

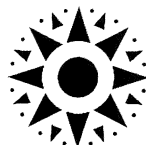
UK COMMUNITY FOUNDATIONS
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

UK COMMUNITY FOUNDATIONS

(A company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

Company Number: 2651777
Charity Number: 1004630



**UK COMMUNITY
FOUNDATIONS**
GIVING FOR LOCAL GOOD

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Status: The organisation is a charitable company limited by guarantee, incorporated on 7 October 1991 and registered as a charity on the 11 October 1991.

Governing document: The organisation was established under a memorandum of association on 7 October 1991 and amended on 2 December 1993, 17 July 1996, 21 October 1998, 19 January 2000, 27 April 2001, 23 April 2003, 17 November 2010, 19 March 2013 and 16 November 2016 which established the objects and powers of the organisation and is governed under its articles of association.

Company number: 2651777

Charity number: 1004630

Registered Office and Operations address: Unit 1.04, 9 Brighton Terrace, London, SW9 8DJ.

Honorary Presidency: Baroness Usha Prashar (Honorary President)

Honorary Officers: Chairman - David Sheepshanks CBE DL
Treasurer - Colin Seccombe

Members of the Board:

David Sheepshanks, Chairman	Jane Moss
Martha Wilkinson	John Nickson
Stephen Singleton	Stephen Parsons
Jan Garrell	Colin Seccombe
Alun Evans*	Rob Williamson, Vice-Chair
Trevor James	Niamh Goggin**
Laura Keen	Tom Ward, Vice-Chair
Arthur Roberts*	Victoria Miles

Note:

* means co-opted for three years from November 2016

** means co-opted for three years from March 2017

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Chief Executive:	Fabian French
Company Secretary:	Frankie Bradley (to October 2017) Chris Hughes (from October 2017)
Bankers:	CAF Bank Ltd, Kings Hill, West Malling, Kent ME19 4TA
Auditors:	haysmacintyre, 10 Queen Street Place, London EC4R 1AG

CHAIRMAN'S REPORT

I am pleased to report that the year to March 2018 was another positive one for both UKCF and the Community Foundation movement. We saw excellent progress in terms of UKCF's 2015-2020 strategy and achieved significant successes in terms of new programmes and increased profile. Member engagement has continued to improve, and positive approval ratings show that we are delivering value for our Community Foundation members.

In December 2017, we announced that the network of Community Foundations had made grants of £1 billion since the inception of the network some 20 years ago. This is a phenomenal achievement and one of which all can be rightly proud.

Our network of 46 Community Foundations has continued to grow during the period under review. The aggregate value of grants grew again to over £77 million, a new record which confirms our position as one of the UK's largest grant-makers. Our collective endowment saw significant growth to £583 million: the highest it has ever been. But these figures only tell part of the story; Community Foundations are constantly finding new ways to engage with and catalyse change in their localities. In the last year there have been some innovative examples of community initiatives, which demonstrate our community leadership and convening role.

The UKCF Conference held in Cardiff in September 2017 was the largest, best attended and most exciting conference organised by UKCF in our history, with over 450 delegates present from around our network and beyond. It was a wonderful three-day event combining inspiration, learning and networking in equal measure. The attendee feedback was overwhelmingly positive and made us all excited to be part of such a dynamic and empowering movement.

During the year we said goodbye to a number of CEOs and Chairs around our network; we are sad to see them go. I thank them for their service to their communities and am heartened to see the very high quality and passion of the people who have been selected to replace them. This bodes well for our collective future.

UKCF LEADERSHIP PROGRAMME

I am delighted to report that our vision for a Leadership Programme to inspire, motivate and create a new sense of growth mindset amongst Community Foundations is becoming a reality. A survey carried out in 2016 showed that there was a strong appetite from Community Foundations for such a programme and we have invested considerable time and energy seeking funders for this programme. We have held two combined Chair and CEO Leadership events over the last year and now, having received a very generous

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grant from Fidelity Foundation, we have recruited a Head of Learning to lead the programme which will kick off in the autumn of 2018.

NATIONAL PROGRAMMES

UKCF continues to coordinate and deliver national programmes for the network of Community Foundations. This year we have launched programmes for Nationwide Building Society and Mars amongst others. National programmes represent over 10% of our total grant making. Our national programmes are tackling key local issues such as housing and homelessness.

There are several new programmes in the pipe-line. These are mainly flow through funding in nature: meanwhile, we continue to seek an endowment-based programme. There is much discussion about the potential for the release of Dormant Assets held in unclaimed insurance policies, investment funds and the like. These would represent a unique opportunity to boost sustainable community capital, and UKCF is in discussion with Government about the role the Community Foundation network could play. However, it is increasingly clear that it will be several years before these assets are released.

TRUST TRANSFERS

The transfer of dormant or inactive charitable trusts to Community Foundations has been taking place for some time. Community Foundations are very effective in revitalising these trusts, maximising the return on their funds and ensuring that the original donor's objectives are met as closely as possible. We have been working with the Office of Civil Society and the Charity Commission on an initiative to encourage inactive dormant trusts to consider using Community Foundations to reinvigorate themselves and to streamline the process of transferring the trusts. This initiative was formally announced in the Civil Society Strategy announced in August 2018.

PROFILE

One of our constants in terms of key objectives is raising the profile of the network. With limited resource this is a journey; however, we are making good progress both generally and, in particular, with financial advisers. We are working with other voluntary sector participants to promote our work more widely and have produced joint publications with some. We regularly speak at forums and join policy steering groups, especially on issues around place-based funding. We have been closely involved in discussions regarding the establishment of a national disaster response process, drawing on our experience of flood appeals, the Grenfell Tower tragedy and other major incidents.

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SUPPORT

Although UKCF is funded in part by our members and in part by cost-contributions from national programmes, we depend on grants and donations for our sustainability. I would like to thank all our donors for their belief in the work UKCF and the network are doing. Particular thanks are due to those organisations which help fund our core costs. The Charles Stewart Mott Foundation of the USA continues to be a crucial long-term supporter and ally and the John Armitage Charitable Trust has generously supported our external affairs and policy work; CCLA remains a much valued core supporter. We are also very grateful to Fidelity Foundation who have most generously made a significant grant to the UKCF Leadership Programme. A number of organisations sponsored our 2017 Conference and we thank them for their support.

Importantly, we have also benefitted from the generous support of a small number of individual donors, including some of our trustees, whose commitment to our work is phenomenal. All our supporters and sponsors are greatly valued and appreciated.

FINANCES

UKCF's financial position has been strengthened over the year through a combination of prudent financial management and some new programmes and the cost contribution they bring. We have been able to expand our Programmes and Administrative teams to meet the increased workload. We are making some important investments in the future of the organisation, especially in terms of human resource and IT, which will improve the overall support and benefit we deliver to our members.

THE FUTURE

Community Foundations remain a unique and effective way for individuals and organisations to support their communities. Simply put, we have a compelling proposition of connecting local people with local need, offering expert guidance and enabling donors to be strategic and effective in their local giving. Support for our model continues to grow. We see how targeted philanthropic activity can have a transformational impact on communities and individuals around the UK. Our members (their trustees, staff and volunteers) can be justly proud of their efforts.

However, the cuts in national and local government spending and the precarious state of many local grassroots charities mean that need in communities is growing more rapidly than our ability to respond. As well as increasing donations, we need to create more innovative solutions that can help communities thrive. Partnership working, convening local parties to effect change, is ever more important. Brave, fresh thinking is needed to adapt to the new digital technology age and engaging the younger generations who

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are adopting new approaches to philanthropy. Community Foundations are ideally positioned to take the lead. We are fully aware of the challenges of our fractured society and we are committed to rebuilding engagement and respect from the bottom up.

As I am time-served, this is my last report as Chairman of UKCF and it has been a great privilege to lead. While we experienced some testing challenges in my earlier years, I have thoroughly enjoyed the past nearly six years and I am humbled by the commitment and passion of my colleagues and friends around the UK who have accomplished so much. I am excited that the Community Foundation movement across the UK continues to prosper and develop; I am pleased that we have been able to help millions of people achieve improvements in their lives, tempered by the fact that there is always so much more to do. Most of all, I am confident that we are now in a much stronger place to build on what we have achieved in support of communities going forward.

Finally, I would like to give special thanks to our President, Baroness Usha Prashar, the trustees and staff of UKCF (past and present) for their extraordinary contribution over the past 6 years. In particular, I would like to thank our CEO, Fabian French, for his diligence and hard work on all our behalves and I would like to wish my successor, Jane Lady Gibson, well. I believe she has an excellent platform from which to lead the next chapter of the local philanthropy and Community Foundation crusade.

David Sheepshanks CBE DL
Chairman
UK Community Foundations

REPORT OF THE BOARD

1. INTRODUCTION

UKCF is the national network organisation for all accredited Community Foundations across the UK. Community Foundations are community leaders, convenors and catalysts: they help people and organisations invest in local communities where it is most needed and where it will make most impact. Our vision is of a society where local philanthropy is the norm and where communities will be able to support all those in need.

WHO WE ARE

Our network consists of 46 accredited Community Foundations. We cover the whole of the United Kingdom and we have an unparalleled reach into local communities. Each Community Foundation has an in-depth understanding of its local area, what the priority needs are and how best to address these issues. Community Foundations are able to help donors to fund causes that they are not only passionate about but that will make the most difference.

Community Foundations are the only way for local people to give right to the heart of their communities wherever they live across the UK. They address the widest possible range of issues and intervene in the hardest to reach communities.

WHAT WE DO

Community Foundations support local projects on a wide range of issues, such as poverty alleviation, emergency crisis response, youth engagement, isolation, mental health and so on. The causes we fund are as diverse as the communities we are engaged in.

The network of accredited Community Foundations gives grants totalling over £77 million annually. This makes us one of the UK's largest grant-giving organisations. But the need is growing and so must we.

Over the past 20 years, donors have given over £1 billion to and through Community Foundations for local causes. This is a staggering milestone and it demonstrates how the philanthropic spirit in the UK has secured long term and sustainable benefit for communities and achieved lasting social change. However, the need of communities is growing persistently and we are conscious that we must grow to meet these needs.

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Donors who care about their communities want to know that their money is used effectively. With the Community Foundations' local knowledge of need, they ensure that funding reaches those organisations best able to support the most vulnerable and disadvantaged in our communities.

2. UKCF'S VISION AND GOALS

UKCF's vision for the Community Foundation network is that:

- Local philanthropy should be the norm and that, through Community Foundations, communities will be able to help all those in need.

UKCF is a membership organisation; we exist to serve our members. As such, we aspire to be:

- The leader of a network that can transform communities;
- A champion of the issues that matter to the people of the UK; and
- The catalyst for growth and success of the Community Foundation movement in the UK.

The strategic objectives which will enable us to deliver our vision and our purposes are:

- Grow a stronger and more cohesive network of Community Foundations;
- Have influence in the places where it matters; and
- Be properly resourced to achieve our goals.

3. UKCF'S OBJECTS, OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

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

The objectives of UKCF are:

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

The changes or differences that UKCF seeks to make are:

- Uniting the Community Foundation movement around a shared strategy for accelerating growth by raised profile and enhanced credibility;
- Promoting Community Foundations' services to UK-wide funders: companies, trusts, private family offices, individuals and other organisations;
- Establishing Community Foundations as leading promoters of philanthropy;
- Increasing the network's efficiency, effectiveness and accountability through member services: quality accreditation; training; network meetings and conferences; transfer of best practice and internal communications: and
- Enabling faster growth, increased efficiency and greater effectiveness through: IT, digital services; social media and network projects.

4. ACHIEVEMENTS AND PERFORMANCE

2017/18 was a positive year for the Community Foundation network. The combined endowment of our members grew and so did the total amount of grants made. Both reached record levels, meaning that communities received more benefit from our activities than in any previous year. We were thrilled to be able to announce in December 2017, that the network since its inception has made grants totalling over £1 billion.

The number of people who give in a significant way through Community Foundations continued to grow during the year. Our network of Community Foundations continues to be at the forefront of developing philanthropy in the UK. UKCF supports the network with the Philanthropy Framework, an initiative which assists Community Foundations in providing informed and constructive advice to our existing and prospective donors on their philanthropy.

We continued to be successful in securing and delivering national programmes for major funders. Around 10% of the total grants made by the network came from national programmes initiated and managed by UKCF.

In 2017/18 a record number of Community Foundations produced needs assessments, of which many adopted the well-regarded Vital Signs methodology. Needs assessments are a very important way of demonstrating the insights Community Foundations have into the communities they operate in and allow us to demonstrate patterns of need to both local and national funders.

Several CEOs/Directors of Community Foundations departed during the year, many of whom had been in post for a considerable period. We were sorry to say goodbye to valued colleagues and we thank them for their contribution. It is pleasing to see that those who replaced them are well-qualified, energetic and enthusiastic individuals, keen to drive their Community Foundation to the next level.

2017/18 was also positive year for UKCF itself, and we made progress towards each of our strategic goals.

STRATEGIC GOAL - GROW A STRONGER AND MORE COHESIVE NETWORK OF CFS

In the year under review, we focused on our offering to our members. The highlight of the year was our national UKCF Conference, on which more detail is given below. In line with the Membership Charter, several new initiatives were launched to strengthen the network and to improve member relations. We continued with our programme of training and development webinars for members on a wide range of topics. We introduced new subject specific forums for senior Community Foundation staff members, including finance staff, as well as a forum for small and mid-sized Community Foundations. Our meetings for newly appointed CEOs continued to be well received and induction meetings are now being offered to trustees who join the Boards of our members.

UKCF CONFERENCE 2017

The Conference which took place in Cardiff in September 2017 was the best attended one in the network's history, with almost 500 attendees. The Conference was entitled Leading for Local Good and was attended by representatives from almost all our members as well as many other stakeholders.

Speakers at the event included many prominent names in the not-for-profit sector, including Dawn Austwick, CEO of the Big Lottery Fund, and Sir Tom Hughes-Hallett, philanthropist and voluntary sector guru. The programme included a wide range of plenary speeches, panel sessions and subject-specific workshops. The feedback we received from the attendees was overwhelmingly positive, although the programme was so packed that some felt there was a shortage of networking opportunity.

The Conference had a better financial outcome than in previous years due to the generous sponsorship from a number of investment managers, in particular CCLA, M&G, Barclays, Brewin Dolphin and Ruffer. We are very grateful to them and the other sponsors. We also thank Community Foundation in Wales for being such welcoming and helpful hosts.

IT AND DIGITAL SERVICES

UKCF made further progress during the year with its digital strategy designed to ensure that all Community Foundations maximise the possibilities from digital technology. We continued to work on

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improving the efficiency and effectiveness of the Salesforce platform for our members, both as a grant making tool and as a platform for communications between members.

It is clear that the membership is looking for leadership from UKCF with regard to digital matters. We have worked with a Digital Task Force to define those areas where maximum impact can be achieved and we have commissioned two digital consultants to help us map the way forward. It is clear that not all Community Foundations are using the Salesforce platform in the optimal way and we have instituted training forums. We are actively seeking a trustee with digital skills and will shortly establish a dedicated Digital Committee.

MEMBER SERVICES, TRAINING AND DEVELOPMENT

Training and development has remained a core focus of UKCF during the year in review. The programme of webinars continues to be well received. New forums for learning and sharing best practice have been established for grants and development practitioners and finance teams and have continued for communications staff.

During the year the work on the proposed Leadership Programme moved forward very significantly. This initiative will deliver a comprehensive programme of training and development tools and forums for senior Community Foundations staff as well as for Trustees. We were thrilled to be awarded a substantial grant by Fidelity Foundation, which allows us to kick off the work in earnest. Other smaller sources of funding have been identified including a modest use of UKCF's own reserves. Our new Head of Learning, who will manage the Leadership Programme, is due to join in August 2018.

We are very grateful to Fidelity Foundation and other donors for their generous and visionary support.

VITAL SIGNS

Vital Signs is a programme for measuring the vitality and wellbeing of communities across the UK. Through a combination of research and community consultation, it assesses and highlights the challenges and hidden needs within local communities, thereby assisting Community Foundations and their donors to focus their grant-making and provide support to those people and issues that need it the most.

Vital Signs not only maps the needs and deficiencies in communities but also celebrates what is going well. By engaging a wide range of people and the media in a debate about the local areas in which they live and work, it serves as a unique and powerful tool that can help to influence public policy.

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A growing proportion of the network are using Vital Signs to carry-out their local needs assessment, with 20 Community Foundations having participated in the programme in 2017, most of which published their reports in time for the international launch in October 2017.

The generous grant from the Goldsmiths Company in 2017, enabling seven smaller-sized Community Foundations to adopt the programme, has really helped the Vital Signs gain traction and credibility across the UKCF network. However, as mentioned above some Community Foundations will continue for the time being use other forms of need assessment methodology.

TRUST TRANSFERS

During the year we have been working with the Charity Commission, the Office of Civil Society and our Trust Transfer Associate to develop a way to reinvigorate more dormant and inactive trusts. There are many millions of pounds of capital tied up in charitable trusts which for various reasons is not being distributed. Sometimes the charitable objectives are outdated; sometimes the trustees have lost interest. Our initiative is designed to identify those trusts which can be revived by transferring the capital to the relevant Community Foundation and to signpost the trustees towards us. We are also developing a way to make what is normally a very long-winded transfer process quicker and more streamlined. This important initiative, which will benefit all our members and the communities they serve, has been announced as part of the Civil Society Strategy in 2018.

STRATEGIC GOAL - HAVE INFLUENCE IN THE PLACES WHERE IT MATTERS

In 2017/18 UKCF has continued to focus on raising its profile amongst specific target audiences. These include government, philanthropists, voluntary sector opinion formers, financial advisers and legal advisers.

BRAND AND WEBSITE

The roll out of the new brand has been completed, with all UKCF's publications and materials now updated. The new website (www.ukcommunityfoundations.org), which was launched in January 2017, is now fully operational and has received considerable acclaim. It is regularly updated and added to with cases studies, news and other useful material.

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The Members' Zone of the website, which is accessible only by members of the network, has developed into a much more complete and dynamic resource, though there is still more work to be done.

RAISING OUR PROFILE

As mentioned above, raising the profile of the Community Foundation movement in the UK is a key element of UKCF's strategic focus. The network and its members continue to be less well known than they deserve to be. Although we have made some progress during the year, there is no room for complacency.

During the year, work continued on increasing UKCF's and the network's profile via social media. We have raised our profile on social media considerably as a result. We are blogging regularly on topical issues and our activity on Twitter and other media is gaining considerable traction across the sector. We have succeeded in getting articles placed in the national media. We have produced various publications, including a new format of Annual Review as well as an Introduction to Community Foundations. We have also co-produced a joint publication with Charities Aid Foundation (CAF) entitled 'Philanthropy Comes of Age'. It is our intention to co-produce more material, identifying partners with a common interest to our own.

UKCF has continued to place emphasis on promoting the role of Community Foundations in connection with the Dormant Assets Fund. We are confident that Community Foundations are the perfect vehicles for holding community capital and using it wisely to benefit all our communities – especially those which need most support. We prepared a UKCF 'Manifesto' in advance of the General Election; we have written to the Chancellor of the Exchequer and the Minister of Civil Society. We have held meetings with the Minister, with civil servants within the Office of Civil Society and with Special Advisers to increase their awareness of Community Foundations and the benefits of government support for Community Foundations as a key way of strengthening communities and ensuring the sustainability of small local charities and voluntary groups. There are some encouraging signs that our message is being heard.

BEACON

The Beacon Awards, which are organised by UKCF, have the objective to promote and celebrate philanthropy in the UK. The Beacon Awards 2017 took place in May 2017 at the Mansion House. 12 Awards were made in total to a diverse and inspiring group of philanthropists. New categories introduced this year were: Beacon Award for Philanthropy in Arts and Culture, Beacon Award for Philanthropy in Sport and Beacon Award for Local Community Philanthropy. As hoped, a significant number of nominations were received from Community Foundations and four of the winners were nominations from the network.

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The sponsors of the Awards in 2017 were JPMorgan, City Bridge Trust and the Pears Foundation. We are very grateful to all of them.

It is intended that the Beacon Awards will from summer 2018 onward become the overall responsibility of the Philanthropy Collaborative, rather than of UKCF – though we will continue to play a part and remain fully supportive of the celebration and promotion of philanthropy, whether local, national or international. The Philanthropy Collaborative is the brain child of Matthew Bowcock CBE, a former Chair of UKCF, who is focussing on encouraging greater giving from the very wealthiest in our society. He is supported in this initiative by some other very well-known and generous donors, and has already had significant pledges of financial and other support. Beacon Fellowship Charitable Trust will become the vehicle for all the Philanthropy Collaborative's activities, including promotion and celebration, under the leadership of Matthew and other well-known philanthropists. The Philanthropy Collaborative is committed to continuing the promotion and celebration of philanthropy, and will be reviewing whether the Beacon Awards model is the best way of achieving this.

STRATEGIC GOAL - BE PROPERLY RESOURCED TO ACHIEVE OUR GOALS

During the year, UKCF continued to build our financial resources and to strengthen our organisation. Our financial position became more robust due to increases in core funding and the cost contributions received in respect of national programmes. We have been able to invest in our organisation to improve further our services to members.

STAFFING

The senior management team comprised: Fabian French, CEO; Kiran Ramchandani, Director of Communications; Vicki Papworth, Director of Development; and Frankie Bradley, Director of Finance and Operations (until October 2017). Chris Hughes joined us as Director of Finance and Operations in October 2017. We recruited an additional post in the Programmes team in order to deal with the increased volume of national programmes. This brought our total headcount to 12 people.

Our Membership Manager, Mike Scott, left us in December 2017 and he was replaced by Dianne Jones who came from a similar role at MIND – another membership organisation.

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OPERATIONAL PLAN

Our operational plan reflects our overall strategy. It is regularly updated and reviewed by the Board. We have developed a series of KPIs by which to measure our performance.

UKCF CORE FUNDING

UKCF's overall financial position improved during the year, mainly due the cost contribution received on the growing number of national programmes combined with a close focus on costs. As a result, we have been able to invest modestly in our operations without turning to our members for help. Membership fees in total grew by less than inflation year on year.

UKCF's core funding improved relative to last year, in part due to Conference sponsorship. Grants from CS Mott, John Armitage Charitable Trust, Goldsmiths and CCLA were the largest contributors to core costs and we continue to be very grateful to these wonderful organisations for their ongoing support. In addition, the Conference sponsorship from the organisations mentioned above as well as Quilter Cheviot, Cazenove Capital, Smith & Williamson, Welsh Water and Investec was greatly appreciated. Other events were sponsored by Close Brothers and Ruffer. Sponsorship remains an important element in our core funding and we are most grateful to these and other sponsors for their contribution.

MEMBERSHIP FEES

The increases in programme income and core grants enabled UKCF to maintain membership subscriptions at almost the same level as the previous year. No member saw a fee increase of more than three per cent.

FUNDRAISING

UK Community Foundations does not actively fundraise from members of the public, and no third-party fundraisers are used by the Charity. Donations are, however, gratefully received and accepted. The majority of our funding comes directly from grants and other institutional funders. We have not received any complaints in respect of fundraising.

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PROGRAMMES

Over the past year UKCF has continued to build the suite of national programmes which it delivers for a range of funders, and to further clarify the offer to different potential clients.

We have developed the range of grant-making support and programme design which can be offered to funders, in particular to corporate clients. A long-term programme of CSR has been developed for Nationwide Building Society, some small local grants for Mars - funded by a new product launch, and the design for Royal London of a member-led programme of core support for small local charities.

During 2017/18 grant payments were £6.7 million.

A number of new programmes were won in 2017/18 which allowed UKCF to further invest in the delivery team and to appoint a new Programmes Officer. The cost contribution on these programmes has allowed UKCF to invest in systems improvements and upgrades.

NEW BEGINNINGS

This programme came to an end after two rounds of grants totalling £949k, and a summary learning report was circulated to funders. The New Beginnings Fund aimed to increase the capacity of small community groups to welcome and integrate refugees and asylum seekers into the UK, and to reduce the strain on current support networks. It placed a particular emphasis on groups who were working to get their local communities involved in volunteering.

Funding for this programme came from a consortium of funders made up of Comic Relief, Lloyds Bank Foundation for England and Wales, Barrow Cadbury Trust, Pears Foundation, The Rayne Foundation, Children In Need and Oak Foundation.

In January 2018, UKCF published a report on the impact of grants awarded through the New Beginnings programme. <https://www.ukcommunityfoundations.org/wp-content/uploads/2018/01/20180129-New-Beginnings-Funders-report-1.pdf>

#IWILL / YOUTH SOCIAL ACTION

UKCF is delivering a £4 million investment during 2017 - 2018 as part of the #iwill campaign. The campaign aims to make social action part of life for as many 10 to 20 year olds as possible by 2020.

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The #iwill campaign is funded by the Big Lottery Fund and the Office for Civil Society, and delivered in conjunction with Step Up to Serve. In this first year of the programme, Community Foundations raised £2m in match funding to make total grants of over £4m.

Delivery partners are providing social action opportunities for young people in disadvantaged areas and from backgrounds with below-average levels of participation as well as activities in education, and health and social care. UKCF distributes grants of £5-10k for local social action opportunities through our network of 43 Community Foundations in England.

BUILDING A STRONGER BRITAIN TOGETHER (BSBT)

UKCF is partnering with advertising agency M&C Saatchi to deliver around £2million in grants as the second phase of a major Home Office initiative to build social cohesion and to counter extremism.

In Britain, each one of us is free to live the life we choose thanks to shared values that underpin our society: values that include democracy, free speech, mutual respect and opportunity for all. Such freedoms rely on a shared responsibility to respect the rights of others to live as they choose. But in recent times we have seen extremists operating at unprecedented pace and scale, seeking to divide communities and cause great harm.

The 'Building a Stronger Britain Together' programme supports civil society and community organisations who work to create more resilient communities, stand up to extremism in all forms and offer vulnerable individuals a positive alternative, regardless of race, faith, sexuality, age, and gender.

COMIC RELIEF

Comic Relief has awarded grants to UKCF to manage various national programmes across the United Kingdom on their behalf from 2009 onwards. These different strands of support include Community Cash, Large Grants and Local Communities. Total grant-making has been around £40m over this period.

In 2017/18, UKCF has supported Comic Relief to deliver a £2 million investment into supporting small community-led organisations across the UK. The Core Strength Local Communities Grants programme provides funding for essential core running costs for grassroots organisations, that are often the first and sometimes only point of support for individuals and communities trying to make a difference in their lives. The initiative will sit under the Comic Relief programme of Building Stronger Communities – supporting groups who work to make their communities more connected, empowered and productive.

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Grants between £1-10k were available, for up to 12 months, to small local community organisations with an annual income of up to £100,000.

Given the strategic review currently being undertaken by Comic Relief, there is no clarity as to whether they will be using the Community Foundation network to deliver grant-making to communities in future.

FOURTEEN

Spirit of 2012 is working with UKCF to deliver long-lasting social change in communities, inspired by the 2014 Commonwealth Games.

Fourteen communities have been selected to receive three years of funding to increase community participation and improve wellbeing as part of the legacy of the London 2012 Olympic Games.

As part of this £3.5m programme, the fourteen communities in the programme continue to make small grants through local funding panels. Activity is focussed around building greater community cohesion, tackling disadvantage by supporting opportunities in sport, physical activity, culture and the arts, volunteering and social action, challenging perceptions of disability, and aims to deliver long-lasting social change in communities.

The communities which benefit from the Fourteen investment are as follows:

- Scotland: Calton (Glasgow) Ruchill & Possilpark (Glasgow), Gorbals (Glasgow) Dumbiedykes (Edinburgh), Caithness (Highlands), Islay (Argyll & Bute)
- England: Harpurhey & Moston (Manchester), Kingstanding (Birmingham), Ryhope & Hendon (Sunderland), Southmead (Bristol)
- Wales: Mid Rhondda (Rhondda) and Bro Aberffraw (Anglesey)
- Northern Ireland: Monkstown & New Mossley (Belfast) and Creggan (Derry/Londonderry), this portion of the fund is managed by our partners Springboard Opportunities.

This programme comes to an end in summer 2018 and an evaluation report will be prepared.

MARS

Our work with the confectionery company Mars comprises a small programme of grants, delivered in Wales, Scotland, Northern Ireland, Dorset, Milton Keynes and Cumbria through solicited applications.

This programme was funded by a commitment to spend 10% of sales profits from a new product launch through the fund. Established in August 2017, the money is distributed to charities across the UK to help overcome disadvantage and build stronger communities.

UK COMMUNITY FOUNDATIONS

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

NATIONWIDE BUILDING SOCIETY

Nationwide Building Society was founded to help people into homes of their own. This Community Grants programme supports local housing projects, so even more people can have a place fit to call home.

A pilot programme of grants to support projects around housing and homelessness took place in the autumn of 2017, in the north of England. This included the creation and support of a Community Board to feed into the decision-making around awarding grants. It is planned to roll out across the country over the coming 12-15 months, in a number of geographical phases.

There are three main themes to the fund:

1. Preventing people from being homeless - this could be by improving physical, emotional or social conditions, for example, developing new accommodation for those who are currently homeless.
2. Helping people into a home - this could be by helping people into supported accommodation or stabilising rental accommodation, for example, helping people to access bond schemes.
3. Supporting people to remain in their home - this could be by supporting people's independent living within their current home, for example, offering adaptations to support older people or people with disabilities to live at home and continue to be active.

Housing projects and charities are encouraged to apply for grants to help make a change in their local areas. Grants of up to £25,000 are available to single organisations and up to £50,000 for partnership bids. With funding, successful projects will be able to provide housing services to people in need, support people off the streets, and help people stay in their homes.

The application process is supported by a regional board of Nationwide members, employees and housing experts.

ROYAL LONDON

The Royal London Foundation was established in order to help people in communities across the UK. As the largest mutual life, pensions and Investment Company in the UK, with Group funds under management of £84.5 billion. Group businesses provide around 9.1 million policies and employ 2,988 people (figures quoted at 31 December 2015). Founded as a Friendly Society in a London coffee shop in 1861, Royal London started out with the aim to help people avoid the stigma of a pauper's grave. Since then they have been helping people help themselves and are committed to delivering the best value for customers and putting members first.

To celebrate Royal London's 150th anniversary, they wanted to make a difference in the communities where their members live. Royal London Members were offered the opportunity to nominate local community groups to receive an award to further their charitable objectives.

This programme offers unrestricted funding of up to £5k to local organisations, with an annual turnover under £500k and a local community impact, in particular supporting people with a chronic or long-term condition. £139k in grants were made in this second phase of the programme during the year, following on from the successful 'Charity Partners' programme of 2016/17.

5. STRUCTURE, GOVERNANCE AND MANAGEMENT

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

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

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

These requirements mean that UKCF benefits from having the majority of trustees very familiar with Community Foundations in the UK and the issues that the Board considers. The Board meetings fit into the planning cycle so that the Board is able to focus on developing strategy, approving the operational plan, agreeing the annual budget and reviewing lessons learned.

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

- Membership Committee- charged with developing member strategy, improving member services, philanthropy development, organising member gatherings and oversight of network wide IT.
- Finance, Operations and Audit - charged with reviewing financial strategy and planning management, audit, risk, human resources and major contracts.
- Community First Investment Committee - oversight of the endowment established during the Community First Match Challenge Programme (see further below).

There is no formal training programme for the trustees of UKCF. However, all of them are either trustees of other charities or employed by Community Foundations and therefore have significant current

knowledge of charity practice and regulation. Many of the UKCF trustees attend third sector seminars and events and some are offered training and development opportunities by their relevant Community Foundation. In addition, all UKCF trustees attend UKCF's Symposium and the UKCF Conference which fall in alternating years. Both these events have a programme of plenary speeches and workshops designed to develop the skills and knowledge of all attendees. In addition, the Board agenda includes updates on charity governance matters.

UKCF is also the sole member of the Beacon Fellowship Charitable Trust. UKCF has appointed a majority of trustees to the Beacon Board who are not UKCF trustees to ensure that the independence of the Awards process cannot be questioned. As stated above, the relationship with Beacon is expected to change, with UKCF resigning its membership of the Beacon Fellowship Charitable Trust.

The legal and administrative information set out above forms part of this report.

6. INVESTMENT POLICY

During the year under review, UKCF had no investments of its own. However, the intention is that UKCF will develop its own endowment from the transfer of dormant or inactive trusts with a national reach. Accordingly the Board has considered and developed a suitable Investment Policy for UKCF's future investments.

In addition, UKCF has responsibility for the oversight of the Community First Match Fund Challenge endowment which is held by individual Community Foundations. This oversight has been delegated to the Community First Investment Committee, which meets twice a year. The Community First endowment is currently managed by CCLA.

7. GRANT MAKING POLICIES

UKCF has been successful in winning contracts where it manages the primary funding relationship with, then awards grants on behalf of, donors or other funders to Community Foundations for disbursement in the communities they serve. The grant making policy for each programme is set in accordance with the specific aims and objectives of the funder and these are communicated to Community Foundations through formal grant offer letters or contracts. Monitoring and evaluation reports are required for all grants; the requirements of each donor and the size and time-frame for the grants determine the exact nature of the reporting.

8. FINANCIAL REVIEW

The statement of financial affairs reports a surplus of £2,383k (2017: deficit of £550k), including an unrestricted surplus of £108k.

Total funds amounted to £2,886k (2017: £503k), UKCF's unrestricted reserves amounted to £444k (2017: £336k).

INCOME

Total income dropped marginally to £10,126k (2017: £10,245k). This reduction is due to two major grants programmes, New Beginnings and Spirit of 2012 coming to an end during the year. These were offset by several new programmes receiving funding during the period, notably from Nationwide, Mars and the Oak Foundation. Membership income increased slightly, as did programme management fees and membership ICT subscriptions. Core funding remained at a similar level to 2017 and The C S Mott Foundation, the John Armitage Charitable Trust and CCLA, are to be heartily thanked for their generous and continued support of UKCF.

EXPENDITURE

Total expenditure decreased by £3,105k to £7,733k (2017: £10,838k), the majority of this reduction resulted from two large programmes coming to a successful closure.

Unrestricted expenditure increased marginally mostly due to an increase in ICT costs and a modest increase in staff related costs. During the year Governance costs were £14k (2017: £13k)

RESTRICTED FUNDS

At 31 March 2018 UKCF held restricted funds of £2,442,000 (2017: £167,000) reflecting funds received in advance of the relevant activities.

DEFINED BENEFIT PENSION

During the year the trustees approved the repayment of this deficit. This liability of £74k, which related to historic employees of UKCF, was settled in full and all future liabilities extinguished in May 2018.

9. RISKS

The trustees of UKCF regularly review the major risks to which the charity is exposed, and systems and procedures are in place to manage these risks with reports from the CEO received half yearly at Board meetings. The key risks are associated with the ongoing resourcing of UKCF and the financial, operational and reputational risks associated with the delivery of its programmes. The most significant risks are a decline in UKCF's income as a result of loss of programmes or core funding grants, the changes in the regulatory environment and the new Trust Transfer initiative.

To mitigate the risks of a reduction of income, UKCF is actively pursuing new programmes and core funding opportunities. To mitigate the risk of changes in the regulatory environment we commissioned an external GDPR audit and provided staff training. To mitigate the risk associated with the Trust Transfer initiative (see p13) we are working closely with an experienced consultant and piloting the scheme initially on a limited scale.

10. RESERVES POLICY

During the year the trustees reviewed the reserves policy and agreed to maintain sufficient unrestricted reserves to cover 30% - 40% of annual unrestricted budgeted running costs net of guaranteed membership fees, including an allowance for any potential additional contingent liabilities.

The trustees believe this policy is a sensible balance between the need to maintain a secure long-term financial position and the requirement not to hold excessive charitable funds. The trustees review the reserves policy every year.

At the balance sheet date, the policy required UKCF to hold £275k - £365k in reserves. At this date the unrestricted reserves of the charity were £444k, the reserves policy has therefore been met.

11. UKCF GOING CONCERN

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charity to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular the trustees have considered the charity's forecasts and projections and have taken account of pressures on donations income. After making enquiries the trustees have concluded that there is a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

12. PLANS FOR THE FUTURE

During the year under review, the charity has continued implementing its 2015–2020 strategy. The Board of UKCF is confident that the strategy and staffing and financial situation position UKCF well to support its members, deliver new national programmes and raise the profile of the UK community foundation network.

13. REMUNERATION POLICY

The trustees consider the Board of UKCF and the CEO as comprising the key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a day to day basis. All trustees give of their time freely and no trustee remuneration was paid in the year. Details of trustee expenses and related party transactions are disclosed in note 13 to the accounts.

Trustees are required to disclose all relevant interests and register them with the CEO or Company Secretary and in accordance with UKCF's policy withdraw from decisions where a conflict of interest arises.

The pay of the CEO is reviewed annually taking into account movement in average earnings and the relativity with the average salary of other employees. The remuneration of the CEO and his/her senior reports is bench-marked with grant-making charities of a similar size and activity to ensure that the remuneration set is fair and comparable with that generally paid for similar roles. A cost of living increase was made to all staff except the CEO in April 2017. The CEO has not taken a cost of living related pay increase since he joined in March 2015.

14. IMPACT

UKCF attaches great importance to demonstrating the impact of charitable giving. It works with its members to encourage and support them in providing measurable evidence of their grant making. In 2017/18, the number of Community Foundations producing impact reports increased. Over a third of our members now produce impact reports and we expect this proportion to continue to grow.

In 2015/16 UKCF rolled out a digital tool to the network to greatly enhance and simplify individual Community Foundations' measurement of impact. This new tool has been widely adopted and is assisting our members to measure and demonstrate impact.

As a membership organisation, it is clearly challenging for UKCF to demonstrate impact itself. However, the feedback from members during the year confirms that they are supportive of UKCF's direction of travel and that the organisation provides much needed support and input for the network across a range

of issues and challenges. All conferences and forums of the membership include feedback forms, which allow UKCF to measure the level of member satisfaction. This feedback has been mainly positive, especially for the Conference in Cardiff which received rave reviews. UKCF now include a satisfaction questionnaire in its annual survey. The most recent survey which took place after the end of this financial year, shows that over 90% of the network's leadership rated UKCF's performance as excellent or good.

15. TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The trustees (who are also Directors of UK Community Foundations 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 trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and of its income and expenditure 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 the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements ;
- State whether a Statement of Recommended Practice (SORP) applies and has been followed, subject to any material departures which are 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.

16. AUDIT INFORMATION

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

- a) There is no relevant information of which the auditors are unaware; and

UK COMMUNITY FOUNDATIONS

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

b) They have taken all relevant steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

17. MEMBERS' LIABILITY

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of Members at 31 March 2018 was 46.

18. TRUSTEES' INDEMNITY INSURANCE

During the year, trustees were covered by Directors' and Officers' insurance.


19. AUDITORS

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

20. SMALL COMPANIES' EXEMPTION

Advantage is taken of the small companies' exemption from the requirement to prepare a strategic report.

Approved by the Board on 12.9.18

Signed on its behalf by 

David Sheepshanks CBE DL
Chairman

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

OPINION

We have audited the financial statements of UK Community Foundations for the year ended 31 March 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2018 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF TRUSTEES FOR THE FINANCIAL STATEMENTS

As explained more fully in the trustees' responsibilities statement set out on page 26, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

UK COMMUNITY FOUNDATIONS

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2018

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report and the Chairman's Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

UK COMMUNITY FOUNDATIONS
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 MARCH 2018

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report (which includes the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (which incorporates the strategic report and the directors' report).

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

- adequate accounting records have not been kept by the charitable company; or
- the charitable company 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' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

USE OF OUR REPORT

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



Anna Bennett (Senior Statutory Auditor)

For and on behalf of haysmacintyre, Statutory Auditors

10 Queen Street Place, London EC4R 1AG

17/9/18

UK COMMUNITY FOUNDATIONS

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating income and expenditure account)

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018			2017		
		Unrestricted Fund £'000	Restricted Funds £'000	Total £'000	Unrestricted Fund £'000	Restricted Funds £'000	Total £'000
INCOME FROM:							
Grants		53	8,951	9,004	60	8,983	9,043
Donations		100	-	100	119	111	230
Subscriptions		393	-	393	355	-	355
Other		629	-	629	617	-	617
Total income	3	<u>1,175</u>	<u>8,951</u>	<u>10,126</u>	<u>1,151</u>	<u>9,094</u>	<u>10,245</u>
EXPENDITURE ON:							
Raising funds	5	61	-	61	36	-	36
ICT Services	5	219	-	219	169	-	169
Member Services	5	721	-	721	676	37	713
Birmingham Funds	5	-	-	-	-	854	854
Projects and Programmes	5	33	-	33	15	119	134
Grant Payments	4	-	6,699	6,699	-	8,932	8,932
Expenditure on Charitable Activities		973	6,699	7,672	860	9,942	10,802
Total expenditure		<u>1,034</u>	<u>6,699</u>	<u>7,733</u>	<u>896</u>	<u>9,942</u>	<u>10,838</u>
Net (losses)/gains on investments		-	-	-	-	39	39
Net income/(expenditure)		141	2,252	2,393	255	(809)	(554)
Transfers Between Funds		(23)	23	-	(84)	84	-
Other recognised gains/(losses):							
	17	(10)	-	(10)	4	-	4
Net Movement in Funds		<u>108</u>	<u>2,275</u>	<u>2,383</u>	<u>175</u>	<u>(725)</u>	<u>(550)</u>
Reconciliation of funds							
Total Funds Brought Forward		336	167	503	161	892	1,053
Total Funds Carried Forward:	13,14,15	<u>444</u>	<u>2,442</u>	<u>2,886</u>	<u>336</u>	<u>167</u>	<u>503</u>

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

The notes set out on pages 34 to 44 form an integral part of these financial statements.

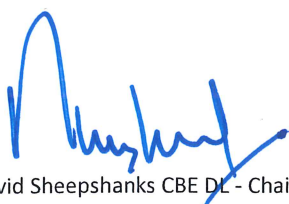
UK COMMUNITY FOUNDATIONS

BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018 £'000	2017 £'000
FIXED ASSETS			
Tangible assets	8	1	2
Total fixed assets		<u>1</u>	<u>2</u>
CURRENT ASSETS			
Debtors	9	807	560
Cash at bank and in hand		2,349	1,951
Total current assets		<u>3,156</u>	<u>2,511</u>
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	10	(197)	(1,946)
NET CURRENT ASSETS		<u>2,959</u>	<u>565</u>
CREDITORS: Amounts falling due after more than one year			
Defined benefit pension scheme liability	18	(74)	(64)
TOTAL NET ASSETS	15	<u>2,886</u>	<u>503</u>
The funds of the charity:			
Restricted income funds	13	2,442	167
Total unrestricted funds	14	444	336
TOTAL CHARITY FUNDS		<u>2,886</u>	<u>503</u>

The financial statements were approved and authorised for issue by the Trustees on 12th September 2018 and signed on their behalf by:



David Sheepshanks CBE DL - Chair

Company number 26517477

The notes set out on pages 34 to 44 form an integral part of these financial statements.

UK COMMUNITY FOUNDATIONS

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	£'000	£'000
Net cash flow from operating activities:		
Net cash provided by/(used in) operating activities	<u>399</u>	<u>(408)</u>
Cash flow from investing activities		
Purchase of property, plant and equipment	(1)	-
Proceeds from sale of investment	-	771
Net cash provided by/(used in) investing activities	<u>(1)</u>	<u>771</u>
Net change in cash and cash equivalents in the reporting period	<u><u>398</u></u>	<u><u>363</u></u>
Cash and cash equivalents at the beginning of the reporting period	1,951	1,588
Cash and cash equivalents at the end of the reporting period	2,349	1,951
Reconciliation of net income/(expenditure) to net cash flow from operating activities.	2018	2017
	£'000	£'000
Analysis of Cash and cash equivalents		
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	2,383	(550)
Adjustment for:		
Depreciation charges	2	3
Losses/(gains) on investments	-	(39)
(Increase)/decrease in debtors	(247)	290
Increase/(decrease) in creditors	(1,739)	(112)
Net cash provided by/(used in) operating activities	<u><u>399</u></u>	<u><u>(408)</u></u>
Analysis of cash and cash equivalents	2018	2017
	£'000	£'000
Cash in hand	<u>2,349</u>	<u>1,951</u>
Total cash and cash equivalents	<u><u>2,349</u></u>	<u><u>1,951</u></u>

The notes set out on pages 34 to 44 form an integral part of these financial statements.

UK COMMUNITY FOUNDATIONS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2018

1. Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention (with the exception of investments which are stated at valuation) and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The Charitable Company is a public benefit entity for the purposes of FRS 102 and therefore the Charity also prepared its financial statements in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (The FRS 102 Charities SORP), the Companies Act 2006 and the Charities Act 2011.

Going concern

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charity to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular the trustees have considered the charity's forecasts and projections and have taken account of pressures on donation income. After making enquiries the trustees have concluded that there is a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

Income

Income generated from the supply of goods or services is included in the statement of financial activities in the period in which the supply is made.

Subscriptions are included in the statement of financial activities when receivable. Donations and gifts to the charity are included in the statement of financial activities when received. Intangible income is recognised as income where the provider of the service has incurred a financial cost. General volunteer time is not included in the financial statements in line with the guidance set out in the SORP.

Grants are included in the statement of financial activities when there is entitlement to the income, receipt is probable and it can be quantified with reasonable accuracy. Where grant agreements include a management fee element this is separately recorded as unrestricted income of the charity.

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

Unrestricted funds are donations and other income received or generated for charitable purposes.

Expenditure

Expenditure is recognised in the period in which they are incurred. Expenditure includes attributable VAT which cannot be recovered. Costs are allocated directly to activities on the basis of staff time spent on each activity.

Depreciation is provided on all tangible assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, which is 3 years. Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities.

UK COMMUNITY FOUNDATIONS

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 MARCH 2018

The charitable company makes payments to defined contribution pension schemes on behalf of employees. The contributions are treated as an expense in the year in which they are payable. The charity has no other obligation under these schemes. UKCF operates a multi-employer pension scheme and has agreed a deficit funding arrangement and therefore recognises a liability where the scheme is in deficit. Following the year end the charity made a final settlement payment to the scheme in respect of this liability.

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the Statement of Financial Activities on a straight line basis over the lease duration.

Investments

Investments held as fixed assets are revalued at bid value at the balance sheet date and the gain or loss taken to the Statement of Financial Activities.

Critical accounting estimates and areas of judgement

In the view of the trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

Other financial instruments

i. Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand and short term deposits with a maturity date of three months or less.

ii. Debtors and creditors

Debtors and creditors receivable or payable within one year of the reporting date are carried at their at transaction price. Debtors and creditors that are receivable or payable in more than one year and not subject to a market rate of interest are measured at the present value of the expected future receipts or payment discounted at a market rate of interest.

2. Taxation

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

UK COMMUNITY FOUNDATIONS

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 MARCH 2018

3. Donations and grants receivable

	2018			2017		
	Restricted £'000	Unrestricted £'000	Total £'000	Restricted £'000	Unrestricted £'000	Total £'000
Building a Stronger Britain Together	1,908	-	1,908	789	-	789
CCLA	-	47	47	-	40	40
Comic Relief	3,378	-	3,378	3,354	-	3,354
C S Mott Foundation	-	53	53	-	60	60
Esme Fairburn Foundation	-	-	-	37	-	37
Flood and Storm	-	-	-	93	-	93
Goldsmiths Company	-	-	-	40	-	40
i#will	1,225	-	1,225	2,200	-	2,200
John Armitage Charitable Trust	-	45	45	-	45	45
Mars	108	-	108	-	-	-
Nationwide Building Society	469	-	469	-	-	-
New Beginnings	-	-	-	1,049	-	1,049
Oak Foundation	1,206	-	1,206	-	-	-
Royal London	105	-	105	177	-	177
Spirit of 2012 - Fourteen	543	-	543	1,337	-	1,337
Surviving Winter	9	-	9	18	-	18
Ward Family Fund	-	-	-	-	25	25
Other	-	8	8	-	9	9
Total	8,951	153	9,104	9,094	179	9,273

Subscriptions

Membership	-	323	323	-	320	320
Grant Thornton	-	24	24	-	15	15
Vital Signs	-	-	-	-	9	9
QA4 Accreditation	-	46	46	-	11	11
Total	-	393	393	-	355	355

Other Income

Building a Stronger Britain Together	-	125	125	-	85	85
Beacon	-	20	20	-	40	40
Comic Relief	-	48	48	-	67	67
Goldsmiths	-	-	-	-	10	10
ICT subscriptions	-	207	207	-	188	188
#iwill	-	75	75	-	100	100
Mars	-	9	9	-	-	-
Nationwide	-	33	33	-	-	-
New Beginnings	-	5	5	-	22	22
Royal London	-	5	5	-	14	14
Spirit of 2012	-	22	22	-	17	17
Westminster Foundation	-	-	-	-	17	17
Other	-	80	80	-	57	57
Total	-	629	629	-	617	617

UK COMMUNITY FOUNDATIONS

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 MARCH 2018

4. Grants paid to organisations

	2018 £'000	2017 £'000
Building a Stronger Britain Together	1,200	784
Comic Relief	3,329	3,366
Flood and Storm	-	80
New Beginnings	-	1,051
#iwill	1,026	2,198
Mars	108	-
Nationwide Building Society	291	-
Royal London	201	69
Spirit of 2012	526	1,384
Surviving Winter	18	-
	<u>6,699</u>	<u>8,932</u>

All grants paid are restricted in 2018 and 2017.

A full list of grants is available at: <http://www.ukcommunityfoundations.org/our-programmes>.

UK COMMUNITY FOUNDATIONS

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 MARCH 2018

5. Expenditure

	Grants (Note 4) £'000	Staff costs and consultancy £'000	Office and running costs £'000	Local partners £'000	Total 2018 £'000
Fundraising	-	61	-	-	61
ICT services	-	102	117	-	219
Member services	-	514	207	-	721
Total for above	-	677	324	-	1,001
Projects and Programmes					
Nationwide	-	12	-	-	12
Vital Signs	-	-	-	18	18
YSA	-	3	-	-	3
Total for Projects and Programmes	-	15	-	18	33
Grants					
Building a Stronger Britain Together	1,200	-	-	-	1,200
Comic Relief	3,329	-	-	-	3,329
#iwill	1,026	-	-	-	1,026
Mars	108	-	-	-	108
Nationwide Building Society	291	-	-	-	291
Royal London	201	-	-	-	201
Spirit of 2012	526	-	-	-	526
Surviving Winter	18	-	-	-	18
Total for Grants	6,699	-	-	-	6,699
2018 Total	6,699	692	324	18	7,733
	Grants (Note 4) £'000	Staff costs and consultancy £'000	Office and running costs £'000	Local partners £'000	Total 2017 £'000
Fundraising	-	36	-	-	36
ICT services	-	85	84	-	169
Member services	-	492	216	5	713
Transfer of Birmingham funds	-	-	-	854	854
Total for above	-	613	300	859	1,772
Projects and Programmes					
Comic Relief	-	70	-	-	70
Spirit of 2012	-	17	-	-	17
Vital Signs	-	-	-	47	47
Total for Projects and Programmes	-	87	-	47	134
Grants					
Building a Stronger Britain Together	784	-	-	-	784
Comic Relief	3,366	-	-	-	3,366
Flood and Storm	80	-	-	-	80
#iwill	2,198	-	-	-	2,198
New Beginnings	1,051	-	-	-	1,051
Royal London	69	-	-	-	69
Spirit of 2012	1,384	-	-	-	1,384
Total for Grants	8,932	-	-	-	8,932
2017 Total	8,932	700	300	906	10,838

UK COMMUNITY FOUNDATIONS

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 MARCH 2018

6. Staff costs and numbers	2018 Total £'000	2017 Total £'000
Salaries and wages	449	443
Social security costs	47	47
Pension contributions	19	11
	<u>515</u>	<u>501</u>
Other staff costs, including recruitment	67	78
	<u>582</u>	<u>579</u>

	2018 £'000	2017 £'000
Number of employees earning between £90,000 and £100,000	-	1
£100,000 and £110,000	1	-

The average number of employees was as follows:

	2018 £'000	2017 £'000
Direct charitable expenditure	<u>10</u>	<u>10</u>

Key management personnel includes the Trustees, the CEO and the Senior Management Team. The Trustees during the year received no remuneration (2017: nil). The remuneration paid to the CEO and the Senior Management Team amounted to £294k (2017: £277k).

7. Net income/(expenditure) for the year

This is stated after charging:

	2018 £'000	2017 £'000
Depreciation	2	3
Operating lease rentals	4	-
Auditor's remuneration:		
Current year	9	8
	<u> </u>	<u> </u>

UK COMMUNITY FOUNDATIONS

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 MARCH 2018

8. Tangible Fixed Assets

	Furniture & Office Equipment & 2018 Total £'000	2017 Total £'000
Cost		
At the start of the year	23	23
Additions in Year	1	-
Disposals during the year	(14)	-
At the end of the year	<u>10</u>	<u>23</u>
Depreciation		
At the start of the year	21	18
Charge for the year	2	3
Disposals during the year	(14)	-
At the end of the year	<u>9</u>	<u>21</u>
Net book value		
At the end of the year	<u>1</u>	<u>2</u>
At the start of the year	<u>2</u>	<u>5</u>

9. Debtors and prepayments

	2018 £'000	2017 £'000
Trade debtors	224	465
Beacon Fellowship Charitable Trust	22	63
Prepayments and accrued income	57	32
Accrued grant income	504	-
	<u>807</u>	<u>560</u>

All debtors are financial instruments measured at present value.

10. Creditors : Amounts falling due within one year

	2018 £'000	2017 £'000
Grant creditors	-	1,160
Trade and sundry creditors	68	25
Accruals and deferred income	9	650
Social security and other taxes	120	111
	<u>197</u>	<u>1,946</u>

All creditors except accruals are financial instruments measured at present value. Included within Social security and other taxes is £673 owing to the pension scheme (2017: £621).

Included with the above is deferred income as follows:

Analysis of deferred income	2018 £'000	2017 £'000
Deferred income brought forward	650	869
Released to income in year	(650)	(869)
Deferred in year	9	650
As at 31 March 2018	<u>9</u>	<u>650</u>

UK COMMUNITY FOUNDATIONS

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 MARCH 2018

11. Trustee remuneration and expenses

10 members of the board (2017:20) received reimbursement of travel expenses to attend meetings, this amounted to £6k (2017:£12k). No member of the board (2017:Nil) received remuneration.

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

Total donations received from trustees amounted to £839 (2017:£25,000).

12. Operating lease commitments

Total annual commitments payable under operating leases are as follows:

	Land and Buildings		Other	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Operating leases which expire				
Less than 1 year	-	-	-	2
Between 1-2 years	-	-	-	-
Between 2-5 years	-	-	4	-
Greater than 5 years	149	-	-	-
	<u>149</u>	<u>-</u>	<u>4</u>	<u>2</u>

UK COMMUNITY FOUNDATIONS

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 MARCH 2018

13. Restricted funds

	At 01.04.17	Income	Expenditure	Transfers	At 31.03.18
Building a Stronger Britain Together	5	1,908	1,200	-	713
Comic Relief	-	3,378	3,329	36	85
Flood and Storm Donations	22	-	-	-	22
#iwill	2	1,225	1,026	-	201
Mars	-	108	108	-	-
Nationwide Building Society	-	469	291	-	178
Oak Foundation	-	1,206	-	-	1,206
Royal London	111	105	201	2	17
Spirit	-	543	526	(10)	7
Surviving Winter	19	9	18	(1)	9
Vital Signs	8	-	-	(4)	4
Total funds	<u>167</u>	<u>8,951</u>	<u>6,699</u>	<u>23</u>	<u>2,442</u>

Transfers have been made to cover restricted expenditure which is not covered by income within the year.

• **Building a Stronger Britain Together**

UKCF partnered with M&C Saatchi to deliver the grants element of the Home Office's counter extremism programme 'Building a Stronger Britain Together' (BSBT). The Home Office's objectives are to support civil society and community organisations who work to create more resilient communities, stand up to extremism in all its forms and offer vulnerable individuals a positive alternative, regardless of race, faith, sexuality, age, and gender.

• **Comic Relief**

Comic Relief has awarded grants to UKCF to manage various national programme across the United Kingdom on their behalf from 2011 onwards.

• **Flood and Storm Donations**

From December 2013 onwards, 11 community foundations set up local programmes to assist the victims of the extreme floods and storms. UKCF launched a national programme to support them. As a result, the Office for Civil Society, Wren Living Ltd, Comic Relief and others awarded grants to UKCF to distribute via the participating community foundations.

• **#iwill/Youth Social Action**

The Office of Civil Service and Big Lottery Fund granted UKCF £2million to give out in grants as part of the national #iwill initiative which seeks to increase youth volunteering. Community Foundations made grants of up to £10,000 to grassroots groups managing youth social action projects.

• **Mars**

Established in August 2017, the money is distributed to groups and individuals across the UK to help overcome disadvantage and build stronger communities. The programme is running in six areas: Northern Ireland, Scotland, Wales, Cumbria, Dorset and Milton Keynes.

• **Nationwide**

UK Community Foundations is working with Nationwide Building Society to provide grant funding for projects that are providing housing services to people in need and supporting homeless people in to homes. Grants available in the North East of England, Central England, Wales, Scotland and Northern Ireland.

UK COMMUNITY FOUNDATIONS

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 MARCH 2018

• **Oak Foundation**

The Transformation & Growth Fund will fund voluntary and community organisations serving those at risk of homelessness. The fund is a capacity building programme to increase organisations' resilience and sustainability to support people in vulnerable housing situations. The fund opens for expressions of interest in Summer 2018.

• **Royal London**

The Royal London Foundation partners with UKCF to deliver the Corporate Social Responsibility strategy that awards unrestricted grants of £5,000 to organisations supporting people with chronic or long term conditions.

• **Spirit of 2012 – Fourteen**

Spirit of 2012- is funded by Spirit of 2012, a charity set up by the Big Lottery Fund to connect events to communities across the country. UKCF have managed and delivered the programme in England, Scotland and Wales in partnership with Community Foundation in Wales, Foundation Scotland, Heart of England Community Foundation, Forever Manchester, Tyne and Ware and Northumberland Community Foundation and Quartet Community Foundation.

• **Surviving Winter**

The Surviving Winter campaign is funded by donations from the public to raise money for pensioners affected by fuel poverty. Grants are made by our member organisations.

• **Vital signs**

Vital Signs is a programme for measuring the vitality and wellbeing of communities across the UK.

14. Unrestricted Funds

	At April 2017 £'000	Income / Other gains £'000	Expenditure / Other losses £'000	Transfers £'000	At 31 March 2018 £'000
General Funds	400	1,175	(1,034)	(23)	518
Pensions deficit	(64)	-	(10)	-	(74)
Total Unrestricted Funds	336	1,175	(1,044)	(23)	444

UK COMMUNITY FOUNDATIONS

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 MARCH 2018

15. Analysis of net assets between funds

	Restricted £'000	Unrestricted £'000	Total 2018 £'000
Tangible fixed assets	-	1	1
Net Current assets	1,938	517	2,455
Defined Benefit Pension Scheme	-	(74)	(74)
Net assets at 31 March 2018	1,938	444	2,382

Full comparatives of the net assets by fund are shown within the audited accounts for the year ended 31 March 2017 which are available from the Charity Commission (or our website).

16. Related parties

In 2009, UKCF became the sole corporate member of the Beacon Fellowship Charitable Trust (BFCT). David Sheepshanks, Chairman of UKCF, is a Trustee of BFCT. There are no other common Trustees. BFCT is a separate legal entity and is not controlled by UKCF.

Several Trustees of UKCF are either involved with Community Foundations as trustees or as part of the management team. As described elsewhere within this report, there are a number of transactions between UKCF and Community Foundations including the payment of membership subscriptions to UKCF and grants made by UKCF to Community Foundations.

17. Current asset investments

UK Community Foundations previously held investments which were transferred from Birmingham and Black Country Community Foundation to UKCF on March 2014 to be held on trust. The investments were transferred in full to Heart of England Community Foundation during the year ended 31 March 2017. At 1 April 2016, there was a brought forward balance of £732,000. Prior to transfer, a gain on revaluation of £39,000 was recognised resulting in a total amount transferred to Heart of England Community Foundation of £771,000.

18. Pension scheme liability

UK Community Foundations participated in the Growth Plan scheme administered by The Pensions Trust ("the Scheme").

At 31 March 2017, a provision of £64,105 was included in the financial statements in respect of the Scheme's agreed deficit recovery plan. UK Community Foundations did not have any active Scheme members at 31 March 2017. During the year the provision increased by £10k.

During the year ended 31 March 2018, the Trustees of UK Community Foundations made the decision to withdraw from the Scheme. The debt on withdrawal was calculated by the Scheme administrators at £71,409. This amount was paid post-year end and a creditor has been included in the balance sheet for this amount. In addition, there were other administration costs on leaving the Scheme amounting to £2,950 and a creditor has been included for these amounts.