

COMMUNITY FOUNDATION FOR MERSEYSIDE
GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2008

Company Number : 3422207

Charity Number : 1068887

Community Foundation for Merseyside

Year ended 31 March 2008

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Community Foundation for Merseyside

Year ended 31 March 2008

COMPANY INFORMATION

Bankers:	Alliance & Leicester Bridle Road Bootle GIR 0AA
Solicitors:	Brabners Chaffe Street Horton House Exchange Flags Liverpool L2 3YL
Investment Managers:	Rensburg Sheppards Investment Management Limited 100 Old Hall Street Liverpool L3 9AB
Auditors:	Duncan Sheard Glass Castle Chambers 43 Castle Street Liverpool L2 9TL
Financial Advisers:	Cullen Financial Planning 83 Sefton Lane Maghull Liverpool Merseyside L31 8BU
Registered office:	Community Foundation for Merseyside c/o Alliance & Leicester Bridle Road Bootle GIR 0AA

Community Foundation for Merseyside

Report of the Directors Year Ended 31 March 2008

The directors present their Report and the Financial Statements for the year ended 31 March 2008 for the Community Foundation for Merseyside and its subsidiaries.

REFERENCE AND ADMINISTRATIVE DETAILS

The charity, which is known as Community Foundation for Merseyside, is constituted as a company limited by guarantee and not having any share capital. The company is registered in England and Wales, Number 3422207, and its principal governing document is the company Memorandum and Articles of Association. The charity is also registered with the Charity Commission Number 1068887.

The charity is constituted as a membership organisation. There were 318 members at the year end.

Details of the advisers to the company are shown on page 2.

Directors and senior staff

The persons who have acted as Directors and Trustees during the year are:

I Chapman	Resigned 11th December 2007
M J Eastwood	
R Hawley	
J A Kellaway (Chairman)	
M Khan	
V Matthews	
I A McCombe	Resigned 11th December 2007
M Pearson	
R Towers	Appointed 31st July 2007
A Wallis	
A White	Resigned 11th December 2007
K E L Williams	Resigned 11th December 2007
S Yeoman	Appointed 1st May 2008

Details of membership of sub-committees are available from the Company Secretary.

The senior staff are:

D Roberts	Chief Executive and Company Secretary
C Elliott	Assistant Chief Executive
S Langfeld	Finance and Administration Manager
N McAlley	Partnerships Manager
J Miller	Partnerships and Philanthropy Manager
N Steele	Grants Manager

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The objects of the charity, as set out in the Memorandum and Articles of Association, are:

“the promotion of any charitable purposes for the benefit of the community in the United Kingdom but primarily within the areas of the five Metropolitan Boroughs presently constituting the area of the County of Merseyside namely the City of Liverpool and the Metropolitan Boroughs of Wirral, Sefton, Knowsley and St Helens”.

The Charity also administers a number of grant funds in both Lancashire and the Cheshire district of Halton and has secured funding for the Green Machine programme in the borough of Warrington, Cheshire.

The charity may not undertake any permanent trading activities in order to raise funds. However, it has established a separate trading company (see below) for this purpose.

Community Foundation for Merseyside

Report of the Directors Year Ended 31 March 2008

Organisational structure

Community Foundation for Merseyside is run by a Board of Directors (who are also its Trustees), which is responsible for setting the strategic direction of the organisation, for establishing policy and for maintaining proper governance. It meets at least quarterly and comprises representatives of the private, public and voluntary sectors. All trustees have job descriptions and person specifications.

Andrew Kellaway was appointed as Chairman at the first board meeting following the 2007 Annual General Meeting, replacing Ian Chapman who had been in the role for five years.

In the furtherance of its aims, the organisation has created four sub-committees. Terms of Reference and Remit have been adopted for each. In summary, the Development Sub-Committee has been delegated responsibility by the full board to oversee fundraising issues. The Grants Sub-Committee oversees grant-making (recommendations regarding the distribution of grants are made by the donor or by grant panels comprising local volunteers; these recommendations are considered by the Grants Sub-Committee, which then confirms grants to be made from each fund. Approximately 150 volunteers are registered and trained to sit on the organisation's grant panels). The Management and Finance Sub-Committee oversees staffing, accommodation and financial issues. The fourth sub-committee, the Directors Appointment Panel, is described below.

This year, the organisation also established a Development Advisory Group. This is not a sub-committee but an informal and fluid group of individuals (mainly existing donors) that meets on a regular basis to support and advise the board and staff on fund development activities. The Group operates to terms of reference.

The Board has appointed a Chief Executive to whom it delegates responsibility for the day-to-day operational management of the organisation. This post is directly responsible to the Board and also acts as Company Secretary. Below the Chief Executive, there is a team of sixteen staff across two functions - Operations (which includes Grant-making, Administration and Finance) and Development (which includes Marketing & Communications and Partnerships and Philanthropy). The Development function is headed by the organisation's Assistant Chief Executive.

Other than the day to day running of the organisation, the board has also delegated to the executive the power to determine applications for grants of £500 or less to specific funds as determined by the board.

Trustees' recruitment and appointment

The directors are normally appointed by the members of the company and one-third of the directors will normally retire each year and be eligible for re-election at the Annual General Meeting. No places on the board are reserved for specific individuals or representatives of particular organisations.

Directors are initially nominated and seconded by existing members and their appointment is subject to submitting a CV, which is reviewed by the Directors Appointments Panel, a sub-committee set up for this purpose. The panel then makes a recommendation to the full board regarding the nomination. The panel comprises trustees plus the Executive Director and a third party advisor and the process is enshrined in the Memorandum and Articles of Association.

The directors may also appoint additional directors subject to there being a maximum of fifteen in total. They may also co-opt non-voting advisors to boards or sub-committees.

The directors benefit from job descriptions and abide by a variety of other procedural documents.

Induction and training of trustees

All new directors are given an induction session to explain the operation of the charity. Regular training of directors takes place (at least annually) to update them with the relevant laws and regulations and to ensure they are fully engaged with the work of the Foundation.

Community Foundation for Merseyside

Report of the Directors Year Ended 31 March 2008

Network organisations

The organisation has a strong relationship with Community Foundation Network (CFN), the network organisation that represents community foundations in the UK. The Chief Executive is a member of CFN's Board and the organisation is represented on its Network Development Task Group and Conference Planning Committee. There is regular networking between community foundations and representatives of the organisation attend such forums as Northern Directors and the DIGITS user group.

This year, the Foundation hosted the biennial conference of UK community foundations (see below).

Key partnerships

The organisation has a linked charity, created in 2006 via a uniting direction made under section 96 of the Charities Act 1993. It was established for the purposes of receiving donations intended as permanent endowment. Its charity registration number is 1068887-1. All income generated by the endowment will be gifted to the reporting charity. The trustees of the linked charity are the same as for the reporting charity. The linked charity saw no activity during the year.

The organisation also has a trading company, established on 23rd November 2006. It is called Community Foundation for Merseyside (Trading) Limited and it is a private limited company, number 06007493. It was established for the purposes of undertaking trading activities. All of its profits are gift aided to the charity. The trading company's primary activity during the year was the delivery of the Community Foundation Network biennial conference (see below).

The Foundation has 'non-donor' relationships with many key players. Examples include the local authorities, Alliance and Leicester, Rathbones Investment Management Ltd, Local Strategic Partnerships, the Charity Commission, the Liverpool Echo, the Co-operative Bank, the Councils for Voluntary service in both Merseyside and Lancashire, Merseyside Play Action Council, Merseyside Access for Play, Youth Federation, Liverpool Charity and Voluntary Services, the Liverpool Culture Company, Chambers of Commerce, Merseyside Expanding Horizons, Merseyside Disability Federation, Central and Regional Government, Merseyside Police, Merseyside Fire and Rescue, Liverpool Centre for Arts Development, the Tutu Foundation and Coutts Bank.

The organisation also continued to lead the development of a new community foundation in neighbouring Lancashire, to take over the grant-making work that the organisation had been undertaking in the County over the previous three years. Community Foundation for Lancashire was registered with both the Charity Commission and Companies House during the year and appointed its founding board of directors. An agreement in principle has been reached whereby the two community foundations will share most of their "back office" functions, with local activity being branded differently in each area. This will be formalised in a partnership agreement that is expected to be ratified in the forthcoming year.

Risk review

The Board of Trustees has undertaken a detailed review of the risks that the organisation faces. These are published in a formal Organisational Risk Assessment. All risks identified have been addressed and mitigated as far as possible. No identified risks remain unaddressed. The Risk Assessment is subject to formal annual review and update by the trustees, with interim monitoring on a quarterly basis by the staff management team.

The organisation meets the requirements of various industry quality marks - Investors in People, the Fundraising Standards Board and is a Community Foundation Network Accredited Community Foundation to standards endorsed by the Charity Commission.

The organisation also uses a formal Performance Management Framework to monitor and measure progress against a set of key organisational performance indicators. Progress against the Framework is assessed by the staff management team on a fortnightly basis and reported to the board and the staff meeting on a quarterly basis, using a scorecard system.

Community Foundation for Merseyside

Report of the Directors Year Ended 31 March 2008

OBJECTIVES AND ACTIVITIES

Objectives and aims

The charity's vision is "to be sustainable; to be the biggest funder of the voluntary sector on Merseyside and to have a substantial endowment".

The charity's mission is to "bring donors and communities together on Merseyside through effective grant-making, to provide a valuable and sustainable resource for now and for future generations".

The charity's long-term goal is to "secure long-term sustainability". Its short-term goal is to "address the loss of Local Network Fund in 2008".

The charity's key objectives are "to build endowment and other donor funds", "to become a community leader", "to develop the board", "to pursue a successor to Local Network Fund and secure similar contracts" and "to reduce operational costs".

Public benefit

The organisation benefits the public by raising funds and distributing them as grants to support charitable activities. Before any grant is made, the organisation carefully and thoroughly assesses the charitable and public benefits of the proposed activities and it also monitors the impact of the activity after the grant has been made.

Strategies

The activities that will achieve the vision and aims are set out in a series of key strategic documents, developed by the board, staff and other stakeholders. Foremost among these is the Business Plan (reviewed annually), which sets out key priorities and objectives, alongside a financial plan for the next three years. The Business Plan is supported by a Fund Development Strategy, a Community Leadership Strategy, an Operations Strategy and a Marketing and Communications Strategy.

Significant activities

The main area of charitable activity is the awarding of grants within the local community. This is achieved by raising donations from private, public and charitable sources and redistributing them (or the income they generate in the case of invested or endowed funds) as constructive grants to the local community, according to the donors' wishes. Presently, the vast majority of funds raised by the organisation are channelled through restricted revenue (or "flow-through" funds, without being invested for the long-term). The charity has relatively little unrestricted income that it can use for grant-making. Further information on grant-making activities during the year is provided below.

Some of the larger funds administered in the year included the Local Network Fund for Children and Young People (on behalf of the Department for Children Schools and Families and targeting 0-19 year olds suffering poverty or disadvantage); the Green Machine (a collaboration of donors targeting environmental issues on Merseyside); Fair Share (an annuity scheme providing larger grants to targeted communities in four of the Merseyside boroughs and administered on behalf of the Big Lottery Fund) and the Arts and Culture Fund (using European funds to support arts and culture projects that improve employment opportunities). At the year end, the organisation had just started the administration of a large programme for Wirral Primary Care Trust.

Contribution of volunteers

The Trustees are grateful for the contribution made by the volunteers who sit on the grant awarding panels. Panel members number approximately 150 across both Merseyside and Lancashire. All of the volunteers are inducted and trained and generally contribute up to four or five days a year to the organisation. Their contribution of knowledge and expertise is a crucial ingredient in the success of the organisation's grant-making and in terms of ensuring local ownership and accountability.

Community Foundation for Merseyside

Report of the Directors Year Ended 31 March 2008

Grant making policies

The organisation administers a large number of grant programmes, each one established by a donor(s) who can direct the type of grants to be made from their programme (geographical area, themes, size of grants, regularity of awards etc.). However, in general terms the policy of the charity is to award grants to organisations that have made a formal application for a grant, that fulfill the requirements of the relevant grant programme and which have the necessary systems in place to administer a grant. All grant applications are subject to a formal appraisal by the charity's staff before being presented to the local grant panel, or the donor, for a recommendation. A scoring system is used to guide decisions. All panel or donor recommendations are ratified by the organisation's trustees prior to any offer being made.

Investment powers

The Charity's Investment Powers are prescribed in its Memorandum and Articles of Association.

The Board of Trustees has approved a document called 'Policies on Fund Management and Financial Control', relating to the management of all of its funds and which includes the strategies for the investment of its endowment. The purpose of investment in the endowment fund is to generate a sustainable income for (i) grant-making and (ii) meeting running costs. The organisation has appointed professional investment managers to manage the endowment. The overall objective they have been set is to maintain a balanced return between income and capital. The level of risk they are permitted to take is 'medium'. Presently, the strategy proposes that most of the portfolio is invested in UK equities (40 - 80%) and fixed interest stock (10 - 30%), with cash, non-UK equities and other assets also an option. Investment in derivatives or "hedge funds" is not permitted without the express consent of the trustees. Investment performance is monitored by the board on a quarterly basis, using benchmarks such as the FT All Stocks Government Index, the FT All Share Index, the FT World Index (excluding UK) and the IPD Index as well as a comparison of the current investment managers' performance with others in the field.

ACHIEVEMENTS AND PERFORMANCE

General review

Like the previous year, this one was very much dominated by a continued shift away from the organisation's historic over-reliance on managing a small handful of large, national, public sector grant programmes and becoming much more focused on private donors and broadening its portfolio of funds (from all sources) at a more local level. At the core of this philosophy is the need to ensure long-term sustainability by building endowed funds.

To a large extent, this need for change has been forced upon the organisation by the changing environment which it faces. Large Governmental small grants programmes are disappearing. The organisation saw the end of the Government's Neighbourhood Renewal Community Chests in March 2006 (a loss of over £3 million a year of income) and the similarly sized Local Network Fund for Children and Young People ended on 31st March this year.

Inevitably, this meant a small downsizing (a reduction in the number of staff from 22 to 16), which took place towards the year end through a process that is never easy but was in this case completed exceptionally smoothly.

However, the overriding message has to be one of tremendous achievement. The shift towards the private sector and broadening the portfolio of funds has already shown its benefits. To have ridden out the demise of two programmes worth over £6 million in the space of 24 months with the loss of just six staff (or one quarter of the total) is something that would have been inconceivable two or three years ago, bearing in mind that the turnover of the organisation has rarely exceeded £6 million a year. Not only that but the need to deal with loss of these programmes provided the opportunity for a significant restructuring of the staff team and a re-focusing of the organisation's strategic direction. For instance, it has invested substantially in its fund development function (6 staff) so that it can extend its work with existing and new donors; indeed it arguably has the largest such team of any UK community foundation and it is already bearing fruit, with several new donors coming on board. The Foundation appointed an Assistant Chief Executive during the year, to head up the fund development function.

Community Foundation for Merseyside

Report of the Directors Year Ended 31 March 2008

The details of the process of change have very much been informed by the conclusions of a successful application for a Community Foundation Network Quality Accreditation in 2006. The accreditation acknowledged the strengths of the organisation with respect to grant-making, governance, financial management etc. but identified weaknesses in the approach to fund development. It described the improvements that would need to be made if the organisation was to attract endowment and other private funds.

The move towards "donor facing", as opposed to "grants facing", strategies is not a straightforward one and involves a significant cultural change for the board and staff. To that end, the year saw a considerable investment of time in reviewing the way that they contribute to the organisational objectives. All posts were revised and each role is now built around a series of key competencies and objectives. A formalised system of work plans and performance indicators has been introduced and the strategies for learning and development of board and staff have been revised.

Review of activities

With the focus on attracting a broader range of funds from all sectors, it was pleasing to note that a number of new donors were secured this year. Among them were Joseph Harley and John Goore Charitable Trusts (charitable sector), Royal Liver (private sector) and Merseyside Police and Wirral Primary Care Trust (public sector). A number of private companies increased their giving through the organisation, such as Medicash, Unilever and Mersey Docks and Harbours Company.

However, the purpose of raising funds is to distribute them as effective grants to voluntary and community organisations for the delivery of projects that target a range of issues, often donor specified.

In total, the organisation made a total of 976 grants from 21 different donor funds, with an overall value of £4,856,029. Over half of these (531) came from the Local Network Fund for Children and Young People, a Government programme that finished at the end of this year and has been designed to tackle the "Every Child Matters" agenda. Other significant programmes, in terms of size, were the Fairshare Trust (5 grants worth £758,407 and managed on behalf of BIG Lottery), ChangeUp (11 grants worth £128,109 and managed on behalf of Merseyside ChangeUp), the Arts and Culture Fund (101 grants worth £505,293 and managed on behalf of the European Social Fund) and the Knowsley Voluntary and Community Fund (78 grants worth £298,005 and managed on behalf of Knowsley Council).

There follows just a few examples of the kind of award made by the organisation during the year:

A grant of £4,630 to Edge Lane Community Centre to place 20 young volunteers on an FA coaching course (from the Arts and Culture Fund).

A grant of £1,930 to Nafisa Mekki to allow young homeless people to work with a film maker to produce a film about the realities of homelessness for young people (from Community Champions)

A grant of £1,500 to Little Woods of Stockbridge Association to purchase seeds and plant up a project area (from the Knowsley Voluntary and Community Fund)

A grant of £60,000 to Maritime Housing for a neighbourhood warden scheme (from Fair Share Trust).

A grant of £490 to St Johns Court Residents Committee to purchase outdoor seating (from the Mersey Docks and Harbour 500 Fund)

A grant of £1,000 to Action Force Africa for an anti-racism project (from Payes Plus Extra, Merseyside Police)

Existing programmes and funds continued to benefit local communities. Apart from those mentioned above, relationships continued with donors such as Keepmoat plc, Alliance and Leicester, the Department for Children, Schools and Families, Sefton Primary Care Trust, Sefton and Knowsley Councils, Youthbank and Sonae UK.

The organisation continued to improve the way that it evaluates the impact of its grant-making. Comprehensive impact reports of the Local Network Fund were produced for each Merseyside borough, while standardised evaluation reports are now produced for all of its donor funds where required, allied by improved use of its DIGITS database system and other information technology.

To support the staff and board in finding new donors, the organisation established a Development Advisory Group, chaired by its President, Dame Lorna Muirhead the Lord-Lieutenant of Merseyside. A fluid and flexible group of influential people, the Group is likely to play an increasingly important role in the organisation's fund development work.

Community Foundation for Merseyside

Report of the Directors Year Ended 31 March 2008

Wealthy individuals will be of paramount importance to any community foundation when it comes to fund development and this is a relatively new area of work for the organisation. During the year it engaged with a number of professional advisor firms with a view to offering charitable giving advice to their clients. At the year end, the organisation was in discussion with several people who were considering becoming its first individual donors.

The organisation continued to develop its work around 'themed' funds. Green Machine, the environmental initiative originally launched in 2005, went from strength-to-strength, with company partners identified for all but one Merseyside borough. This year saw the launch of the second themed fund, Merseyside Young Transformers (MYT), which aims to tackle issues of knife crime and gang culture. At the centre of MYT is a strong partnership between the organisation, Merseyside Police, the Tutu Foundation and the Liverpool Echo. Initial funding was secured from the Police and the Home Office and the project has made a significant and measurable impact on the issues it is addressing. It has also generated significant local and national media coverage. At the year end, the organisation was in discussion with Community Foundation Network and the Police about possible national roll-out.

Also at the year end, plans were in place for the launch of the organisation's third themed fund - a 'Cultural Legacy Fund' to ensure funding for voluntary sector-led cultural activity after Liverpool's 2008 year of culture finishes. With the catalyst of an initial investment from Royal Liver Assurance Ltd, a number of key players were already engaged in getting the fund off the ground.

The year also saw the official launch of the Boost Initiative. This is a nationally important project, conceived and hosted by Community Foundation for Merseyside, that will unlock the assets of dormant and inactive charitable trusts so that they can be brought back into effective charitable use. It represents a partnership between this organisation, Community Foundation Network and the Charity Commission. There are two key elements - a referral system whereby the Charity Commission can signpost trustees of local charities and proactive work in their area by local community foundations. A series of training workshops were held for community foundations during the year.

Underpinning the work on fund development is the need to raise the profile of the organisation amongst its target audiences. During the year, there was increased investment in the marketing and communications function.

Grant-making also continued in Lancashire. The organisation will continue to undertake this work next year, though it will start to do so in the name of, and through a partnership agreement with, the Community Foundation for Lancashire from an agreed point in time (see above). Clearly, the establishment of Lancashire's community foundation and the devising of a partnership between it and Merseyside's has involved significant work, most particularly for the Chief Executive. However, the benefits of the partnership via the economy of scale that will be created far outweigh this investment of time and the model is being looked at with interest from elsewhere within the community foundation movement.

A highlight of the Autumn was the hosting of the biennial Community Foundation Network Conference, sponsored by RBS, Coutts, Price Waterhouse Cooper, Rathbones Investment Management Ltd and Brabners Chaffe Street. Some 400 delegates from across the UK and the rest of the world descended on Merseyside for three days of seminars, workshops and plenaries at Aintree Racecourse, supplemented by outstanding evening events at the Anglican Cathedral, Tate Liverpool and the Cavern Club. The substantial investment of time and energy from the organisation proved very worthwhile in terms of the relationships and credibility that were developed and the feedback from attendees was highly positive.

The organisation also held its second Spirit of Merseyside Awards at the Crowne Plaza, sponsored by Alliance and Leicester. This highly successful event saw 380 guests attending what is becoming an increasingly important event on the Merseyside social calendar.

The last few weeks of the year were largely dominated by the submission of tenders to deliver the Government's new Grassroots Grants programme in Merseyside and Lancashire. The programme includes a mixture of an endowment-building challenge and a flow-through grants programme and the importance to the organisation of a successful tender cannot be underestimated in terms of the opportunities it would create to deliver its vision.

At the same time, a tender was being submitted for a significant European Social Fund programme.

Community Foundation for Merseyside

Report of the Directors Year Ended 31 March 2008

Factors within and outside charity's control that are relevant to the achievement of its objectives

Within its Business Plan, the charity has carefully considered all of the likely internal and external factors that might impact upon its ability to deliver its aims and objectives, including a detailed 'SWOT' analysis. It has looked at the competitive nature of fund development and considered the significant shifts in social policy. The charity is satisfied that it has mitigated against, or taken advantage of, the potential impacts of such factors. Within its Risk Assessment (see above), the organisation has included an analysis of the economic climate and the impact that this may have on its investments and on the ability or willingness of individuals and organisations to give.

The charity recognises that the staff are crucial to its success. All independent reviews of the organisation (e.g. Community Foundation Network Quality Accreditation and Investors in People) have picked out the professional, happy and committed staff team as a key ingredient to the success of the organisation. This has naturally been a difficult year because of the downsizing and restructuring that took place. Therefore, the organisation is dedicated to ensuring that over the next year resources are invested in ensuring that all staff are fully integrated into their new roles and with each other and that they can make a proper contribution to the future direction of the organisation.

FINANCIAL REVIEW

Overall income and expenditure levels were broadly the same as in previous years, although this will be the last year of the Local Network Fund for Children and Young People, which is by far the largest programme. The organisation reduced its operational costs and has so far managed to undertake its restructuring and increased investment in fund development (see above), without utilising any of its reserves (in the previous year the board agreed to the principle of investing up to £100,000 of reserves in fund development, if necessary).

Across the organisation, 11% of income is spent on administration, with a further 2% invested in attracting new funds. However, the proportion of any donation that is used for administration is fixed and agreed in writing between the organisation and the donor. The organisation's approach to this is set out in its "Policies on Fund Management and Financial Control"; however, they are typically 10% of donations made for flow-through grant-making and 1% of the capital value at 1st April each year for donations that are endowed. Any difference between the amount deducted from donations and the overall cost of the organisation's administration is covered by other incomes such as sponsorship, direct grants from other charitable bodies or membership fees.

Agreements to deliver grant programmes on behalf of donors are not always linked to the Foundation's financial year, and timing differences between receipt and dispersal of funds can result in exceptional surplus income over expenditure, showing as high levels of cash deposits held in restricted funds at the year end.

The organisation has clear forecasts and plans for the expected drop in income next year. Most of these have already been implemented, through the downsizing and restructuring described above. Although further downsizing in future years cannot be discounted, the strategies and investments that have already been made will ensure that these do not have a fundamental impact on the business i.e. the long-term stability of the organisation is assured.

The performance of invested funds this year has been satisfactory.

Donation in kind

The most significant contribution in kind has been from Alliance and Leicester, who have provided office accommodation and associated support; this is estimated to be valued at £30,000 per annum.

Reserves policy

The Board of Trustees has determined that the unrestricted funds not committed or invested in tangible fixed assets held by the charity should be grown to at least six months of the resources required to run the essential elements of the organisation (e.g. salaries, office accommodation). This amounts to approximately £300,000 and the Foundation had achieved its objective at the year-end, with £328,755 secured for this purpose. However, it should be noted that, for the reasons described above, the organisation has agreed, in principle, to invest £100,000 of these reserves into fund development, should they be required.

Community Foundation for Merseyside

Report of the Directors Year Ended 31 March 2008

FUTURE PLANS

The Foundation's key policies and strategies, including its three-year objectives, are set out in its Business Plan and these have been described above.

AUDITORS

In accordance with Section 487(2) of the Companies Act 2006, a resolution proposing that PKF be appointed as auditors will be put forward at the Annual General Meeting

SMALL COMPANY

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 as they relate to small companies.

By Order of the Board

A Kellaway

Community Foundation for Merseyside

Year Ended 31 March 2008

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity and the incoming resources and application of resources, including the net income or expenditure for the year. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware

- there is no relevant audit information of which the company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of the information.

Community Foundation for Merseyside

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COMMUNITY FOUNDATION FOR MERSEYSIDE

We have audited the group and individual charity financial statements of Community Foundation for Merseyside for the year ended 31 March 2008 which comprise the Group Statement of Financial Activities, Group Summary Income and Expenditure Account, the Group Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the 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 auditors

As described in the Statement of Trustees' Responsibilities the company's trustees (who are also the directors of Community Foundation for Merseyside for the purposes of company law) are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 Trustees' Report is not consistent with the financial statements, if the charity 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 trustees' remuneration and transactions with the charity is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity'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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group and individual charity's affairs as at 31 March 2008 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

Duncan Sheard Glass
Chartered Accountants
Registered Auditor

43 Castle Street
Liverpool
Merseyside L2 9TL

Community Foundation for Merseyside

Group Statement of Financial Activities Year ended 31 March 2008

		Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2008 £	2007 £
Incoming resources						
Incoming resources from generated funds						
Voluntary income	2.1	71,383	15,822	114,167	201,372	270,705
Investment income	2.3	55,164	-	-	55,164	41,334
Incoming resources from charitable activities						
	2.2	663,460	5,759,852	-	6,423,312	5,611,093
Income from Trading Activities	2.5	107,092	-	-	107,092	-
Other income	2.4	36,625	-	-	36,625	62,832
Total incoming resources		<u>933,724</u>	<u>5,775,674</u>	<u>114,167</u>	<u>6,823,565</u>	<u>5,985,964</u>
Resources expended						
Cost of generating funds						
Cost of generating voluntary income	3	48,731	68,322	-	117,053	153,303
Investment management costs	3	-	-	1,441	1,441	235
Charitable activities	3	723,960	4,806,030	-	5,529,990	5,350,551
Trading Expenditure	3	107,092	-	-	107,092	-
Governance	3	26,575	-	-	26,575	23,356
Total resources expended		<u>906,358</u>	<u>4,874,352</u>	<u>1,441</u>	<u>5,782,151</u>	<u>5,527,445</u>
Net incoming resources before other recognised gains and losses						
		27,366	901,322	112,726	1,041,414	458,519
Net gains / losses on investment assets	10	-	-	(24,040)	(24,040)	265
Net movement in funds		<u>27,366</u>	<u>901,322</u>	<u>88,686</u>	<u>1,017,374</u>	<u>458,784</u>
Reconciliation of funds						
Total funds brought forward		<u>301,389</u>	<u>684,360</u>	<u>132,451</u>	<u>1,118,200</u>	659,416
Total funds carried forward		<u><u>328,755</u></u>	<u><u>1,585,682</u></u>	<u><u>221,137</u></u>	<u><u>2,135,574</u></u>	<u><u>1,118,200</u></u>

The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities.

Community Foundation for Merseyside

Group Summary Income and Expenditure Account Year Ended 31 March 2008

	2008	2007
	£	£
Gross income from all sources	6,823,565	5,985,964
Less permanent endowment income	<u>(77,535)</u>	<u>-</u>
Total Income	6,746,030	5,985,964
Total expenditure	<u>(5,782,151)</u>	<u>(5,527,445)</u>
Net income for the year	<u>963,879</u>	<u>458,519</u>

All amounts relate to continuing operations.

Community Foundation for Merseyside

Group Balance Sheet As at 31 March 2008

	Notes	2008		2007	
		£	£	£	£
Tangible assets	9		5,698		14,703
Investments	10		86,347		22,713
			<u>92,045</u>		<u>37,416</u>
Current Assets					
Debtors	11	396,100		104,362	
Cash at bank and in hand		2,009,608		1,364,265	
		<u>2,405,708</u>		<u>1,468,627</u>	
CREDITORS: amounts falling due within one year	12	<u>(362,179)</u>		<u>(387,843)</u>	
Net Current Assets			<u>2,043,529</u>		<u>1,080,784</u>
Net Assets			<u>2,135,574</u>		<u><u>1,118,200</u></u>
 The Funds of the Charity					
Endowment Funds	16		221,137		132,451
Unrestricted Funds	15		328,755		301,389
Restricted Funds	14		1,585,682		684,360
Total Charity Funds			<u>2,135,574</u>		<u><u>1,118,200</u></u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 as they relate to small companies.

Approved by the Board of Trustees and authorised for issue on 20th November 2008

A Kellaway – **Trustee**

Community Foundation for Merseyside

Notes to the Financial Statements Year Ended 31 March 2008

1 ACCOUNTING POLICIES

1.1 Accounting basis

- (a) The financial statements have been prepared under the historical cost convention modified by the inclusion of investments at market value and in accordance with applicable accounting standards, the Companies Act 1985 and the Statement of Recommended Practice
- (b) Incoming resources are included in the Statement of Financial Activities (SOFA) when they become receivable, except donations and gifts in kind. Donations are included when they are received. Gifts in kind are valued at an estimate of market value.
- (c) Resources expended are included in the SOFA on the accruals basis based on work done or services provided in the period, including irrecoverable VAT.
- (d) Grants payable are recognised as expenditure when the commitment is made.
- (e) Costs of Generating Funds includes the cost of brochures, advertising, fundraising and other promotional events designed to increase public awareness of the Foundation, together with other costs directly attributable to fundraising activities.
- (f) Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes costs that can be allocated directly to such activities and those costs of an indirect nature necessary
- (g) Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fee and costs linked to the strategic management of the charity.
- (h) All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis as set out in not
- (i) Voluntary help received by the Foundation has not been valued, in accordance with the SORP.

1.2 Tangible fixed assets

Depreciation is provided to write off the cost of each asset over its expected useful life using the following rates and methods:-

Fixtures and fittings	25% per annum
Office equipment	25% per annum

Tangible fixed assets under £500 are not capitalised.

Community Foundation for Merseyside

Notes to the Financial Statements Year Ended 31 March 2008

1 ACCOUNTING POLICIES (continued)

1.3 Fixed Asset investments

Investments are included at market value at the balance sheet date. Any gain or loss on revaluation is taken to the SOFA.

1.4 Pensions

The company contributes to Individual Personal Pension policies for its employees. Contributions are charged to the SOFA in the period to which they relate.

1.5 Leases

Rentals under operating leases are charged to the income and expenditure account in the period to which they relate.

1.6 Fund accounting

Unrestricted funds are incoming resources receivable or generated for the objects of the charity without further specified purpose and which can be used in accordance with the charitable objects at the discretion of the trustees.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Endowment funds are held for long term income generation for the Foundation. Income generated from the funds is distributed in accordance with the wishes of the original donor. Capital gains or losses arising on the investments form part of the fund. Charges for investment management and advice are charged to the fund as incurred.

1.7 Subsidiary Company

The Charity has a wholly owned subsidiary in Community Foundation For Merseyside (Trading) Limited. Community Foundation for Merseyside (Trading) Limited has been consolidated within these financial statements.

Community Foundation for Merseyside

Notes to the Financial Statements Year Ended 31 March 2008

2 INCOMING RESOURCES	2008	2007
	£	£
2.1 Voluntary Income		
Endowments Received	114,167	114,538
Sponsorship, Donations and Membership	37,741	61,816
Big Lottery Fund	15,822	64,351
Training subsidy	3,642	-
Gifts in kind – Use of office	30,000	30,000
	<u>201,372</u>	<u>270,705</u>
2.2 Incoming Resources from Charitable Activities		
Local Network Fund for Children and Young People Alliance & Leicester	3,295,879	3,315,319
BHP Billiton	13,104	12,797
Mersey Docks & Harbour Company	2,200	-
Community Fund for Healthy Eating	19,800	19,800
In Partnership with Sefton Council	-	14,000
The Green Machine	49,053	57,394
Fairshare Trust	20,000	29,684
Sport Relief	830,660	1,034,454
Youth Bank	100,000	145,000
Objective One Capital of Culture	15,000	18,296
Change Up Merseyside	558,557	260,434
Four Acre Trust	-	223,333
Lloyds TSB Foundation	250	-
Baring Foundation	-	12,500
Community Champions	25,000	25,000
X' Fund	70,600	122,287
Keep Moat Fund	638	2,461
Knowsley	256	8,334
Lancashire Community Foundation	119,105	300,000
Merseyside Police	1,250	10,000
Royal Liver Assurance	30,000	-
Merseyside Young Transformers	5,000	-
Joseph Harley Trust	25,000	-
John Goore Trust	880	-
Wirral PCT	16,080	-
	<u>1,225,000</u>	<u>-</u>
	<u>6,423,312</u>	<u>5,611,093</u>
2.3 Investment income		
Bank and other interest	55,164	40,687
Unit trust income	-	647
	<u>55,164</u>	<u>41,334</u>
2.4 Other income		
Fees Received	36,625	-
Grants Received	-	62,832
	<u>36,625</u>	<u>62,832</u>
2.5 Trading income		
Income from trading activities	107,092	-
	<u>107,092</u>	<u>-</u>

Community Foundation for Merseyside

Notes to the Financial Statements Year ended 31 March 2008

3 TOTAL RESOURCES EXPENDED

	Basis of Allocation	Voluntary Income	Charitable Activities	Investment Management Costs	Governance	Total 2008	2007
Grants paid (see note 4)	Direct	-	4,806,030	-	-	4,806,030	4,600,747
Staff costs (see note 6)	Direct	77,636	482,218	-	5,328	565,182	534,228
Outreach & support	Direct	-	88,556	-	-	88,556	137,000
Publicity and advertising	Direct	-	16,536	-	-	16,536	27,671
Postage & stationery & telephone	Staff Time	3,608	12,627	-	1,804	18,039	52,665
Staff training	Direct	2,456	9,824	-	-	12,280	9,178
Home money box costs	Direct	-	-	-	-	-	9,219
Rent in kind	Direct	30,000	-	-	-	30,000	30,000
Consultancy	Usage	-	23,207	-	-	23,207	22,876
Audit & accountancy fees	Usage	-	1,763	-	7,516	9,279	11,463
Travel	Direct	-	13,151	-	-	13,151	13,441
Computer running costs	Staff Time	452	-	-	1,808	2,260	4,744
Depreciation	Staff Time	1,939	7,757	-	-	9,696	12,028
Panel meetings	Direct	-	6,426	-	-	6,426	8,236
Subscriptions	Direct	-	6,532	-	-	6,532	2,213
Bank charges	Usage	-	897	-	-	897	868
Insurance	Staff Time	962	3,850	-	-	4,812	4,875
Recruitment	Direct	-	3,738	-	-	3,738	10,148
Other	Direct	-	23,182	-	-	23,182	6,610
Legal & professional fees	Usage	-	-	-	5,242	5,242	3,060
CF Lancashire	Direct	-	-	-	4,877	4,877	-
Investment management costs	Direct	-	-	1,441	-	1,441	235
Events	Direct	-	23,696	-	-	23,696	25,940
Trading Company	Direct	107,092	-	-	-	107,092	-
		<u>224,145</u>	<u>5,529,990</u>	<u>1,441</u>	<u>26,575</u>	<u>5,782,151</u>	<u>5,527,444</u>

Community Foundation for Merseyside

Notes to the Financial Statements Year ended 31 March 2008

4 GRANTS PAID

	No of grants		Grant total	
	2008	2007	2008 £	2007 £
Local Network Fund for Children and Young People	531	515	2,849,117	2,898,759
Single Regeneration Budget - South Sefton Key Fund	-	1	-	142
Fairshare Trust	5	6	758,407	937,759
Alliance & Leicester	32	9	14,881	14,674
Fylde	-	1	-	20
Sport Relief	22	39	56,406	124,512
Change Up	11	9	128,109	92,480
South Sefton PCT - Injury Prevention	-	7	-	2,820
Arts & Culture	101	36	455,293	214,227
Youth Bank	-	13	-	5,500
Grants Paid CFN	1	1	1,000	3,567
In Partnership with Sefton Council	10	19	44,148	55,738
The Green Machine	27	33	15,585	29,720
Community Fund for Healthy Eating	18	16	11,558	5,476
Mersey Docks & Harbour Company	23	38	9,911	18,848
Childrens Voices	1	7	5,573	500
Community Safety	-	2	-	1,000
Four Acre Trust	-	12	-	53,350
Tubney Trust	-	2	-	5,000
Community Champions	57	44	87,510	76,151
X' Fund	7	2	2,295	700
Keep Moat Fund	-	5	-	7,340
Knowsley Voluntary and Community Fund	78	9	298,005	51,578
Lancashire Community Foundation	1	1	10,364	886
Joseph Harley Trust	3	-	880	-
John Goore Trust	12	-	2,988	-
Merseyside Young Transformers	8	-	22,500	-
Merseyside Police (Payes Plus Extra)	24	-	27,000	-
Royal Liver Assurance	4	-	4,500	-
			4,806,030	4,600,746

Arts and Culture Grants are awarded from European Social Funding to a maximum per organisation of £5,000 and have been linked with the theme of Capital of Culture 2008.

Fairshare grants are for Capital Infrastructure Investment over periods of more than one year.

The Green Machine has been contributed to by BHP in Sefton, Sonae in Knowsley and St Helens, Unilever in Wirral and Warrington and David McLean in Liverpool and awards grants to projects which have an environmental benefit.

Community Foundation for Merseyside

Notes to the Financial Statements Year ended 31 March 2008

5 NET INCOMING RESOURCES	2008	2007
	£	£
Net incoming resources are stated after charging:-		
Staff costs	565,182	534,228
Depreciation	9,696	12,028
Auditors remuneration	9,279	11,463
	=====	=====

6 STAFF COSTS	2008	2007
	£	£
Wages and salaries	461,906	453,290
Social security costs	46,140	43,570
Other pension costs	38,233	37,368
Redundancy Payments	18,903	-
	=====	=====
	565,182	534,228

No employee earned £60,000 p.a. or more

The charity contributes to Individual Personal Pension policies for its employees. The assets of the schemes are held separately from those of the Charity in independently administered funds. The pension charge of £38,233 (2007: £37,368) represents contributions payable by the Charity to the funds. At 31 March 2008 there were outstanding contributions of £6,361 (2007:£nil).

7 STAFF NUMBERS

The average number of employees during the year was as follows:

	2008	2007
	No.	No.
Management	4	4
Development	4	4
Finance & Admin	4	6
Grants	8	8
Outreach and Support	2	-
	=====	=====
	22	22

Community Foundation for Merseyside

Notes to the Financial Statements Year Ended 31 March 2008

8 TAXATION

As a registered charity, the company is exempt from taxation on the income and gains arising out of its charitable activities.

9 TANGIBLE FIXED ASSETS

	Fixtures & Fittings	Office Equipment	Total
	£	£	£
Cost			
At 1 April 2007	14,038	52,168	66,206
Additions	-	691	691
At 31 March 2008	<u>14,038</u>	<u>52,859</u>	<u>66,897</u>
Depreciation			
At 1 April 2007	12,003	39,500	51,503
Charge for year	1,577	8,119	9,696
At 31 March 2008	<u>13,580</u>	<u>47,619</u>	<u>61,199</u>
Net book value			
At 31 March 2008	<u>458</u>	<u>5,240</u>	<u>5,698</u>
At 31 March 2007	<u>2,035</u>	<u>12,668</u>	<u>14,703</u>

10 INVESTMENTS

	2008	2007
	£	£
UK listed investment		
BWD Rensburg UK		
Market value at 1 April 2007	22,713	12,087
Additions	99,164	10,361
Disposals	(9,584)	-
Revaluation	(25,946)	265
Market value at 31 March 2008	<u>86,347</u>	<u>22,713</u>

The investments are held to provide an investment return to the charity.

The Community Foundation for Merseyside has a £1 investment in its subsidiary Community Foundation for Merseyside (Trading) Ltd. At the year end the reserves of the subsidiary were £1.

11 DEBTORS

	2008	2007
	£	£
Grants	396,100	104,362
	<u>396,100</u>	<u>104,362</u>

Community Foundation for Merseyside

Notes to the Financial Statements Year Ended 31 March 2008

12 CREDITORS: amounts falling due within one year	2008	2007
	£	£
Grant creditors	291,068	340,843
Accruals	18,861	25,500
Deferred income	52,250	21,500
	<u>362,179</u>	<u>387,843</u>

13 DEFERRED INCOME

Deferred income comprises income received in advance that the charity is not contractually entitled to.

Balance as at 1 April	21,500	5,000
Amount released to incoming	(21,500)	(5,000)
Amount deferred in year	52,250	21,500
Balance as at 31 March	<u>52,250</u>	<u>21,500</u>

14 RESTRICTED FUNDS

	As at 1 April 2007 £	Movement in Resources			As at 31 March 2008 £
		Incoming £	Outgoing £	Transfers £	
Community Fund for Healthy Eating	11,558	-	(11,558)	-	-
Local Network Fund for Children and Young People	8,658	2,840,459	(2,849,117)	-	-
Alliance & Leicester	11,004	13,104	(14,881)	-	9,227
Community Foundation Network	1,000	-	(1,000)	-	-
Community Safety	2,633	-	-	-	2,633
Childrens Voices	7,073	-	(5,573)	(1,500)	-
Mersey Docks & Harbour Company	5,592	18,000	(9,911)	-	13,681
In Partnership with Sefton Council	1,138	44,148	(44,148)	-	1,138
Green Machine	13,258	20,000	(15,585)	-	17,673
Fairshare Trust	31,040	765,660	(758,407)	-	38,293
Sport Relief	57,196	90,000	(56,406)	-	90,790
Change Up	209,833	-	(128,109)	-	81,724
Arts & Culture	14,057	478,118	(455,293)	-	36,882
Youth Bank	1,000	15,000	(15,000)	1,500	2,500
Barings	25,000	25,000	(25,000)	-	25,000
Lloyds TSB	12,500	-	(12,500)	-	-
Tubney Trust	1,668	-	-	-	1,668
Big Lottery Fund	-	15,822	(15,822)	-	-
Community Champions	28,855	60,010	(87,510)	-	1,355
X' Fund	1,761	638	(2,295)	-	104
Knowsley Voluntary and Community Fund	230,422	119,105	(298,005)	-	51,522
Lancashire Community Foundation	9,114	1,250	(10,364)	-	-
Joseph Harley Trust	-	880	(880)	-	-
John Goore Trust	-	14,480	(2,988)	-	11,492
Merseyside Young Transformers	-	22,500	(22,500)	-	-
Merseyside Police (Payes Plus Extra)	-	27,000	(27,000)	-	-
Royal Liver Assurance	-	4,500	(4,500)	-	-
Wirral Third Sector Health Innovation	-	1,200,000	-	-	1,200,000
	<u>684,360</u>	<u>5,775,674</u>	<u>(4,874,352)</u>	<u>-</u>	<u>1,585,682</u>

Fund balances represent grants receivable for the charity to distribute in accordance with the terms and conditions of the donor. Balances on the funds represent unspent grant money, and are held in the bank accounts.

Barings and Lloyds TSB grants support the development of the Boost initiative.

Funds that cannot be distributed are returned to the donor.

Community Foundation for Merseyside

Notes to the Financial Statements Year Ended 31 March 2008

15 UNRESTRICTED FUNDS

	As at 1 April 2007	Movement in Resources			As at 31 March 2008
		Incoming	Ongoing	Transfers	
	£	£	£	£	£
Unrestricted funds	<u>301,389</u>	<u>933,724</u>	<u>(906,358)</u>	<u>-</u>	<u>328,755</u>

16 ENDOWMENT FUNDS

	As at 1 April 2007	Movement in Resources			As at 31 March 2008
		Incoming	Outgoing	Transfers	
	£	£	£	£	£
Permanent endowment	-	77,535	(8,011)	-	69,524
Expendable endowment	132,451	36,632	(17,470)	-	151,613
	<u>132,451</u>	<u>114,167</u>	<u>(25,481)</u>	<u>-</u>	<u>221,137</u>

17 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible Fixed Assets £	Investments £	Net Current Assets £	Total £
Endowment Funds	-	86,347	134,790	221,137
Restricted Funds	-	-	1,585,682	1,585,682
Unrestricted Funds	5,698	-	323,057	328,755
	<u>5,698</u>	<u>86,347</u>	<u>2,043,529</u>	<u>2,135,574</u>

18 TRUSTEES' EXPENSES

No trustees have received remuneration. During 2008 one (2007: one) trustee was reimbursed travelling expenses amounted to £358 (2007: £81).

Community Foundation for Merseyside

Notes to the Financial Statements Year Ended 31 March 2008

19 RELATED PARTY TRANSACTIONS

A retired director of the company, Mrs A White is also the Chief Executive of Sefton Council of Voluntary Service who provide payroll services to the company.

Mr I A McCombe, a retired director, is an employee of Cullen Financial Planning, who provide independent financial advice to the Foundation. Cullen Financial Planning received commission directly from the financial product providers during the year.

Mrs V Matthews, a director, is the Senior Customer Service Strategy Manager at Alliance & Leicester's Bootle site. The bank has had a long standing relationship with the Foundation and provided accommodation and administrative support estimated at £30,000 (2007:£30,000) and made donations to the Foundation of £13,104 (2007:£12,797) for distribution as grants. At the year end £9,227 (2007:£11,004) was available for grant distribution.

Mr R Towers, a director, was also the Director of Credit and Risk at Alliance & Leicester's Bootle site, retiring from this post in April 08.

Ms Sally Yeoman was appointed a trustee on 1st May 2008 and is also the Chief Executive of St Helens Council for Voluntary Services who provide outreach and support services for the Foundation.

During the year Community Foundation for Merseyside (Trading) Limited began trading. This entity is under the control of Community Foundation For Merseyside.

20 CONTINGENT LIABILITIES

The restricted fund balances carried forward at 31 March 2008 represent funds available due to the timing of the receipt of grant funds and their distribution. The conditions attaching to the funding streams are such that the balances represent income for the year as defined in the Charities SORP. Funds that cannot be distributed in accordance with the wishes of the donor will be returned to the donor.