

**COMMUNITY FOUNDATIONS FOR
LANCASHIRE AND MERSEYSIDE**

(Formerly known as Community Foundation for Merseyside)

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

Company Number : 3422207

Charity Number : 1068887

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
YEAR ENDED 31 MARCH 2014

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COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2014

COMPANY INFORMATION

Bankers:	Santander Bridle Road Bootle L30 4GB
Solicitors:	Brabners LLP Horton House Exchange Flags Liverpool L2 3YL
Investment Managers:	Rathbones Investment Management Ltd Port of Liverpool Building Pier Head Liverpool L3 1NW CCLA Investment Management Ltd 80 Cheapside London EC2V 6DZ
Auditors:	Beever and Struthers Chartered Accountants Central Buildings Richmond Terrace Blackburn BB1 7AP
Financial Advisers:	Parker Kelly Financial Services Vincent House 17 Stanley Street Liverpool L1 6AA
Registered office:	Community Foundations for Lancashire and Merseyside Third Floor Stanley Building 43 Hanover Street Liverpool L1 3DN

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2014

TRUSTEES' REPORT

The trustees (who are also directors for the purposes of company law) present their Report and the Financial Statements for the year ended 31 March 2014 for the Community Foundations for Lancashire and Merseyside (formerly known as Community Foundation for Merseyside), hereafter referred to as Community Foundation for Merseyside or CFLM.

REFERENCE AND ADMINISTRATIVE DETAILS

The charity, which was formerly 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 (as amended by special resolution on 4 December 2013). The charity is also registered with the Charity Commission, number 1068887.

The charity is constituted as a membership organisation. There were 84 members at the year end.

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

Trustees and senior staff

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

R Towers (Chair until resignation on 4 December 2013)
W Bowley
M Eastwood
A Pointing
D McDonnell (Vice-Chair from 4 December 2013)
J Pugh (Retired 19 April 2013)
S Yeoman
A Wallis (Retired 13 January 2014)
A Roberts (appointed 15 July 2013, Chair from 4 December 2013)
A Myers (appointed 13 January 2014)
W Swift (appointed 4 December 2013)

The senior staff during the year were:

C Elliott	Chief Executive
K Fitzgerald	Community Development Director
S Langfeld	Operations Director

Summary of our Purpose & Aims

The Community Foundation for Merseyside is for donors, for communities and for Merseyside. As an independent registered charity we are part of a UK and international movement of community foundations that undertakes strategic social investment, including charitable community investment, particularly grant-making, facilitates and administers community philanthropy and contributes to achieving positive social change in Merseyside's communities. Since the year end and following the merger referred to below in Governance Development, the charity as CFLM now also administers funds for Lancashire.

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The Community Foundation connects donors with Merseyside's social sector to meet local needs, tackle social issues and support community aspirations. Community foundation grant-making has taken place in Merseyside since 1999, investing over £46 million in over 11,000 voluntary and community groups during that time. Since the Community Foundation for Merseyside was set up as a Registered Charity in 1999, we have worked to encourage local philanthropy with many local companies, trusts and philanthropists.

- **Our Vision** is to enrich the lives of people in and around Merseyside and through them create united, thriving and prosperous communities.
- **Our Mission** is to invest funding strategically under charity law that meets the needs of local communities, placing us as the charity of choice for philanthropists and funding partners, and the primary funder for the city region's social sector.
- **Our Strategy** is to understand the needs of local communities and philanthropists and, by creating partnerships and involving philanthropists, to ensure that these needs are met.
- **Our Theory of Change** is: *"We seek and work with philanthropists to empower them to engage in targeted social investment to contribute to enriching local people's lives and supporting the creation of united, prosperous and thriving communities."*

- We are a community investor, especially a charitable grant-maker;

- We are Merseyside's and since the merger Lancashire's philanthropy centre, facilitating community philanthropy;

- We are a contributor to social change as a local community leader in Merseyside and Lancashire.

Our Values are: Pride, Transparency, Working Together and Community Leadership

Our 2013/14 Annual Review

As Community Foundation for Merseyside we delivered in 2013/14 in our roles as a community investor, the city region's philanthropy centre and contributor to social change.

We know that many people and organisations wish to ensure the people of Merseyside's lives are better, brighter, happier and healthier, and communities are kinder, greener, finer and richer. We already know that Merseyside is a good place to live, learn and work, though many local people believe that there are certain issues that could be tackled, specific local needs met or new aspirations supported to ensure that Merseyside is very much prosperous and thriving. As the community foundation for the city region we aim to inspire, delight, surprise and perhaps even move those who wish to give, following in the footsteps of many centuries of philanthropists from the area. We also know that there are many valuable community activities taking place in the city region to meet local need, tackle social issues and support community aspirations that are led and delivered by passionate and committed people working in groups, community organisations, charities, social enterprises and Community Interest Companies. As a community foundation it is our role to connect philanthropists and communities, and this is embedded in our belief that your community makes you and you make your community.

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As a backdrop to our work, we were fully aware in 2013/14 that there was a continued transition from public sector funding and programmes for us which ended in 2011/12, through to a time of majority private funding experienced since 2012/13 within a changing policy and economic landscape. Via strategic changes and plans we made in 2012/13 to prepare for continued transition we were robust and resilient provided a strong basis for our future plans for thriving communities. We especially continued our commitment since 2008 to endowment building for our own sustainability and to safe guard community funds for future generations, growing our endowment fund in collaboration with philanthropists from £6.7 million to £7.1 million in 2013/14.

Our Investment in Communities

We invested £1,397,140 in communities in 2013/14 via the social sector to support an array of community-led activities. In total we supported 384 community activities and projects via resident groups, community organisations, individuals, charities, social enterprises and Community Interest Companies in Merseyside in 2013/14.

Across the geography of Merseyside we especially invested funds in the following areas:

- Halton £3,223
- Knowsley £287,930
- Liverpool £411,271
- Sefton £200,999
- St Helens £35,778
- Wirral £96,755

On behalf of the Community Foundation for Lancashire, we distributed £401,032 across Lancashire's communities and additional funds were distributed as part of national programmes that covered other areas outside Merseyside.

In addition to our community investment work, we have worked with funders and philanthropists to continue Merseyside YouthBank's work since 2009 to support and facilitate a group of special young people to raise funds and distribute them for community work for local young people. 2013/14 saw YouthBank having its core work supported in its last year by Children in Need, Shop Direct providing vital continued support and Jamie Carragher's 23 Foundation working in collaboration for those young people to grant-make on behalf of the 23 Foundation for local young people to achieve mutual aims.

We continued to maximise the social impact of funds and resources through our extended local and UK networks, accessible funding programmes and efficient, cost and time effective processes as a growing community foundation.

Our Community Leadership

We remained committed to our strategic view in 2013/14 to understand the needs of local communities and donors and, by creating partnerships and involving donors, ensure that these needs are met via a social change agenda. However, this year saw a significant development in our community leadership work via the launch of Merseyside's Vital Signs on 1 October 2013.

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Merseyside's Vital Signs is the city region's first giving guide for charitably-minded people and businesses as well as philanthropists and charitable trusts of all kinds who have in common a passion for Merseyside. Our Vital Signs is a combination of national and local data, social intelligence and the results of community consultations to provide a voice for local communities on their concerns and aspirations to guide philanthropists' giving. Reported on a tri-annual basis Merseyside's Vital Signs provides a guide by 12 social themes linked to UK Vital Signs and the six distinct boroughs of Merseyside, including Halton. We are delighted with the positive response Vital Signs has received since October 2013 with nearly 300 community leaders responding to our consultation, the local media disseminating our report for their local communities, and local philanthropists, our donors and Fellows embracing the guide for their continuing giving plans, including via events in October with Hill Dickinson and Sir Terry Leahy and also at the Panoramic, Liverpool with Shop Direct and Philanthropy Fellow Chris Bliss. We thank Liverpool City Region Local Enterprise Partnership, Community Foundations of Canada (CFC) and UK Community Foundations (UKCFs) for their support of this important initiative's development.

We have been involved in UK Vital Signs since 2010/11 and have worked with Community Foundation for Tyne & Wear and Northumberland and six other community foundations since 2011 to develop a UK version of the Community Foundations of Canada (CFC) Vital Signs to create a giving guide approach for community foundations in the UK. We are proud to be one of innovators in our UK movement to significantly establish a community foundation's leadership role in its locality and we have made a commitment to the initiative for the long-term, including as a member of the UK Vital Signs Working Group.

Our Governance Developments

The Community Foundation for Merseyside agreed with Community Foundation for Lancashire (Former), (formerly known as Community Foundation for Lancashire) hereafter referred to as Community Foundation for Lancashire, to enhance and finesse its governance in 2013/14 against a community leadership and philanthropy development agenda for cost and time efficiencies which resulted in the agreement in April 2013 to merge the two community foundations in April 2014. This decision was built on a close collaboration that has developed especially since 2009. This was approved at each community foundation's Annual General Meeting (AGM) in December 2013 with plans finalised by 31 March 2014, working with our solicitors Brabners and auditors Beever & Struthers. (Although documents regarding the merger were filed in January 2014, the merger did not take effect until 1 April 2014). Our Chairman Bob Towers stepped down after three years as Chair and six years as a Trustee at our AGM with Community Foundation for Lancashire's previous Chair, Arthur Roberts becoming our new Chair who will serve as Chair of the newly merged charity until October 2014, supported by David McDonnell as Vice Chair. From this the Board is now working together to plan for the medium to long-term against a new agenda for a new era. We are proud of our achievements in restructuring our governance model, aligned to our organisational structure, for a community leadership and philanthropy development agenda, being previously one of the very few close collaborations and now very few mergers in the UK movement for public benefit.

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Our Philanthropy Centre Activities

As a community foundation we seek and work with philanthropists to empower them to engage in targeted social investment to contribute to enriching local people's lives and supporting the creation of united, prosperous and thriving communities. We administered 37 funds and foundations in 2013/14 working in collaboration with philanthropists, trusts and companies who are committed to improving lives in Merseyside.

Our continued work with philanthropists and funding partners to support communities via the local social sector achieved their giving aims and supported vital projects and activities in the city region for the benefit of local neighbourhoods and families. Major programmes and funds delivered in collaboration with funders and philanthropists in 2013/14 included:

- Developing social entrepreneurship and the growth of social enterprises with Santander and their Social Enterprise Development Awards (SEDA) for the third year
- Supporting start-up community activities and organisations in transition at this time, especially linked to education, employment, poverty relief and disability, with the WO Street Foundation
- Ensure community safety and ensuring youth crime prevention by working with Merseyside's Police & Crime Commissioner and administering the Police Property Act Fund
- Innovatively developing a cross-sector partnership foundation with the Knowsley Foundation
- Investing in grassroots activities across Merseyside via the distribution of Comic Relief funds

Our new Philanthropy Fellowship North West and activities of our Development Advisory Group (DAG) particularly supported our aims in 2013/14 to develop, encourage and celebrate philanthropy in the Merseyside; we particularly thank our DAG Chair and trustee David McDonnell for his continued support of our philanthropy development work. We became the lead partner for the new Philanthropy Fellowship North West in 2012, supported by UKCFs and pilot funded by Esmée Fairbairn Foundation. During the year, we led the initiative in the North West working with Community Foundation for Lancashire as a second tier partner and Cheshire Community Foundation as a third tier partner, and aim to bring together 35 Fellows from across the North West by December 2015. We are delighted to be continually involved in this initiative to educate, inform, inspire and bring together philanthropists from across Merseyside and the region, and thank Chris Bliss from Liverpool ONE for his chairmanship of our Fellowship Steering Group and its members Cara Newton of Shop Direct, Phillip Rooney of DLA Piper and Mike Cavanagh of Bibby Line Group, alongside our President Dame Lorna Muirhead. This work builds on our activities in being Merseyside's and Lancashire's Philanthropy Centre.

Our Financial Management & Growth

Our 2013/14 financial year was a continued year of transition for the organisation from public to private funding. In 2010/11 we administered public funding in the majority with only 25% of our funding from private sources at an overall level of £0.5 million. In 2011/12 this proportion switched with 25% of our funding being from public sources and 75% from private. Our funding for 2013/14 broke down to 82% from private sources and 18% from public sources

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to invest in Merseyside's communities. We welcomed our third financial year operating with sustainable, committed, majority private funds, working proactively as an increasing number of community foundations do in the UK and North America.

As stated the sustainability of the charity increased in 2013/14 with 7% growth in our endowment in 2013/14, standing at £7,161,045 in value by March 2014. The incentive of central Government's Community First Endowment Challenge (2011 – 2015) that we operate for Merseyside has supported this growth with the offer of 50% match to any donors setting up or growing endowment funds with us.

Having made reductions in our resources in 2012/13 due to a major ten year public programme ending as expected, we began 2013/14 with a new staff team from 1 April 2013 with a refreshed aim for growth via philanthropy development, especially working with the private sector, to achieve our mission to have positive social impact in Merseyside's communities. We continued in 2013/14 to be part of the pilot to install the DIGITS2 database across UK community foundations, reaping the benefits of increasingly efficient systems for our operations.

We continued to achieve cost and time efficiencies to ensure we maximise all funds donated for communities, and our approach has been increasingly business-like in a registered charity setting.

Our Organisational Development

As mentioned we began 2013/14 with a revised staff team of 13 people (equivalent to ten full-time) in collaboration with Community Foundation for Lancashire, and we committed support to all staff involved in this new version of the organisation. We particularly took a strategic decision to combine donor care & community engagement with new business & marketing, reflecting a need for a holistic approach to connecting philanthropists with communities. This new organisational approach has proven successful, especially due to the commitment and passion of our staff team and Board.

We were delighted to pass the tri-annual UKCF and Charity Commission Quality Accreditation 3 Audit in November 2013, having passed for the second time in May 2010. Working in collaboration with Community Foundation for Lancashire, we were described via this Audit as one of the 'most influential community foundations in this country' which we were delighted to hear in light of our proactive work and strategy for a new era.

The activities that will achieve our vision and aims are, as in previous years, set out in a series of key strategic documents, developed by the Board, staff and other stakeholders. Foremost among these is the Business Plan which was revised and set for 2013 – 2016 during this year. Our Business Plan includes priority goals in terms of our growth, investing successfully in communities, philanthropy facilitation, stakeholder engagement, effective governance and sustainability. The Plan sets out key priorities and goals, alongside a financial plan for the next three years, and will be reviewed annually. This work in 2013/14 was jointly undertaken with Community Foundation for Lancashire in close collaboration.

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Key Partnerships

The Community Foundation has 'non-donor' relationships with many key players. Examples include Merseyside's local borough authorities, especially Knowsley, Central Government and local business groups, including Knowsley Chamber of Commerce and the Liverpool City Region Local Enterprise Partnership. Also included are our professional advisors Brabners, Rathbone Investment Management and Beever & Struthers who have all been appointed due to their expertise, commitment to philanthropy or corporate social responsibility and being based in the region.

We also work with other infrastructure charities to work together to strengthen the social sector, especially at this time of public sector funding and policy changes, including Councils for Voluntary Services, such as in Halton, St Helens and Knowsley, alongside specialists such as Age UK.

Contribution of Volunteers

We are grateful for the contribution made by the volunteers who are champions and ambassadors for our work, including panel members who recommend our community funding distribution. All of our panel 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 our community investment and in terms of ensuring local ownership and accountability.

The Board particularly wish to note their appreciation for the support of volunteers that have advised them on the development of the Community Foundation, such as members of our Development Advisory Group. The Board wish to especially thank Bob Towers for his time and contribution during his six years of service as a Trustee and three years as Chairman with the Community Foundation and Andy Wallis for his eight years service as Trustee, especially his work on Fair Share Trust. Also thanks are extended to the Community Foundation's Patron, Cherie Blair and our President, Dame Lorna Muirhead for their commitment to the work of the charity.

Our Donations In-Kind

The Community Foundation has been afforded use of an office by Liverpool ONE and the Westminster Fund at 3rd Floor Stanley Building, 43 Hanover Street, Liverpool on an in-kind basis.

Factors Out of Our Control in 2013/14

The changed economic and political landscape during 2009 to now has had a delayed knock-on effect for the social sector. We have worked hard to ensure that we are continually fit-for-purpose, robust and relevant to Merseyside as well as supporting our funding recipients at this time as they experience change. Factors out of our control in 2013/14 included:

- Greater competition in our market from other private sector intermediaries - We continue to work hard and more creatively to work with philanthropists in collaboration, differentiating ourselves, and ensuring that existing donors and funders remain loyal by providing value for

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money and social impact in their philanthropy, being part of our greater community foundation movement locally and nationally.

- Decrease in public funding to the social sector and therefore increased demand on our community funding - We have become more efficient in our practices to tackle over-subscription and using local social needs information to enhance our strategy in community funding, especially via Vital Signs, as well as sign-posting applicants effectively to other funders.
- The coalition Government's 'Big Society' agenda encouraging community empowerment and the transfer of funds from private wealth to the public good - We continue to explore the Big Society agenda, and share feed-back, ideas and constructive criticism with opinion formers, representing our donors, funding recipients and our Fellows.

2014/15 and Beyond

As CFLM our agenda for philanthropy development and community leadership will be prominent in 2014/15 onwards. We will further embed our Vital Signs work, reporting on our community investment activities by our 12 social themes to demonstrate the achievements of philanthropists and their funds, community leaders and local organisations to ensure Lancashire and Merseyside are prosperous and thriving.

Following the merger in April 2014, we are now seeking new Trustees to celebrate, enable and encourage new community philanthropy in Merseyside as well as Lancashire whilst supporting communities, meeting local need, tackling social issues and supporting community aspirations via an intelligence-led approach. We also plan significant endowment building from 2014/15, especially as the Community First endowment match challenge ends, aiming to move from a joint £10 million endowment fund with Community Foundation for Lancashire in 2013/14 to a £37 million joint fund in 2023/24. For the short to medium term we are focusing on our roles as a philanthropy facilitator and community leader whilst finessing our social investment, including grant-making, role to support our communities in their aspirations.

Overview of our Governance & Operations

The Objects of our Charity

The objects of our charity, as set out in the original Memorandum and Articles of Association, are: the promotion of any charitable purposes for the benefit of the community in the metropolitan area of Merseyside and the boroughs of Halton, Knowsley, Liverpool, Sefton, St Helens and Wirral in particular the advancement of education, the protection of good health, both mental and physical, and the relief of poverty and sickness. Since the year end and the agreed merger and amendment of our Articles the objects have been extended to include the boroughs of Blackpool, Blackburn with Darwen and Lancashire.

Significant Activities

The main area of our charitable activity is the awarding of charitable funding 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

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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 in note 14.

Our Organisational Structure

Community Foundation for Merseyside entered into a legal contract with the Community Foundation for Lancashire in 2008 to share staffing and 'back office' resources to maximise charitable funding and share significant expert support on a cost effective basis. The two community foundations merged on 1 April 2014 for cost and time efficiencies due to a successful collaboration, especially since 2009.

The Board 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 Cathy Elliott was appointed as joint Chief Executive with Community Foundation for Merseyside on 1 August 2009.

Community Foundation for Merseyside is run by a Board of Trustees which is responsible for setting the strategic direction of the organisation, for establishing policy and for maintaining proper governance. It meets quarterly and comprises representatives of the private, public and voluntary sectors. All trustees have job descriptions and person specifications. Our Chairman Bob Towers was appointed in 2011 and retired in 2013 and Arthur Roberts was appointed in 2013 and will serve as Chair until October 2014.

As the employer the operational delivery is resourced by a team of 13 staff (ten full time equivalent) resourced by fee and core income and, prior to the merger, on a consultancy basis as part of a close collaboration with Community Foundation for Lancashire which is unique in the UK Community Foundation Network.

Trustee Recruitment, Appointment and Development

The trustees are normally appointed by the members of the company and up to one-third of the trustees will normally retire each year and be eligible for re-election at the Annual General Meeting. Trustees can serve two terms of three years with re-election for each term and a third three year term if there is a case for the organisation's business plans. No places on the board are reserved for specific individuals or representatives of particular organisations; detailed procedures are in place for the nomination and appointment of trustees.

Annually the Board assesses the expertise and skills within the Board membership and proactively recruits new trustees with specific experience to ensure a full complement of expertise and skills in order to govern the charity and deliver our charitable objectives for public benefit. All new trustees are given an induction session by the Chairman and Chief Executive to explain the operation of the charity. Regular training and tailored up-dates for trustees take place to update them and to ensure they are fully engaged with the work of the Community Foundation.

Our Public Benefit

The charity benefits the public by securing income for charitable programmes and funds administered by us from public and private sector, and then distributing this in collaboration with those funders and donors as charitable funding to support charitable activities in communities as an intermediary.

Funding programmes and funds are established, developed, decided upon and monitored in line with the social needs and aspirations of the local communities we serve which are

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identified by local community leaders, subject experts or local donors as well as social intelligence, data, research and community consultations.

Before any funding is distributed, we carefully and thoroughly assess the charitable and public benefits of the proposed activities. The impact of our community funding is then reported to funders, donors, stakeholders, staff and the Board as a measurement of the social impact achieved.

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. The charity's public benefit is assessed on an annual basis by the Board and staff to ensure we are continually improving our performance against our charitable objects, vision, mission and strategic social aims.

Community Investment Policies

The policy of the charity is to award funding to individuals and organisations that have made a formal application for a grant, that fulfil the requirements of the relevant programme or fund and which have the necessary systems in place to administer a grant. All funding applications are subject to a formal appraisal by our staff before being presented to the local grant panel, or the donor, for a recommendation. A scoring system and process is used to guide decisions. All panel or donor recommendations are ratified by the Community Foundation's senior staff or trustees prior to any offer being made. Funding distributed is reported quarterly to the Board by fund, locality and social theme.

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. During the year these were managed by Rathbone Investment Management for all funds outside of the Community First Endowment Challenge from 2012 – 2015 which is managed by CCLA, nominated by central Government. The overall objectives for Rathbone Investment Management have been set is to maintain a balanced return between income and capital. The level of risk they are permitted to take is 'low to medium'. Presently, the strategy dictates 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. Investment performance is reported to Board on a quarterly basis and reviewed annually.

For the Community First Endowment Challenge from 2012 – 2015 CCLA manages the funds based on an investment policy agreed by our UK umbrella organisation, UKCFs with approval from our Board. Although not classified as permanently endowed funds, CCLA manage funds under a total return policy, calculating the indexed value of the initial donation on an annual basis and enabling withdrawal of surplus over and above this figure to supplement income received during the year. This method of calculation has been applied since commencement of the programme so can be precisely calculated by CCLA. In

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2013/14, the board of trustees decided to withdraw 75% of all surplus funds to boost income, thereby leaving some buffer in case of market falls. This amounted to a total withdrawal of capital gains of £32,537. These funds lie in a special trust linked to our main registered charity. Investment performance is reported to Board quarterly and reviewed by an independent panel of community foundation and investment experts working with UKCFs.

Our Risk Reviews

Our Board of Trustees undertakes a regular 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 during 2013/14 and looking ahead, and 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 senior staff team. The organisation also uses a traffic light system to monitor and measure progress against a set of key organisational targets. Progress against target is assessed by the staff team on a monthly basis and reported to the Board on a quarterly basis, using a delivery forecast system.

Our Reserves Policy

Our Board has continued to endeavour to build and maintain a level of reserves appropriate to its commitments over the coming years. However, it is keen to maximise its charitable objectives and public benefit. The Board continues to ensure that reserves of four to six months running costs are held at any time as per our policy, in line with the Charity Commission's guidance. For 2013/14 the unrestricted reserves were £271,436 at the end of the financial year. Via an agreement with Community Foundation for Lancashire, the two community foundations work together to build joint reserves as per the policy and cover budget deficits and core costs jointly as appropriate for sustainability. The merger with Community Foundation for Lancashire, alongside our endowment building, will ensure our future sustainability and investment in vital organisational development.

Our Auditors

The Community Foundation reviewed in October 2011 its auditing services due to the collaboration with Community Foundation for Lancashire and an interest to achieve some cost saving. Beever and Struthers were appointed by both Community Foundations as the joint auditors for both Community Foundations for the 2011/12, 2012/13 and 2013/14 financial years.

Small Company

This report has been prepared in accordance with provisions within Part 15 of the Companies Act 2006 as they relate to small companies.

By Order of the Board

Arthur Roberts, Chair

4 November 2014

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STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

In so far as the Trustees are aware there is no relevant information of which the charitable company's auditor is unaware. Additionally 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 auditor is aware of that information.

The trustees confirm that the financial statements comply with current statutory requirements and with the requirements of its governing document.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

We have audited the financial statements of Community Foundations for Lancashire and Merseyside (formerly known as Community Foundation for Merseyside) for the year ended 31st March 2014 on pages 17 – 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its 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 explained more fully in the Statement of Trustees' Responsibilities set out on page 14, the trustees (who are also the directors of the 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report 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.

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

YEAR ENDED 31 MARCH 2014

Opinion on the 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 31st 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 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' Report and from preparing a strategic report.

Mark Bradley (Senior Statutory Auditor)
for and on behalf of Beever and Struthers
Chartered Accountants and Statutory Auditors

Central Buildings
Richmond Terrace
Blackburn
Lancashire
BB1 7AP

Date 5 November 2014

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2014

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2014 £	2013 £
Incoming resources						
Incoming resources from generated funds						
Voluntary income	2.1	145,737	-	439,243	584,980	974,212
Investment income	2.3	81,368	110,620	49,291	241,279	161,981
Incoming resources from charitable activities						
	2.2	141,571	1,200,806	-	1,342,377	2,047,882
Other income						
	2.4	30,394	-	-	30,394	21,119
Total incoming resources		399,070	1,311,426	488,534	2,199,030	3,205,194
Resources expended						
Cost of generating funds						
Cost of generating voluntary income	3	114,198	-	-	114,198	111,362
Investment management costs	3	-	-	32,334	32,334	29,588
Charitable activities						
	3	246,256	1,397,140	-	1,643,396	2,395,021
Governance						
	3	44,768	-	-	44,768	28,581
Total resources expended		405,222	1,397,140	32,334	1,834,696	2,564,552
Net incoming / (outgoing) resources before transfers		(6,152)	(85,714)	456,200	364,334	640,642
Gross transfers between funds	14-16	9,489	72,339	(81,828)	-	-
Net incoming / (outgoing) resources before other recognised gains and losses		3,337	(13,375)	374,372	364,334	640,642
Realised (loss) / gain on investment assets		-	-	(40,896)	(40,896)	8,221
Unrealised gain on investment assets	10	-	-	129,406	129,406	574,635
Net movement in funds		3,337	(13,375)	462,882	452,844	1,223,498
Reconciliation of funds						
Total funds brought forward		268,099	522,985	6,698,163	7,489,247	6,265,749
Total funds carried forward		271,436	509,610	7,161,045	7,942,091	7,489,247

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

Summary Income and Expenditure Account	2014 £	2013 £
Gross income from all sources	2,199,030	3,205,194
Less endowment income	(488,534)	(753,477)
Total Income	1,710,496	2,451,717
Total expenditure	(1,834,696)	(2,564,552)
Less endowment expenditure	32,334	29,588
Transfers from endowment funds	81,828	10,410
Net (expenditure) / income for the year	(10,038)	(72,837)

**COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
BALANCE SHEET
AS AT 31 MARCH 2014**

	Notes	2014		2013	
		£	£	£	£
Tangible assets	9		2,030		-
Investments	10		7,165,463		6,703,435
			<u>7,167,493</u>		<u>6,703,435</u>
Current Assets					
Debtors	11	56,214		111,653	
Cash at bank and in hand		2,148,671		1,333,113	
		<u>2,204,885</u>		<u>1,444,766</u>	
CREDITORS: amounts falling due within one year	12	(1,430,287)		(658,954)	
Net Current Assets			<u>774,598</u>		<u>785,812</u>
Net Assets			<u><u>7,942,091</u></u>		<u><u>7,489,247</u></u>
The Funds of the Charity					
Endowment Funds	16		7,161,045		6,698,163
(including a Revaluation Reserve of £763,875 (2013:£869,876))					
Unrestricted Funds	15		271,436		268,099
Restricted Funds	14		509,610		522,985
Total Charity Funds			<u><u>7,942,091</u></u>		<u><u>7,489,247</u></u>

These financial statements have been prepared in accordance with the special provisions of the Companies Act 2006 relating to small companies subject to the small companies regime.

Approved by the Board of Trustees and authorised for issue on 4 November 2014.

A Roberts - Trustee

Company Number 3422207

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

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 2006 and the Statement of Recommended Practice (SORP 2005) and the Charities Act 2011.
- (b) The trustees are satisfied that the accounts should be prepared on a going concern basis and have considered this for the period of twelve months from the date of approval.
- (c) The company has taken advantage of the exemptions in Financial Reporting Standard No 1 from the requirements to produce a cash flow statement as it is a small company.
- (d) Incoming resources are included in the Statement of Financial Activities (SOFA) when they become receivable, except donations and gifts in kind. Deferral of income takes place where grants are received substantially in advance of the expenditure to which it relates. Where grants include a contribution to costs for distribution of restricted funds, this is recognised on distribution of funds. Donations are included when they are received. Gifts in kind are valued at an estimate of market value. Incoming resources from government funded entities are accounted for in the same way as other income.
- (e) Resources expended are included in the SOFA on the accruals basis based on work done or services provided in the period, including irrecoverable VAT.
- (f) Grants payable are recognised as expenditure when the commitment is made.
- (g) 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.
- (h) 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 for the activities of the charity.
- (i) 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.
- (j) 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 note 3.
- (k) 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 FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

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. Endowed funds received under the Communities First programme are managed by CCLA on a total investment return basis.

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 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. Income earned on endowment funds is transferred to restricted and unrestricted funds.

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

2 INCOMING RESOURCES	2014	2013
2.1 Voluntary Income	£	£
Endowments Received	439,243	753,477
Sponsorship, Donations and Membership	72,937	148,231
Gifts in kind – Use of office	70,000	70,000
Gifts in kind – Use of parking spaces	2,800	2,504
	<u>584,980</u>	<u>974,212</u>
2.2 Incoming Resources from Charitable Activities		
23 Foundation	93,750	69,606
Barnett Waddingham	1,960	722
BHP Billiton	444	5,000
Children in Need	-	14,872
Comic Relief	167,839	264,325
Deutsche Bank	30,019	29,870
European Social Fund	-	75,369
Fairshare Trust	-	188,183
Hill Dickinson	5,675	1,678
Investec Wealth and Management	602	-
Japanese Tsunami Fund in memory of S Cropper	149	21,063
Jim Hosker Memorial Fund	3,286	8,878
John Goore Trust	-	100
Knowsley Foundation	218,224	97,541
Lancashire Community Foundation	33,056	35,898
Liverpool ONE Foundation	144,432	200,370
Liverpool PCT	-	30,967
Liverpool Tennis Foundation	2,955	-
Local Giving	-	688
Mando Group Foundation	16,178	-
Mark McQueen Foundation	582	1,068
Medicash	-	737
Merseyside 100 Club	6,238	9,000
Merseyside Police Authority	78,754	258,519
Merseyside Police & High Sheriffs Trust Fund	5,460	5,861
MJB Fund	3,973	9,200
NESTA	-	2,000
Olivia Rae Foundation	2,673	3,310
Peel Ports	12,016	11,405
Reclaim our Streets	-	8,048
Royal London Assurance	-	26,250
Runcat	2,470	41,332
Santander	420,652	365,342
Shop Direct	45,066	87,046
Surviving Winter Appeal	2,208	4,525
UK Community Foundations	22,000	22,000
Warm Homes Knowsley	16,200	75,000
Warm Homes Liverpool	-	60,689
Youthbank	5,516	11,420
	<u>1,342,377</u>	<u>2,047,882</u>
Investment income		
2.3 Bank and other interest	19,088	10,722
Investment Income	222,191	151,259
	<u>241,279</u>	<u>161,981</u>
Other income		
2.4 Fees Received	30,394	21,119
	<u>30,394</u>	<u>21,119</u>
Total Incoming resources	<u><u>2,199,030</u></u>	<u><u>3,205,194</u></u>

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

3 TOTAL RESOURCES EXPENDED

	Basis of Allocation	Voluntary Income	Charitable Activities	Investment Management Costs	Governance	Total 2014	2013
		£	£	£	£	£	£
Grants paid (see note 4)	Direct	-	1,379,971	-	-	1,379,971	1,980,851
Staff costs (see below and note 6)	Direct	36,830	185,760	-	24,844	247,434	365,525
Healthcare costs	Direct	255	931	-	172	1,358	2,185
Publicity and advertising	Direct	-	534	-	-	534	1,590
Postage & stationery & telephone	Staff Time	916	3,382	-	286	4,584	5,323
Staff training	Direct	510	4,586	-	-	5,096	3,077
Meeting costs	Direct	98	352	-	49	499	889
Rent in kind	Direct	70,000	-	-	-	70,000	70,000
Consultancy	Usage	458	1,603	-	230	2,291	-
Audit & accountancy fees	Usage	-	-	-	9,400	9,400	10,000
Travel	Direct	2,030	7,105	-	1,015	10,150	11,044
Computer running costs	Staff Time	1,014	3,544	-	507	5,065	4,134
Panel meetings	Direct	-	460	-	-	460	321
Subscriptions	Direct	1,023	9,207	-	-	10,230	8,047
Bank charges	Usage	-	775	-	-	775	779
Insurance	Staff Time	928	3,241	-	464	4,633	3,601
Recruitment	Direct	-	-	-	-	-	1,631
Volunteer expenses	Direct	-	239	-	-	239	338
Other	Direct	-	6,002	-	-	6,002	6,365
Depreciation	Direct	136	473	-	68	677	-
Legal & professional fees	Usage	-	-	-	7,733	7,733	5,186
Investment management costs	Direct	-	-	32,334	-	32,334	29,588
Events	Direct	-	19,420	-	-	19,420	35,918
Special Project costs	Direct	-	15,811	-	-	15,811	18,160
		<u>114,198</u>	<u>1,643,396</u>	<u>32,334</u>	<u>44,768</u>	<u>1,834,696</u>	<u>2,564,552</u>

Staff and Special Project costs include £17,169 in restricted grant funding.

Special Projects costs relate to short term funded, predominantly research, projects working with specific donors or other partners which align with the work of the foundation and include localgiving.com, Philanthropy Fellowship, Transforming Local Infrastructure Wirral, Vital Signs and W O Street Foundation. More information and reports on some of these projects is or will be available on our website at www.cfmerseyside.org.uk.

**COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

4 GRANTS AWARDED

All the charitable activities undertaken by the charity represent grantmaking. Further details about the grants made in the year can be seen in Note 14.

5 NET INCOMING RESOURCES	2014	2013
	£	£
Net incoming resources are stated after charging:-		
Depreciation	677	-
Auditors remuneration	9,400	10,000
	<u>9,400</u>	<u>10,000</u>

6 STAFF COSTS	2014	2013
	£	£
Wages and salaries	215,506	314,172
Social security costs	18,847	27,693
Other pension costs	13,081	15,335
Redundancy payments	-	8,325
	<u>247,434</u>	<u>365,525</u>

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 £13,081 (2013: £15,335) represents contributions payable by the Charity to the funds. At 31 March 2014 there were outstanding contributions of £1,456 (31 March 2013: NIL).

7 STAFF NUMBERS

The average number of employees (excluding trustees) during the year was as follows:

	2014	2013
	No.	No.
Management	2	2
Philanthropy Development	3	4
Finance	2	2
Philanthropy Services & Programmes	3	5
Total full time equivalents	<u>10</u>	<u>13</u>
Total staff employed	<u>13</u>	<u>16</u>

Some staff were directly employed by the Community Foundation for Merseyside to work for the Community Foundation for Lancashire (CFL) in development of the charity and recharged to CFL.

8 TAXATION

No provision is made for taxation as the charitable company is entitled to the various exemptions afforded by the Corporation Tax Act 2010.

**COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

9 TANGIBLE FIXED ASSETS	Fixtures & Fittings	Office Equipment	Total
	£	£	£
Cost			
At 1 April 2013	14,038	55,062	69,100
Additions	-	2,707	2,707
At 31 March 2014	<u>14,038</u>	<u>57,769</u>	<u>71,807</u>
Depreciation			
At 1 April 2013	14,038	55,062	69,100
Charge for year	-	677	677
At 31 March 2014	<u>14,038</u>	<u>55,739</u>	<u>69,777</u>
Net book value			
At 31 March 2014	<u>-</u>	<u>2,030</u>	<u>2,030</u>
At 1 April 2013	<u>-</u>	<u>-</u>	<u>-</u>
10 INVESTMENTS		2014	2013
		£	£
UK listed investment			
Rathbone Brothers Plc			
Market value at 1 April 2013		5,309,756	4,894,129
Additions		1,388,014	656,852
Disposals at market value		(1,562,474)	(760,418)
Revaluation gain / (loss)		107,203	519,193
Market value at 31 March 2014		<u>5,242,499</u>	5,309,756
Cash deposits in the UK		211,412	110,771
Sub total Rathbones		<u>5,453,911</u>	5,420,527
CCLA Common Investment Fund			
Market value at 1 April 2013		1,282,908	-
Additions		438,388	1,227,466
Disposals at market value		(31,947)	-
Revaluation gain		22,203	55,442
Market value at 31 March 2014		<u>1,711,552</u>	1,282,908
Total Investments		<u>7,165,463</u>	<u>6,703,435</u>
Historical cost		<u>6,401,588</u>	<u>5,833,559</u>
Listed Investments			
UK investments		3,886,848	3,829,810
Overseas and other investments		3,003,876	2,762,854
Cash deposits		274,739	110,771
		<u>7,165,463</u>	<u>6,703,435</u>

The trustees consider individual investment holdings in excess of 5% of the portfolio value to be material. No individual shareholdings or investments are considered individually to be material with the market values and proportion of the portfolio shown as at 31 March 2014.

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

**COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

10 INVESTMENTS continued

Total return is applied to expendable endowment fund investments managed by CCLA, with initial donation investments since March 2012.

	Trust for Investment	Unapplied Total Return	Total Endowment
	£	£	£
At 1 April 2013			
Gift component of endowment	1,227,466	-	1,227,466
Unapplied total return	-	55,442	55,442
Total	<u>1,227,466</u>	<u>55,442</u>	<u>1,282,908</u>
Movements in the year			
Gift of endowment fund	438,388	-	438,388
Investment returns:			-
Dividends and interest	-	49,291	49,291
Realised and unrealised gains/(losses)	-	22,793	22,793
Total	<u>438,388</u>	<u>72,084</u>	<u>510,472</u>
Unapplied total return released to income	-	81,828	81,828
Net movement in year	<u>-</u>	<u>81,828</u>	<u>81,828</u>
At 31 March 2014			
Gift Component of endowment	1,665,854	-	1,665,854
Unapplied total return	-	45,698	45,698
Total	<u>1,665,854</u>	<u>45,698</u>	<u>1,711,552</u>

11 DEBTORS

	2014	2013
	£	£
Grants	18,727	63,598
Other debtors	35,987	47,305
Prepayments	1,500	750
	<u>56,214</u>	<u>111,653</u>

12 CREDITORS: amounts falling due within one year

	2014	2013
	£	£
Grant creditors	214,694	340,622
Other creditors	416	7,191
Accruals	11,456	10,000
Deferred income (note 13)	1,203,721	301,141
	<u>1,430,287</u>	<u>658,954</u>

13 DEFERRED INCOME

Deferred income comprises income received in advance that the charity is not contractually entitled to distribute at 31 March 2014.

	2014	2013
	£	£
Balance as at 1 April 2013	301,141	330,243
Amount released to incoming resources	(291,497)	(330,243)
Amount deferred in year	1,194,077	301,141
Balance as at 31 March 2014	<u>1,203,721</u>	<u>301,141</u>

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

14 RESTRICTED FUNDS	As at	Movement in Resources			As at
	1 April 2013	Incoming	Outgoing	Transfers	31 March 2014
	£	£	£	£	£
23 Foundation	22,956	106,182	(125,395)	-	3,743
Barnett Waddingham	602	1,710	(2,312)	-	-
BHP Billiton	9,816	5,807	(13,259)	-	2,364
Children in Need	6,336	-	(6,336)	-	-
Comic Relief	832	157,218	(79,822)	-	78,228
Deutsche Bank	1,293	27,000	(27,195)	12,293	13,391
Hill Dickinson	8,592	6,371	-	4,796	19,759
Investec Wealth & Management	1,657	1,377	(2,200)	-	834
Japanese Tsunami Fund	13,659	149	-	-	13,808
Jim Hosker Memorial Fund	2,976	3,622	(1,451)	-	5,147
John Goore Trust	26,496	7,803	(5,000)	-	29,299
Joseph Harley Trust	2,149	1,148	-	-	3,297
Knowsley Foundation	97,549	198,997	(215,339)	-	81,207
Leahy Foundation	11,159	8,376	-	10,768	30,303
Liverpool ONE Foundation	22,919	152,471	(150,610)	31,094	55,874
Liverpool Tennis Foundation	-	2,700	(2,250)	-	450
Mando Group Foundation	21,477	15,200	(23,850)	-	12,827
Mark McQueen Foundation	8,195	8,926	(6,000)	-	11,121
Medicash	1,006	1,021	-	60	2,087
Merseyside 100	11,372	9,333	(17,082)	2,890	6,513
Merseyside Police Authority	-	72,457	(72,457)	-	-
Merseyside Police & High Sheriffs Trust	15,565	14,287	(29,214)	1,085	1,723
MJB Fund	20,656	15,267	(36,500)	6,851	6,274
Olivia Rae Foundation	2,852	2,313	(5,114)	1,410	1,461
Peel Ports 500	14,611	11,392	(12,132)	-	13,871
Rossiter Foundation	15,150	5,342	(15,150)	-	5,342
Royal London Assurance	2,161	-	-	-	2,161
Runcat Community Action	40,878	19	(24,528)	-	16,369
Santander	113,212	383,000	(427,212)	-	69,000
Sefton Council	7,063	3,071	(2,345)	-	7,789
Shop Direct	188	40,177	(39,568)	1,092	1,889
Surviving Winter	1,772	2,085	(1,000)	-	2,857
UK Community Foundations	1,819	22,000	(23,819)	-	-
Warm Homes Knowsley	-	15,000	(15,000)	-	-
WO Street	4,264	4,089	(4,000)	-	4,353
Youthbank	11,753	5,516	(11,000)	-	6,269
	<u>522,985</u>	<u>1,311,426</u>	<u>(1,397,140)</u>	<u>72,339</u>	<u>509,610</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 held in the bank accounts.

Of the total grants awarded in the year, 43 grants amounting to £47,938 were awarded to individuals, and 341 grants amounting to £1,332,033 were awarded to voluntary and community groups.

In addition to the funds listed above £401,032 was distributed to community groups and individuals across Lancashire on behalf of the Community Foundation for Lancashire.

All funds available, together with the criteria, priorities and application process are detailed on our website at www.cfmerseyside.org.uk.

**COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

15 UNRESTRICTED FUNDS

	As at 1 April 2013	Movement in Resources			As at 31 March 2014
		Incoming	Outgoing	Transfers	
	£	£	£	£	£
Unrestricted funds	<u>268,099</u>	<u>399,070</u>	<u>(405,222)</u>	<u>9,489</u>	<u>271,436</u>

16 ENDOWMENT FUNDS

	As at 1 April 2013	Movement in Resources			As at 31 March 2014
		Incoming	Outgoing	Gains and Transfers	
	£	£	£	£	£
Permanent endowment	121,663	-	(691)	(4,411)	116,561
Expendable endowment	6,576,500	488,534	(31,643)	11,093	7,044,484
	<u>6,698,163</u>	<u>488,534</u>	<u>(32,334)</u>	<u>6,682</u>	<u>7,161,045</u>

Included in the above figures are the following significant funds:

	1 April 2013		31 March 2014		
	£	£	£	£	£
Expendable endowment:					
23 Foundation	1,120,506	-	(6,684)	13,521	1,127,343
BHP Billiton	270,524	-	(1,614)	3,264	272,174
Deutsche Bank	395,854	12,293	-	(3,678)	404,469
Merseyside Police and High Sheriffs Trust	502,262	480	(2,908)	13,749	513,583
John Goore Trust	289,524	-	(1,727)	3,493	291,290
Liverpool ONE Foundation	1,338,074	234,594	(5,208)	(13,080)	1,554,380
Mark McQueen Foundation	420,308	-	(2,507)	5,072	422,873
MJB Fund	642,992	32,964	(3,320)	2,772	675,408
The Rossiter Family Fund	267,247	-	(1,594)	3,225	268,878
Leahy Foundation	597,671	152,436	(2,499)	(5,161)	742,447
WO Street	204,579	-	(1,220)	2,469	205,828

The endowment fund is represented by investments, deposits with Rathbones, CCLA and bank accounts.

**17 ANALYSIS OF NET ASSETS
BETWEEN FUNDS**

	Fixed assets	Investments	Net Current Assets	Total
			£	£
Endowment Funds	-	7,165,463	(4,418)	7,161,045
Restricted Funds	-	-	509,610	509,610
Unrestricted Funds	2,030	-	269,406	271,436
	<u>2,030</u>	<u>7,165,463</u>	<u>774,598</u>	<u>7,942,091</u>

COMMUNITY FOUNDATIONS FOR LANCASHIRE AND MERSEYSIDE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

18 TRUSTEES' EXPENSES

No trustees have received remuneration. During the current and preceding years no trustees were reimbursed travelling expenses. Travel expenses of £144 were paid to Arthur Roberts whilst covering the Chief Executive Officer's maternity leave.

19 RELATED PARTY TRANSACTIONS

Ms Sally Yeoman, a trustee, is also the Chief Executive of Halton and St Helens Voluntary and Community Action (formerly St Helens Council for Voluntary Services) who have provided outreach and support services for the Foundation in previous years.

Mr WJ Bowley, a trustee, is a consultant with Brabners who provide legal services to the foundation.

During the year, an agreement was in place for the supply of services between the Community Foundation for Merseyside and the Community Foundation for Lancashire. This relates to the provision of administrative services and staff sharing of the Chief Executive and Development staff during the year, and has been reflected in staff and consultancy costs charged to the Community Foundation for Lancashire of £64,358 (2013: £81,429) in the period. The Community Foundation for Lancashire is a company limited by guarantee in England and Wales, Number 06383299, and is also a registered charity with the Charity Commission Number 1123229.

20 CONTINGENT LIABILITIES

The restricted fund balances carried forward at 31 March 2014 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.

21 POST BALANCE SHEET EVENT

On 1 April 2014, the charity received a gift of the activities and assets totalling £2,984,045 from Community Foundation for Lancashire (CFL), from this date the charity has agreed to carry on the activities of CFL. As part of the transfer the charity offered an indemnity to CFL to cover any liabilities in CFL, which may arise in the future, to the value of the assets transferred. On this date the charity also became the sole member of CFL.