

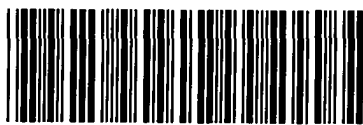
Company no. 2651777  
Charity no. 1004630



**UK Community  
Foundations**  
*for thriving communities*

**UK Community Foundations**  
**Report and Financial Statements**  
**31 March 2014**

FRIDAY



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COMPANIES HOUSE

## UK Community Foundations

### Legal and administrative details

For the year ended 31 March 2014

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<b>Status</b>	The organisation is a charitable company limited by guarantee, incorporated on 7 October 1991 and registered as a charity on 11 October 1991.	
<b>Governing document</b>	The organisation was established under a memorandum of association on 7 October 1991 and amended on 2 December 1993, 17 July 1996, 21 October 1998, 19 January 2000, 27 April 2001, 23 April 2003 and 17 November 2010 which established the objects and powers of the organisation and is governed under its articles of association.	
<b>Company number</b>	2651777	
<b>Charity number</b>	1004630	
<b>Registered office and operational address</b>	12 Angel Gate 320 - 326 City Road London EC1V 2PT	
<b>Honorary presidency</b>	Baroness Usha Prashar (Honorary President) Honorary Vice Presidents: His Grace the Duke of Westminster KG CB CVO OBE TD CD DL Sir Christopher Gent	
<b>Honorary officers</b>	David Sheepshanks Hamish Buchan	Chair Treasurer
<b>Members of the board and authorised for distribution</b>		
Members of the Board, who are also trustees under charity law, who served during the year and up to the date of this report were as follows:		
David Sheepshanks (appointed April 2013)		Rosemary Macdonald
Matthew Bowcock (resigned April 2013)		Andrew Middleton
Hamish Buchan		Victoria Miles (appointed May 2013)
Clive Cutbill		Sonal Shah (appointed October 2014)
Charles Clark		Marcelle Speller (resigned April 2014)
Caroline Duckworth (appointed May 2013)		Professor Murray Stewart
Cathy Elliot		Graham Tuttle (resigned July 2013)
Alun Evans (appointed October 2014)		Terry Walsh
Lord Digby Jones (appointed Feb 2014)		Tom Ward (appointed May 2014)
Tony McCusker		Eric Watts
		Rob Williamson
<b>Chief Executive</b>	Stephen Hammersley	
<b>Company secretary</b>	Stephen Hammersley (appointed 02/04/14)	

**UK Community Foundations**

**Legal and administrative details**

**For the year ended 31 March 2014**

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<b>Bankers</b>	Caf Bank Ltd Kings Hill West Malling KENT ME19 4TA	Bank of Scotland Pentland House 8 Lochside Avenue EDINBURGH EH12 9DJ	Coutts & Co 440 Strand LONDON WC2R 0QS
<b>Solicitors</b>	Russell-Cooke 2 Putney Hill LONDON SW15 6AB		
<b>Auditors</b>	Kingston Smith LLP Chartered Accountants Devonshire House, 60 Goswell Road London EC1M 7AD		

## **Chair's Statement**

Set against the difficult economic climate over the past five years, community foundations have become a key part of the social fabric of our society. The charities that we help people support provide the "glue" that holds communities together. They serve to unite and represent the best way to help 'hard-to-reach' vulnerable people. This is why partners like Comic Relief, London Evening Standard and the Big Lottery work with us.

Our members have continued to add to their endowment, deliver meaningful grants and show the type of creativity required to earn our position as leaders of community-based philanthropy. Collectively, Charity Data Services information shows that Community Foundations are ranked in the top 12 of grant makers and managers of endowed charitable funds in the UK, and the growth seen in 2013/14 is, at the time of writing, accelerating.

Put simply, the "case" for community foundations is strengthening. We are showing that people and companies want to give locally and will do so if a platform, like a community foundation, is available to make sure that the monies are invested so that the impact in terms of changed lives is visible and the process of giving is made rewarding, effective and efficient.

Our success and sustained growth does, however, raise questions about the structure of the "market" for funding charitable work in the UK. Put simply, there is a preponderance of sources of investment in front line charitable service delivery, but a shortage of investment in platforms like community foundations, that have been growing and rapidly increasing the funding available for community based social action. The trustees and staff in our community foundations are to be congratulated in funding, largely from their own resources, growth that has been more than doubling the network's philanthropic footprint every 3-4 years, but without further investment in members and UKCF it is clear that our full potential will not be realised.

In this context, it is appropriate that I recognise the investors in our network at a national scale who are helping sustain our growth going forward. Comic Relief's far-sighted decision to work through our network has also helped build our capacity as well as making sure that their grants reach into all parts of the UK and their grantees are plugged into local sources of additional funding. We are now in the third and final year of a programme supported by the Esmée Fairbairn Foundation that will increase our capacity to work strategically with more of the 15,000 donors who use community foundations' services. What is emerging is an exciting story of a diverse and committed "fellowship" of people committed to locally managed philanthropy. The Charles Stewart Mott Foundation is a crucial long term supporter and we are delighted that the Westminster Foundation has also committed to three years support starting in 2014/15.

This has been a year of challenges but also a year of growth and success when more has been written and said about community foundations than ever before. I congratulate our members on their successes and I assure them, and everyone who reads this report that, although the Board and staff team at UKCF are pleased with our contribution hitherto, we are utterly committed to an even more significant contribution in the years ahead.

David Sheepshanks CBE DL  
Chair

## **Report of the Board**

### **1. Introduction**

UK Community Foundations (UKCF) promotes local charitable giving through the quality accredited community foundations covering the UK. Donors have already given over £1 billion to and through community foundations for local causes since the network was first formed in the early 1990s - securing long term and sustainable benefit for communities and achieving lasting social change. Community foundations work to connect donors and local groups to enrich lives for the better and build stronger communities. Collectively, we gave out over 20,000 grants across the UK last year, usually in small but nevertheless life-enhancing amounts, totalling more than £62 million.

Whether privately, or through business, community foundations' donors have a deep personal connection and care enormously about the areas and causes that matter to them. They want to make a difference and ensure their money is used effectively. With the community foundations local knowledge of need, we are able to ensure that funding reaches those best able to support the most vulnerable and disadvantaged in our communities.

Community Foundations are exciting good news. Collectively they are in the top dozen of UK funders of charitable activity as measured both by grant making volumes and the amount of charitable endowment managed, and unlike many other funders they are growing fast. This is an exciting platform on which to build.

### **2. UKCF' Vision and Goals**

Our vision is a society where everyone with the means to do so is investing in building thriving communities ("community is a cause") through their community foundation, and where UKCF and community foundations are widely known by people and organisations as the go-to places that help them achieve the changes that matters to them through their local giving.

Our goal is to engage more people to give more effectively to local causes through their community foundation.

In so doing, UKCF and community foundations together are targeting over £1bn of new local giving between 2013 and 2020.

### **3. UKCF' Objects, Objectives and Activities for the Public Benefit**

The Board has complied with the duty in section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission (England and Wales) when reviewing UKCF's aims and objectives and in planning future activities. In particular, the Board has considered how planned activities will contribute to the aims and objectives they have set.

The objectives of the charity are:

- To promote and improve the efficiency and effectiveness of community foundations in direct pursuit of their objectives, in such a manner as may be thought fit and in particular by raising and distributing funds for application for the general purposes of such foundations
- To advance education of the public in the work of such foundations
- To promote other charitable purposes of benefit to the community

The changes or differences that UKCF seeks to make are:

- Uniting the movement around a shared strategy for accelerating growth by raised profile and enhanced credibility
- Promoting community foundations' services to UK wide funders: companies, trusts, private family offices, individuals and other organisations.
- Using Beacon, the Philanthropy Fellowship and Community First to establish community foundations as leading promoters of philanthropy
- Increasing the network's efficiency, effectiveness and accountability through member services: QA; training; network meetings and conferences; and internal communications.
- Enabling faster growth, increased efficiency and greater effectiveness through: IT, digital services; social media and network projects.

#### **4. Achievements and Performance**

##### **4.1 Uniting the movement around a shared strategy for accelerating growth by raising the profile and enhancing credibility**

Having taken 20 years to raise and/or channel our first £1bn to communities, in 2013 we helped the movement agree to try and raise the second £1bn by 2020. This requires the movement to continue accelerating its recent growth.

As at 31/3/2014 we were on target to achieve this ambitious goal powered by:

- 100% success on the 2013/14 Community First endowment challenge managed by UKCF raising £45m of endowed funding to support social action at a local level in England
- Strong philanthropy development by many community foundations supported by training, materials, coaching, and Board level work provided by UKCF

During the year we also embarked on an awareness raising campaign, producing a report "Shine a Light" that focused on the value to people in the UK of their communities and what was required to unlock more giving. This resulted in more media coverage of community foundations than ever before.

We were also pleased that, as a result of their endorsement of our Quality Standards, the Charity Commission (England and Wales) started recommending community foundations to people enquiring about setting up charitable trusts.

#### **4.2 Promoting community foundations' services to UK wide funders: companies, trusts, private family offices, individuals and other organisations.**

UKCF's highest profile success in 2013/14 also demonstrated how utterly necessary community foundations are to the UK. Building on our track record as being the only charitable movement that has responded to all the significant "disasters" that have hit people in the UK in the last ten years, UKCF led a consortium of community foundations that responded to the winter's floods and storms.

In total over £3.5m was raised for immediate relief to those who were suddenly rendered vulnerable and for longer term recovery. We know from previous responses in South Yorkshire and Cumbria just how long it takes people and communities to recover and how important it is that victims know that their plight is not forgotten. Pivotal contributors to the flood funds were the Office of Civil Society who seeded 10 funds; Comic Relief and an amazingly generous contribution of £400k from Wren Living.

The Big Lottery also used UKCF to distribute over £2m of grant making through the "Big Local Papers" fund, using UKCF and community foundations as a consequence of our unique and strong relationships with local media across the UK. Comic Relief were again a welcome donor and we were delighted that an independent evaluation of our work for them highlighted the significant value that community foundations added to grant applicants as a result of the constructive way that we engaged with them.

During the year we also celebrated the achievements of Fair Share Trust (FST) and a number of events were held that explored and shared how we managed to turn a lottery grant of £50m into over £75m of investment in the UK's most disadvantaged communities. Not only this, but the funding was found to have discernibly built the capacity of these communities and because of the way of working that we pioneered, it gave local people real ownership and enabled highly effective local partnerships to be taken forward into other programmes. FST is commented on separately in its own report and accounts where the report of the independent Protector can also be found.

In October 2013, eight community foundations launched a ground-breaking process that engaged communities in assessing how their communities were doing, moving on to a process that involved people in discussing what they should do as a result. Called "Vital Signs" and based on an approach pioneered by Canadian Community Foundations, this pilot will be extended by UKCF in 2014/15. A number of London based private foundations have seen Vital Signs reports and have welcomed the insights they provided and we hope that a number of them will use it to influence their grant making strategies in so called "cold spots" outside of London.

#### **4.3 Using Beacon, the Philanthropy Fellowship and Community First to establish community foundations as leading providers of philanthropy support and advice**

Our statistics show that 15,000 people give in a significant way through community foundations and that this number has been doubling every 4 years or so. This makes community foundations one of the leading developers of philanthropy and certainly the fastest growing UK wide charity in this area.

It is, therefore, appropriate that UKCF is the sole member of the Beacon Fellowship Charitable Trust, a charity that runs the Beacon Awards, which is the only organisation that recognises excellence in UK based philanthropy. The Awards ceremony took place in 2013 and will do so again in 2015 with a renewed focus on the Beacon Awards being the start of a process that connects people interested in philanthropy, where ideas and inspiration can be exchanged.

The Philanthropy fellowship is a welcome investment by the Esmée Fairbairn Foundation in helping community foundations develop their capacities to engage with their growing numbers of donors to make sure that: relationships between donors can develop; interests can be shared; and that the services available from community foundations support thoughtful philanthropy as well as transactional grant making. 2013/14 was the second year of a three year programme and the independent evaluation shows that good progress has been made.

Finally, Community First has been an outstanding success in 2013/14. Over £45m has been raised for social action at a local level and many staff and a good number of community foundations have developed better approaches through training, coaching and Board engagement. Although the incentive match (provided by the Cabinet Office) is for England only, the training and lessons learned are available UK wide.

#### **4.4 Increasing the networks efficiency, effectiveness and accountability through member services: QA; training; network meetings and conferences; and internal communications.**

During the year we established a new Board Committee to drive forward this agenda and to make sure that the lessons learned and the excellent practice and development needs identified by the Quality Accreditation (QA) are fully acted on in 2014/15.

During the reporting year the key success has been the conclusion of the third cycle of QA. As at the year-end, 42 of the 46 member community foundations were quality accredited with the remaining 4 working through a development plan that should lead to accreditation in due course.

The bi-annual conference was held in Bristol in September 2013 and it proved to be an excellent investment in the capacity of the network. Over 90% of delegates rated the conference highly – and it broke even for the first time helped by generous sponsorship from Smith and Williamson.

This was the year when three meetings were held for Chairs or nominated deputies. This is in recognition of the fact that the benefits of membership and knowledge exchange need to extend to trustees. It is also vital that UKCF hears from Boards direct.

UKCF's internal communications have also been enhanced in format and content.

#### **4.5 Enabling faster growth, increased efficiency and greater effectiveness through: IT, digital services; social media and network projects.**

UKCF has an ambitious digital strategy that will ensure that all community foundations maximise the possibilities from digital technology and social media.

In the short term, however, UKCF has been fully occupied in moving 44 community foundations from a database based on a (soon to be redundant) Access based database to a cloud based



system (based on the Salesforce platform). The project to effect this change faced some user dissatisfaction late in 2012 and a key focus of 2013 has been to invest in the training and support necessary to turn this into a 90% approval rating in the last survey.

UKCF, and member community foundations, are now well placed to realise the benefits that come from operating an up to date cloud based IT platform with collaboration now easier and information management, reporting and communications capabilities significantly enhanced.

The focus on 2014/15 will be on exploiting these benefits and taking steps to explore how social media can be used more effectively by UKCF.

UKCF still supports Localgiving.com and is fully engaged with understanding and developing the contribution that it can make.

## **5. Structure, Governance and Management**

UKCF is a charitable company limited by guarantee with governance arrangements provided by the company's memorandum and articles of association.

UKCF is the national membership organisation for community foundations in the UK. Community foundation means a foundation established to generate funds from all sources (including money given to build endowments), in order to provide grants for charitable purposes related to the needs of a defined community. Community foundations thus provide services to donors and engage with others to strengthen local communities.

Membership of UKCF is restricted to quality accredited community foundations in the UK. The full members of UKCF elect the trustees of UKCF for three year terms, with a minimum of four trustees being trustees of member community foundations and a minimum of four being staff employed by member community foundations. Trustees are co-opted onto the board to bring experience and skills to bear that are considered necessary by the board.

These requirements mean that UKCF benefits from having the majority of trustees very familiar with community foundations in the UK and the issues that the board consider. UKCF's induction processes for new trustees includes a personal briefing from the CEO and the issuing of a board manual, setting out the generic responsibilities of trustees and the specific responsibilities and roles that are required under the UKCF governing documents. The Board meetings fit into the planning cycle so that the Board is able to focus on developing strategy, approving a three-year plan, agreeing the annual budget and reviewing lessons learned.

UKCF is quality accredited in line with the standards endorsed by the Charity Commission and are consistent with the Commission's "Hallmarks of an Effective Charity".

The Board of UKCF is the decision-making body for the company. The board has delegated powers to sub-committees to take specific decisions consistent with the overall direction set by the Board. The committees comprise:

- Marketing, Development and Communications Chaired by Charles Clark – charged with overseeing and supporting the sales, development and communications work of UKCF;

- Membership Chaired by Rosemary MacDonald – charged with overseeing and supporting member services
- IT Strategy Chaired by Charles Clark - charged with overseeing and supporting the Digital Strategy
- Finance and Operations Chaired by Hamish Buchan - charged with reviewing the financial management of UKCF and the audit.
- Quality Accreditation Chaired by Tony McCusker - charged with overseeing and supporting the QA process and awarding accreditation on the recommendation of the independent assessor
- Internal Audit Chaired by Tony McCusker
- FST Chaired by Murray Stewart - charged with overseeing and supporting the programme and assessing and responding to its risk levels.

UKCF was also the sole trustee for the FST. The FST, established in June 2003, was governed by a Trust Deed and was charged with delivering £50m of lottery money to some of the UK's most disadvantaged communities over a ten-year programme. FST was closed during the year when it reached the end of its ten year term.

Although the FST programme appeared as an item on all main Board agendas and its successful delivery was a key strategy for the UKCF plan, the Board delegated to the FST Committee the responsibility for overseeing the programme. This committee examined the performance of the programme and its risk at a highly granular level of detail. The Board made sure that robust governance, risk management and programme delivery processes were in place.

UKCF is also the sole member of the Beacon Fellowship Charitable Trust. UKCF has appointed a majority of trustees to the Beacon Board who are not UKCF trustees to ensure that the independence of the Awards process cannot be questioned.

As at 31 March 2014, UKCF was a 20% stakeholder in Localgiving.com Ltd and it nominates one Director who is held to account by the IT Strategy Committee. UKCF has no financial liability for the losses incurred by Localgiving.com Ltd and there is no requirement for additional capital to be contributed. Localgiving.com Ltd is generously funded by Marcelle Speller (a member of the IT Strategy Committee) and a foundation settled by Marcelle is the other shareholder.

The staff team has been slimmed down in anticipation of reduced income in 2014/15. The provision of support and development services for the salesforce database provided to members by UKCF was outsourced when Les Wilcock our IT manager retired after a long and valuable career.

In February 2014, we announced a process that led to three redundancies to reduce costs in our programmes and administration teams. The process concluded in May 2014.

The trustees have reviewed the major risks to which the charity is exposed, and systems and procedures are in place to manage these risks with reports from the CEO received quarterly at board meetings. The key risks are associated with the ongoing resourcing of UKCF and the financial, operational and reputational risks associated with the delivery of its programmes.

The legal and administrative information showed earlier, forms part of this report.

## 6. Investment Policy

The FST investments were latterly in a series of fixed interest deposits and cash at two banks, maturing in line with the spending requirements of the programme. As at the end of the year all funds had been disbursed. With the agreement of the lottery and in accordance with the Trust Deed a small residual surplus of £36k in the management fees account was transferred to UKCF.

UK Community Foundation's other funds are held in interest-bearing bank accounts which allow instant or short term (90 day or less) access.

## 7. Grant Making Policies

UKCF has been successful in winning contracts where it manages the primary funding relationship, then awards grants on behalf of donors or other funders to community foundations for disbursement in the communities they serve. The grant making policy for each programme is set in accordance with the specific aims and objectives of the funder and these are communicated to community foundations through formal grant offer letters. Monitoring and evaluation reports are required for all grants – the requirements of each donor and the size and time-frame for the grants determine the exact nature of the reporting. Site visits are an important component in the monitoring process for larger multi-year grants. The FST programme was governed by a Trust Deed and the grant making requirements were set out in a detailed Guidance Manual and service level agreements.

## 8. Financial Review

The principal sources of unrestricted funding for UKCF were:

	<b>31-Mar-14</b>		<b>31-Mar-13</b>	
Source of Funding	£ 000	%	£ 000	%
Membership subscriptions	164	28	162	32
IT related subscriptions	155	27	93	18
Local Futures and QA*	130	22	-	-
The Office for Civil Society (OCS)	66	11	173	34
Other Income	37	6	45	9
Charles Stewart Mott Foundation	32	5	31	6
<b>Total</b>	<b>584</b>	<b>100</b>	<b>504</b>	<b>100</b>

\*In 2013/14, Members paid for the costs of their Quality Accreditation audits through their subscriptions to UKCF and similarly some community foundations paid subscriptions that covered the costs of access to the Local Futures database. This income is not available to meet general UKCF costs.

UKCF was a strategic partner of The Office for Civil Society (OCS). Of the £206k received, £66k was for UKCF core costs in 2013/13 and this will taper down to nil in 2014/15. The remaining funding from OCS was to complete the successful transition of Philanthropy UK (a project of the Association of Charitable Foundations) into a new organisation "Philanthropy Impact".

The Charles Stewart Mott Foundation funding supports core costs, as do membership subscriptions. The Charles Stewart Mott Foundation funding is an essential and highly valued source of funding for UKCF and over many years this support has been instrumental in allowing it to do its work to strengthen and expand the network of community foundations in the UK.

Unrestricted funds of £69k at the year-end were reduced significantly during the year as we invested in our communications and PR work and IT.

During the year UKCF worked with the trustees of the Birmingham and Black Country Community Foundation to ensure that donor funds were safeguarded in the plan to close down the community foundation. As part of this work, £848k of donor assets were received on relevant trusts drafted by our lawyers. UKCF also initiated some work to set up a new community foundation and the plan is that the donor funds will be passed on to this new entity was formed and Quality Accredited.

The table below shows the history of UKCF contribution to our members:

	<b>2013/14</b>	<b>5 Years Aggregate</b>	<b>10 Years Aggregate</b>
Total funds influenced by UKCF or through a UKCF managed contract	£54m*	£178m	£335m
Core cost grants via UKCF	£0.34m**	£0.7m	£1.7m
Core cost grants made by UKCF to members per £ of member subscription	£1.10***	£1.10	£1.80

\* £8.8m of programme monies shown in the accounts plus £45m of Community First Endowment work \*\*Includes £140k of floods funds core costs, \*\*\*Includes D2 subscriptions in the calculations.

## 9. Reserves Policy

The trustees have determined that to ensure continuity of activities should any unforeseen funding gaps arise, UKCF should be covered, financially, for 12 months, taking account of both unrestricted reserves and firm funding commitments (this amounts to £783k). The trustees believe this policy is a sensible balance between the need to maintain a secure long-term financial position and the requirement not to hold excessive charitable funds. As at the balance sheet date, the free reserves of the charity totalled £66k (comprising unrestricted funds of £69k less fixed assets of £3k). Coupled with firm funding commitments received of £742k, the reserves policy has therefore been met.

## 10. Plans for the Future

The key strategies and objectives that the Board has approved are shown in the table below.

<b>Strategies. The broad priorities for action by UKCF that will achieve our goals</b>	<b>Outcomes &amp; Objectives. We measure the success of UKCF strategies by setting three year objectives and one year outcome targets for UKCF.</b>
Uniting the movement around a shared strategy for accelerating growth by raised profile and enhanced credibility	<ul style="list-style-type: none"> <li>▪ Achieve the targets set in our PR Campaign "Shine a Light" (on target to achieve £1bn of new giving by 2020; significant presence in leading media; accelerating numbers of people setting up funds with community foundations)</li> </ul>
Selling community foundations' services to UK wide funders: companies, trusts, private family offices, individuals and other organisations.	<ul style="list-style-type: none"> <li>▪ Win and influence national and regional grants contracts worth at least £30m pa by 2017 and £250m in aggregate by 2020 (from a 2013 base)</li> <li>▪ UKCF seen as the go-to partner for industry-related Community Benefit Funds</li> </ul>
Working with Beacon, the Philanthropy Fellowship and Community First to establish community foundations as leading providers of philanthropy	<ul style="list-style-type: none"> <li>▪ Deliver the Beacon Awards programme for 2014/2015 with UKCF seen as a leading influence in UK philanthropy</li> <li>▪ Achieve the philanthropy fellowship programme targets of 300 fellows and 900 friends, securing additional follow on funding by 31/3/15.</li> <li>▪ A new UK-wide development programme pitched to funders to follow Community First</li> </ul>
Increasing the networks' efficiency, effectiveness and accountability through member services: QA; training; network meetings and conferences; & internal communications.	<ul style="list-style-type: none"> <li>▪ Support the community foundations committed to Vital Signs and develop the business case for a UK-wide project</li> <li>▪ Member services targets achieved so that 95% of members rate services as good or better</li> <li>▪ New Birmingham and Black Country CF established</li> <li>▪ QA4 consultation completed and QA4 design agreed with members.</li> </ul>
Enabling faster growth, increased efficiency and greater effectiveness through: IT, digital services; social media and network projects.	<ul style="list-style-type: none"> <li>▪ IT and Digital strategy developed and implemented to modernise UKCF and members.</li> <li>▪ Implement a UK wide impact reporting process</li> <li>▪ Network grant making cost effectiveness increased</li> </ul>
Sustaining UKCF	<ul style="list-style-type: none"> <li>▪ UKCF funding targets achieved: £75k additional grant/sponsorship funding for core costs; £15k increase in income from members (to £164k); £85k net new network programme income.</li> <li>▪ New governance committees and internal audit processes implemented.</li> </ul>
Beyond Excellence (identifying and seizing strategic opportunities)	<ul style="list-style-type: none"> <li>▪ Board discussions to include strategic acquisitions and partnerships that give us key capabilities in areas vital for growth, and that generate income for UKCF.</li> </ul>

## **11. Statement of Responsibilities of the Board**

The Board is responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the board to prepare Financial Statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Financial Statements are required by law to give a true and fair view of the state of affairs of the group and charity and of the income and expenditure of the group and charity for that period. In preparing these financial statements the board is required to:

- Select suitable accounting policies and apply them consistently;
- Observe the recommendations and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the Financial Statements on a going concern basis, unless it is inappropriate to presume that the charity will continue in operation.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and charity and which enables the trustees to ensure that the Financial Statements comply with the Companies Act 2006. The Board is also responsible for safeguarding the assets of the group and charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **12. Audit Information**

So far as each of the trustees, at the time the trustees' report is approved, is aware:

- a) There is no relevant information of which the auditors are unaware; and
- b) They have taken all relevant steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

## **13. Members Liability**

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of Members at 31 March 2014 was 48.

## **14. Auditors**

Kingston Smith LLP has indicated their willingness to continue in office and is deemed to be reappointed in accordance with section 487(2) of the Companies Act 2006.

Approved by the Board on ..... 27 November 2014

Signed on its behalf by

.....  
David Sheepshanks CBE, DL Chair

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UK COMMUNITY FOUNDATIONS

We have audited the financial statements of UK Community Foundations for the year ended 31 March 2014 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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 any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement [set out on page 13] the trustees (who are also the directors of the charitable company for the purposes of company law) 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

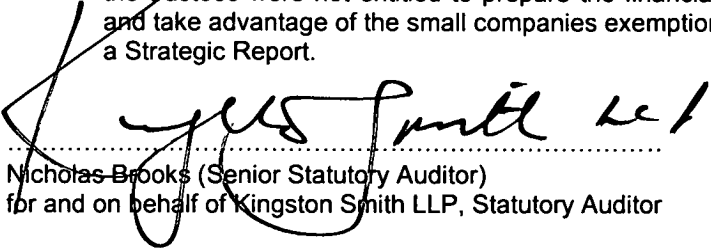
### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report and from preparing a Strategic Report.

  
Nicholas Brooks (Senior Statutory Auditor)  
for and on behalf of Kingston Smith LLP, Statutory Auditor

Date 27/11/14

Devonshire House  
60 Goswell Road  
London EC1M 7AD

# UK Community Foundations

## Statement of financial activities

(incorporating an income and expenditure account)

For the Year Ended 31 March 2014

		Restricted £'000	Unrestricted £'000	2014 Total £'000	2013 Total £'000
	<b>Notes</b>				
<b>Incoming resources</b>					
<i>Incoming resources from charitable activities</i>					
Donations and grants	<b>3a</b>	10,833	98	<b>10,931</b>	7,392
Subscriptions	<b>3b</b>	-	294	<b>294</b>	162
Other income	<b>3c</b>	6	192	<b>198</b>	138
<i>Investment income and interest</i>	<b>4</b>	<u>4</u>	<u>-</u>	<u>4</u>	<u>-</u>
<b>Total incoming resources</b>		<u>10,843</u>	<u>584</u>	<u>11,427</u>	<u>7,692</u>
<b>Resources expended</b>					
Charitable Activities	<b>6</b>				
ICT Services		-	292	<b>292</b>	197
Member Services		-	392	<b>392</b>	328
Projects and Programmes		990	-	<b>990</b>	558
Grant Payments	<b>5</b>	8,848	-	<b>8,848</b>	7,642
Governance	<b>7</b>	<u>-</u>	<u>15</u>	<u>15</u>	<u>10</u>
<b>Total resources expended</b>		<u>9,838</u>	<u>699</u>	<u>10,537</u>	<u>8,735</u>
<b>Net income/(expenditure) for the year</b>	<b>9</b>	1,005	(115)	<b>890</b>	(1,043)
Unrealised gains on Investments	<b>11</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8</u>
<b>Net movement in funds</b>		1,005	(115)	<b>890</b>	(1,035)
<b>Funds at 1 April 2013</b>		<u>639</u>	<u>184</u>	<u>823</u>	<u>1,858</u>
<b>Funds at 31 March 2014</b>	<b>17, 18</b>	<u>1,644</u>	<u>69</u>	<u>1,713</u>	<u>823</u>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above.

The notes on the accompanying pages form a part of these financial statements.



## UK Community Foundations

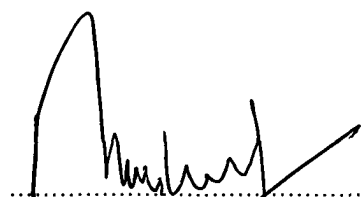
### Balance sheet

As at 31 March 2014

	Note	2014 £'000	2013 £'000
<b>Fixed assets</b>			
Tangible fixed assets	10	3	29
Fixed asset investments	11	-	51
		<u>3</u>	<u>80</u>
<b>Current assets</b>			
Current asset investments	12	676	-
Debtors & prepayments	13	62	107
Cash at bank and in hand		<u>1,182</u>	<u>1,132</u>
		1,920	1,239
<b>Current liabilities: amounts falling due within one year</b>	14	<u>210</u>	<u>496</u>
<b>Net current assets</b>		<u>1,710</u>	<u>743</u>
<b>Net assets</b>	19	<u><u>1,713</u></u>	<u><u>823</u></u>
<b>Funds</b>			
Restricted funds	17	1,644	639
Unrestricted funds	18	<u>69</u>	<u>184</u>
<b>Total funds</b>		<u><u>1,713</u></u>	<u><u>823</u></u>

The financial statements are prepared in accordance with part 15 of the Companies Act 2006 in regards to small companies.

Approved by the board and authorised for distribution and signed on behalf of the trustees by



David Sheepshanks CBE DL - Chair

27 November 2014

COMPANY NUMBER: 2651777

## **UK Community Foundations**

### **Notes to the financial statements**

**For the year ended 31 March 2014**

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#### **1. Accounting policies**

- a) The financial statements have been prepared under the historical cost convention (with the exception of investments which are stated at valuation) and in accordance with applicable accounting standards and the Companies Act 2006. They follow the recommendations in the Statement of Recommended Practice, Accounting and Reporting by Charities (issued in 2005).
- b) Voluntary income received by way of subscriptions, donations and gifts to the charity is included in full in the statement of financial activities when received. Intangible income is recognised as an incoming resource where the provider of the service has incurred a financial cost. Volunteer time is not included in the financial statements.
- c) Grants are recognised in full in the statement of financial activities in the year in which they are received. Grants awarded are recognised at the time they are paid, once conditions have been satisfied.
- d) Income generated from the supply of goods or services is included in the statement of financial activities in the period in which the supply is made.
- e) Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund. Investment income on restricted funds is treated either as restricted or unrestricted depending on the wishes of the original donor.
- f) Unrestricted funds are donations and other income received or generated for charitable purposes.
- g) Resources expended are recognised in the period in which they are incurred. Resources expended include attributable VAT which cannot be recovered.
- h) Governance costs of the charity include the costs of running the charity such as the costs of meetings, audit and statutory compliance.
- i) Depreciation is provided on all tangible assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, which is 3 years. Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities.
- j) The charitable company makes payments to defined contribution pension schemes on behalf of employees. The contributions are treated as an expense in the year in which they are payable. The charity has no other obligation under these schemes.
- k) Investments held as fixed assets are revalued at mid-market value at the balance sheet date and the gain or loss taken to the Statement of Financial Activities.
- l) Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the Statement of Financial Activities on a straight line basis over the lease duration.
- m) Costs are allocated directly to activities on the basis of staff time spent on each. We therefore do not have a cost category called "support costs".

## UK Community Foundations

### Notes to the financial statements

For the year ended 31 March 2014

#### 2. Taxation

The charity is exempt from corporation tax under section 505 of the Income and Corporation Taxes Act 1988 as all its income is applied to charitable purposes.

#### 3a. Donations and grants receivable

	Restricted	Unrestricted	2014 Total	2013 Total
	£'000	£'000	£'000	£'000
BIG Local Papers	2,182	-	2,182	-
Birmingham CF transfer	848	-	848	-
C S Mott Foundation	-	32	32	31
Comic Relief	5,797	-	5,797	5,532
Community First	174	-	174	100
Esmee Fairbairn Foundation	-	-	-	7
Evening Standard Dispossessed Fund	483	-	483	713
Flood and Storm Donations	903	-	903	-
Gulbenkian	-	-	-	18
Office for Civil Society	140	66	206	298
People's Health Trust	23	-	23	132
Queen's Silver Jubilee Trust	160	-	160	-
Reclaim our Streets	-	-	-	17
Royal London	24	-	24	-
Social Action Fund	-	-	-	396
Surviving Winter	99	-	99	148
	<u>10,833</u>	<u>98</u>	<u>10,931</u>	<u>7,392</u>

#### 3b. Subscriptions

	Restricted	Unrestricted	2014 Total	2013 Total
	£'000	£'000	£'000	£'000
Local Futures	-	26	26	-
Membership	-	157	157	162
Quality Assurance	-	111	111	-
	<u>-</u>	<u>294</u>	<u>294</u>	<u>162</u>

#### 3c. Other income

	Restricted	Unrestricted	2014 Total	2013 Total
	£'000	£'000	£'000	£'000
ICT Subscriptions	-	155	155	93
Other	6	37	43	45
	<u>6</u>	<u>192</u>	<u>198</u>	<u>138</u>

# UK Community Foundations

## Notes to the financial statements

For the year ended 31 March 2014

### 4. Investment income

	Restricted £'000	Unrestricted £'000	2014 Total £'000	2013 Total £'000
Bank interest	4	-	4	-
	<u>4</u>	<u>-</u>	<u>4</u>	<u>-</u>

### 5. Grants paid

	2014 Total £'000	2013 Total £'000
BIG Local Papers	2,163	-
Comic Relief	5,730	5,656
Evening Standard Dispossessed Fund	-	594
Floods and Storms	400	-
Gulbenkian	-	33
Local Giving Support- Secret Millionaire	-	18
OCS - Philanthropy Impact	87	110
People's Health Trust	20	129
Queen's Silver Jubilee Trust	134	-
Reclaim our Streets	-	40
Royal London	38	105
Social Action Fund	-	592
Surviving Winter	80	137
Time to Give	196	228
	<u>8,848</u>	<u>7,642</u>

UK Community Foundations

Notes to the financial statements

For the year ended 31 March 2014

6. Charitable activities

	Grants (note 5) £'000	Staff costs and consultancy £'000	Office and running costs £'000	Local partners £'000	2014 Total £'000	2013 Total £'000
ICT project - charity	-	168	124	-	292	197
Member services - charity	-	49	343	-	392	328
<i>Other programmes</i>						
BIG Local Papers	2,163	19			2,182	-
Comic Relief	5,730	63	1	-	5,794	5,750
Community First	-	118	60	-	178	87
Evening Standard Dispossessed Fund	-	10	-	461	471	803
Floods and Storms	400	35	-	-	435	-
Gulbenkian	-	-	-	-	-	33
Local Giving Support- Secret Millionaire	-	-	25	-	25	27
OCS Philanthropy UK	87	-	-	-	87	178
People's Health Trust	20	-	-	-	20	129
Queen's Silver Jubilee Trust	134	24	-	-	158	-
Reclaim our Streets	-	-	1	-	1	40
Royal London	38	10	-	-	48	120
Social Action Fund	-	18	79	-	97	614
Surviving Winter	80	30	-	-	110	160
Time to Give	196	32	4	-	232	259
<i>Total for Other Programmes</i>	<u>8,848</u>	<u>359</u>	<u>170</u>	<u>461</u>	<u>9,838</u>	<u>8,200</u>
<b>2014 Total</b>	<b><u>8,848</u></b>	<b><u>576</u></b>	<b><u>637</u></b>	<b><u>461</u></b>	<b><u>10,522</u></b>	<b><u>8,725</u></b>

7. Governance

	Audit & advisory	2014 Total £'000	2013 Total £'000
Central costs - charity	15	15	10
<b>2014 Total</b>	<u>15</u>	<u>15</u>	<u>10</u>

# UK Community Foundations

## Notes to the financial statements

For the year ended 31 March 2014

### 8. Staff costs and numbers

	2014 £'000	2013 £'000
Salaries and wages	344	470
Social Security Costs	33	51
Pension contributions	20	14
	<u>397</u>	<u>535</u>
Other staff costs, including recruitment	180	72
	<u>577</u>	<u>607</u>

	2014 No.	2013 No.
Number of employees earning between £60,000 and £70,000	1	1

The total employer pension contributions for this employee were £6,574 (2013: £7,944)

The average number of employees was as follows:

	2014 No.	2013 No.
Direct charitable expenditure	11	14
Governance	1	1
	<u>12</u>	<u>15</u>

### 9. Net income/(expenditure) for the year

This is stated after charging:

	2014 £'000	2013 £'000
Depreciation	26	82
Operating lease rentals	39	51
Auditors' remuneration:		
▪ Current year	10	10
▪ In respect of the prior year	4	6
▪ Non-audit services	4	8

**UK Community Foundations**

**Notes to the financial statements**

**For the year ended 31 March 2014**

<b>10. Tangible fixed assets</b>	<b>Furniture &amp; Office Equipment</b>	<b>I.T (DIGITS 2)</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>			
At the start and end of the year	38	71	109
<b>Depreciation</b>			
At the start of the year	32	48	80
Charge for the year	3	23	26
At the end of the year	35	71	106
<b>Net book value</b>			
At the end of the year	3	-	3
At the start of the year	6	23	29

**11. Fixed asset investments**

	<b>2014 £'000</b>	<b>2013 £'000</b>
<i>Listed Investments and CAF funds</i>		
Market value at the start of the year	51	43
Disposals at book value	(51)	
Net unrealised gain	-	8
Market value at the end of the year	-	51
Historic cost at the year end	-	42
Investments comprise:		
CAF UK Equity Growth Units	-	51

## UK Community Foundations

### Notes to the financial statements

#### For the year ended 31 March 2014

#### 12. Current asset investments

	2014 £'000	2013 £'000
Current asset investments	<u>676</u>	<u>-</u>

The current asset investments consist of investments transferred from Birmingham and Black Country Community Foundation to UKCF to be held on trust (see note 17). The investments are managed by Deutsche Bank.

#### 13. Debtors and prepayments

	2014 £'000	2013 £'000
Sundry debtors	21	14
Trade debtors	-	9
Beacon Fellowship Charitable Trust	20	84
Prepayments and accrued income	<u>21</u>	<u>-</u>
	<u>62</u>	<u>107</u>

#### 14. Creditors : Amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	43	405
Accruals	109	48
Social security and other taxes	<u>58</u>	<u>43</u>
	<u>210</u>	<u>496</u>

#### 15. Trustee remuneration and expenses

10 members of the board (2013 - 17) received:

	2014 £'000	2013 £'000
Reimbursement of travel expenses	14	8
Remuneration paid to trustees	<u>1</u>	<u>-</u>
	<u>15</u>	<u>8</u>

Most trustees are also either trustees or employees of our member organisations.

Charles Clarke was paid £1,200 for consultancy services, providing advice to member foundations on endowment raising pursuant to our contract to support the Community First contract. The decision to approve these payments was taken by the Board in November 2013 consistent with Charity Commission guidance and on the basis that payments were reasonable in relation to the services and were in the best interests of the charity.

The Trustees of grant beneficiaries do not participate in the awarding of the grants to the organisations they represent or benefit.



# **UK Community Foundations**

## **Notes to the financial statements**

### **For the year ended 31 March 2014**

#### **16. Operating lease commitments**

Annual commitments payable under operating leases are as follows:

	<b>Land &amp; Buildings</b>		<b>Equipment</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Within 2 years	<b>47</b>	<b>49</b>	<b>2</b>	<b>-</b>
Within 2 - 5 years	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>

#### **17. Restricted Funds**

	<b>At 1 April 2013</b>	<b>Incoming Resources</b>	<b>Outgoing Resources</b>	<b>At 31 March 2014</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
BIG Local Papers	-	2,182	2,182	-
Birmingham and Black Country CF (inc. endowment)	-	848	-	<b>848</b>
Comic Relief	70	5,797	5,794	<b>73</b>
Community First	13	174	178	<b>9</b>
Evening Standard Dispossessed Fund	72	483	471	<b>83</b>
Flood and Storm Donations	-	903	435	<b>468</b>
Local Giving support	19	6	25	-
OCS Philanthropy UK	(53)	140	87	-
People's Health Trust	3	23	20	<b>6</b>
Queen's Silver Jubilee Trust	-	160	158	<b>2</b>
Reclaim our Streets	1	-	1	-
Royal London	27	24	48	<b>3</b>
Social Action Fund	97	-	97	-
Surviving Winter	(6)	99	110	<b>(17)</b>
Time to Give	397	4	232	<b>169</b>
<b>Total funds</b>	<b>639</b>	<b>10,843</b>	<b>9,838</b>	<b>1,644</b>

## UK Community Foundations

### Notes to the financial statements

#### For the year ended 31 March 2014

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##### Purpose of restricted funds

BIG - Local Papers	BIG Local Papers is a programme managed by UKCF that disbursed funds from the lottery through selected community foundations in partnership with their local newspaper.
Birmingham and Black Country CF	As a result of plans to wind down Birmingham and Black Country Community Foundation, donors' funds were transferred to UKCF in March 2014, to be held on trust. The funds consist of bank balances and investments. It is expected that these funds will be passed on to a new Community Foundation for this area of benefit in 2014/15.
Comic Relief	Comic Relief has awarded grants to UKCF to manage the national programme across the United Kingdom on their behalf from 2011 onwards.
Community First	Community First was set up in 2011 as an Endowment Match Challenge, under which the government gives 50% match to endowed donations. UKCF is contracted to manage and support the endowment match challenge.
Evening Standard Dispossessed Fund (ESDF)	The ESDF was set up by UKCF in June 2010 as a fundraising partnership across London between the Evening Standard and UKCF and the 10 local funders who were delivering the Grassroots Grants programme at that time. The fund is now used to collect monies from donors who want/need to give through UKCF as a result of historical relationships. The London Community Foundation is now the principal point of contact and manager of the fund and funds collected are remitted to the London Community Foundation for the purposes of making grants in London.
Flood and Storm Funds	From December 2013 onwards, 11 community foundations set up local programmes to assist the victims of the extreme floods and storms. UKCF launched a national programme to support them. As a result, the Office for Civil Society, Wren Living Ltd, Comic Relief and others awarded grants to UKCF to distribute via the participating community foundations.
Local Giving Support	UKCF has accepted some donations from individuals who have wanted to support LocalGiving.com. Most significantly have been contributions from people associated with the Channel 4 "Secret Millionaires" programme who have wanted to support matched challenges using LocalGiving.com.
OCS Philanthropy UK	The Office for Civil Society invested in the development of Philanthropy UK to become the leading portal for information and research of philanthropic practice. The result of this fund was the launch of "Philanthropy Impact", a new organisation that achieved the objectives of this grant.
People's Health Trust	The People's Health Trust has awarded grants to UKCF to help them generate sufficient and good quality applications for funding for their Active Communities Programme.
Queen's Silver Jubilee	The Queen's Silver Jubilee Trust made a grant to UKCF to manage a pilot programme, via a selected number of our members, seeking to scale up significantly high potential charities that enable young people to help others more effectively.
Reclaim our Streets	The Reclaim our Streets Fund was set up by the Express Newspaper Group in 2011 in response to the riots in England. The purpose is to make grants to individuals, businesses and organisations affected by the riots.
Royal London	The Royal London Foundation awarded a grant to UKCF in 2011 in order for us to make grants to community groups nominated by members of The Royal London Group.

## UK Community Foundations

### Notes to the financial statements

#### For the year ended 31 March 2014

Social Action Fund	Social Action Fund proposed to use £530k of philanthropic match funding, the online fundraising platform Localgiving.com, and the powerful incentive of the Match Fund challenge, to mobilise over 20,000 people to engage in social action and leverage over £2million of cash and in kind support for local volunteer-involving organisations.
Surviving Winter	The Surviving Winter campaign is funded by donations from the public to raise money for pensioners affected by fuel poverty. Grants are made by our member organisations. The deficit at the year end was a timing issue relating to incoming donations and gift aid and will be remedied in 2014/15.
Time To Give	Esmee Fairbairn Foundation awarded a grant to UKCF in 2011 to develop locally managed philanthropy. UKCF in turn has awarded grants to our members to enable them to create Fellowships of local philanthropists.

#### 18. Unrestricted Funds

	At 1 April 2013	Incoming Resources	Outgoing Resources	At 31 March 2014
	£'000	£'000	£'000	£'000
General unrestricted funds	184	584	699	69
<b>Total funds</b>	<b>184</b>	<b>584</b>	<b>699</b>	<b>69</b>

#### 19. Analysis of group net assets between funds

	The charity		Total Charity funds
	Restricted funds £'000	Unrestricted funds £'000	£'000
Tangible fixed assets	-	3	3
Net Current Assets	1,644	66	1,710
<b>Net assets at 31 March 2014</b>	<b>1,644</b>	<b>69</b>	<b>1,713</b>

## **UK Community Foundations**

### **Notes to the financial statements**

#### **For the year ended 31 March 2014**

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#### **20. Related party**

In 2009, UKCF became the sole corporate member of the Beacon Fellowship Charitable Trust (BFCT). Two UKCF nominated trustees' joined the board (Matthew Bowcock and Anne Boyd) of BFCT. David Sheepshanks, Chairman of UKCF, joined the board in November 2013. BFCT is a separate legal entity and is not controlled by UKCF.

UKCF has a 20% shareholding in LocalGiving.com (1 ordinary share of £1). UKCF has not yet paid for its shareholding and therefore owes £1. The following people who were trustees of UKCF sit on the board of directors for LocalGiving.com: Matthew Bowcock and Marcelle Speller. The CEO of UKCF, Stephen Hammersley also sits on the board of LocalGiving.com.

UKCF does not need to account for its representative share of the losses generated by LocalGiving.com as the board of LocalGiving.com have confirmed that UKCF has no liability to either provide additional capital or support the losses at any point in time.

#### **21. Contingent liability**

1. UK Community Foundations participates in The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan.

2. Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

3. The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

4. The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

5. The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

6. If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

7. The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them.

8. UK Community Foundations paid contributions of £6,150.21 during the accounting period. Members paid contributions at the rate of 0% during the accounting period.

## UK Community Foundations

### Notes to the financial statements

#### For the year ended 31 March 2014

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#### 21. Contingent liability continued

9. As at the balance sheet date there were no active members of the Plan employed by UKCF. UKCF has closed the Plan to new entrants but has no intention of exiting the scheme.

10. It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

11. The valuation results at 30 September 2011 were completed in 2012 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore, revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%.

12. The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

	% pa
Rate of return pre retirement	4.9
Rate of return post retirement	
Active/Deferred	4.2
Pensioners	4.2
Bonuses on accrued benefits	0.0
Inflation: Retail Price Index (RPI)	2.9
Inflation: Consumer Price Index (CPI)	2.4

13. In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

14. The Scheme Actuary has prepared a funding position update as at 30 September 2013. The market value of the Plan's assets at that date was £772 million and the Plan's Technical Provisions (i.e. past service liabilities) was £927 million. The update, therefore, revealed a shortfall of assets compared with the value of liabilities of £155 million, equivalent to a funding level of 83%.

15. If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

16. The Pensions Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2011 valuation was forwarded to The Pensions Regulator on 2 October 2012, as is required by legislation.

17. Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan and The Pensions Act 2011 has more recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any Series except Series 4. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

## **UK Community Foundations**

### **Notes to the financial statements**

**For the year ended 31 March 2014**

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#### **21. Contingent liability continued**

18. The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.

19. The leaving employer's share of the buy-out debt is the proportion of the Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. Therefore, the amounts of debt can be volatile over time.

20. When an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). Due to a change in the definition of money purchase contained in the Pensions Act 2011 the calculation basis that applies to the Growth Plan will be amended to include Series 3 liabilities in the calculation of an employer's debt on withdrawal.

21. The Growth Plan is a "last man standing" multi-employer scheme. This means that if a withdrawing employer is unable to pay its debt on withdrawal the liability is shared amongst the remaining employers. The participating employers are therefore, jointly and severally liable for the deficit in the Growth Plan. As at 30 September 2013 the total deficit calculated on the buy-out basis was £219.9m.

22. UK Community Foundations has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2013. 6 As of this date the estimated employer debt for UK Community Foundations was £92,380.33.