

Reporting Charity Number: 1100417

Company Number: 04534462

HAMPSHIRE & THE ISLE OF WIGHT COMMUNITY FOUNDATION
(a registered company limited by guarantee and a registered charity)

ANNUAL REPORT
(TRUSTEES' REPORT AND FINANCIAL STATEMENTS)

FOR THE
YEAR ENDED 31st DECEMBER 2018

HAMPSHIRE AND THE ISLE OF WIGHT COMMUNITY FOUNDATION

ANNUAL REPORT YEAR ENDED 31st DECEMBER 2018

Contents	Pages
Trustees' Report	1 – 9
Auditors' Report	10 – 12
Financial Statements:	
▪ Statement of Financial Activities	13
▪ Balance Sheet	14
▪ Statement of Cashflow	15
▪ Notes to the Financial Statements	16 – 27

HAMPSHIRE AND THE ISLE OF WIGHT COMMUNITY FOUNDATION

The Trustees present their report, together with the financial statements of the Charity, for the year ended 31st December 2018. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: 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 (FRS102).

The Hampshire and Isle of Wight Community Foundation (HIWCF) is a registered charity (number 1100417). These accounts include the activity of four linked charities: Montagu Neville Durnford and Saint Leo Cawthran Memorial Trust (linked charity – 1100417-1); The Lord Mayor of Portsmouth's Charity (linked charity – 1100417-2); Alderman Joe Davidson (linked charity – 1100417-4); and Fatcher School Foundation (linked charity – 1100417-5).

The charity is a company limited by guarantee and registered in England & Wales (number 04534462).

The principal and registered office address is:

Dame Mary Fagan House
Chineham Court
Lutyens Close
Basingstoke
Hampshire
RG24 8AG

President

Nigel Atkinson, Her Majesty's Lord-Lieutenant of Hampshire

Trustees

Jonathan Cheshire OBE
Jo Ash CBE
Bishop Jonathan Frost Rt. Rev'd Dr (resigned 12 November 2018)
Richard Hibbert CBE
Rebecca Kennelly
Virginia Lovell JP DL
Hugh Mason
Jonathan Moseley
Richard Prest (resigned 16 November 2018)
Dan Putty
Adrian Rutter
Jane Sandars
James Kennedy Company Secretary
Andrew Joy
Krysia Butwilowska (appointed 16 November 2018)
Sukanya Sitaram (appointed 22 February 2019)

Key management personnel

Grant Cornwell MBE – Chief Executive (from 1 May 2018)
Linzi Lawrence – Finance Manager

Bankers

Coutts & Co
440 Strand
London WC2R 0QS

Investment Managers

Brewin Dolphin
12 Smithfield Street
London
EC1A 9BD

CCLA
Senator House
85 Queen Victoria Street
London
EC4V 4ET

Mayfair Capital Investment Management Ltd
2 Cavendish Square
London
W1G 0PU

Auditors

Fiander Tovell Limited
Stag Gates House
63/64 The Avenue
Southampton
Hampshire
SO17 1XS

Solicitors

Coffin Mew
1000 Lakeside
North Harbour
Portsmouth
Hampshire
PO6 3EN

Our purpose

The Trustees are committed to building funds and distributing grants to support community projects delivered by local voluntary and community groups across Hampshire & Isle of Wight, Southampton & Portsmouth. We have built endowment funds of over £11m for the long term benefit of our communities, and in the last 10 years have distributed nearly £10m in grants to support over 2,000 community projects across Hampshire and Isle of Wight.

Our grant-making programmes support community projects for all ages; those with disabilities; families in crisis; the homeless; those in poor health; people looking to get back into work; those seeking protection; looking to get healthier through sport, drama and singing; people who want to learn about the arts and local culture; those that are isolated or lonely; and local people struggling to cope with their lives.

We award grants to smaller, lesser known charities and community groups who offer the support, services and activities that can really make a difference to the lives of local people. We are proud to have reached out to nearly 500,000 people living in our local communities.

Hampshire & Isle of Wight Community Foundation is focused on enabling a wide variety of donors to fund projects which make a real difference to the lives of local people across Hampshire & Isle of Wight, Portsmouth and Southampton. We do this by:

- working in partnership with government, Comic Relief, the European Social Fund, local councils, and multinational and local companies to target their social action initiatives where it will be most effective;
- utilising the income from our endowment funds to direct our own grant-making
- working with donors on donor-directed grant-making
- managing flow-through/revenue funds on behalf of local companies, councils and partners.

Our aim is to provide a high standard of philanthropy advice, grant-making and support to community organisations across Hampshire and Isle of Wight, Portsmouth and Southampton.

Achievements and performance in 2018

In the fulfilment of our strategic priorities during 2018 we have achieved the following benefitting our local communities:

- Awarded 417 grants with a value of £1.1m to groups and charities for the public benefit of communities across Hampshire, Portsmouth, Southampton and Isle of Wight;
- Finalised the transfer from Hampshire County Council of trust funds with a total value of c £715k (£155k received in January 2018);
- Secured flow-through funds totalling £469k including £68k for the Solent Community Grants Programme funded by the European Social Fund (ESF);
- Launched two new grant programmes, Tampon Tax and Action Hampshire
- Successfully applied for further ESF funds, which together with match funding from donors and local authorities are expected to support a grants programme in the Solent LEP area worth £1.76 million from 2019 to 2022

HIWCF's charitable objects and public benefit

HIWCF is an independent grant-making charity and company limited by guarantee. Founded in 2003, Hampshire & Isle of Wight Community Foundation serves a population of c.1.9 million people across Hampshire, Isle of Wight, Portsmouth and Southampton. The Foundation's charitable objects for the Public Benefit, as defined in the Memorandum & Articles of Association, are:

- 1 The promotion of charitable purposes for the benefit of the communities of Hampshire, Isle of Wight, Southampton and Portsmouth;
- 2 Other exclusively charitable purposes in the UK and elsewhere which are in the opinion of the Trustees beneficial to the community including those in the area of benefit.

In achieving these objects, the Foundation has powers to assist financially or otherwise a charitable trust, association, individual or voluntary organisation, for the purposes of relieving those injured, bereaved, or in need or of other charitable purposes connected with or arising out of the counties of Hampshire, Isle of Wight, and cities of Southampton and Portsmouth. The Trustees have given due regard to public benefit guidance published by the Charity Commission in accordance with Section 17 of The Charities Act 2011.

These charitable objects are achieved through:

- Partnering with Government, the European Social Fund, Comic Relief, local councils, national charities, multinational and local companies to manage effective grants programmes which assess applications, make grants, and distribute and monitor funds to charities, voluntary and community organisations that meet the Foundation's criteria, together with criteria set by funders;
- Increasing endowment and flow-through/revenue funds under management by providing flexible, donor-centric investment management and grant-making services, and by retaining existing and attracting new donors;
- Ensuring that all levels of the Foundation operate to the highest standards

The Trustees refer to guidance on public benefit produced by the Charity Commission when reviewing the Foundation's charitable objectives and when planning future activities and grant-making, and are satisfied that these objects meet the appropriate charitable purposes and public benefit criteria as defined by the Charities Act 2016.

Structure, Governance and Management

Governing Document

Hampshire & the Isle of Wight Community Foundation, (HIWCF), is an independent Charitable Foundation, registered in 2003 (Charity Registration 1100417) and is incorporated as a company limited by guarantee (04534462). HIWCF is governed by its Memorandum and Articles of Association. The Articles define the public benefit of HIWCF and set out the powers of the Board of Trustees. The Trustees of the Charity and the principal advisors are listed on pages 1 and 2. The liability of the members in the event of HIWCF being wound up is limited to a sum not exceeding £1. HIWCF is a member of UK Community Foundations, a national organisation that connects and represents the 48 UK Community Foundations at a national level.

Appointment and induction of Trustees

Invitation to join the Board is by selection and consideration is given to expertise, experience, skills and geographical representation. There is no limit on the number of Trustees, however at least three members (or 25% of members if greater) must be in attendance for general meetings to be quorate. Annually a skills audit is completed by the Board to ensure a diverse range of skills and experience. Board members approve any new Trustees at Board meetings who are then co-opted during the year and appointed at the next Annual General Meeting. New Trustees have a meeting with the Chairman, the CEO, visit the office and meet the staff of HIWCF. Induction training is recorded and covers building funds, grant-making, policies and procedures.

Trustees meet quarterly and the Board meetings work to an agenda, which allows ample time for open discussion on all issues including those related to HIWCF's areas of interest and public benefit.

Business is conducted between Board meetings through five committees which are responsible for reviewing operational activities; Finance and Investment Committee, Grants Committee, Fund Development Committee, Portsmouth Advisory Board and the Isle of Wight Committee. The terms of reference for these Committees set out the powers and authority delegated to them. The day-to-day management of HIWCF, the administration of the grants and the development of the funds is delegated to the Chief Executive and staff.

Monitoring performance

Trustees monitored performance during the year by reporting quarterly to both the Finance & Investment Committee and the full Board on the actions being taken to address the key risks to the Charity not achieving its strategic aims. The key risks were identified during the full risk management review in November 2018 as being:

- Managing Strategic Priorities
- Uncertainty about investment markets
- Impact of grant making
- Changes to grant making
- Raising HIWCF profile
- Reliance on Key employees

Through quarterly reports the Trustees are ensuring that all possible steps are being taken to mitigate the risks against achieving the Charity's objectives.

The key performance indicators for 2018 were linked to financial and risk targets, being to achieve a small gain on core position, to exceed £1m of grant-making, and to manage effectively strategic risks through quarterly reports to the Finance & Investment Committee as listed above.

Remits of Committees:

Finance and Investment Committee – the Committee is specially set-up to oversee the administration of the financial and investment transactions. This Committee devises and reviews policies that ensure the proper administration of the Foundation's finances and investments including but not limited to: financial management; overseeing investment performance; development of efficient financial and investment administration systems; annual review with investment managers; IT and data protection; property management; and overseeing the management of risk.

Grants Committee – the Committee leads HIWCF's strategy for its interface with the community, including grant-making. The Committee: keeps abreast of needs in the area of benefit, the funding environment and other relevant issues; recommends grant-making strategy and targets to the Board; monitors the implementation of the strategy and achievements, reporting trends and exceptions to the Board; assesses the impact of the grant-making programmes; recommends the grants' budget available annually between areas/issues, taking account of any restrictions placed by donors for approval by the Board; oversees the grant application procedures and policies including assessment and monitoring; oversees grants made by grant's advisory panels and ensure these are in line with policy and strategy; recommends an appeals procedure to the Board and act as appeal body as required under procedures established; identifies ways other than grant-making for HIWCF to contribute appropriately to meeting the needs of local communities and monitors progress on the initiatives prioritised; establishes task groups from time to time to undertake specific, time-limited pieces of work. Members of this Committee will: participate in one or more Grant panels as a representative of HIWCF; attend and encourage others to attend visits to community organisations; undertake at least one visit each year to a grant-aided organisation as part of the grant monitoring process.

Fund Development Committee – To lead the development of HIWCF strategy for attracting new funds and maintaining relationships with existing donors. This Committee will: recommend fund development strategy and targets to the Board; monitor the implementation of the strategy and achievements, reporting trends and exceptions to the Board; approve the marketing and communications strategy and monitor its achievements; oversee fund development activity; oversee HIWCF's networks; establish task groups from time to time to undertake specific, time-limited pieces of work. The members of this Committee will: contribute to fund development by identifying and introducing potential donors and sponsors; and attend and encourage others to attend Community Foundation events.

Portsmouth Advisory Board - The Advisory Board oversees the activities of Hampshire & Isle of Wight Community Foundation in the Portsmouth Local Authority Area. The Committee is responsible for management and direction of Portsmouth City Community Funds, Alderman Joe Davidson Funds, Montagu Neville Durnford and St Leo Cawthorn Memorial Trust Funds, Fatcher Trust, Cornelius Centre Fund and Civic Portsmouth Funds. In managing these funds they will: ensure compliance with the original objects of the trusts; provide strategic direction on all other Portsmouth specific funds as required; approve the annual draw-down of endowment funds for grant-making; approve criteria for Flow-through/Revenue funds; review the effectiveness of grant-making; set the timetable for Advisory Board and Grant panel meetings; address trends and gaps within the Portsmouth City grant-making communities; receive Annual Fund Statements for managed funds, and assist in attracting additional funds.

Isle of Wight Committee – To lead HIWCF’s strategy for its interface with the Isle of Wight community, including grant-making and fund development. Regarding Grants and community development - this Committee will: keep abreast of needs in the area of benefit, the funding environment and other issues relevant to HIWCF’s interface with the Isle of Wight community; recommend grant-making strategy and targets; recommend individuals with the appropriate experience and knowledge to sit on the Committee; monitor, with the support of HIWCF staff, the implementation of the strategy and achievements, reporting trends and exceptions; assess the impact of the grant-making programmes; recommend the grants’ budget available annually between areas/issues, taking account of restrictions placed by donors; approve grants in accordance with the schedule of delegation established by the Board; oversee grants made by IOW Grant Panel and ensure these are in line with policy and strategy; act as appeal body as required under procedures established; identify ways other than grant-making for IWCF to contribute appropriately to meeting the needs of local communities and monitor progress on the initiatives prioritised; be responsible for the management and direction of the IWCF funds; host and support the organisation of seminars and receptions on the Isle of Wight; and establish task groups from time to time to undertake specific, time-limited pieces of work.

Main Board

There was one new Trustee joining the board in 2018, Krysia Butwiłowska, and another new Trustee, Sukanya Sitaram, joined in February 2019. Two trustees, Bishop Jonathan Frost and Richard Prest resigned, having served as trustees since 2016 and 2015. The Board is delighted that the Lord Lieutenant, Mr Nigel Atkinson, has continued to be our President throughout 2018. The Board also remains indebted to all our Ambassadors – Dame Mary Fagan, The Earl of Portsmouth, Alan Titchmarsh and Lord Chidgey - for their continued support.

None of the Trustees receive remuneration or other benefit from their work with the charity. We hold a register of interests for all Board members. Any connections between a Trustee and a grantee or potential funding partner are fully disclosed.

The Board of Trustees aims to set a level of grant expenditure from the endowed funds which provides a realistic level of grant-making, consistent with the long-term maintenance of the value of the endowed funds, and subject to any conditions imposed by donors.

Every three years the Board reviews a level to be distributed in grants from endowment funds. For funds invested with Brewin Dolphin it was agreed to distribute 5% of the capital value of the fund as at 31 December 2017, with some minor exceptions where slightly more or less was agreed with fund holders for specific projects.

For Community First Funds invested with CCLA we are permitted to distribute the net income and any gains over and above RPI since the inception of the fund. The HIWCF Board has decided to spread the spending of any gains over the subsequent two years. For 2018 this gave an average distribution rate of 4.4% of the value of funds (4.3% distributed in 2017).

The average size of a grant (based on the net amount of money awarded) was just below £3,000. Most funds managed by HIWCF have a ceiling on the amount awarded in individual grants of between £500 and £5,000. Priority is given to supporting smaller charities and community groups with income of less than £300,000 pa.

Staff and key management personnel

There are two full-time and five part-time members of staff; and twelve external assessors trained to help with our grant programmes. Two staff members, the Chief Executive and the Finance Manager are designated as key management personnel. Pay reviews for all staff including key management personnel are conducted by each April, within parameters recommended by the Finance & Investment Committee and approved by the Board. These parameters take account of trustees’ knowledge of pay awards made at other local charities.

Risk Management

The Board receives a risk assessment prepared by the Chief Executive and the Finance & Investment Committee annually. The finance & Investment meeting receives an update on the status of the highest risks on a quarterly basis

Fund Development

Our ability to generate a sustainable annual income for distribution to local voluntary and community groups is achieved by encouraging philanthropy, providing donor-managed services, and by building relationships with current and prospective donors to further grow HIWCF's grant-making potential. Key to this approach is HIWCF's commitment to help donors identify their philanthropic and charitable interests and to offer them opportunities to make a local difference.

Fund development is measured in HIWCF's ability to increase the number of new funds under its management in order to distribute grants.

During 2018 we had a total of 116 funds under management, and at 31st December 2018 we had 94 endowment funds (2017: 112), providing donors with services tailored to their individual requirements and charitable interests. Three new flow-through funds were established, each to be spent within a specified period and including one fund promoted nationally by the UKCF.

New flow-through funds:

- Tampon Tax (UKCF)
- Action Hampshire
- Dr Mike King Memorial

Financial Review

Restricted Funds

Income in 2018 from new flow through funds totalled £398K (2017: £494K) and European Social Funding for Solent Community Grants, £68k (2017: £338K). These, together with distributions from endowment funds, helped us distribute £1.1m in grants. These were short of our grants budget of £1.3m mainly because some potential flow through funded projects did not come to fruition and because of adjustments to the Solent Community Grants Programme.

Unrestricted Funds

Unrestricted funds returned a breakeven position in 2018 for net income and investment (£21k surplus in 2017). Core costs, which totalled £259k in 2018, continued to be well managed and were less than budgeted, £301k. Core income of £280k and unrealised losses on investments of £21k were both below budget mainly due to a reduction of in flow-through income and a downturn in investment values.

Endowment Funds

In 2018 there were no new endowment funds. Investment markets had a poor year in 2018 and our endowment fund returned a net loss (mostly unrealised) of £633k. After income and grant distributions and transfers, the closing balance of endowment funds at 31 December 2018 was £11.8m compared to £12.7m at the end of 2017.

Since the year end investment markets have made a recovery and in the first quarter of 2019 our endowment funds made an unrealised gain of £720K.

Investment policy

The development of an endowed fund providing sustainable long-term support for local communities is central to the role of HIWCF. The guiding objectives of the Finance and Investment Committee are to maximise long-term total returns (from income and capital growth), while providing annual income to help fund grant programmes. Brewin Dolphin and CCLA were the primary investment managers during 2018, between them managing over 90% of our £11.8m endowment assets. Property endowed to HIWCF is approximately 5% of our endowment assets and net rental income is applied to grant-making.

Investment Strategy and Risk Profile

HIWCF's policy is to invest funds to achieve a balance between capital growth and income using a medium risk investment strategy.

Ethical Investment and Other Constraints

The Board considers that HIWCF's interests are best served by seeking to obtain a sound financial return from a suitably diverse portfolio of investments. The Trustees have considered establishing an ethical investment policy and, whilst not excluding any specific investments, have asked the investment managers to have due regard to not investing in companies whose activities could be detrimental to the objectives and aims of HIWCF.

Investment Performance

Investment markets fell sharply at end of 2018. In the year funds invested with Brewin Dolphin showed a total return of -5.2% (2017: +12.3%) and funds invested with CCLA showed a total return of +1.2% (2017: +15.1%). These performances compare with a total return of -4.8% on the MSCI WMA Private Investors Balanced index. Within these figures the income yield on Brewin Dolphin was 3.7% (2017: 3.0%) and CCLA, 3.5% (2017: 3.34%).

As stated above the investment losses have been recovered in Q1 2019.

Reserves Policy

The Trustees aim to hold unrestricted reserves to a level which equates to approximately twelve months of staffing and support costs. At 31st December 2018 the balance on unrestricted reserves amounted to £264,556 compared with £264,796 in the previous year. At current levels unrestricted reserves equate to about 100% of annual running costs. The Trustees consider that this level should be adequate to sustain HIWCF for the long-term.

Endowments and Grant-Making

The bulk of HIWCF's expenditure is grant distribution. Funding for this is taken from investment returns and flow-through donations received for grant-making. In 2018 HIWCF:

- Raised donations and legacies of £0.7m (£1.6m in 2017)
- Generated investment income of £414k (£474k in 2017)
- Distributed a net amount of £1.1m in grants to charities and community groups (£1.2m in 2017)
- Spent £259k (2017: £309k) of unrestricted funds mainly on grant-making and raising funds.

Plans for the future

Whilst the Trustees are satisfied with the outcomes in 2018, we anticipate that 2019 and future years will continue to be challenging. For example: attracting new endowment funding has proven more difficult following the end of government match funding; potential flow through funding is dependent on funders' own financial circumstances and is often taking longer to come to fruition; and there is uncertainty about future investment performance, which is likely to remain volatile.

During 2018 the Trustees appointed Grant Cornwell MBE as our new Chief Executive and he lead a comprehensive review of our strategy, consulting widely with our donors and other stakeholders. In November 2018 The Board of Trustees approved a Strategic Framework for 2019 to 2023, which aims to:

- make our communities a better place by increasing philanthropic behaviour and managing our assets efficiently
- improve our communications so that communities, partners and donors recognise HIWCF as the key grant making and fundraising charity locally
- target grant making at communities most in need
- establish HIWCF as the first choice for grant giving, known for its collaborative approach and knowledge of local community need.

We have also successfully applied for a further round of European Social Funding in partnership with Hampshire County Council, the Isle of Wight Council, Portsmouth City Council and Southampton City Council. This project provides total funding of £1.76 million, is aimed at improving employment and is expected to run from 2019 to 2022.

Trustees' Responsibilities

The Charity Trustees (who are also directors of Hampshire and the Isle of Wight Community Foundation for the purposes of Company Law) are responsible for preparing the Trustees' Annual Report and Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the Charity 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 the financial year. 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 judgments and estimates that are reasonable and prudent;
- State whether applicable U.K. accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity 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 charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. 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 preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

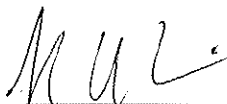
The auditors, Fiander Tovell Limited, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

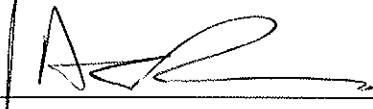
Statement of disclosure to auditor

The Trustees who held office at the date of approval of this Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are not aware; and each Trustee has taken all the steps that he ought to have taken as a Trustee to make himself aware of any relevant audit information and to establish that the Company's auditors were aware of that information. This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

By order of the Board of Trustees

Approved by the Trustees on 17 May 2019





Mr. Jonathan Cheshire (Chairman)

Mr. Adrian Rutter (Trustee)

HAMPSHIRE AND THE ISLE OF WIGHT COMMUNITY FOUNDATION

Independent Auditor's Report to the Members of Hampshire and Isle of Wight Community Foundation

Opinion

We have audited the financial statements of Hampshire and Isle of Wight Community Foundation (the 'charitable company') for the year ended 31 December 2018 which comprise Statement of Financial Activities, Balance Sheet, 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).

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

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

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 charitable company 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.

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' annual report, other than the financial statements and our auditor's report thereon. 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 materials 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement [set out on page...], 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.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144(2) of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Paul Meacher FCA, Senior Statutory Auditor
For and on behalf of Fiander Tovell, Statutory Auditor

Date 20 May 2019

Fiander Tovell is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Stag Gates House
63/64 The Avenue
Southampton
SO17 1XS

HAMPSHIRE AND ISLE OF WIGHT COMMUNITY FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES (incorporating the Income & Expenditure Account)
for the year ended 31st December 2018

		Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2018 £	2017 £
Income and endowments from:						
Donations and legacies	2	7,262	468,508	199,393	675,163	1,573,322
Investment Income	3	17,458	-	413,497	430,955	474,097
Total income and endowments		24,720	468,508	612,890	1,106,118	2,047,419
Expenditure on:						
Raising funds	5	98,525	-	-	98,525	127,385
Charitable activities	04/05	160,285	1,042,522	33,799	1,236,606	1,397,158
Total Expenditure		258,810	1,042,522	33,799	1,335,131	1,524,543
Net (losses)/gains on Investment Assets		(20,996)	-	(632,786)	(653,782)	939,450
Net (expenditure)/income		(255,086)	(574,014)	(53,695)	(882,795)	1,462,326
Transfers between funds	6	254,848	540,094	(794,942)	-	-
Net movement in funds		(238)	(33,920)	(848,637)	(882,795)	1,462,326
Fund Balances brought forward		264,794	314,351	12,676,898	13,256,043	11,793,717
Fund Balances carried forward		264,556	280,431	11,828,261	12,373,248	13,256,043

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing operations.

Statement of Cashflow for the year ended 31st December 2018

		2018	2017
		£	£
Cash flows from operating activities	19	(630,725)	342,954
Cashflows from investment activities	20	423,060	43,706
Net (decrease)/ increase in cash during the year		<u>(207,665)</u>	<u>386,660</u>
Cash at the beginning of the year		<u>870,659</u>	<u>483,999</u>
Total cash at the end of the year		<u>662,994</u>	<u>870,659</u>

1 Accounting Policies

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements.

Accounting Convention

The financial statements have been prepared under the historical cost convention and in accordance with the Accounting and Reporting by Charities: 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 (FRS102) (effective 1 January 2015) – (Charities SORP(FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

The accounts are prepared in sterling, which is the functional currency of the charitable company. Monetary amounts in these financial statements are rounded to the nearest £1.

Hampshire and Isle of Wight Community Foundation meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Preparation of the accounts on a going concern basis

The organisation has financial reserves held in investments, together with long-term endowment provided by donors. The organisation has cash at bank of £662,994, as a consequence the Trustees believe that the charity is well placed to manage its business risks successfully despite the current uncertain economic outlook. The Trustees have a reasonable expectation that the organisation will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing these financial statements.

Incoming Resources

Income and debt is recognised when the Charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from trust transfers and new endowments is recognised when funds are received.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Investment income is recorded in the financial statements on the accruals basis and is allocated to individual endowment funds at the end of each quarter on the basis of the fund value at the end of the previous quarter. Interest earned on current accounts is allocated to core funds. Flow-through funds receive no interest except where the fund is required to be held in a separate account.

Fund Accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the Trustees.

Restricted funds can only be used for the particular restricted grant-making purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for a particular restricted purpose.

The unrestricted fund makes a charge on the other funds as follows:

- Flow-through funds – as agreed with the donor
- Endowment funds – 1.5% of the fund balance per annum

Expenditure and irrecoverable VAT

Expenditure and liability is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the staff time of key members of staff responsible for business development namely the CEO, Isle of Wight Administrator with support from the Financial Controller and the Marketing Administrator, along with directly attributable support costs and a share of overheads proportionate the percentage of staff costs;
- Expenditure on charitable activities includes all grants paid and other costs directly associated with grant-making, including donor and Fund-holder services and marketing and their associated support costs;
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged at cost against the activity for which the expenditure was incurred.

Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake fund raising or charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the charity's objects. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 5.

Payment of grants

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the charity. Single or multi-year grants are accounted for when the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition. Grants are paid as soon as they fall due. Grants which are payable out of future income and where the beneficiaries are aware they are conditional upon that income being received by the charity, are not accrued in advance of that income being received, so that the expenditure is matched with the income as it arises. Details of any such future commitments are set out in the notes as contingent liabilities.

Tangible Fixed Assets

Assets costing more than £3,000 are capitalised at cost. Provision for depreciation of fixed assets held for use by the charity is made at annual rates calculated to spread the cost of each asset evenly over its useful expected life. The depreciation rates are:

Computer equipment	over 3 years
Furniture, fixtures and equipment	over 3 to 10 years

Fixed Asset Investments

Investments are stated at market value as at the balance sheet date. The statement of financial activities includes the net gains and losses arising from disposals throughout the year and revaluation at the year end.

Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Pensions

The charity contributes to defined contribution pension schemes of individual staff members with more than 3 months' continuous service, unless the staff member chooses to opt-out of the arrangement. All eligible staff have been written to concerning automatic enrolment and been offered contributions into a NEST company scheme, continuing with existing arrangements or opting out. Pension costs are charged to the Statement of Financial Activities as incurred.

2. Donations and Legacies	Unrestricted	Restricted	Endowment	2018	2017
	Funds	Funds	Funds		
	£	£	£	£	£
Grants receivable, gifts and donations	7,262	398,300	199,393	604,956	1,231,894
Government Grant Income	-	67,598	-	67,597	337,937
Sponsorship	-	-	-	-	-
Donated services and facilities	-	2,610	-	2,610	3,491
	<u>7,262</u>	<u>468,508</u>	<u>199,393</u>	<u>675,163</u>	<u>1,573,322</u>
2017 analysis	5,987	834,119	733,216		1,573,322

In 2016 we secured an ESF funded programme called Solent Community Grants programme running from June 2016 to September 2018. The programme in total brought in £407,134 of ESF funding, £179,532 (2017 £226,002) was received in 2018.

3 Investment Income	Unrestricted	Restricted	Endowment	2018	2017
	Funds	Funds	Funds		
	£	£	£	£	£
Dividends received	17,458	-	380,507	397,965	396,147
Income from investment properties	-	-	32,990	32,990	77,667
Interest received	-	-	-	-	283
	<u>17,458</u>	<u>-</u>	<u>413,497</u>	<u>430,955</u>	<u>474,097</u>
2017 analysis	17,555	-	456,542		474,097

HAMPSHIRE AND THE ISLE OF WIGHT COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2018

4 Charitable Activity	2018	2017
	£	£
<u>Institutional Grants Paid</u>		
Institutional Grants Paid	1,020,758	1,168,767
Grants paid to Individuals (Winter and Summer campaigns)	21,764	14,305
Total Grants Paid (see note 14 for detail)	1,042,522	1,183,072
Support costs - see detail in note 5	194,084	214,085
Charitable Activities	1,236,606	1,397,158

The largest institutional grant paid in 2018 was £15,000, (2017 £30,093). A full list of grants paid is published in the charity's Annual Review, which is available on request and via our website. The causes supported during 2018 are:

Arts, Culture & Heritage	1%
Community & Family Support	10%
Counselling/Advice/Mentoring	5%
Crime & Anti-social Behaviour	6%
Education & Training	14%
Employment & Labour	10%
Environment & Rural	0%
Healthy Living & Sport	4%
Housing & Homelessness	2%
Mental or Physical Ill-health & Disability	22%
Poverty & Disadvantage	20%
Social Inclusion, Fairness & Equality	6%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2018

5 Analysis of expenditure	2018	2018	2017	2017	
	Raising Funds	Charitable Activity	Raising Funds	Charitable Activity	Basis of apportionment
<u>General Support Costs</u>	£	£	£	£	
Staff costs	81,282	107,479	107,590	119,011	Staff time
ESF costs /Consultant cost	-	942	-	6,178	
Recruitment costs	509	1,017	1,809	3,617	Actual
Travel, training and subsistence	3,104	1,497	2,303	3,974	CEO time
Marketing costs	-	4,580	4,104	7,194	Actual
General office costs	13,607	16,255	11,466	14,083	Staff time
Grant programme costs	-	5,523	-	5,215	Actual
Governance costs (below)	-	20,295	-	18,934	
Bank charges	23	211	113	1,019	
Investment management costs	-	2,486	-	2,771	
Unrestricted Expenditure	98,525	160,285	127,385	181,996	
Investment management costs	-	33,799	-	32,090	
Total support costs	98,525	194,084	127,385	214,086	Endowment
Restricted grant making	-	1,042,522	-	1,183,072	
Total Resources Expended	98,525	1,236,606	127,385	1,397,158	

	2018	2017	
<u>Governance Costs</u>	£	£	
Staff costs	8,589	8,216	Staff time
Recruitment costs	170	603	
Travel, training and subsistence	2,427	2,634	Actual
General office costs	843	744	Staff time
Professional fees	8,266	6,737	Actual
	20,295	18,934	

Governance professional fees include auditors' remuneration of £5,000 (2017: £4,980).

6 Transfers between funds	Unrestricted Funds	Restricted Funds	Endowment Funds
	£	£	£
Transfer from Endowment to Restricted Funds towards the payment of grants	-	604,215	(604,215)
Transfer of approved management fees	190,727	-	(190,727)
Transfer of approved management fees	64,121	(64,121)	-
Net Transfers 2018	254,848	540,094	(794,942)
<i>Net Transfers 2017</i>	299,206	414,472	(713,678)

7 Tangible Fixed Assets	Computer Equipment
Cost	£
Cost brought forward	10,681
Additions	-
Disposals	-
Cost carried forward	<u>10,681</u>
 Depreciation	
Depreciation brought forward	10,681
Charge for the year	-
Disposals	-
Depreciation carried forward	<u>10,681</u>
Net Book Value	
Net Book Value at 31 December 2018	<u>-</u>
Net Book Value at 31 December 2017	<u>-</u>

8 Financial Instruments	2018 £	2017 £
Carrying amount of financial assets		
Investments measured at fair value through net income/ expenditure	10,921,037	11,275,925
Debt instruments measured at amortised cost	874,168	1,401,806
Carrying value of financial liabilities		
Accruals measured at amortised cost	26,025	23,596

HAMPSHIRE AND THE ISLE OF WIGHT COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2018

9 Investments	2018	2017
Market value at 1 st January	12,359,962	11,320,040
Additions at cost or transfer value	329,929	872,041
Proceeds on disposal of property	-	(365,681)
Realised gains/(losses) on disposals	11,692	329,870
Unrealised gains (losses) on revaluation	(665,474)	609,531
(Decrease)/ Increase in cash invested	(333,726)	(405,839)
Market value as at 31st December	11,702,383	12,359,962
Historical Cost as at 31 December	9,985,524	9,795,636

The investment held at the year end at market value comprise:

	2018		2017	
Investments comprise:	%	£	%	£
Listed investments	53%	6,206,573	52%	6,440,517
CCLA investment managed fund	39%	4,592,245	38%	4,716,387
Property income trusts for charities	1%	122,219	1%	119,021
UK investment properties	5%	600,000	5%	600,000
Cash	2%	181,346	4%	484,037
Market value as at 31st December	100%	11,702,383	100%	12,359,962

£251,763 (2017: £275,017) of the Investment Assets are unrestricted funds, £200,000 is restricted funds (2017: £200,000) with the balance of £11,252,6315 (2017: £11,884,945) relating to Endowment Funds.

The UK investment properties are included at the Trustees' estimate of market value. Alderman Joe Davidson Properties were valued in May 2013 as part of the transfer of assets from the linked charity at £600,000. The Trustees are not aware of any material changes since the valuations.

10 Debtors	2018	2017
	£	£
Donations & Grants Receivable	29,829	47,108
Prepayments	4,067	1,910
	33,896	49,018

11 Creditors	2018	2017
	£	£
Accruals	21,862	23,595
Tax & Social Security	4,163	-
	26,025	23,595

12 Net Assets & Analysis of Funds

The net assets represent the combined funds of four linked charities:

	Tangible Fixed Assets	Investments	Cash at bank	Other net current assets	Net assets
	£	£	£	£	£
Hampshire & the Isle of Wight Community Foundation (the reporting charity – 1100417-0)					
Endowment Funds	-	9,309,558	585,568	(8,131)	9,886,995
Restricted Funds	-	200,000	49,337	29,829	279,166
Unrestricted Funds	-	251,559	26,824	(13,827)	264,556
	-	9,761,117	661,729	7,872	10,430,717
Montagu Neville Durnford and Saint Leo Cawthran Memorial Trust (linked charity – 1100417-1)					
Endowment Funds	-	549,846	-	-	549,846
Restricted Funds	-	-	-	-	-
Unrestricted Funds	-	-	-	-	-
	-	549,846	-	-	549,846
The Lord Mayor of Portsmouth's Charity (linked charity – 1100417-2)					
Endowment Funds	-	533,497	-	-	533,497
Restricted Funds	-	-	657	-	657
Unrestricted Funds	-	-	-	-	-
	-	533,497	657	-	534,154
Alderman Joe Davidson (linked charity – 1100417-4)					
Endowment Funds	-	796,339	-	-	796,339
Restricted Funds	-	-	608	-	608
Unrestricted Funds	-	-	-	-	-
	-	796,339	608	-	796,947
Futcher School Foundation (linked charity – 1100417-5)					
Endowment Funds	-	61,584	-	-	61,584
Restricted Funds	-	-	-	-	-
Unrestricted Funds	-	-	-	-	-
	-	61,584	-	-	61,584
Totals for all Charities Above					
Endowment Funds	-	11,250,824	585,568	(8,131)	11,828,261
Restricted Funds	-	200,000	50,602	29,829	280,431
Unrestricted Funds	-	251,559	26,824	(13,827)	264,556
TOTAL FUNDS	-	11,702,383	662,994	7,872	12,373,248

HAMPSHIRE AND THE ISLE OF WIGHT COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2018

13 Endowment Funds

	Note	Balance at 01/01/2018 £	Incoming Resources £	Expenditure £	Transfers £	Investment Gains/(Losses) £	Balance at 31/12/2018 £
Linked Charities							
Alderman Joe Davidson	a.	798,661	40,731	-	(46,555)	3,802	796,639
Civic Fund Portsmouth Capital Charity Fund (Linked)	b.	562,607	18,726	-	(33,362)	(14,474)	533,497
Montagu Neville Durnford & St Leo Cawthan (Linked) Capital Fund	c.	579,666	19,119	-	(33,954)	(14,913)	549,918
Futcher School Foundation	d.	66,211	4,879	(320)	(4,257)	(4,929)	61,584
Other funds > £400k							
BAT Endowment Fund	e.	508,557	14,863	(2,356)	(33,734)	(36,790)	450,540
Blagrove Capital Funds	e.	551,831	17,272	(1,155)	(33,725)	(25,835)	508,388
Doris Campbell Memorial Fund	e.	785,703	26,283	(3,234)	(42,819)	(46,338)	719,595
Vivid Funds	e.	536,259	17,294	(486)	(32,065)	(18,694)	502,308
Ford Southampton Fund	e.	581,260	19,625	-	(27,810)	(15,315)	557,760
Isle of Wight Community Fund	f.	637,337	18,540	(3,082)	(41,099)	(47,442)	564,254
Penton Grassroots Fund	e.	606,253	17,639	(2,932)	(38,977)	(45,131)	536,852
Portsmouth City Community Funds	e.	1,019,835	31,451	(2,715)	(63,047)	(53,584)	931,940
Rock Bottom Funds	e.	526,404	15,316	(2,546)	(33,843)	(39,187)	466,144
Other endowment funds		4,916,314	351,152	(14,973)	(329,696)	(273,955)	4,648,842
		12,676,898	612,890	(33,799)	(794,942)	(632,786)	11,828,261

Endowment funds represent those assets, which are held in the long term by the charity, principally investments. Income arising on the endowment funds can be used in accordance with the objects of the charity or in line with the donor wishes on restricted

Transfers include both transfer of expendable endowments to restricted funds for furtherance of charitable objectives and also management fees charged on endowment funds.

Funds are disclosed individually where considered significant, based on a threshold of 5% of the category totals, and/or the nature of the transactions within the fund. Consideration of the identity of the parties involved in the transactions, and the effect on the disclosure headings such as the opening and closing balances, income, payments and transfers within the fund have also been taken into account when considering whether an individual fund is significant. All other funds not considered individually significant are shown in aggregate

Notes relating to significant funds:

- a. The Alderman Joe Davidson (linked charity) fund comprises property valued at £600,000 and CCLA investment of £152,722, together with a sinking fund of £25,000 plus a property management account of £18,617
- b. This is a Community First Fund that is focused on small, local voluntary and community groups in Portsmouth;
- c. This is a Community First Fund that is focused on people over 50 with priority given to Naval men, women and their widows in the Portsmouth area;
- d. This is a new fund transferred from Portsmouth City Council for the benefit of Portsmouth groups;
- e. These funds are all expendable endowment funds with linked Revenue funds for annual grant-making;
- f. The Isle of Wight Community Fund includes proceeds from the sale of two properties on the Isle of Wight.

14 Restricted Funds

	Note	Balance at 1/1/2018	Net Income	Grants paid	Transfers	Balance at 31/12/2018
		£	£	£	£	£
Linked charities- revenue funds						
Alderman Joe Davidson (linked charity)	aa.	770	-	(38,281)	38,119	608
Civic Fund Portsmouth Revenue Fund	aa.	341	-	(28,975)	29,291	657
Montagu Neville Durnford & St. Leo Cawthan Funds (linked charity)	aa.	-	-	(25,414)	25,486	72
Futcher School Foundation	aa.	-	-	(3,311)	3,311	-
Flow-through contracts						
Solent Community Grant - match	bb.	165,679	-	(55,923)	(16,898)	92,858
Solent Community Grant - DWP	bb.	5,228	67,597	(55,923)	(16,902)	-
Tampon Tax Community	cc.	-	94,914	(93,282)	(1,632)	-
IWILL	cc.	13,317	44,000	(93,469)	36,152	-
Action Hampshire	cc.	-	67,500	(60,750)	(6,750)	-
Other grant revenue and flow through funds		129,016	194,496	(587,194)	449,918	186,236
		314,351	468,507	(1,042,522)	540,095	280,431

Restricted funds are funds that have been given for particular purposes and projects in order for the charity to fulfill its charitable objectives. Restricted Funds are held for future grant-making, all funds held at 31st December 2018 will be distributed during 2019

Funds are disclosed individually where considered significant based on the volume of grant-making and/or balance at the year end, or where the fund is a linked charity. Consideration of the identity of the parties involved in the transactions, and the effect on the disclosure headings such as the opening and closing balances, income, payments and transfers within the fund have also been taken into account when considering whether an individual fund is significant. All other funds not considered individually significant are shown in aggregate.

Transfers include transfers from Endowment Funds to linked Revenue funds for annual grant-making totaling £604,215, and contributions to core costs charged on Flow-through contracts totalling £64,121.

aa. These show income transferred from Endowment funds to Revenue funds to support charitable grant making on behalf of Linked Charities

bb. Solent Community Grants Programme is a Flow-through fund covering the period June 2016 to September 2018. The contract is worth £800k over two years, 50% of which is funded by the Department for Work and Pensions (DWP) and is paid quarterly in arrears,

cc. These are all Flow-through funds distributed in accordance with their defined charitable purposes.

HAMPSHIRE AND THE ISLE OF WIGHT COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2018

15 Staff Costs and Emoluments	2018	2017
	£	£
Wages and salaries	175,592	209,938
Social security costs	12,640	17,251
Pension costs	6,619	8,907
	<u>194,851</u>	<u>236,096</u>

The average headcount during the year was as follows:

	2018	2017
Senior management	2	2
Managers	1	1
Office/ Administration	5	5
	<u>8</u>	<u>8</u>

At 31st December there were 2 full-time staff and 5 part-time staff, making 5 (2017: 6) full-time equivalent staff.

The aggregate remuneration of key management personnel was £88,692 (2017: £125,221) with no employee receiving more than £60,000 per annum (2017: no employee receiving more than £90,000). A termination settlement in 2017 amounted to £19,071 with an additional payment of £2,500 made in 2018

Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds. No staff received any benefits in kind.

16 Trustees' Remuneration

The trustees did not receive any remuneration during the year (2017: £nil). Two Trustees (2017: 3) were reimbursed for travel expenses totaling £2,186 (2017: £2,348).

17 Pensions

The charity contributes to individual staff's defined contribution pension schemes. The contributions due for the year were £6,619 (2017 £8,907). At the year-end there was a pension creditor of £2,785 (2017 £45).

18 Grant Commitments

There are no contingent liabilities in respect of future grant commitments in 2019 (£151,052 in 2017 payable in 2018). Contingent liabilities in 2017 related to the Solent Community Grants Programme where grants were paid 50% upon award, with 50% being payable half-way through the project subject to satisfactory interim monitoring.

19 Cashflow from operating activities	2018	2017
	£	£
Net income/ (expenditure)	(882,797)	1,462,328
Add back depreciation charge	-	5
Decrease in debtors	15,124	(46,178)
Increase / (decrease) in creditors	2,429	10,428
Investment income (note 3)	(430,955)	(474,097)
Unrealised gains/ losses (note 9)	665,474	(609,531)
	<u>(630,725)</u>	<u>342,955</u>

HAMPSHIRE AND THE ISLE OF WIGHT COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2018

20 Cashflow from investment activities	2018	2017
	£	£
Investment income (note 3)	430,955	474,097
Investment additions at cost or transfer value (note 9)	(329,929)	(872,041)
Realised gain on disposal	(11,692)	(329,870)
Proceeds on disposal (note 9)	-	365,681
Decrease in cash invested (note 9)	333,726	405,839
	<u>423,060</u>	<u>43,706</u>

21 Related party transactions

During the year we paid £1,812 to Blake Morgan for legal fees concerning employment matters. James Kennedy was a trustee during 2018 though he has now retired from Blake Morgan.

In 2017 we paid £1,440 to Blake Morgan for legal fees concerning employment matters. James Kennedy was a trustee during 2017 and a consultant at Blake Morgan.

22 Lease commitments

At the reporting date, the charitable company had outstanding commitments for future minimum payments under non-cancellable operating leases, which fall due as follows:

	2018	2017
	£	£
Within one year	8,400	8,400
Between two and five years	33,600	33,600
In more than five years	25,200	33,600
	<u>67,200</u>	<u>75,600</u>

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