in cash in the period	139,720
Cash invested from the increase in liquid resources	340,639
Change in net funds	480,359
Net funds at 1 April 2001	6,203,157
Net funds at 31 March 2002 (see note 9)	6,683,516

The notes on pages 14 to 19 form part of these financial statements.

## THE ARCHITECTURAL HERITAGE FUND

Notes forming part of the financial statements for the year ended 31 March 2002

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### 1 Accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments and, unless otherwise stated, are in accordance with applicable accounting standards and the Statement of Recommended Practice "Accounting and Reporting by Charities" issued by the Charity Commission in October 2000 (SORP 2000). Additional information has been provided where this increases understanding of the figures. The following accounting policies have been applied consistently during the current and previous year except as described below:

#### Incoming resources

All incoming resources are included in the Statement of Financial Activities when the Architectural Heritage Fund is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the charity's being notified of an impending distribution or the legacy being received.

Gifts in kind and donated facilities are included at the value to the Architectural Heritage Fund where this can be quantified and a third party is bearing the cost. No amounts are included for services donated by volunteers.

#### Loans

The Architectural Heritage Fund makes loans in furtherance of its objects. The terms of repayment and the rate of interest are laid down by the Council of Management and embodied in a legal agreement for each loan.

Loans are paid when the borrower fulfils certain conditions that are individual to the particular loan and are recorded in the financial statements on payment. Some loans are paid by instalments. The unpaid balance of contracted loans is recorded with offers of loans for which a contract has not been made as a future commitment (see note 7). The timing of the payment of such amounts depends on the fulfilment of certain conditions by the borrower and cannot be estimated with any reasonable accuracy by the Architectural Heritage Fund.

The financial statements include interest accrued on the outstanding loans at the balance sheet date.

#### Grants

The Architectural Heritage Fund makes refundable and non-refundable grants in furtherance of its objects. The terms of repayment of refundable grants are laid down by the Council of Management and embodied in a legal agreement for each grant approved.

Grants are paid when the recipient has fulfilled certain conditions that are individual to the particular case and are recorded in the financial statements on payment. Grants that have been offered but not paid at the balance sheet date are recorded as a future commitment (see note 7). The timing of the payment of such amounts depends on the fulfilment of certain conditions by the recipient and cannot be estimated with any reasonable accuracy by the Architectural Heritage Fund.

#### Resources expended

All expenditure is accounted for on an accruals basis and has been classified in the Statement of Financial Activities under headings that aggregate all relevant costs. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources. Premises, staff and overhead costs are allocated by reference to the time spent by staff.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of charitable activities.

Management and administration costs are those incurred in connection with the governance of the Architectural Heritage Fund and in complying with constitutional and statutory requirements.



## THE ARCHITECTURAL HERITAGE FUND

Notes forming part of the financial statements for the year ended 31 March 2002 (continued)

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### 1 Accounting policies (continued)

#### Tangible fixed assets and depreciation

Significant expenditure on tangible fixed assets is capitalised at cost including any incidental expenses of acquisition. Depreciation is calculated to write off the cost, less estimated residual value, of all fixed assets on a straight line basis over their estimated useful lives as follows:

Fixtures and fittings	-	shorter of 7 years and remaining period of lease
Office equipment	-	5 years
Computer equipment	-	3 years

#### Investments

Investments are stated at market value at the balance sheet date. All gains or losses on investments, whether realised or not, are disclosed in the Statement of Financial Activities in the year in which they arise.

#### Pensions

Pension contributions are charged to the Statement of Financial Activities in the year in which they become payable (see note 4).

#### Operating leases

Rents payable under operating leases are charged to the Statement of Financial Activities as incurred over the term of the lease.

#### Definitions

##### *Endowment Fund*

Grants and donations received for lending to preservation projects constituting a capital fund which cannot be expended.

##### *Designated Lending Fund*

Resources allocated by the Council of Management from the AHF's unrestricted funds to be available for lending and to constitute a reserve for bad debts on loans and for any loan-related expenditure which cannot be met from annual income.

##### *Designated Projects Fund*

Resources allocated by the Council of Management from the AHF's unrestricted funds to be used as necessary to supplement annual income available for grants made by the AHF, and other items of direct charitable expenditure at the discretion of the Council of Management.

##### *General Fund*

Income generated by the endowment fund, designated lending fund and designated projects fund goes into the general fund and is treated as general income available without restriction to meet annual expenditure.

##### *Programme Grant Funds*

Programme grant funds, which are restricted funds, represent grants received towards the cost of specific charitable programmes.

## THE ARCHITECTURAL HERITAGE FUND

Notes forming part of the financial statements for the year ended 31 March 2002 (continued)

2 Analysis of total resources expended	Staff costs £	Depreciation £	Grants £	Publication costs £	Premises costs £	Other costs £	2002 Total £	2001 Total £
<b>Charitable expenditure</b>								
Loan-related activities	54,066	2,742	-	-	8,085	34,158	99,051	112,656
Grants	47,720	2,420	260,919	-	7,136	18,254	336,449	230,589
Increase in bad debt provision	-	-	-	-	-	23,750	23,750	-
Programme support activities	104,193	5,213	-	38,102	15,373	13,878	176,759	134,596
Contribution to Association of Preservation Trusts	21,644	-	-	-	-	4,082	25,726	32,747
Business in the Community (for Regeneration Through Heritage)	-	-	-	-	-	-	-	20,000
Management and administration	21,829	1,107	-	-	3,264	23,410	49,610	77,896
	249,452	11,482	260,919	38,102	33,858	117,532	711,345	628,484
<b>Costs of generating funds</b>								
Fundraising and publicity	27,414	1,390	-	-	4,099	19,340	52,243	39,599
<b>Total resources expended</b>	<b>276,866</b>	<b>12,872</b>	<b>260,919</b>	<b>38,102</b>	<b>37,957</b>	<b>136,872</b>	<b>763,588</b>	<b>668,083</b>

Expenditure on management and administration comprises the costs of running the organisation as a charity and as a company such as Council meetings, accounting and legal costs and related employment, premises and administrative costs.

Premises, staff and overhead costs have been apportioned over the activities shown as charitable expenditure and costs of generating funds. The apportionment is made by reference to the time spent by staff.

The Statement of Financial Activities for the year ended 31 March 2001 included a 100% provision of £137,854 against refundable project grants which were not expected to be recovered. In the year ended 31 March 2002, the AHF has decided to reduce the level of this provision in the light of movements since 1 April 2001. The effect of this on the results of the current year is to reduce grant expenditure shown in the Statement of Financial Activities by £99,694 being the 100% provision from the previous year less the provision against doubtful debts.

The principal fundraising and publicity activity is the production and distribution of the *Annual Review*. Part of the cost of the *Annual Review* also falls under programme support activities and part under management and administration.

The AHF assisted in the foundation of the United Kingdom Association of Building Preservation Trusts (APT) and provides it with financial and practical support. The amount shown above represents money spent by the AHF on APT's behalf. During the year, APT reimbursed the AHF £15,000 in respect of this expenditure (2001 - £15,065).

3 Net movement in funds	2002 £	2001 £
The net movement in funds is arrived at after charging:		
Depreciation	12,902	14,290
Auditors' remuneration		
Audit fee	6,500	5,992
Payroll services	987	973
Other services	1,500	2,949
Operating leases - land and buildings	18,000	18,000

# THE ARCHITECTURAL HERITAGE FUND

Notes forming part of the financial statements for the year ended 31 March 2002 (continued)

## 4 Employees

	2002 number	2001 number
Average monthly number of employees during the year	6	6
No employee received remuneration exceeding £50,000 in either year.		
Staff costs include:	2002 £	2001 £
Salaries	209,152	201,298
Social security costs	22,019	19,814
Pension contributions	18,641	11,953
	249,812	233,065

The AHF operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the AHF in an independently administered fund.

## 5 Members of the Council of Management

Some of the Members of the Council of Management are also directors or trustees of, or consultants to, organisations that receive financial assistance from the AHF or with which the AHF has an arm's length business relationship. In those circumstances, the Member discloses his or her interest at the meeting at which the application is considered and takes no part in the Council of Management's decision on the application. Any financial assistance is given in the ordinary course of the AHF's activities. The following Members of the Council of Management are involved with organisations which have received financial assistance from the AHF during the year: *Mr Robert Clow, Mr Malcolm Crowder, Mrs Fionnuala Jay-O'Boyle and Mrs Jane Sharman.*

During the year, 9 Members of the Council of Management were reimbursed expenses for travel and subsistence amounting to £4,336 (2001 - £4,296).

The AHF arranged trustees' indemnity insurance cover at a cost of £1,905 (2001 - £1,732).

## 6 Tangible assets

	Fixtures & fittings £	Computer equipment £	Office equipment £	Total £
<b>Cost</b>				
At 1 April 2001	32,746	42,217	30,650	105,613
Additions	-	14,651	-	14,651
Disposals	-	(19,738)	-	(19,738)
At 31 March 2002	32,746	37,130	30,650	100,526
<b>Depreciation</b>				
At 1 April 2001	18,306	41,826	22,785	82,917
Disposals	-	(19,738)	-	(19,738)
Charge for the year	4,815	5,187	2,900	12,902
At 31 March 2002	23,121	27,275	25,685	76,081
<b>Net book value</b>				
At 31 March 2002	9,625	9,855	4,965	24,445
At 1 April 2001	14,440	391	7,865	22,696

The fixed assets are mainly used for direct charitable activities.

## THE ARCHITECTURAL HERITAGE FUND

Notes forming part of the financial statements for the year ended 31 March 2002 (continued)

## 7 Commitments

	2002 £	2001 £
The AHF had the following commitments at the year end:		
Loans:		
Contracted but not yet fully disbursed	167,252	281,997
Offered	6,051,800	5,508,750
	<u>6,219,052</u>	<u>5,790,747</u>
Grants:		
Project development grants offered	253,791	237,057
Working capital grants offered	16,000	202,000
Feasibility study grants offered	230,662	153,084
Project administration grants offered	30,000	33,000
Project organiser grants offered	242,139	276,736
	<u>772,592</u>	<u>903,877</u>
Heritage Information Trust		
Grant offer	20,000	-
Loan offer	200,000	-
	<u>220,000</u>	<u>-</u>
<b>Total Commitments</b>	<u><u>7,211,644</u></u>	<u><u>6,694,624</u></u>

The AHF leases its offices on a lease expiring in December 2005 at an annual rent of £18,000.

## 8 Reconciliation of net incoming resources to net cash inflow / (outflow) from operating activities

	£	£
Net incoming resources	300,934	276,064
Adjustment for increase in bad debt provision	23,750	-
Adjustment for depreciation	12,902	14,290
	<u>337,586</u>	<u>290,354</u>
Loans advanced during the year	(2,527,332)	(3,270,000)
Loans repaid during the year	2,984,600	1,864,838
Refundable grants disbursed during the year	(196,534)	-
(Increase)/ decrease in debtors	(119,335)	97,388
Increase / (decrease) in creditors	16,025	(2,575)
	<u>495,010</u>	<u>(1,019,995)</u>
Net cash inflow / (outflow) from operating activities		

## 9 Analysis of changes in net funds

	At 1 April 2001 £	Cash flow £	At 31 March 2002 £
Cash at bank	221,244	139,720	360,964
Short-term deposits	5,981,913	340,639	6,322,552
Net funds	<u>6,203,157</u>	<u>480,359</u>	<u>6,683,516</u>

## 10 Analysis of group net assets between funds

	Unrestricted Funds	Endowment Funds	Restricted Funds	Total Funds 2002	Total Funds 2001
Fund balances at 31 March 2002 represented by:					
Tangible fixed assets	24,445	-	-	24,445	22,696
Current assets	3,637,269	9,920,197	110,563	13,668,029	13,352,819
Current liabilities	(45,125)	-	-	(45,125)	(29,100)
Total net assets	<u>3,616,589</u>	<u>9,920,197</u>	<u>110,563</u>	<u>13,647,349</u>	<u>13,346,415</u>

# THE ARCHITECTURAL HERITAGE FUND

Notes forming part of the financial statements for the year ended 31 March 2002 (continued)

## 11 Funds

	Endowment fund £	Designated lending fund £	Designated projects fund £	General fund £	Programme grant funds £	Total £
Balance at 1 April 2001	9,820,197	2,000,770	865,000	539,568	120,880	13,346,415
Net movement of funds for the year.	100,000	-	-	211,251	(10,317)	300,934
Balance at 31 March 2002	9,920,197	2,000,770	865,000	750,819	110,563	13,647,349

The transfers between funds during the year were made within the policy framework described in the Report of the Members of the Council of Management (page 1) and reflect the Council of Management's opinion of the reserves required by AHF in the short-term (pages 7 & 8).

## Endowment fund

The balance at 31 March 2002 of £9,920,197 includes the following funds which have been reserved for lending within the geographical areas shown:

	Geographical areas	2002 £	2001 £
English Heritage	England	5,300,000	5,300,000
Historic Scotland	Scotland	2,350,000	2,250,000
Cadw - Welsh Historic Monuments	Wales	360,000	360,000
		8,010,000	7,910,000