



# **The LankellyChase Foundation**

**Annual report and financial statements  
for the year ended 31 March 2013**

# The LankellyChase Foundation

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## The LankellyChase Foundation

### Legal and administrative information

The LankellyChase Foundation ('the Foundation') is a company limited by Guarantee and not having a share capital (no. 5309739). It is governed by its Memorandum and Articles of Association and registered as a charity (no. 1107583). The Directors of the Charitable Company are the trustees of the charity for the purposes of charity law and throughout this report are referred to as the trustees.

The following details are for the year ended 31 March 2013 and also include changes up to the date on which the accounts were signed.

|          |                          |                                   |
|----------|--------------------------|-----------------------------------|
| Trustees | Dame Suzi Leather *      | Chair, appointed 1 October 2012   |
|          | Nicholas Tatman *        | Chair, resigned 30 September 2012 |
|          | Andrew Robinson * †      | Vice Chair                        |
|          | Hilary Berg              | Appointed 5 June 2013             |
|          | Morag Burnett †          |                                   |
|          | Dodie Carter             | Resigned 25 July 2012             |
|          | Paul Cheng               | Appointed 5 June 2013             |
|          | Martin Clarke            | Appointed 5 June 2013             |
|          | Paul Cotterill           | Resigned 26 June 2013             |
|          | Bobby Duffy              | Appointed 5 June 2013             |
|          | Leo Fraser-Mackenzie * † | Resigned 28 February 2013         |
|          | Victoria Hoskins *       |                                   |
|          | Marion Janner †          |                                   |
|          | Peter Latchford          |                                   |
|          | Clive Martin *           |                                   |
|          | Jane Millar              | Appointed 5 June 2013             |
|          | Kanwaljit Singh †        |                                   |
|          | Simon Tucker             | Appointed 5 June 2013             |

|          |             |                       |
|----------|-------------|-----------------------|
| Co-optee | Jake Hayman | Appointed 5 June 2013 |
|----------|-------------|-----------------------|

\* member of the Finance and Social Investment Committee during the year

† member of the Administration Committee during the year

|            |                 |  |
|------------|-----------------|--|
| Staff team | Julian Corner   | Chief Executive and Company Secretary                            |
|            | Susan Ash       | Programme Director, to 31 July 2012                              |
|            | Lindsey Barker  | Finance Officer, to 23 May 2013                                  |
|            | Karen Cromton   | Office Manager, from 21 May 2013                                 |
|            | Marian Durban   | Financial and Administration Manager to 30 June 2013             |
|            | Alice Evans     | Programme Director, Systems Change, from 5 May 2013              |
|            | Karen Flippance | PA/Information Officer, to 30 June 2013                          |
|            | Jane Gibson     | Administrative Secretary, to 30 June 2013                        |
|            | Ailsa Hollond   | Programme Director, to 8 January 2013                            |
|            | Sara Longmuir   | Finance and Administration Director, from 1 August 2013          |
|            | Habiba Nabatu   | Programme Support Officer, from 12 June 2013                     |
|            | Cathy Stancer   | Programme Director   |
|            | Dan Vale        | Programme Director, Knowledge and Learning, from 10 October 2012 |
|            | Brian Whittaker | Programme Director   |

## **The LankellyChase Foundation**

|  |  |
|--|--|
| Principal office and registered office | Greenworks, Dog and Duck Yard<br>Princeton Street<br>London WC1R 4BH   |
| Telephone                              | 020 3747 9930  |
| Website                                | <a href="http://www.lankellychase.org.uk">www.lankellychase.org.uk</a>   |
| Company registration number            | 5309739  |
| Charity registration number            | 1107583  |
| Auditors                               | Kingston Smith LLP<br>Devonshire House, 60 Goswell Road<br>London EC1M 7AD   |
| Bankers                                | The Royal Bank of Scotland PLC<br>St Giles<br>Oxford OX1 3ND<br><br>Lloyds TSB Bank plc<br>Market Place<br>Didcot<br>Oxfordshire OX11 7LQ  |
| Legal advisers                         | Bates, Wells & Braithwaite<br>2-6 Cannon Street<br>London EC4M 6YH   |
| Investment managers                    | CCLA Investment Management<br>Senator House, 85 Queen Victoria Street<br>London EC4V 4ET<br><br>Ruffer LLP<br>80 Victoria Street<br>London SW1E 5JL<br><br>Sarasin and Partners LLP<br>Juxon House, 100 St Paul's Churchyard<br>London EC4M 8BU<br><br>Schroders & Co. Limited<br>3 <sup>rd</sup> Floor, 100 Wood Street<br>London EC2 7ER |

# **The LankellyChase Foundation**

## **Report of the trustees**

The trustees present their report together with the accounts of the LankellyChase Foundation for the year ended 31 March 2013. The legal and administrative information on pages 2 and 3 forms part of this report.

## **Overview**

This has been a year of considerable change for the LankellyChase Foundation. Following its decision to close its five grant programmes and focus exclusively on severe and multiple disadvantage, the board of trustees agreed a final allocation of grants under the old criteria. It also took the first substantive steps towards implementing its new strategic focus by awarding the first tranche of grants to charities that will form a new Promoting Change Network (PCN).

In support of its new focus, the board of trustees also made the difficult decision to move the Foundation's central office to central London. The aim of the move was to enable the Foundation to connect better with partners and the national debate. It also welcomed a new and externally recruited Chair, Dame Suzi Leather, who brings a wealth of experience and commitment.

## **Objects of the Foundation**

The Foundation's objects are to promote any charitable purposes under the law of England and Wales. The trustees define the policies which underpin the Foundation's grant programmes and have agreed the following mission statement:

"Our mission is to bring about change that will transform the quality of life of people who face severe and multiple disadvantage.

By severe and multiple disadvantage we mean the persistent clustering of severe social harms, particularly homelessness, substance misuse, mental and physical illness, extreme poverty, and violence and abuse."

## **History**

The LankellyChase Foundation is the amalgamation of two grant-making trusts, the Lankelly Foundation and the Chase Charity.

The Chase Charity was established on 18 May 1962 and the Lankelly Foundation on 18 March 1968. The two Settlers were business colleagues and from the start the trusts had a shared administration. Over the years they worked closely together, with their grant-making policies complementing each other. On 9 December 2004 the two trustee bodies amalgamated the trusts and the new LankellyChase Foundation was incorporated.

The new Foundation has sought to be focused and strategic in its response to an increasingly complex environment. Its commitment to transforming the lives of the most disadvantaged has intensified to the point that this is now the defining aim of its work.

## **Structure, governance and management**

The board of trustees administers the Foundation. The board appoints trustees who then serve for four years, after which they may be re-appointed to serve one further term of up to four years. The Chair is appointed by the trustees through external competition and serves for a maximum of two 3-year terms.

## The LankellyChase Foundation

Periodically the board reviews the range of skills among trustees and may recruit new trustees to fill any gaps in the skillset of the board. New trustees are recruited through external competition. Appointments are made based on the skills that the board decides are required to manage the Foundation and develop its work.

An induction programme is arranged for new trustees. Involvement in external training (such as that offered by the Association of Charitable Foundations) is encouraged.

The full trustee board meets three times a year to manage the Foundation. In addition, a group of trustees meet twice a year to consider and decide upon major grant recommendations. The day-to-day administration is delegated to the Chief Executive who is supported by a staff team.

The trustee board has also established three sub-committees:

- The Investment Committee meets ahead of each board meeting to oversee the management of the Foundation's assets
- The Audit and Risk Committee also meets ahead of each board meeting to oversee the main risk and audit requirements
- The Administration Committee meets as required but at least once a year, to oversee the practical administration of the Foundation.

### ***Risk management***

At least once a year, the trustees review the risks facing the Foundation in areas of operations, administration and finance. They identified the potential impact and probability of major risks to which the Foundation might be exposed and are satisfied that appropriate measures and systems to mitigate these risks are in place.

### ***Aims and outcomes***

The trustees established a number of aims for 2012/13 concerning governance, administration, finances, social investment and the United Nations Principles of Responsible Investment (UNPRI). Those aims and the outcomes in the year were as follows:

| Aim   | Outcome  |
|---|--|
| <b>Governance</b>   |  |
| Following her appointment by the trustees as Chair, Dame Suzi Leather succeeded Nick Tatman in the role on 1 October 2012. The trustees then undertook a review of its skills requirements in the light of its new strategy, and retained a search agency to facilitate the process. It sought additional skills in the fields of communications, research, investment and social enterprise. | Six new trustees were identified following the external search process: Hil Berg, Professor Jane Millar, Bobby Duffy, Paul Cheng, Simon Tucker and Martin Clarke. In addition Jake Hayman was appointed as a non-executive advisor to the Investment Committee. The new trustees started in post on 5 June 2013. |
| <b>Administration</b>   |  |
| In June 2012, the trustees considered the location of the Foundation's head office in the light of its new strategy. It concluded that a rural Oxfordshire location presented a significant barrier to its future effectiveness, and it authorised relocation to central London within 12 months.   | A new office was identified in Princeton Street, London WC1R 4BH. After refurbishment works, the Foundation's staff began work there in June 2013. Four staff members opted not to relocate, and were therefore entitled to a redundancy package.  |

## The LankellyChase Foundation

| Aim   | Outcome   |
|---|---|
|   | The new office will allow the Foundation to convene meetings and host events connected to its mission and to act as a hub for partner organisations.  |
| <b>Finances</b>   |   |
| The trustees authorised a total budget (excluding investment management and social investment fees) of £5,901,340 made up of: £5,003,500 grants budget, £785,640 for administration, £7,200 for capital expenditure and £105,000 one-off budget for the costs of relocation. In setting this budget they recognised that this would exceed the estimated income for the year by approximately £2,000,000.                                 | Total expenditure, excluding investment management and social investment fees, was £6,245,290. This was made up of £4,993,291 costs of grant-making, and £728,356 administration (governance and support) costs. In addition, the costs of relocation totalled £215,678 and included redundancy payments for staff members who were unable to relocate. Freehold buildings were revalued as a result of the premises being vacated and prepared for sale and an impairment in their value was provided of £307,965. |
| <b>Social investment</b>  |   |
| The trustees have allocated £5,200,000 of the Foundation's capital for social investment. The aim is to build up a portfolio of 10-15 investments. The trustees have resolved that no single investment should exceed 10% of the total value of the portfolio, thus effectively setting the maximum size for any single investment of £500,000 though in practice they expect the average size of investment to be less than the maximum. | The Investment Committee considers social investment opportunities and makes recommendations to the board. Two social investments were agreed during the year: £250,000 for Bristol Together and £250,000 for Resonance Real Lettings Property Fund.  |
| <b>United Nations Principles of Responsible Investment (UNPRI)</b>  |   |
| The trustees place great importance on responsible investment and aim to continue their endorsement of the UNPRI and their focus on socially responsible investment.  | The board of trustees agreed in principle that the Foundation should support the formation of a Charities Responsible Investment Network, which would strengthen its ability to meet its responsibilities under the UNPRI.  |

### Grant priorities and selection procedure

The Foundation normally only makes grants to organisations operating in the United Kingdom which have recognised charitable status or clear charitable purposes. In 2012/13, the Foundation's grant-making was split across two main strands:

1. The final grants paid out to four grant programmes that closed to application on 30 March 2012:
  - Free and Quiet Minds
  - Local People Local Places
  - Breaking Cycles of Abuse
  - The Arts
2. The creation of the Promoting Change Network (PCN). This aim of this network is to bring together outstanding organisations across the country that are committed to making common cause with each other and with LankellyChase to lever wider change for people facing severe and multiple disadvantage.

## The LankellyChase Foundation

### ***Public benefit requirement***

The trustees aim to meet their public benefit responsibilities, as laid out in Section 4 of the Charities Act 2011, by using the Foundation's resources to support agencies which seek to enable some of the most disadvantaged people in our society to lead full and independent lives.

### ***Grant application process***

#### **1. Old programmes**

Under the Foundation's old programme structure, applications could be made at any time. Proposals could be discussed beforehand by email or telephone. The application process would almost always include a visit from a staff member and applicants should expect the process to take up to six months.

#### **2. New programme**

A new application methodology was trialled for the Promoting Change Network (PCN). The Foundation published grants criteria and a Theory of Change, which it asked applicants to read. An application window was opened for initial expressions of interest. These were narrowed down to those that most closely met the criteria, and each of these was invited to submit a full application developed in close collaboration with a LankellyChase Foundation lead.

### ***Review of grant activity***

#### **1. Old Programmes**

The following brief summary gives an outline of those programmes which closed to application on 30 March 2012:

|  | <b>No.</b> | <b>Value £</b> |
|--|------------|----------------|
| <b>Free and Quiet Minds:</b> 5 grants were awarded, totalling £138,000       |            |                |
| Black and Minority Ethnic Groups (BME)                                       | 4          | 123,000        |
| Destitute Asylum Seekers   | 1          | 15,000         |
| <b>Local People, Local Places:</b> 9 grants were awarded, totalling £371,000 |            |                |
| Multi-Purpose Community organisations  | 5          | 216,000        |
| Social Enterprises   | 2          | 83,000         |
| Social and Responsible Investment  | 1          | 27,000         |
| Churches Conservation Trust  | 1          | 45,000         |
| <b>Breaking Cycles of Abuse:</b> 12 grants were awarded, totalling £729,400  |            |                |
| Domestic Abuse   | 7          | 335,000        |
| Rape and Sexual Violence   | 4          | 259,400        |
| Family Action (annual grant)   | 1          | 135,000        |
| <b>The Arts:</b> 10 grants were awarded, totalling £418,820                  |            |                |
| Young People   | 3          | 115,000        |
| Unlocking Creativity   | 6          | 268,820        |
| Excellence in the Arts   | 1          | 35,000         |



## **2. New Programme**

Nearly six hundred expressions of interest were received to join the new Promoting Change Network (PCN). Of these, 37 were considered to be sufficiently relevant and powerful to warrant development into full applications. As this number exceeded the total that could be funded from the 2012/13 budget, 19 were taken to a grants committee in February 2013, and 18 were reserved for April 2013. Of the initial 19, 15 were awarded grants under the Promoting Change Network. In addition, one grant of £100,000 was made from a fund set aside for organisations in crisis.

This number of grants reflects the Foundation's desire to invest substantially in a smaller number of ideas that can powerfully support its *Theory of Change*.

### ***Wider activity***

As part of its new strategic focus, LankellyChase Foundation has committed itself to working more developmentally, to foster learning, evidence and innovation in the field of severe and multiple disadvantage. To this end, four projects were initiated and supported in 2012/13:

#### **1. Profile of severe and multiple disadvantage**

Heriot Watt University has been commissioned to compile the UK's first profile of severe and multiple disadvantage. Most authoritative population data available to social policy, including data on poverty and social exclusion, are derived from household surveys. These surveys do not include people who are not routinely found in stable households, perhaps because they are in hostels, refuges, hospitals and prisons. By bringing together all of the available data into an integrated profile, policy makers, practitioners and other key audiences will have a user-friendly resource that will allow them to understand the scale and nature of the issues facing the UK's most marginalised people.

#### **2. Young people facing severe and multiple disadvantage**

Many people who face severe and multiple disadvantage in adult life were on a predictable trajectory to this point from a young age. Hence there are opportunities to take early action that are lost. The Social Research Unit at Dartington has been commissioned to support LankellyChase Foundation to develop a strategy to improve the quality of lives of young people facing severe and multiple disadvantage.

#### **3. Ethnic inequalities in mental health**

Building on its longstanding support for black and minority ethnic (BME) led mental health organisations, LankellyChase is working with the Afiya Trust, the Centre for Mental Health and Mind, to scope a strategy for improving ethnic inequalities in mental health.

#### **4. Politics and severe and multiple disadvantage**

The Institute for Public Policy Research was appointed to analyse the political case for improving the lives of those facing severe and multiple disadvantage, in particular learning the lessons from New Labour's social exclusion policies. The final report was launched in July 2012.

LankellyChase continues to engage with partners from the Corston Independent Funders Coalition to find ways of improving the lives of women facing severe and multiple disadvantage.

### ***Performance: monitoring and evaluation***

#### **1. Old programmes**

The trustees require a report from the grantee at the end of any funding period that reflects on the full period of the Foundation's support. Foundation team members then prepare a short commentary on each grantee, to note both the success and learning significance of the work funded in order to inform future grant-making policies and practices.

#### **2. New programme**

Learning from the experience of its new grantees is critical to the future focus of LankellyChase Foundation. In the majority of cases, grants under the new programme include resources to pay for either internal or external evaluation, and support will be provided to enable the grantees to develop the design of the evaluation.

Alongside this, a Programme Director from LankellyChase will liaise closely with each project, visiting at least annually, and feeding learning and insights back into LankellyChase. The Foundation will also facilitate regular exchange of learning between members of the Promoting Change Network, both virtually and through regular network meetings.

### **Investment report**

The trustees determine the broad investment policy. The overriding objective is to maintain the real value of the endowment portfolio whilst maximising the income available for current spending. In the past the endowment has been considered permanent however the ability to utilise capital to achieve the Foundation's goals is not limited. In light of this the trustees follow a Total Return policy, that is, it takes into account not only the capital appreciation, but also the income received on the portfolio.

The Foundation is committed to investing its assets in accordance with the United Nations Principals for Responsible Investing (UNPRI) and has established a code to which it expects its fund managers to adhere. The Trustees engage four investment management houses to manage a portfolio of assets on a discretionary basis which had a value of £118 million at 31 March 2013. These houses have been chosen to complement each other and reduce style bias and manager risk. As such, they employ a range of strategies to meet the investment objectives and report performance against stated benchmarks. In addition, for consistency, the trustees measure long term performance against a simplistic bond/equity benchmark. The underlying holdings within the endowment are readily marketable and are either quoted on recognised exchanges or are authorised unit trusts or open-ended investment companies.

Funds have been drawn from the endowment into the social investment portfolio over the year. The intention is to establish a portfolio across a range of social investment sectors. Investment has continued throughout the year and the intention to place approximately £1 million p.a. remains. The trustees have separated the endowment and social portfolios to enable clarity when evaluating the investment and social return over the long term.

## **The LankellyChase Foundation**

### ***Performance***

Equity markets were profitable for investors over 2012/13 and this was reflected in the performance of the endowment portfolio. The capital value of the endowment portfolio increased over the year in line with markets after allowing for the movement of the remainder of the allocation to the social investment portfolio. Income from the endowment reduced on absolute terms reflecting the reduction in interest income globally over the year. Overall however, the total return from the investments was in line with expectations.

### ***Responsible investment***

The Foundation is committed to investing its assets in accordance with the UN Principles for Responsible Investment (UNPRI) and has established a code to which it expects its fund managers to adhere.

### ***Endowment fund***

The trustees have always intended to maintain their charitable activities in perpetuity and so while the endowment of the Foundation is expendable the trustees have treated it as permanent. The overriding objective of the investment policy has been to preserve the real value of the capital in this fund whilst at the same time maximising the income from it to spend on charitable purposes. Recognising that spending only income and reinvesting capital does not optimise current spending, the trustees are prepared on a prudent basis to spend some of the capital of this fund to meet their strategic objectives.

### ***Investment portfolio***

This portfolio contains the bulk of the Foundation's assets. Until recently this has been managed by three City fund managers each with separate written discretionary mandates. Certain restrictions apply to all fund managers such as a ban on investing directly in tobacco related companies, but each fund manager has agreed asset allocation bands and performance benchmarks against which performance is reviewed.

Arrangements that had been started in 2011/12 to change two of the fund managers and engage three new management firms were progressed. The portfolio was divided among the managers more or less in the ratio 40%, 30%, 20%, 10%. The total value of the endowment fund investments rose from £115 million in 2012 to £118 million in 2013 (2012: fall of £4 million).

### ***Social investment fund***

In 2011/12 the trustees had allocated £5.2 million to be invested separately from the main investment portfolio in a range of social investments. Achieving the maximum financial return was not to be the overriding consideration in making, and reviewing the success of, these social investments. Decisions about investments in this fund are made by the trustees who may take advice about individual investments and contracts if deemed necessary.

In accordance with their overriding objective of maintaining the real value of the endowment and in recognition of the potential for losses in the social investment fund while this market develops, capital gains from this fund are reinvested in the fund and not allocated to the grants programme.

The Foundation remains active in a network of other Foundations who are keen to advance the volume and profile of social and impact investing.

### ***Reserves policy***

Although the endowment is expendable, the trustees treat it as permanent. The trustees consider it prudent to hold a short term reserve of approximately six months' operational expenditure.

The Foundation holds considerable cash reserves to meet known future commitments. At the year end this cash was under its direct control, although consideration is being given to alternatives in order to diversify the risk.

### ***Investment risk and social impact***

The trustees are prepared to accept different levels of risk for the different funds identified above.

The Foundation is able to identify its requirements for liquid funds due to the manner in which grant expenditure is accounted for and through the preparation of regular annual and longer term spending plans. The trustees have taken a cautious approach to risk with respect to both credit and investment risk for assets held to meet short term liabilities. As noted above this risk has become more concentrated as a result of the short term assets gradually falling under the direct control of the trustees but this concentration risk has been identified and is being addressed.

The trustees have twin aims of maintaining the real value of the endowment portfolio whilst maximizing the income available for current spending. A variety of instruments is needed to ensure that the value of both the sums available for spending, and the capital value of the portfolio, increase or at least are maintained in real terms. Inflation is a key risk for the investment portfolio but given that the portfolio is treated as permanent, short term fluctuations in its value can be tolerated.

The trustees recognise that the returns from investments held in the social investment fund come from a blend of social impact and the traditional investment measures of income generated and increase in capital value. The blend of social and investment return from each investment is assessed individually so that the overall aim of preserving the real value of the endowment can be maintained.

### **Future plans**

Following the recruitment of six new trustees, the Board will start to develop a long term strategy that will determine its action and investment over the next five to ten years.

More immediate plans include:

1. Establishing the Promoting Change Network (PCN)
2. Developing an evaluation methodology for our key grants
3. Delivering the first stages of our two special initiatives on young people and ethnic inequalities in mental health
4. Diversifying our social investment portfolio and working to align our social investment portfolio more closely with our mission
5. Extending our reach to new and unusual ideas, models and partners
6. Building relevant partnerships with other funders
7. Building our capability to communicate and engage
8. Building our wider organisational capacity

## **The LankellyChase Foundation**

A new grants programme, designed to reach organisations less represented in the existing portfolio of grants, such as BME-led and smaller organisations, will launch in the autumn of 2013. The Foundation hopes, in particular, to attract projects and ideas that are outside the currently service delivery paradigm.

## **The LankellyChase Foundation**

### **Statement of trustees' responsibilities**

The trustees (who are also directors of The LankellyChase Foundation for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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.

In so far as the trustees are aware:

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

This report has been approved in accordance with the special provisions relating to small companies with part 15 of the Companies Act 2006.

Approved by the board of trustees and signed on their behalf by:

Dame Suzi Leather  
Chair

Date 23 October 2013

## **The LankellyChase Foundation**

### **Independent auditor's report to the members of the LankellyChase Foundation**

We have audited the financial statements of The LankellyChase Foundation for the year ended 31 March 2013 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

#### **Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement set out on page 13 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

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

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2013 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.

## **The LankellyChase Foundation**

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

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

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

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

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

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

Date: 23 October 2013

Devonshire House  
60 Goswell Road  
London  
EC1M 7AD



# The LankellyChase Foundation

## Statement of financial activities for the year ended 31 March 2013

|   | Note | Endowment<br>fund<br>£ | Restricted<br>fund<br>£ | Unrestricted<br>fund<br>£ | Total 2013<br>£    | Total 2012<br>£    |
|---|------|------------------------|-------------------------|---------------------------|--------------------|--------------------|
| <b>Incoming resources</b>                               |      |                        |                         |                           |                    |                    |
| Incoming resources from generated funds                 |      |                        |                         |                           |                    |                    |
| Investment income                                       | 2    | 18,948                 | -                       | 3,665,244                 | 3,684,192          | 4,278,876          |
| Donation: Northwood Trust                               |      | -                      | -                       | 58,748                    | 58,748             | -                  |
| Corston Independent Funders' Coalition                  | 18   | -                      | -                       | -                         | -                  | 24,759             |
| Women's Diversionary Fund (2)                           | 18   | -                      | 5,900                   | -                         | 5,900              | 550,000            |
| Loan Interest   |      | 470                    | -                       | -                         | 470                | 560                |
| Other Income  |      | -                      | -                       | 8,463                     | 8,463              | -                  |
| Profit on sale of tangible asset                        |      | -                      | -                       | 2,166                     | 2,166              | 3,824              |
| <b>Total incoming resources</b>                         |      | <b>19,418</b>          | <b>5,900</b>            | <b>3,734,621</b>          | <b>3,759,939</b>   | <b>4,858,019</b>   |
| <b>Resources expended</b>                               |      |                        |                         |                           |                    |                    |
| Cost of generating funds                                |      |                        |                         |                           |                    |                    |
| Investment management costs                             | 3    | 415,759                | -                       | -                         | 415,759            | 218,953            |
| Social investment fees                                  |      | 9,745                  | -                       | -                         | 9,745              | -                  |
| Charitable activities                                   |      |                        |                         |                           |                    |                    |
| Grant-making  |      |                        |                         |                           |                    |                    |
| Grant expenditure                                       | 4    | -                      | 34,200                  | 4,815,680                 | 4,849,880          | 5,727,614          |
| Research and evaluation                                 | 4    | -                      | -                       | 2,126                     | 2,126              | 38,400             |
| Grant-making costs                                      | 5    | -                      | 4,575                   | 810,958                   | 815,533            | 719,559            |
| Governance costs  | 6    | -                      | -                       | 54,108                    | 54,108             | 66,894             |
| Exceptional items and reorganisation costs              | 10   |                        |                         |                           |                    |                    |
| Relocation costs  |      | -                      | -                       | 215,678                   | 215,678            | -                  |
| Impairment in value of freehold buildings               |      | -                      | -                       | 307,965                   | 307,965            | -                  |
| <b>Total resources expended</b>                         |      | <b>425,504</b>         | <b>38,775</b>           | <b>6,206,515</b>          | <b>6,670,794</b>   | <b>6,771,420</b>   |
| <b>Net outgoing resources for the year</b>              |      | <b>(406,086)</b>       | <b>(32,875)</b>         | <b>(2,471,894)</b>        | <b>(2,910,855)</b> | <b>(1,913,401)</b> |
| <b>Other recognised gains and losses</b>                |      |                        |                         |                           |                    |                    |
| Unrealised gains/(losses) on investments                |      | 9,940,701              | -                       | -                         | 9,940,701          | (3,369,975)        |
| <b>Net movement in funds</b>                            |      | <b>9,534,615</b>       | <b>(32,875)</b>         | <b>(2,471,894)</b>        | <b>7,029,846</b>   | <b>(5,283,376)</b> |
| <b>Transfer between funds</b>                           | 17   | <b>(2,030,616)</b>     | <b>-</b>                | <b>2,030,616</b>          | <b>-</b>           | <b>-</b>           |
|   |      | 7,503,999              | (32,875)                | (441,278)                 | 7,029,846          | (5,283,376)        |
| Fund balances brought forward at 1st April 2012         |      | 117,513,442            | 54,706                  | 1,209,317                 | 118,777,465        | 124,060,841        |
| <b>Fund balances carried forward at 31st March 2013</b> |      | <b>125,017,441</b>     | <b>21,831</b>           | <b>768,039</b>            | <b>125,807,311</b> | <b>118,777,465</b> |

Note 18

All gains and losses in the year are included in the Statement of Financial Activities and arise from continuing activities.

# The LankellyChase Foundation

## Income and expenditure account for the year ended 31 March 2013

|                                      | 2013<br>£          | 2012<br>£          |
|--------------------------------------|--------------------|--------------------|
| <b>Income</b>                        |                    |                    |
| Investment income                    | 3,665,244          | 4,271,876          |
| Women's Diversionary Fund (2) income | 5,900              | 550,000            |
| Corston Independent Funders          | -                  | 24,759             |
| Northwood                            | 58,748             | -                  |
| Other income                         | 8,463              | -                  |
| Profit on sale of tangible asset     | 2,166              | 3,824              |
| Total income                         | 3,740,521          | 4,850,459          |
| <b>Expenditure</b>                   |                    |                    |
| Charitable activities                | 5,667,539          | 6,485,573          |
| Governance                           | 54,108             | 66,894             |
| Exceptional items                    | 523,643            | -                  |
| Total expenditure                    | 6,245,290          | 6,552,467          |
| <b>Net expenditure for the year</b>  | <b>(2,504,769)</b> | <b>(1,702,008)</b> |

## Statement of total recognised gains and losses

|   | 2013<br>£          | 2012<br>£          |
|---|--------------------|--------------------|
| <b>Net expenditure for the year</b>             | (2,504,769)        | (1,702,008)        |
| <b>Unrealised gains/(losses) on investments</b> | -                  | -                  |
| <b>Total (losses)/gains for the year</b>        | <b>(2,504,769)</b> | <b>(1,702,008)</b> |

The income and expenditure account and statement of recognised gains and losses are presented in compliance with the Companies Act 2006 and exclude movements on the endowment fund.

# The LankellyChase Foundation

## Balance sheet as at 31 March 2013

|  | Note | 2013<br>£          | £                         | 2012<br>£          | £                         |
|--|------|--------------------|---------------------------|--------------------|---------------------------|
| <b>Fixed assets</b>  |      |                    |                           |                    |                           |
| Tangible assets  | 11   |                    | 444,189                   |                    | 760,777                   |
| Investments  |      |                    |                           |                    |                           |
| Expendable endowment   | 12   |                    | 118,124,943               |                    | 115,005,503               |
| Social investments   | 13   |                    | 5,195,417                 |                    | 1,180,944                 |
|  |      |                    | <u>123,764,549</u>        |                    | <u>116,947,224</u>        |
| <b>Current assets</b>  |      |                    |                           |                    |                           |
| Debtors  | 14   | 11,837             |                           | 28,517             |                           |
| Investments  | 15   | 1,000,000          |                           | 5,100,000          |                           |
| Bank and cash balances   |      | <u>7,095,496</u>   |                           | <u>2,144,570</u>   |                           |
|  |      | 8,107,333          |                           | 7,273,087          |                           |
| <b>Creditors: amounts falling due within one year</b>          |      |                    |                           |                    |                           |
|  | 16   | <u>(4,265,571)</u> |                           | <u>(3,666,346)</u> |                           |
| <b>Net current assets</b>                                      |      |                    | <u>3,841,762</u>          |                    | <u>3,606,741</u>          |
| <b>Total assets less current liabilities</b>                   |      |                    | <u>127,606,311</u>        |                    | <u>120,553,965</u>        |
| <b>Creditors: amounts falling due after more than one year</b> |      |                    |                           |                    |                           |
| Grants payable   |      |                    | <u>(1,799,000)</u>        |                    | <u>(1,776,500)</u>        |
| <b>Net assets</b>  |      |                    | <u><u>125,807,311</u></u> |                    | <u><u>118,777,465</u></u> |
| <b>Funds</b>   |      |                    |                           |                    |                           |
| Expendable endowment   |      |                    | 125,017,441               |                    | 117,513,442               |
| Restricted funds   | 18   |                    | 21,831                    |                    | 54,706                    |
| Unrestricted funds   | 17   |                    | 768,039                   |                    | 1,209,317                 |
|  | 19   |                    | <u><u>125,807,311</u></u> |                    | <u><u>118,777,465</u></u> |

These Financial Statements have been prepared in accordance with the provisions applicable to companies subject to small companies regime within Part 15 of the Companies Act 2006.

The financial statements were approved by the Board of Trustees and authorised for issue on and are signed on its behalf by:

Dame Suzi Leather  
Chair of the Board of Trustees

Date: 23 October 2013

# **The LankellyChase Foundation**

## **Notes to the financial statements for the year ended 31 March 2013**

### **1. Accounting Policies**

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention as amended for the revaluation of investments. The financial statements are prepared in accordance with the Statement of Recommended Practice (SORP) - Accounting and Reporting by Charities (issued in March 2005) applicable accounting standards and the Companies Act 2006.

The Charity has availed itself of the provisions of paragraph 3(3) of schedule 4 of the Companies Act and adapted the Companies Act format to reflect the special nature of the charitable company's activities.

#### **Investment income**

Income arising from listed investments is accounted for when received by the Foundation or its agents. Other investment income is recognised when receivable on an accruals basis.

#### **Other income**

Other income is accounted for when the amount receivable can be identified with reasonable certainty. In practical terms this is frequently the time of receipt.

#### **Resources Expended**

Resources expended are included in the Statement of Financial Activities (SOFA) on the accruals basis.

Costs of generating funds are the fees due in respect of investment managers' services.

Charitable activities are those costs relating to the grant making activities of the charity and include the grants and apportioned support costs.

Support costs are those related to all the activities of the organisation and are apportioned on the basis set out in note 7.

Governance costs are the costs associated with the strategic direction of the organisation and with meeting regulatory responsibilities.

#### **Grants**

The Foundation makes grants that are generally payable in instalments over a number of years. The full amount of the grant however is accounted for in the year in which the decision is made rather than the year in which payment is made. These grants fall due for payment when all conditions have been met. These conditions will vary according to the purpose and period of the grant.

#### **Investments**

To comply with the SORP Accounting for Charity regulations, the investments are recorded at their market value in these accounts. It is the Foundation's policy to keep valuations up to date such that when investments are sold there is no gain or loss arising. As a result the SOFA only includes those unrealised gains and losses arising from the investment portfolio throughout the year.

**The LankellyChase Foundation**  
**Notes to the financial statements**  
**for the year ended 31 March 2013 (continued)**

**Depreciation**

Individual fixed assets of £500 or more are capitalised in the accounts at cost.

Tangible fixed assets are depreciated at rates calculated to write off the cost of each asset over its anticipated useful life on a straight line basis. The following rates are applied:

|                                |               |
|--------------------------------|---------------|
| Motor vehicles                 | 25% per annum |
| Office furniture and equipment | 25% per annum |

No depreciation is included on the buildings as their residual values approximates to the cost at which it is included in accounts.

**Pension costs**

Contributions by the Foundation to the personal, money purchase, pension schemes held in the names of the individual employees are recognised in the year in which they are payable.

**Funds**

The expendable endowment fund represents the capital of the Foundation. Income arising from investments which form the assets of the fund are treated as unrestricted funds.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors.

Unrestricted funds are those funds available for use at the discretion of the trustees in furtherance of the general objectives of the Foundation.

**Charity status**

The charity is a company limited by guarantee. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

**2. Investment income**

|                         | <b>2013</b>      | <b>2012</b>      |
|-------------------------|------------------|------------------|
|                         | <b>£</b>         | <b>£</b>         |
| Listed investments      |                  |                  |
| UK equities             | 1,895,650        | 2,488,782        |
| UK fixed interest/bonds | 502,904          | 913,161          |
| Overseas equities       | 781,073          | 301,538          |
| Property                | 110,468          | 406,613          |
| Euro property           | 145,896          | 20,245           |
| Cash instruments        | 16,850           | 40,769           |
| Other asset classes     | 73,723           | 3,320            |
| Bank interest           | 137,247          | 96,907           |
| Feed in tariff          | 1,433            | 541              |
|                         | <u>3,665,244</u> | <u>4,271,876</u> |
| Social investments      | <u>18,948</u>    | <u>7,000</u>     |
| Total investment income | <u>3,684,192</u> | <u>4,278,876</u> |

**The LankellyChase Foundation**  
**Notes to the financial statements**  
**for the year ended 31 March 2013 (continued)**

**3. Investment managers' costs**

The figure disclosed in the accounts does not include fees of £191,416 (2012: £172,644) which are additionally charged by the fund managers in respect of Collective Investment Schemes. These charges are reimbursed by the fund managers when calculating their fee. Gross management fees amount to £607,175 (2012: £391,597).

**4. Grant expenditure**

Grants were made under the following programme headings.

|   | <b>2013</b> | <b>2012</b> |
|---|-------------|-------------|
|   | <b>£</b>    | <b>£</b>    |
| Grants authorised during the year             |             |             |
| Annual grants                                 | 135,000     | 192,000     |
| Arts programme                                | 419,020     | 537,800     |
| Breaking the Cycles of Abuse                  | 594,400     | 1,007,390   |
| Custody & Community                           | 279,000     | 986,500     |
| Free and Quiet Programme                      | 138,000     | 874,000     |
| Local People, Local Places                    | 518,800     | 1,145,500   |
| Social investment                             | 50,000      | -           |
| Promoting Change Network (PCN)                | 2,161,000   | -           |
| Special initiatives                           | 150,000     | -           |
| Emergency Fund                                | 100,000     | -           |
| Ad hoc  | 315,000     | -           |
|   | <hr/>       | <hr/>       |
| Total grants authorised during the year       | 4,860,220   | 4,743,190   |
| Cancelled grants                              | (28,998)    | (121,784)   |
| Returned grants                               | (15,542)    | (19,244)    |
|   | <hr/>       | <hr/>       |
|   | 4,815,680   | 4,602,162   |
|   | <hr/>       | <hr/>       |
| Women's Diversionary Fund Grants              |             |             |
| Women's Diversionary Fund (1) - grants*       | -           | 93,000      |
| Returned and cancelled grants                 | -           | (83,635)    |
| Women's Diversionary Fund (2) - grants*       | 34,200      | 1,116,087   |
|   | <hr/>       | <hr/>       |
|   | 34,200      | 1,125,452   |
|   | <hr/>       | <hr/>       |
| Total grants payable                          | 4,849,880   | 5,727,614   |
|   | <hr/>       | <hr/>       |
| Research and evaluation                       |             |             |
| Unrestricted fund (LankellyChase Foundation)  |             |             |
| Institute for Public Policy Research          | -           | 23,400      |
| TLC Evaluation                                | (149)       | -           |
| PK Consultancy                                | 2,275       | -           |
|   | <hr/>       | <hr/>       |
|   | 2,126       | 23,400      |
| Restricted fund (Women's Diversionary Fund 1) |             |             |
| City University London                        | -           | 15,000      |
|   | <hr/>       | <hr/>       |
| Total research and evaluation expenditure     | 2,126       | 38,400      |
|   | <hr/>       | <hr/>       |

**The LankellyChase Foundation**  
**Notes to the financial statements**  
**for the year ended 31 March 2013 (continued)**

**5. Grant-making costs**

|                        | <b>2013</b><br>£ | <b>2012</b><br>£ |
|------------------------|------------------|------------------|
| Direct costs comprise  |                  |                  |
| Consultancy            | 26,440           | 701              |
| Databases              | 94,854           | 12,850           |
| Website                | 15,416           | 274              |
|                        | <u>136,710</u>   | <u>13,825</u>    |
| Support costs (note 7) | 674,248          | 682,355          |
|                        | 810,958          | 696,180          |
| Restricted costs       |                  |                  |
| Administration costs   | 4,575            | 23,379           |
|                        | <u>815,533</u>   | <u>719,559</u>   |

**6. Governance costs**

|                                    | <b>2013</b><br>£ | <b>2012</b><br>£ |
|------------------------------------|------------------|------------------|
| Legal expenses                     | 1,002            | 5,918            |
| Audit fees                         |                  |                  |
| Current year provision             | 13,000           | 12,700           |
| Prior year under provision and VAT | 2,479            | 350              |
| Membership UNPRI                   | 792              | 792              |
| Chair and trustee recruitment      | 15,982           | 26,030           |
| Support costs (note 7)             | 20,853           | 21,104           |
|                                    | <u>54,108</u>    | <u>66,894</u>    |

**7. Support costs**

The key elements of support costs are set out below. Costs are allocated on the basis of the proportion of staff time spent in each area.

|   | <b>Grant support</b><br>£ | <b>Governance</b><br>£ | <b>Total 2013</b><br>£ | <b>Total 2012</b><br>£ |
|---|---------------------------|------------------------|------------------------|------------------------|
| Employee costs (note 8)                         | 537,470                   | 16,623                 | 554,093                | 583,626                |
| Pension advice                                  | 1,078                     | 33                     | 1,111                  | 960                    |
| Professional costs<br>(consultancy, HR support) | 22,221                    | 687                    | 22,908                 | 32,044                 |
| Office expenses                                 | 51,438                    | 1,591                  | 53,029                 | 20,082                 |
| Motoring expenses                               | 4,046                     | 125                    | 4,171                  | 6,930                  |
| Premises  | 17,454                    | 540                    | 17,994                 | 17,847                 |
| Training/conferences                            | 5,506                     | 170                    | 5,676                  | 9,425                  |
| Bank charges                                    | 826                       | 26                     | 852                    | 922                    |
| Visiting/travelling                             | 24,091                    | 745                    | 24,836                 | 27,543                 |
| Reimbursement of Women's<br>Diversions Fund(1)  | (3,856)                   | (119)                  | (3,975)                | (9,942)                |
| Exchange rate variance                          | 1,690                     | 52                     | 1,742                  | (1,431)                |
| Depreciation                                    | 12,284                    | 380                    | 12,664                 | 15,453                 |
| <b>Total at 31 March 2013</b>                   | <u><b>674,248</b></u>     | <u><b>20,853</b></u>   | <u><b>695,101</b></u>  | <u><b>703,459</b></u>  |
| Total at 31 March 2012                          | 682,355                   | 21,104                 | 703,459                |                        |

**The LankellyChase Foundation**  
**Notes to the financial statements**  
**for the year ended 31 March 2013 (continued)**

**8. Staff costs**

|  | <b>2013</b>    | <b>2012</b>    |
|--|----------------|----------------|
|  | <b>£</b>       | <b>£</b>       |
| Included in support and governance costs |                |                |
| Gross salaries                           | 420,657        | 452,981        |
| Social security costs                    | 47,868         | 54,369         |
| SMP reclaimed                            | -              | (6,800)        |
| Pension costs - staff                    | 56,160         | 64,576         |
| Pension paid to a former employee        | 19,004         | 18,433         |
| Recruitment costs                        | 10,404         | 67             |
|  | <b>554,093</b> | <b>583,626</b> |

One employee's remuneration fell in the band £80,000-£90,000. The pension contributions to a money purchase scheme for this individual were £9,000 (2012: £1,048).

The average monthly number of staff employed during the year was 9 (2012: 10).

**9. Transactions with trustees**

Reimbursement of travelling expenses, incurred for attending meetings and seminars during the year, totalling £5,844 (2012: £5,213) was made to 12 trustees (2012: 12). No trustee received remuneration in the year or previous year.

**10. Exceptional item**

Costs incurred due to the relocation of the office from Oxfordshire to London have been analysed in the accounts as exceptional items.

In addition, when the Oxfordshire property was valued for sale, a likely diminution in value of the property was identified and was provided for in these accounts.

**11. Tangible assets**

|  | <b>Freehold<br/>property<br/>£</b> | <b>Motor<br/>vehicles<br/>£</b> | <b>Furniture &amp;<br/>equipment<br/>£</b> | <b>Total<br/>£</b> |
|--|------------------------------------|---------------------------------|--|--------------------|
| <b>Cost</b>                            |                                    |                                 |  |                    |
| Brought forward at 1 April 2012        | 731,965                            | 57,091                          | 22,071                                     | 811,127            |
| Additions                              | -                                  | -                               | 9,576                                      | 9,576              |
| Disposals                              | -                                  | (26,822)                        | -  | (26,822)           |
| Carried forward at 31 March 2013       | 731,965                            | 30,269                          | 31,647                                     | 793,881            |
| <b>Depreciation</b>                    |                                    |                                 |  |                    |
| Brought forward at 1 April 2012        | -                                  | 30,316                          | 20,034                                     | 50,350             |
| Charge for the year                    | -                                  | 10,727                          | 1,937                                      | 12,664             |
| On disposals                           | -                                  | (21,287)                        | -  | (21,287)           |
| Provision for impairment of value      | 307,965                            | -                               | -  | 307,965            |
| Carried forward at 31 March 2013       | 307,965                            | 19,756                          | 21,971                                     | 349,692            |
| <b>Net book value at 31 March 2013</b> | <b>424,000</b>                     | <b>10,513</b>                   | <b>9,676</b>                               | <b>444,189</b>     |
| Net book value at 31 March 2012        | 731,965                            | 26,775                          | 2,037                                      | 760,777            |



**The LankellyChase Foundation**  
**Notes to the financial statements**  
**for the year ended 31 March 2013 (continued)**

**12. Investments – expendable endowment**

|   | <b>Expendable<br/>endowment<br/>£</b> |
|---|---------------------------------------|
| <b>The investments held at 31 March 2013 comprised:</b> |                                       |
| Listed investments                                      |                                       |
| UK fixed interest/bonds                                 | 18,458,699                            |
| Global fixed interest/bonds                             | 2,755,180                             |
| UK equities   | 40,380,081                            |
| Global equities   | 43,093,991                            |
| Property funds  | 3,513,760                             |
| Other assets  | 6,846,918                             |
| Total listed investments                                | 115,048,629                           |
| Cash held as part of the investment portfolio           | 3,076,314                             |
| <b>Total investment portfolio as at 31 March 2013</b>   | <b><u>118,124,943</u></b>             |
| <b>Total cost value</b>                                 | <b><u>100,505,861</u></b>             |
|   | <b>Endowment<br/>£</b>                |
| <b>Reconciliation of movements in investments</b>       |                                       |
| Amounts brought forward at 1 April 2012                 | 114,268,659                           |
| Sales proceeds  | (96,410,937)                          |
| Purchases   | 87,250,206                            |
| Revaluation at 31 March 2013                            | 9,940,701                             |
| <b>Amounts carried forward at 31 March 2013</b>         | <b><u>115,048,629</u></b>             |

The SORP requires that investments are revalued to their open market value at 31st March 2013. This value is the mid price as quoted on a recognised stock market. Unlisted investments are valued by the Trustees. The resulting revaluation gain is taken to the Statement of Financial Activities as an unrealised gain.

Holdings representing more than 5% of the portfolio valuation:

|  | <b>Holding</b> | <b>Market value<br/>£</b> |
|--|----------------|---------------------------|
| Sarasin Sterling Bond - I Inc                                | 8,491,662      | 9,459,711                 |
| Sarasin International Equity Income - I Inc                  | 5,865,272      | 6,962,078                 |
| Sarasin Equisar - Global Schematic (Sterling Hedged) - I inc | 4,091,513      | 5,830,406                 |

During the course of the year the charity held a review of the fund managers holding its assets and in May 2012 made changes to the fund managers engaged. BlackRock and Cazenove, who held £82m of assets as at 31 March 2012, were replaced by CCLA, Ruffer and Schroders. Sarasin continued as a fund manager.

**The LankellyChase Foundation**  
**Notes to the financial statements**  
**for the year ended 31 March 2013 (continued)**

**13. Investments - social investments**

The social investments held at 31 March 2013 comprised:

|  | Brought forward as at<br>1 April 2012 | Return of capital/<br>income | Purchases<br>in year | Accrued<br>income | Cash<br>movement | Carried forward as at<br>31 March 2013 |
|--|---------------------------------------|------------------------------|----------------------|-------------------|------------------|--|
|  | £                                     | £                            | £                    | £                 | £                | £                                      |
| Tregonwell Almshouses  | 17,021                                | (2,988)                      | -                    | -                 | -                | 14,033                                 |
| East Lancashire Moneyline (ELM)                              | 200,000                               | -                            | -                    | 3,500             | -                | 203,500                                |
| Peterborough Social Impact Bond                              | 133,013                               | -                            | 104,440              | -                 | -                | 237,453                                |
| Big Issue Invest   | 240,385                               | -                            | -                    | -                 | -                | 240,385                                |
| Charity Bank preference Shares                               | 200,000                               | -                            | -                    | -                 | -                | 200,000                                |
| Ethex  | 25,000                                | -                            | 5,000                | 1,775             | -                | 31,775                                 |
| Social Justice & Human Rights                                | 250,000                               | -                            | 250,000              | -                 | -                | 500,000                                |
| Bristol Together CIC   | -                                     | -                            | 250,000              | 1,875             | -                | 251,875                                |
| Resonance Real Letting Property                              | -                                     | -                            | 63,766               | -                 | -                | 63,766                                 |
| Cash held for social investment                              | 115,525                               | 15,256                       | -                    | -                 | 3,321,849        | 3,452,630                              |
| <b>Total social investment portfolio as at 31 March 2013</b> | <b>1,180,944</b>                      | <b>12,268</b>                | <b>673,206</b>       | <b>7,150</b>      | <b>3,321,849</b> | <b>5,195,417</b>                       |

A member of the LankellyChase Foundation Board sat on the Board of the Social Justice & Human Rights Centre. The Foundation invests in the Peterborough Social Impact Bond via Social Impact Feeder Ltd. The Foundation is committed to provide further investment in respect of the Peterborough Social Impact Bond, up to the value of £500,000. As at the balance sheet date the carrying value is £237,453.

**14. Debtors**

|                                | 2013<br>£     | 2012<br>£     |
|--------------------------------|---------------|---------------|
| Other debtors                  | -             | 4,532         |
| Prepayments and accrued income | 11,837        | 23,985        |
|                                | <b>11,837</b> | <b>28,517</b> |

**15. Current asset investments**

|                     | 2013<br>£        | 2012<br>£        |
|---------------------|------------------|------------------|
| Fixed term deposits | <b>1,000,000</b> | <b>5,100,000</b> |

**16. Creditors: amounts falling due within one year**

|                                | 2013<br>£        | 2012<br>£        |
|--------------------------------|------------------|------------------|
| Grants payable within one year | 3,871,910        | 3,420,148        |
| WDF grants                     | 65,010           | 173,527          |
| Accruals                       | 311,078          | 70,700           |
| Miscellaneous creditors        | 17,573           | 1,971            |
|                                | <b>4,265,571</b> | <b>3,666,346</b> |

**The LankellyChase Foundation**  
**Notes to the financial statements**  
**for the year ended 31 March 2013 (continued)**

**17. Unrestricted funds**

|  | 2013<br>£             | 2012<br>£               |
|--|-----------------------|-------------------------|
| <b>General fund</b>                      |                       |                         |
| Amounts brought forward at 1 April 2012  | 1,209,317             | 1,209,317               |
| Net (outgoing)/incoming resources        | (2,471,894)           | (1,112,936)             |
| Transfer from endowment fund             | 2,030,616             | 1,362,936               |
| Transfer to restricted fund              | -                     | (250,000)               |
| Amounts carried forward at 31 March 2013 | <u><b>768,039</b></u> | <u><b>1,209,317</b></u> |

**18. Restricted fund**

The total restricted fund is made up of three distinctive funds: Women's Diversionary Fund (1); Women's Diversionary Fund (2) and The Corston Coalition Partnership

- i. **The Women's Diversionary Fund** is a partnership between the Ministry of Justice (MOJ) and the Corston Independent Funders' Coalition. The Coalition is an alliance of 24 charitable trusts and foundations seeking to press for full implementation of the Corston Report recommendations and transform how disadvantaged women are treated by the criminal justice system. The Ministry of Justice agreed to contribute £1,000,000 on condition the Coalition matched this with a further £1,000,000. A breakdown of this Restricted Fund is shown below.
- ii. **The Women's Diversionary Fund (2)** has been set up by the Corston Independent Funders' Coalition to provide, alongside the MOJ and National Offender Management Service, time-limited funding to enable the continuation of a critical mass of women offenders' community provision in 2011-12 and 2012-13.
- iii. **The Corston Coalition Partnership (3)** was set up to disperse the remaining funds from the Corston Coalition which was formerly accounted for by the Diana Princess of Wales Memorial Fund which has now closed.

|   | Brought Income<br>forward at<br>1 Apr 2012<br>£ | £            | Grants<br>agreed<br>£ | Administration<br>costs<br>£ | Corston<br>expenditure<br>£ | Carried<br>forward at<br>31 March 2013<br>£ |
|---|---|--------------|-----------------------|------------------------------|-----------------------------|---|
| Women's<br>Diversionary<br>Fund (1)     | 5,244   | -            | -                     | (4,178)                      | -                           | 1,066                                       |
| Women's<br>Diversionary<br>Fund (2)     | 33,913  | 5,900        | (34,200)              | -                            | -                           | 5,613                                       |
| The Corston<br>Coalition<br>Partnership | 15,549  | -            | -                     | -                            | (397)                       | 15,152                                      |
| <b>Total</b>                            | <u>54,706</u>                                   | <u>5,900</u> | <u>(34,200)</u>       | <u>(4,178)</u>               | <u>(397)</u>                | <u>21,831</u>                               |

**The LankellyChase Foundation**  
**Notes to the financial statements**  
**for the year ended 31 March 2013 (continued)**

**19. Analysis of net assets between funds**

|   | <b>Expendable<br/>endowment</b> | <b>Restricted<br/>funds</b> | <b>Unrestricted<br/>funds</b> | <b>Total</b>       |
|---|---------------------------------|-----------------------------|-------------------------------|--------------------|
|   | <b>£</b>                        | <b>£</b>                    | <b>£</b>                      | <b>£</b>           |
| Tangible fixed assets                                   | 444,189                         | -                           | -                             | 444,189            |
| Fixed assets investments                                | 123,320,360                     | -                           | -                             | 123,320,360        |
| Debtors   | -                               | -                           | 11,837                        | 11,837             |
| Current asset investments                               | -                               | -                           | 1,000,000                     | 1,000,000          |
| Bank and cash   | 1,252,892                       | 86,841                      | 5,755,763                     | 7,095,496          |
| Creditors: amounts falling due within one year          | -                               | (65,010)                    | (4,200,561)                   | (4,265,571)        |
| Creditors: amounts falling due after more than one year | -                               | -                           | (1,799,000)                   | (1,799,000)        |
| <b>Total at 31 March 2013</b>                           | <b>125,017,441</b>              | <b>21,831</b>               | <b>768,039</b>                | <b>125,807,311</b> |
| Total at 31 March 2012                                  | 117,513,442                     | 54,706                      | 1,209,317                     | 118,777,465        |

**20. Related party transactions**

The Vice Chair of the Foundation, Andrew Robinson, is also Director of Market Development at CCLA Investment Management Limited (CCLA), one of the four fund management firms engaged by the Foundation to manage the investment portfolio.

CCLA managed funds totalling £11.5 million (2012: nil) on behalf of the Foundation at the balance sheet date and charged management fees of £32,582 (2012: nil) during the year.

**21. Post balance sheet events**

On 2 August 2013 the Foundation entered into a ten year lease for premises in London at a rental of £49,875 per annum and service charge of £14,296 per annum (both exclusive of VAT). The lease is subject to a break clause exercisable on 1 August 2018.