



Milton Keynes Community Foundation Limited

(a company limited by guarantee)

Trustees' annual report and financial statements of the Group

31 March 2017

Registered company number 2032715 (England and Wales)
Registered charity number 295107

Trustees' report and financial statements of the Group

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Chair's Report

In 2016/17 MK Community Foundation celebrated its 30th Birthday. We held a huge joint birthday party in June 2016 for our partners, donors and voluntary sector to enjoy and celebrate 30 years of connecting and growing our community. In 1986 MK Community Foundation was formed and the first grants given to charitable groups in Milton Keynes totalled £4,662. Thirty years later with the generosity of our donors we were able to share £1.7 million between more than 184 local projects through our grants programme, subsidised rents and discounted rates for meeting room hire.

Our grants programme continues to support important work in the community, funding hundreds of diverse local projects from Make Lunch MK, providing hot meals for vulnerable children throughout the school holidays, to community events celebrating MK50. This year we developed our new online grant application process and developed our support to the voluntary sector with application and monitoring workshops. We continue to support and encourage voluntary groups in identifying ways they can raise their own funds and increase their sustainability such as doubling their fundraising opportunities through our Mad March Match and Summer Spectacular Challenges on Local Giving and taking part in our Community Car Raffle. This year groups raised over £300,000 for local charities and community groups on our localgiving.com fundraising website. Our annual car raffle saw 60 local groups and charities participate and raise over £25,000 for local causes. VW Group donated the car (a VW Polo) and presented it to the winner at their Headquarters in Milton Keynes.

In October 2016, MK Community Foundation published a long Vital Signs 2016 report researching 11 key themes collating local statistics for each of these areas about Milton Keynes using national data from Organisations such as the Office for National Statistic and feedback from Focus Groups run in partnership with The Open University. The research confirmed that Milton Keynes is a tale of two cities. Our Economy is booming with our local economy as a whole 25% more productive than the national average. Indeed, MK is the third most successful city in the country for the creation of new start-up businesses. However, over the past 8 years MK has moved up 31 places on the list of the 'most deprived' local authorities in the country, one in five children live below the poverty line, and since 2013 homelessness has increased by 237%. Vital Signs continues to be a key tool for us to ensure we direct funds into the areas that need the most help and where our funding will have the biggest strategic impact to create positive change. In February 2017 we held our first Vital Thinking breakfast convening strategic partners, funders and local grassroots groups to discuss existing challenges and opportunities for joint working in the area of support for children and young people with mental health and wellbeing challenges in Milton Keynes.

In 2016/17 we continued our bursary programme and awarded in partnership with Sports Aid, four sports bursaries to young high achieving sports MK citizens. We developed our sports bursary programme in recognition of one outstanding young karting champion, Joe Turney. We gave our annual music bursary through our Christopher Hopkinson Memorial Fund to Louis Grao a young trumpeter. This award was given at an MK Orchestra event at the MK Theatre. We also awarded Karl O'Brien the Adams Engineering Prize in partnership with MK College. In total we awarded 7 bursaries to support young talented individuals living in Milton Keynes.

Our property company allows us to deliver essential support to the voluntary sector. In 2016/17 we were able to provide subsidised rents for voluntary sector organisations in excess of £760,000 and now 15 of the 50 plots of Community Foundation Land have been developed by local charitable organisations for the benefit of the wider community. Margaret Powell House and Acorn House continue to thrive with over 25,000 delegates utilising our conference suites and meeting room facilities during 2015/16. We have increased the number of small business units to 56 allowing more voluntary organisations and start up businesses to take advantage of our 'easy in, easy out' terms.

On a personal note, I would like to take this opportunity to officially welcome Ian Revell our Chief Executive. At the time of writing this Ian has been with us for nine months. Ian is passionate about Milton Keynes and has a wealth of local knowledge, networks and experience in working to create positive local change. He has infectious energy and I have no doubt this will stand us in good stead as we begin to develop our strategic framework for 2018 onwards.

I would like to thank my Trustees, our President and Vice Presidents for the voluntary time, effort and dedication they give to the vision and mission of MK Community Foundation. I appreciate our Community Representative who give their time and expertise on our grant making and monitoring panels. I would also like to thank our staff for their commitment and dedication in taking our vision forward.

I would like to thank our strategic partners and local voluntary groups for the brave, relentless and vital work they achieve in our community. Most importantly, I would like to thank you, our donors. Without your generous support none of this would be possible.

Lawrence Revill – Chair of Trustees

Trustees' annual report

Reference and administrative information

<u>Charity Registration Number:</u>	295107
<u>Company Registration Number:</u>	2032715
<u>Principal Office:</u>	Acorn House 381 Midsummer Boulevard Central Milton Keynes MK9 3HP
<u>Website:</u>	www.mkcommunityfoundation.co.uk

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Svenska Handelsbanken AB
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Close Brothers
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EC2A 4FT

Investment Managers

UBS AG
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London
EC2M 2AN

CCLA
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London
EC4V 4ET

Auditor

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The Pinnacle
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Milton Keynes
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Property Manager

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Shirwell Crescent
Furzton
Milton Keynes
MK4 1GA

Solicitors

EMW
Seebeck House
1 Seebeck Place
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MK5 8FR

Directors and Trustees

The directors of the charitable company (the Community Foundation) are its Trustees for the purposes of charity law and throughout this report are collectively referred to as the Trustees. Letters designating membership of a committee are; Finance Committee (F), Grants Committee (G), and Property Board (P). More information regarding Committees is shown on page 7 and further details of the Trustees can be found on our website www.mkcommunityfoundation.co.uk/About-us/Our-people/Our-trustees-and-advisers.

Melanie Beck	P	John Moffoot MBE DL	G
Richard Brown	F, P	Stephen Norrish MBE	Chair of Property Committee, P
Steve Harris	F, P	Lawrence Revill	Chair, P
Jill Heaton	(Appointed 17 May 2016) P	Peter Selvey	Treasurer, F
Peter Kara	(Resigned 31 March 2017) F, P	Keith Silverthorne	(Appointed 17 May 2016) Chair of Finance Committee, F,G
Fola Komolafe MBE DL	G	Francesca Skelton DL	F, G
Shaun Lee	(Appointed 17 May 2016) F, G	Ben Stoneman	P
Michael Murray DL	F, P, G		

Senior Executive

Julia Upton MBE	Chief Executive (resigned 7 August 2016)
Ian Revell	Chief Executive (appointed 8 August 2016)
Laura Keen	Deputy Chief Executive, Director of Finance
Vanessa Bradley	Director of Operations
Bart Gamber	Director of Programmes
Jennifer Walker	Director of Development

Trustees' annual report (continued)

The Trustees have pleasure in presenting their annual report and audited consolidated financial statements for the year ended 31 March 2017, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comprise the group accounts of Milton Keynes Community Foundation (the "Community Foundation") and its wholly owned subsidiary, MK Community Properties Limited. These statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the requirements of the Companies Act 2006 and the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102).

The accounts on pages 19 to 44 incorporate all the various funds within the Community Foundation. An analysis of the group income and expenditure between the various funds is provided in note 21.4.

Strategic Report - Objectives and Activities

The objects of the Community Foundation are defined in its Memorandum and Articles of Association, allowing the Trustees to make grants out of capital and income to voluntary groups, charities and individuals who support people within the Milton Keynes unitary authority area. The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Community Foundation's aims and objectives and in planning future activities and setting the grant making policy for the year. Fund holders have the opportunity to direct a small percentage of their funds outside the Milton Keynes Unitary Authority area.

The Community Foundation aims to distribute funds to groups that have the most impact along themes highlighted in our Vital Signs report. The Community Foundation is pleased to consider any application that will benefit people in the Milton Keynes unitary authority area. As long as the applicant is undertaking charitable work, they do not need to be a registered charity.

The Community Foundation's wholly-owned trading subsidiary company, MK Community Properties Limited, is a provider of meeting and conference facilities. In addition, the company also leases Small Business Units on licence to both commercial and not for profit organisations. Its aim is to support the Voluntary Sector in Milton Keynes, either through subsidised meeting and conference room hire or indirectly through its surplus income from commercially Small Business Units, which contributes towards the Community Foundation's grant making programme. MK Community Properties also owns 11 strategic Community Foundation Land sites.

A number of different types of grant are available from the Community Foundation, as follows:

Micro Grants for sums up to £200 (£300 in the expansion areas) designed as a first application for new grassroots organisations with a decision being made within five working days.

Small Grants for sums up to £1,500 and **Community Grants** for sums up to £5,000. In exceptional circumstances the Community Foundation may award larger grants for significant projects dependent on needs and priorities.

Large Strategic Grants launched in May 2017 for multi-year projects taking place over up to three years. They are designed to offer significant strategic support to local organisations working with our New Communities or with older people and people with disabilities.

Partnership Grants - the Community Foundation continues to work in partnership with Sport MK to distribute annual awards to small groups in this field.

Trustees' annual report (continued)

During 2011/12 the Community Foundation became part of Local Giving. This nationwide project provides local voluntary organisations with the opportunity to create a web page on the Local Giving web site and use this to raise funds for their group. At 31 March 2017, 139 (2016: 139) local groups had taken advantage of this exciting new facility and have raised £1,313,527 between them.

The Community Foundation also has a number of community representatives who, with the Trustees, make decisions on grant awards. Representatives serve for a maximum of three years, and the Community Foundation reviews the representatives annually to ensure that we continue to draw from a wide range of people, be it at grassroots level, the voluntary sector, professionals or specialists. The uniqueness of a representative is the combination of impartiality, experience and expertise that they bring to the decision-making process. There are currently 12 community representatives who participate in the decision-making process in the Community Foundation's grants committees. The Community Foundation is aware that it faces a number of new challenges in both the short and long term due to the future expansion plans for Milton Keynes arising from both the government's Growth Agenda proposals and the development of Central Milton Keynes. The community in Milton Keynes is becoming increasingly diverse and with the past and impending Council budget cuts, where monies will only be awarded to Voluntary Sector Organisations for initiatives that are a statutory requirement, the challenge for the Community Foundation is how we ensure that ongoing support is available to vulnerable people in our Community. To address the challenges this expansion will pose, alongside the reduction in Council funding, the Community Foundation developed a new three year strategic framework in 2015.

In this critical time of change and growth for Milton Keynes, this strategic framework identified three Key Aims as follows:

- Inspiring philanthropy in people and organisations to support our local communities
- Championing the work and changing needs of our voluntary sector
- Providing long term support through our grant-making and property portfolio

In addition to the above Aims, five Objectives have been outlined:

- To be the beacon for philanthropy in our community
- To create responsive, diverse and flexible resources to support the community to enable it to grow and flourish
- To understand the critical issues that affect our community
- To make connections with and between stakeholders and identify solutions to meet the needs of the community
- To provide leadership and influence to support the voluntary sector

To achieve our Aims and Objectives over the next three years we will:

- Commit to an annual fund development target
- Commit to a minimum annual grant-making budget to include a minimum unrestricted grant budget
- Diversify our philanthropy offer to the community to encompass both endowment and flow through products
- Use Vital Signs as a tool to develop propositions on priority issues that will provide donors with solutions for their philanthropic giving
- Articulate the issues of inequality highlighted in Vital Signs and influence stakeholders and community leaders about their role in addressing inequality and in our communities
- Identify, engage and fund organisations to work together, to lead change that will address inequality issues reported in Vital Signs
- Innovate and drive strategic development of our property portfolio so that we provide a responsive and diverse property offer to support the community
- Increase our impact across the unitary authority area and connect people and key networks

Trustees' annual report (continued)

In May 2017 the Board of Trustees reviewed the activities over the previous twelve months. Priorities for the year were agreed to be Fund Development, Property Development and completion of our new three strategic plan. It was reported that during the previous year the Community Foundation:

Fund Development & Communications

- Continued to develop the work of our Honorary Structure to both engage the community and develop community philanthropy.
- Held four donor cultivation events resulting in two new donor funds.
- Celebrated our 30th Birthday with our donors and local voluntary sector organisations in a marquee next to the Campbell Park Pavillion. The event was sponsored by PJ Care.
- Worked with the High Sheriff, Milly Soames, to raise the profile of MK and Buckinghamshire Community Foundations and secure additional funds.
- Set up six new funds and won two new funding programmes.
- Celebrated 29 years of the car raffle with our partners VW and the centre:MK.
- Invited local voluntary sector groups and public sector organisations to join our Vital Thinking event focussing on Mental Health Issues. This has resulted in two new funds.
- Launched the first stage of our new website.

Grants

- Ran two successful match challenges allowing £268,332 to be distributed to the groups in the year taking the total amount raised by groups since 2011 to £1,313,527.
- Awarded five Sports Bursaries in partnership with Sport MK and Sports Aid.
- Awarded the fourth Adams Engineering Prize Bursary, in partnership with MK College.
- Continued our partnership with the City Orchestra and awarded a £1,500 Music Bursary.
- Successfully followed up our launch of Vital Signs in October 2013 with a full report in October 2016, sponsored by David Lock Associates. This was introduced at a Breakfast Briefing and followed up by various Vital Thinking events.
- Continued to supported Big Local Conniburrow with their Open Spaces project which saw £109,281 spent on the development of a Community Orchard as well as achieving a number of smaller projects around developing Community Champions and upskilling the local residents.

Property

- Continued to engage with Parish and Town Councils to keep them informed about Community Foundation Land Sites (CFL) in their area.
- Worked with our Property Asset Manager to develop property plans particularly in relation to the community land available in the Eastern and Western Expansion Area.
- Tendered our Eastern Expansion Area property development work and appointed Hampton Brook. Continued to work with our Property Asset Consultant on future plans for our Central Milton Keynes site.
- Attended the opening of the Shenley Brook End and Tattenhoe Parish Council building on our site at Westcroft and the opening of the Shenley Christian Fellowship Centre on our Shenley Brook End site.

Acorn House/Margaret Powell House

- Increased our available small business units to 56 across the two buildings. These can be hired on a flexible basis and hope to be able to create further units as space allows.
- Introduced new bespoke room booking software to improve utilisation of our meeting and conference facilities.
- Undertook a major refurbishment of the reception area in Acorn House to make the entrance to our building more open and welcoming.
- Were visited by over 25,000 delegates during the year.

Governance

- Undertook a Philanthropy Review to ensure that we are adhering to regulations and best practice in all of our work with donors.

Committees

Finance Committee

The Finance Committee meets five times every year and has five Trustee members. The aim of this committee is to focus on the following areas and make recommendations to the Board:

- Regularly review financial information of the group.
- Set a budget that will achieve the strategic objectives agreed by the Board.
- Review and manage risks to the group.
- Liaise with the Investment Managers with regards investment performance.
- Liaise with Auditors in production of the annual financial statements.
- Consider financial viability of special projects.

Attendance of this committee is 73%.

Grants Committee

The Grants Committee meets five times a year and has three Trustee members assisted by 12 Community Representatives. The aims of this committee are:

- To review applications for grants, provide information and prioritize applications.
- To regularly review Grants policy in line with the changing needs of the voluntary sector and our strategic aims.

Attendance of this committee is 69%.

Property Committee

The Property Committee meets five times a year and has five Trustee members assisted by our Property Asset Consultant and Property Manager. The remit of this Committee is as follows:

- Regularly review financial information of the property company.
- Ensure the property company's objectives align with those of the Community Foundation.
- Approve the budgets for property company as recommended by the Finance Committee.
- Manage the risks of the property company.
- Oversee the strategy for the property portfolio held by the group.
- Identify and oversee property development projects across the group

Attendance of this committee is 64%.

Trustees' annual report (continued)

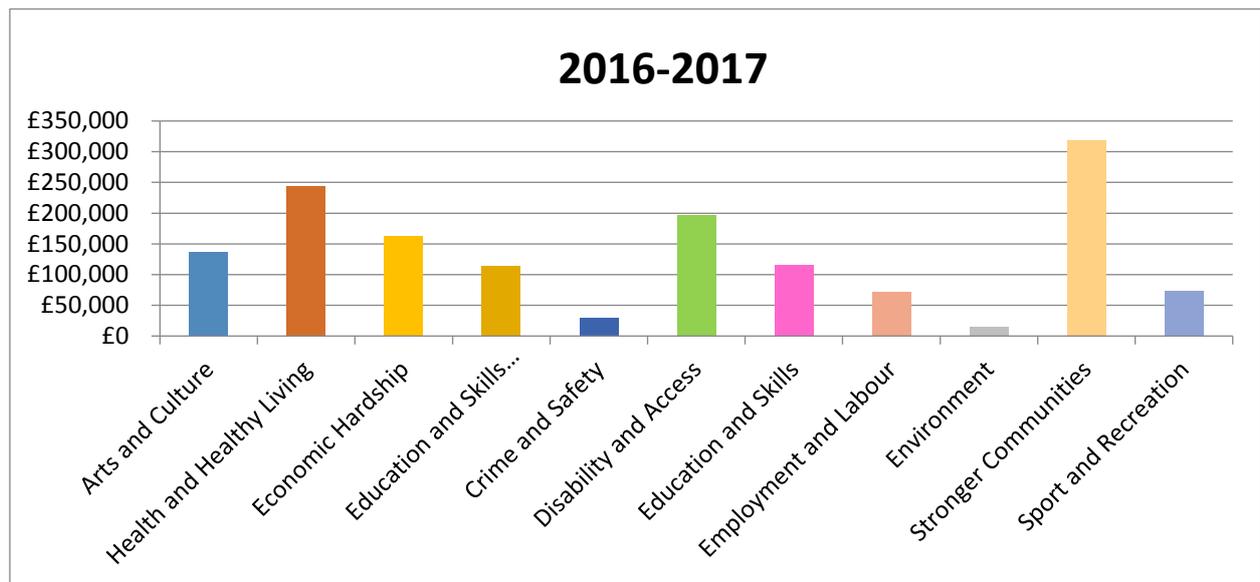
Achievements and Performance

Total support provided by the Community Foundation to the Voluntary and Community sector during the financial year ended 31 March 2017 totalled £1,778,422 (2016: £1,698,293).

Grant Making

The amount of £569,586 (2016: £659,366) was awarded in grants by the Community Foundation during the year. The grants awarded in the year ended 31 March 2017 were in the Vital Signs themed areas shown in the chart below.

Themed areas of grants awarded



This level of grant making enabled funding to be provided to 146 local organisations in order to support 185 projects that covered a wide range of initiatives in Milton Keynes during the year to 31 March 2017. In addition one grant was awarded to an individual as part of the Engineering Bursary programme, one grant was awarded to a local musician and five grants were awarded to individuals as part of our sports bursary programme.

The level of grant making achieved during the year means that the Community Foundation has now awarded in excess of £10.5m in grants since 1986.

In addition, £268,332 was distributed to local groups through the Local Giving Project and we gave out £109,281 of funds to Big Local Conniburrow from their Local Trust Grant, which we administer.

Trustees' annual report (continued)

The property portfolio

The property portfolio is comprised of 226,478 square feet (2016: 226,478 square feet) of accommodation to be let along with 50 (2016: 50) Community Foundation Land (CFL) sites. As at 31 March 2017, void space within the portfolio totalled 480 square feet (2016: 22,127 square feet) and, therefore, 99.8% (2016: 90%) of the total portfolio is currently let. Despite no income from sale of leases for CFL sites, the surplus from this part of the organisation for the year amounted to £499,356 (2016: £611,843). This has also enabled the Community Foundation to support the Voluntary and Community sector by providing accommodation on preferential terms. The amount of this subsidy, the difference between the full commercial rental and the subsidised rent paid by 41 Voluntary and Community sector tenants was in excess of £769,000 (2016: £673,000) for the year to 31 March 2017.

Donations Received

During the year to 31 March 2017 voluntary income received by the Community Foundation totalled £1,126,805 (2016: £913,044 plus £1,863,615 of land at Monkston).

The Community Foundation in line with its Strategic Framework has continued to promote philanthropy and work closely with its donors to create new endowed and flow through funds. This has resulted in the creation of five new donor-restricted funds. The promotion of philanthropy is central to our fund development work to enable the Community Foundation to meet the needs of the community now and in the future.

Acorn House/Margaret Powell House Flagship Sites

The Conference and Meeting Room facilities across both Acorn House and Margaret Powell House had a busy year with delegate numbers up from 13,500 to 25,000. This improvement has been the result of the implementation of a new marketing plan.

Requirements for small business units continues and it is hoped that further units can be created as space becomes available.

Local Voluntary Sector organisations can hire meeting rooms at a heavily discounted rate. In the year to 31 March 2017 these discounts amounted to £47,090.

Community Foundation Land Sites

No new leases have been granted during the year however a reservation has been taken by the Shital Hindu Group, Dream Sai. This is for a plot of land on Tattenhoe to build a community centre (reservation expires 31 March 2019).

A further site is reserved for community development; Neath Hill which is reserved by the Murugan Temple Trust (reservation extended to 31 July 2017).

Trustees' annual report (continued)

Financial Review

During the financial year ended 31 March 2017 the Community Foundation generated a net group surplus before investment gains and losses of £279,530 (2016: £2,189,291).

The total value of the Community Foundation's funds has increased to £49,926,777 (2016: £45,342,879). This level of funds continues to ensure sustainability and enables the Community Foundation to continue to support the growing local community in as many ways as possible.

Income

The Community Foundation's income is primarily derived from four sources: Income from donations and legacies, income from other trading activities, investment income and the net income of MK Community Properties Limited. Each of these sources of income is subject to different drivers.

The income received by the Community Foundation in the year ended 31 March 2017 totalled £3,122,527 (2016: £4,961,185). This is a decrease from the previous year due to recognition of the value of Community Foundation Land received in 2016.

Expenditure

Out of the 300 applications received by the Foundation, 192 grants were awarded (2016: 251 grants awarded) totalling £569,586 (2016: £659,366) providing support to 146 local charities and voluntary and community organisations and 7 individuals. Of these awards, £229,550 remained unpaid at the year end (2016: £185,299). In addition, £268,332 (2016: £266,228) was distributed to local groups through the Local Giving Project and £109,281 (2016: £146,018) was given out in funds to Big Local Coniburrow from their Local Trust Grant, which we administer.

The Group's total operating costs continue to be closely monitored, and for the year ended 31 March 2017 amounted to £2,839,112 (2016: £2,771,894). In common with other charitable organisations, changes in priorities year on year result in changes in cost allocations across the categories of expenditure.

Investments

The group's investments were valued at the year-end at £14,763,777 (2016: £12,870,827). The majority (82.4% of year end value) of these investments were held by CCLA in their Charities Ethical Common Investment Fund. The balance are held in a segregated fund managed by the investment managers UBS AG. Details of the type of investments held by the Community Foundation are set out in note 14 to the financial statements.

Investment markets have enjoyed a buoyant year in which all the major asset categories made progress but equities gave especially strong returns. For UK investors the gains from investments overseas were boosted by currency factors as sterling declined on the international currency exchanges. Investors took heart from evidence that the growth rate of the world economy was increasing whilst once again accommodative monetary policies by a number of central banks ensured substantial flows of new monies were available for investment. The result overall was another positive year for the Community Foundation's portfolio.

The Community Foundation's investment policy remains unchanged. This provides guidance on the Community Foundation's aim in investing its funds, including its position on risk; an indication of the Community Foundation's asset allocation strategy; the benchmarks and targets by which the performance of the manager will be judged; the Community Foundation's stance on ethical investment; the balance between capital growth and income generation which is sought by the Community Foundation; and the scope of the investment powers.

Trustees' annual report (continued)

The Trustees have discretion to invest as they think fit and the investments held by the Community Foundation have been acquired in accordance with these powers. The investment strategy adopted is to optimise the total return from the investment portfolio whilst mitigating risk, as far as possible.

As detailed a proportion of the Community Foundation's assets are held in segregated funds managed by UBS AG. The performance of the funds managed by UBS AG and will be compared regularly with the PM UK Growth benchmark.

Under the terms of the Community First Endowment Match Challenge all funds raised under this programme must be held at CCLA. Also twelve of the restricted donor funds and the Grassroots Endowment Challenge funds were all invested with CCLA.

Freehold and Leasehold properties

The financial statements also include the valuation of the investment properties held by the Community Foundation and its trading subsidiary, MK Community Properties Limited. Clearly any gain on revaluation of properties cannot be spent on grants unless properties are sold, many of which are occupied by the voluntary or charitable sector. Similarly any gain on the revaluation of investments can only be realised if the investments are sold which impacts on the future investment income.

The freehold and leasehold properties were valued on 31 December 2016 by external valuers Louch Shacklock, Chartered Surveyors, on the basis of open market value at existing use in accordance with the appraisal and valuation manual of the Royal Institution of Chartered Surveyors (RICS). The Trustees are of the opinion that there has been no material movement in value of these properties between that date and 31 March 2017.

Reserves

Since 1994 it has been the policy of the charity to hold reserves in the Community Fund totalling at least £1 million, which have not been committed or designated for any particular purpose. However, in accordance with the ethos of Community Foundations, the Trustees continue to build these invested funds over and above this minimum level in order to ensure that the investment income derived from these funds would protect future beneficiaries and operations of the charity from the effects of any unforeseen variations in its income streams and underwrite a continuation in the year-on-year growth in the grants budget. In March 2012 we were successful in securing funds from the Office for Civil Society for the Community First Endowment Match Challenge. As a result of our success in raising endowment and subsequent growth in the markets the Community First Endowment is £10,293,200 at 31 March 2017. At 31 March 2017 the amount of unrestricted funds was £36,304,027 (2016: £33,711,083).

Within the unrestricted funds, the Trustees have designated from the Community Fund a separate Property Fund equal in value to the properties held by the group, less mortgages incurred to purchase properties, together with a reserve towards the cost of future property repairs and refurbishments. It is the intention of the Trustees that this fund will be maintained at levels over a 10 year period that will be sufficient to finance the repairs and refurbishment of the property portfolio that have been identified as being required in order to ensure that the property portfolio remains in a 'fit for purpose' state.

The Trustees are satisfied that the charity's assets attributable to each of its Funds are available and adequate to fulfil its obligations in relation to those funds. The Trustees are confident that the Community Foundation is able to continue to meet its liabilities as they fall due for the foreseeable future and that the accounts should be prepared on the going concern basis.

Trustees' annual report (continued)

Risk Management

The Trustees annually review the major risks to which the charity is exposed in order that they can ensure systems and processes have been established to mitigate those risks. In order to ensure that all key areas of risk arising from both internal and external factors have been considered, risks are classified as either Governance, Operational, Financial, Environmental and External, Legal and Regulatory or Reputational.

During 2014/15 we reviewed the process we use to identify, categorise and report on risks. The result of this was a new document, The Risk Mitigation Plan, which focused on actions required to reduce risks affecting the organisation. The 2017 review of this plan identified 25 risks (2016: 23). The key risks were:

- Property Development activities open the organisation up to higher risk levels.
- Achieving Fund Development targets in uncertain economic times.
- Violent and/or antisocial behaviour towards Venue and Client team staff.
- Philanthropy practices are not in line with new regulations covering the sector.

Plans for Future Periods

Fund Development

In the last half of our financial year 2016/17 we were able to secure six new funds and feel that there was a good progression of momentum in inspiring philanthropy. Our aim for 2017/18 is to continue to grow the culture of philanthropy in Milton Keynes and secure significant funds for our grant making in our local community.

This year we are adopting and implementing a consent opt-in model for our donor communications and donor care to ensure that we are compliant with new fundraising regulations and GDPR, data protection, legal requirements from May 2018. We are pro-active about providing the best donor care services within a fair, open and transparent and lawful culture. Our Board of Trustees are fully aware of their responsibilities for fundraising activities and we will adopt Charity Commission 20 reporting to Board moving forward.

We will concentrate on consolidating and formalising our current work with a stable team in place to strengthen our prospecting and resulting target setting for our 2018 Strategic Framework. We will continue to encourage philanthropy within our existing donor network but also develop prospecting areas of work such as a new film for marketing, internal network mapping, corporate engagement plan and a piece of research on identifying Milton Keynes' capacity to give. We are developing our work in partnership with professional advisors in the areas of trust transfers, legacies and philanthropy advice.

We plan to run two promotional campaigns this year, Surviving Winter from October 2017 and #GivingTuesday in December 2017. We have a developed events calendar for the coming year ahead which will provide existing and prospective donors with lots of opportunities to engage with MK Community Foundation at different levels. We will continue to provide Seeing Is Believing project visits throughout the year and we will deliver bursary and prize events as well as our International Women's Day. To inspire philanthropy with new audiences we will provide smaller bespoke events for invitees of existing internal networks.

Our new website is up and running successfully and this year the focus will be on developing content and improving sections of the website for an improved visitor experience, for example a sifting option for reviewing grants awarded. We are going to develop our Search Engine Optimisation work this year to reach the wider community in Milton Keynes and promote our membership programme.

Trustees' annual report (continued)

This financial year is an important one for Milton Keynes. We are aware of all MK50 events and plans and are set up to support community groups with their celebrations through our MK50 fund but also via our social media and communications plan. In addition, we tie our news stories and promotions into wider national awareness weeks. Our Marketing team will continue to raise our profile in Milton Keynes and provide existing donors with up to date information on the work we are doing. This year we will be developing the marketing strategy for our 2018-2021 Strategic Framework.

Meeting the Challenges of Growth

Over the next year the Community Foundation will be aiming to maximise the potential of Acorn House and Margaret Powell House by:

- Continuing to promote the Café and Reception Area on the ground floors for community use.
- To maintain relationships with our Venue clients to ensure the use of the facilities continues to grow.
- Installing dividers into the Margaret Powell Suite to make it a more versatile space.

The Property Committee will continue looking at opportunities we may have for redeveloping Acorn House and Margaret Powell House by holding meetings with potential partners and supporters. This will feed into the MK Futures 2050 plan, particularly around the themes 'Renaissance:CMK' and 'The Creative and Cultured City'. They will also be developing a model for utilising a Community Foundation Land Site on the Eastern Expansion area which can be rolled out and used on other sites.

It is recognised that facilitating investment by the Voluntary and Community Sector in the growth areas and the further development of property expertise will become key areas of activity for the Community Foundation. We will be continuing to increase the level of awareness of Community Foundation Land sites to the Voluntary and Community Sector by ensuring that all properties have the correct signage, all sites are marketed on our website including a detailed brief and interactive map.

We hope to increase the number of groups able to raise money on local giving to 150.

As a result of our increase in activity we have taken on an apprentice within the Finance Team and will be continuing our programme of recruiting interns to work along side our wider staff team and help deliver key projects for the organisation.

We will be working on our new three year strategic plan for 2018/21.

Governance and Management

The Trustees have reviewed the governance structures of the Community Foundation to ensure they are appropriate and enable the Community Foundation to be a success in its next stage of development. Also, in line with its continuing commitment to ascertain best value from its professional advisers, the Community Foundation regularly undertakes a tendering process for this type of service.

Milton Keynes Community Foundation is also a member of the UK Community Foundation (UKCF), an umbrella body representing Community Foundations across the United Kingdom. A membership fee is paid annually. To retain membership of this organisation, the Community Foundation must comply with a number of criteria.

In May 2005 the Community Foundation's umbrella organisation, the UK Community Foundation (previously Community Foundation Network), announced it would be launching a Quality Mark. The Charity Commission for England and Wales views this initiative favourably, and subsequently endorsed the standards because they are of such quality to be comparable to the *Hallmarks of an Effective Charity*. In July 2010, the Milton Keynes Community

Trustees' annual report (continued)

Foundation was reassessed as part of this standard and achieved an exemplary performance in donor services and fund development. In October 2013 we undertook the next stage of our accreditation and again received an "exemplar performance" rating. We will again be going through the accreditation process in Summer 2017.

The recruitment and retention of staff remains a challenge as skilled employees are in high demand in Milton Keynes. In November 2016 we undertook a staff survey to enable us to make changes with a view to improving staff retention.

The resource of staff time presents a real challenge for the current team. Day to day operational issues need to be balanced with the time taken to engage in the long term strategic issues for the community and its Voluntary Sector in this vital planning stage for the expansion of Milton Keynes.

Structure, governance and management

Milton Keynes Community Foundation Limited is a company limited by guarantee and a registered grant making charity. Milton Keynes Community Foundation was established in 1986 and is principally engaged in the promotion of any charitable purpose for the benefit of the community in the Milton Keynes unitary authority area. The Community Foundation also has a wholly owned trading subsidiary, MK Community Properties Limited. The subsidiary company operates as a provider of Meeting and Conference facilities. Its aim is to support the charitable objectives of its parent undertaking, the Community Foundation.

The Community Foundation is governed by its Memorandum and Articles of Association. The Articles of Association define those who sit on the Board of the Community Foundation as Trustees. The Articles of Association state that the Trustees have the power to admit members to the Community Foundation. As set out in the Articles of Association, the Board of Trustees shall comprise not less than five and not more than twenty members. At each Annual General Meeting one third of the Trustees shall retire by rotation but they shall be eligible for re-election for up to four terms provided that they are not otherwise disqualified under the conditions set out in the Articles of Association.

Anyone wanting to become a Trustee must apply in writing and is subject to the Community Foundation's recruitment procedures before becoming eligible for election as a Trustee.

Trustee recruitment, induction and training

As set out above, potential Trustees of the Community Foundation are either invited to apply to the Board or can be nominated by a member of the Community Foundation. Potential Trustees, who can demonstrate that they have the skills and knowledge required, will be interviewed by a panel made up of Board members and which involves the Chief Executive. Successful applicants are recommended to join the Board. All appointments as Trustees are confirmed at the Community Foundation's general meeting.

The Community Foundation needs an informed, skilled and enthusiastic Board of Trustees, supportive of the work of the Community Foundation and able to carry out their duties of governance under Charity Law. The Community Foundation is working towards achieving this through:

- Induction – introducing new Trustees to the ethos and working of the Community Foundation and to their duties in the governance of the organisation.
- Identifying and providing training – an ongoing process, assessing both current and future needs as the Community Foundation develops.
- Board Meetings – these are structured to encourage all Trustees to become more informed on all aspects of the Community Foundation's activities and to be as fully engaged as possible.

Trustees' annual report (continued)

Organisation

The Community Foundation currently has 14 Trustees. The Trustees are responsible for ensuring the Community Foundation continues to meet its charitable objectives as set out in its Memorandum and Articles of Association. A Chief Executive is appointed by the Trustees to manage the day-to-day operations of the Community Foundation. To facilitate effective operations, the Executive Team has delegated authority, within terms of delegation approved by the Trustees, for operational matters.

The Board meets six times a year and there are sub-committees covering Finance, Grants and Property Board, which are attended by senior members of the Executive Team. As well as these, time-limited task groups for specific projects are set up as and when required. The attendance at Board Meetings in the year was 65%.

Indemnity insurance has been taken out in respect of the Trustees as detailed in note 20 to the financial statements.

Pay policy for key personnel

The Trustees consider that the key management personnel of the group to be the Board of Trustees and the Senior Executive Team, who are in charge of directing, controlling, running and operating the group on a day to day basis. All Trustees give of their time freely and no Trustee received remuneration in the year. Details of any Trustee's expenses and related party transactions are shown in note 19 to the accounts.

The pay of the Senior Executive Team is reviewed annually and normally increased in line with average earnings. In view of the nature of the charity, the Trustees benchmark against pay levels in other local voluntary sector organisations of a similar size and other members of the UK Community Foundation network.

Auditor

RSM UK Audit LLP offer themselves for reappointment as auditor.

On behalf of the board

Stephen Norrish
Trustee

Date: 18 July 2017

Registered office:
Acorn House
381 Midsummer Boulevard
Central Milton Keynes
MK9 3HP

Statement of Trustees' responsibilities

Trustees' responsibilities for the financial statements

The Trustees (who are also directors of Milton Keynes Community Foundation Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law, the Trustees have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group 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 group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Trustees confirm that:

- so far as each Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Stephen Norrish
Trustee

Date: 18 July 2017

Registered office:
Acorn House
381 Midsummer Boulevard
Central Milton Keynes, MK9 3HP

Independent Auditor's report to the members of Milton Keynes Community Foundation Limited

Opinion on financial statements

We have audited the financial statements of Milton Keynes Community Foundation Limited (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 March 2017 which comprise the Group Statement of Financial Activities, the Group and Company Balance Sheets, the Group 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2017 and of the group's 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 and the Charities Act 2011.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees'/Directors' Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Trustees' Report and the incorporated Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Trustees' Report and the incorporated Strategic Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 16, 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.

We have been appointed auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. 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.

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

Sarah Mason FCA

Senior Statutory Auditor
For and behalf of RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
MK9 1BP

Date: 22 August 2017

Group Statement of Financial Activities (incorporating an Income and Expenditure Account)

for the year ended 31 March 2017

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Income from:					
Donations and legacies	2	238,545	888,260	1,126,805	2,776,659
Income from other trading activities		25,914	-	25,914	25,641
Investment income	3	1,270,752	437,207	1,707,959	1,459,471
Charitable activities – property	4	261,849	-	261,849	699,414
Total income		1,797,060	1,325,467	3,122,527	4,961,185
Expenditure on:					
Raising funds					
Raising Funds		1,091,691	1,004	1,092,695	867,823
Interest payable		44,255	-	44,255	57,333
Total Expenditure on Raising funds		1,135,946	1,004	1,136,950	925,156
Charitable activities					
Grants made		454,217	946,515	1,400,732	1,442,827
Property activity		305,315	-	305,315	403,911
Total Expenditure on Charitable activities	8	759,532	946,515	1,706,047	1,846,738
Total Expenditure		1,895,478	947,519	2,842,997	2,771,894
Net gains/(losses) on investments	14	346,602	1,613,006	1,959,608	(578,713)
Net income		248,184	1,990,954	2,239,138	1,610,578
Other recognised gains:					
Gains on revaluation of investment properties	12	2,344,760	-	2,344,760	3,295,540
Net movement in funds		2,592,944	1,990,954	4,583,898	4,906,118
Funds brought forward		33,711,083	11,631,796	45,342,879	40,436,761
Total carried forward		36,304,027	13,622,750	49,926,777	45,342,879

All income and expenditure of the group derives from continuing activities. The accompanying notes form part of these financial statements.

Group balance sheet

at 31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	12	35,124,250	32,756,439
Intangible assets	13	26,800	-
Investments	14	14,763,777	12,870,827
		<hr/>	<hr/>
		49,914,827	45,627,266
Current assets			
Debtors	15	699,832	730,480
Cash at bank and in hand		1,447,083	1,203,894
		<hr/>	<hr/>
		2,146,915	1,934,374
Creditors: Amounts falling due within one year	16	(884,965)	(968,761)
		<hr/>	<hr/>
Net current assets		1,261,950	965,613
Total assets less current liabilities		51,176,777	46,592,879
Creditors: Amounts falling due after one year	17	(1,250,000)	(1,250,000)
		<hr/>	<hr/>
Net assets		49,926,777	45,342,879
		<hr/> <hr/>	<hr/> <hr/>
Income funds			
Unrestricted funds			
Community	21	2,721,618	2,473,434
Designated	21	33,582,409	31,237,649
		<hr/>	<hr/>
		36,304,027	33,711,083
Restricted funds	21	13,622,750	11,631,796
		<hr/>	<hr/>
		49,926,777	45,342,879
		<hr/> <hr/>	<hr/> <hr/>

These financial statements were approved by the Board of Trustees on 18 July 2017 and were signed on its behalf by:

Steve Harris
Trustee

Lawrence Revill
Trustee

Company number 2032715

The accompanying notes form part of these financial statements.

Milton Keynes Community Foundation Limited (charitable company) balance sheet
at 31 March 2017

	Notes	2017	2016
		£	£
Fixed assets			
Tangible assets	12	21,392,822	19,667,377
Intangible assets	13	26,800	-
Investments	14	14,763,777	12,870,827
Investment in subsidiary undertaking	14	400,000	400,000
		<hr/>	<hr/>
		36,583,399	32,938,204
Current assets			
Debtors	15	746,201	609,519
Cash at bank and in hand		966,926	866,796
		<hr/>	<hr/>
		1,713,127	1,476,315
Creditors: Amounts falling due within one year	16	(687,800)	(820,460)
		<hr/>	<hr/>
Net current assets		1,025,327	655,855
Total assets less current liabilities		37,608,726	33,594,059
Creditors: Amounts falling due after one year	17	(1,250,000)	(1,250,000)
		<hr/>	<hr/>
Net assets		36,358,726	32,344,059
		<hr/> <hr/>	<hr/> <hr/>
Income funds			
Unrestricted funds			
Community		2,590,245	2,259,189
Designated		20,145,731	18,453,074
		<hr/>	<hr/>
		22,735,976	20,712,263
Restricted		13,622,750	11,631,796
		<hr/>	<hr/>
		36,358,726	32,344,059
		<hr/> <hr/>	<hr/> <hr/>

The charity's surplus for the year was £431,899 (2016; £392,641).

These financial statements were approved by the Board of Trustees on 18 July 2017 and were signed on its behalf by:

Steve Harris
Trustee

Lawrence Revill
Trustee

Company number 2032715

The accompanying notes form part of these financial statements.

Group cash flows

Year ended 31 March 2017

	Notes	2017 £	2016 £
Cash used in operating activities	23	(141,389)	(899,588)
Cash flow from investing activities			
Purchase of tangible fixed assets		(90,590)	(65,696)
Purchase of intangible fixed assets		(26,800)	-
Purchase of investments		(872,000)	(662,041)
Proceeds from sale of investments		869,161	1,063,125
Dividends and interest from investments		504,807	496,376
Cash from investing activities		384,578	831,764
Net increase/(decrease) in cash and cash equivalents in the year		243,189	(67,824)
Cash and cash equivalents at the beginning of the year		1,203,894	1,271,718
Cash and cash equivalents at the end of the year		1,447,083	1,203,894
Cash and cash equivalents consists of:			
Cash at bank and in hand		1,423,924	1,183,219
Short term deposits		23,159	20,675
Cash and cash equivalents at 31 March		1,447,083	1,203,894

Notes to the financial statements

(forming part of the financial statements)

1 Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertain in the preparation of the financial statements are as follows:

General information

Milton Keynes Community Foundation Limited ("the Community Foundation") is a private company incorporated and registered in England and Wales and limited by guarantee. The registered address is Acorn House, 381 Midsummer Boulevard, Central Milton Keynes, MK9 3HP.

Basis of accounting

The financial statements have been prepared in accordance with 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 (FRS 102)(effective 1 January 2015)-(Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

MK Community Foundation Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

Going concern

The Trustees are satisfied that the group's assets attributable to each of its funds are available and adequate to fulfil its obligations in relation to those funds. The Trustees are confident that the Community Foundation is able to continue to meet its liabilities as they fall due for the foreseeable future and that the financial statements should be prepared on the going concern basis.

Basis of consolidation

The consolidated financial statements incorporate those of Milton Keynes Community Foundation Limited and its subsidiary MK Community Properties Limited. The results of the trading subsidiary have been incorporated on a line-by-line basis. A separate statement of Financial Activities and Income and Expenditure account for the charity has not been presented because the group has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

Voluntary income

Donations relating to a specific period and donations by deed of covenant, or under gift aid, where the full amount has been deposited in advance are taken into income over the period to which they relate. Where possible, gifts in kind have been quantified and included in these financial statements.

Any grants the Community Foundation receives towards its administration costs are included on a receivable basis.

Donated land is recognised at market value at date of receipt.

Notes (continued)

1 Accounting policies (continued)

Investment income

Interest and investment income is accounted for on a receivable basis.

Property income

Property income represents rents and service charges (net of VAT) receivable on a straight-line basis. The assets for which rent is received are included in investment properties in fixed assets. Appropriately-apportioned proceeds of property disposals are also included in property company turnover.

Property company turnover has been analysed between both investment income and income from charitable activities. That element treated as investment income relates to those properties that are let on full commercial rental basis and that reported as income from charitable activities relates to income from properties let at a subsidised rent to Voluntary and Community Sector tenants.

Subsidiary company income

Property company income represents income from hire of meeting and conferencing facilities and rent from Small Business Units (net of VAT) receivable on a straight-line basis. Any surplus income generated by the subsidiary company is distributed to the MK Community Foundation as a gift aid payment within nine months of the end of the financial year.

Expenditure

Expenditure is recognised when a liability is incurred.

- Expenditure on raising funds is those costs incurred in attracting voluntary income, investment management expenses.

Expenditure on raising funds also includes the costs of the Community Foundation's trading subsidiary.

- Expenditure on charitable activities includes the value of grants awarded by the Community Foundation and both the direct and support costs relating to these activities. Grants payable are included in the SOFA when approved by the Trustees and accepted by the beneficiaries. The value of such grants unpaid at the year-end is accrued. Grants where the beneficiary has to meet certain conditions before the grant is released are not accrued but are noted as financial commitments.

Expenditure on charitable activities also includes governance costs including those incurred in the governance of the Community Foundation and its assets. Expenditure that can be recognised as wholly attributable to governance costs, for example audit fees and Trustee expenses, are directly allocated. All other costs, including staffing costs, are apportioned on the basis of an estimate of the time spent by each member of staff on governance-related issues. Such costs are primarily associated with the strategic planning processes that contribute to the future development of the Community Foundation and its statutory requirements.

- Support costs include the administrative functions and have been allocated to activity cost categories on a basis consistent with the use of resources.
- Costs that can be recognised as being wholly associated with support activities are directly allocated. All other costs, including staffing costs, are apportioned on the basis of an estimate of the time spent by each member of staff.

Tangible Fixed Assets

Depreciation is calculated to write down the cost of all tangible fixed assets other than freehold and leasehold investment properties. Fixed assets that cost £1,000 or more are capitalised and written off over their estimated useful lives by depreciation charged, which is reflected in the SOFA.

During the year the depreciation policy was changed from reducing balance to straight line method. Assets are now depreciated on the straight line method, at rates of between 25% and 50% per annum.

Notes (continued)

1 Accounting policies (continued)

Freehold and leasehold investment properties

The investment properties are held for long-term investment and are included in the group balance sheet at their open market values assuming that existing tenancies, on preferential terms to voluntary organisations, will continue.

The surpluses or deficits on the revaluation of such properties are transferred to the Designated Property Fund. Depreciation is not provided in respect of investment properties.

Intangible Fixed Assets

Amortisation is calculated to write down the cost of all intangible fixed assets from the date they are brought into use. The rate of amortisation is 33% straight line.

Fixed Asset Investments

Investments are stated at their market valuation at the balance sheet date. Both realised and unrealised gains or losses are reflected in the SOFA. An exception to this is the valuation of the wholly owned subsidiary company, MK Community Properties Limited. This is held at the historic cost of the shares purchased in the company.

Fund accounting

Unrestricted funds are donations and other income received or generated for expenditure on the general objectives of the group. Designated funds are unrestricted funds that have been designated for specific purposes by the Trustees.

Restricted funds are to be used for specified purposes laid down by the donor. Expenditure for those purposes is charged to the fund, together with a fair allocation of overheads and support costs where appropriate.

Financial Instruments

The organisation only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised as transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Leasing accounting

Property, plant and equipment acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The real obligations, net of future finance charges, are included in creditors.

Rentals payable under finance leases are charged to the statement of financial activities on a straight line basis over the period of the lease.

Pensions

On 1 June 2015 the organisation began operation of a pension scheme under the auto enrolment provisions. The scheme is managed by Royal London on behalf of the organisation. The scheme is accounted for as a defined contribution scheme.

The contributions made for the accounting period are treated as an expense and were £11,440 (2016: £5,323).

Notes (continued)

1 Accounting policies (continued)

Taxation

No provision for corporation tax has been made in these financial statements because the Community Foundation, a registered charity, is exempt from taxation.

All expenditure are classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of resources expended for which it is incurred.

Critical accounting estimates and judgements

The charitable group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are those used in estimating the market value of investment properties. These estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the application of the group's accounting policies, the Trustees are required to make judgements. The key judgement relates to the classification of the property portfolio. The Trustees have considered whether the group's portfolio of properties should be accounted for as tangible fixed assets or as investment properties. Many of the properties are available on occasion to be rented to the charity's beneficiaries at subsidised rents. However, the Trustees consider that the properties are primarily held for long term investment with the objective of generating financial income and/or proceeds from their sale to maximise a surplus which can be used to make grants or to support the voluntary and community sector through subsidised rent. Accordingly the Trustees consider that the properties are investment properties and that any changes in their value should be recognised as gains or losses on investment properties. However any rental income which is generated by properties let at subsidised rates is recognised as income from charitable activities rather than investment income to reflect the objectives of the charity.

Notes (continued)

2 Income from Donations and Legacies

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Unrestricted Funds £	Restricted Funds £	Total 2016 £
Donations received	71,833	855,299	927,132	69,673	657,345	727,018
Donations in kind	94,722	-	94,722	101,702	-	101,702
Funding from Government agencies		32,961	32,961	-	-	-
Grants received for administration costs	71,990	-	71,990	84,324	-	84,324
Donations of land	-	-	-	1,863,615	-	1,863,615
	238,545	888,260	1,126,805	2,119,314	657,345	2,776,659

Donations received in kind are valued on the basis that such services were purchased as a commercial transaction on an arms length basis. All such donations have been included as unrestricted income and are analysed in the table below:

	Unrestricted Total 2017 £	Unrestricted Total 2016 £
Membership and other donations:		
- Discretionary rates relief	8,503	4,856
- Computer Network Support	1,763	1,463
	10,266	6,319
Community Car Raffle		
- Site	65,000	65,000
- 1 st Prize	13,560	13,560
- Site Marketing	-	2,271
- Presentation evening	4,386	4,326
International Women's Day event	187	-
Photography	-	2,250
Giving Tuesday event	1,323	7,976
Total	94,722	101,702

Notes (continued)

3 Income from Investments

Income from investments comprises income from:

	Unrestricted Funds	Restricted Funds	Total 2017	Unrestricted Funds	Restricted Funds	Total 2016
	£	£	£	£	£	£
Listed investments	67,600	437,207	504,807	64,095	432,281	496,376
Property investments	751,703	-	751,703	616,296	-	616,296
Trading subsidiary turnover	451,449	-	451,449	346,799	-	346,799
	1,270,752	437,207	1,707,959	1,027,190	432,281	1,459,471

4 Income from charitable activities

Income from charitable activities is all unrestricted and comprises income from:

	Unrestricted Total 2017	Unrestricted Total 2016
	£	£
Property rental and service charge income	261,849	287,180
Sales of Community Foundation Land sites	-	412,234
	261,849	699,414

Notes (continued)

5 Net income from trading activities of subsidiary

The charitable company's wholly-owned trading subsidiary incorporated in the UK, MK Community Properties Limited (company number 2650530) manages Conference and Meeting Rooms as well as 54 Small Business Units, aiming to support the Voluntary Sector in Milton Keynes, either directly through subsidised room hire and small 'easy in easy out' office space or indirectly through surplus income which is distributed as gift aid to Milton Keynes Community Foundation.

A summary of its trading results is shown below.

Profit and loss account

	Unrestricted Total 2017 £	Unrestricted Total 2016 £
Turnover	451,449	346,799
Cost of sales	(62,815)	(53,039)
	<hr/>	<hr/>
Gross profit	388,634	293,760
Administration expenses	(471,739)	(379,110)
	<hr/>	<hr/>
Trading (loss)	(83,105)	(85,350)
Net interest	241	631
Donations of land received	-	1,863,615
	<hr/>	<hr/>
Net (deficit)/surplus, transferred from reserves	(82,864)	1,778,896
	<hr/> <hr/>	<hr/> <hr/>

Balance Sheet

Tangible assets	13,731,427	13,089,062
Net current assets	236,623	309,749
	<hr/>	<hr/>
Total net assets	13,968,050	13,398,811
	<hr/> <hr/>	<hr/> <hr/>
Called up share capital	400,000	400,000
Investment property revaluation reserve	13,617,178	12,965,075
Profit and loss account	(49,128)	33,736
	<hr/>	<hr/>
Total	13,968,050	13,398,811
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

6 Excess of income over expenditure

The charity has taken advantage of Section 408 of the Companies Act 2006 and has not included its own income and expenditure account in these financial statements.

7 Allocation of support costs and overheads

The breakdown of support costs between costs of raising funds, governance costs and the costs of charitable activities is shown in the table below.

	Property costs	Staff related costs	Investment Expenses	Audit fees	Other direct costs	Apportioned costs	Total 2017	Total 2016
	£	£	£	£	£	£	£	£
Costs of raising funds	-	126,513	-	-	136,328	49,202	312,043	360,348
Fundraising trading	-	8,013	-	-	-	6,747	14,760	14,756
Investment management	751,983	2,679	10,151	-	-	1,079	765,892	492,719
Charitable activities	305,315	155,878	-	-	26,849	133,207	621,249	671,132
Governance	-	73,429	-	16,250	3,978	29,677	123,334	92,322
	1,057,298	366,512	10,151	16,250	167,155	219,912	1,837,278	1,631,277

Property costs shown here represent the cost of managing and maintaining our extensive property portfolio.

Costs that can be recognised as wholly attributable to one of the above categories are directly allocated. All other costs, including staffing costs, are apportioned on the basis of an estimate of the time spent by each member of staff within the category. The allocation of staff time across various projects changes from year to year depending on the priorities identified and agreed by the Board. Staff costs have been apportioned as follows:

Role	Costs of raising funds	Property costs	Investment Management costs	Charitable Activities Support costs	Governance costs
Chief Executive	14%	33%	1%	27%	25%
Director of Marketing & Business Development	82%	-	-	8%	10%
Director of Finance/Deputy Chief Executive	16%	29%	4%	19%	32%
Director of Programmes	4%	12%	-	77%	7%
Executive Assistant	10%	15%	-	9%	66%
Financial Controller	22%	10%	1%	32%	35%
Grants Officers/Managers	-	-	-	100%	-
Fund Development Officers/Managers	100%	-	-	-	-
Administrative Assistants	60%	-	-	30%	10%

Notes (continued)

7 Allocation of support costs and overheads (continued)

In accordance with agreed procedures, the operating costs are borne by the Community and Arts Funds proportionate to the relative value of the funds and the donations received. In addition, donors who set up Themed Funds with the Milton Keynes Community Foundation agreed to pay a contribution to the charitable activities of the Community Foundation out of the restricted element of the donation, which is charged direct to those funds.

	Community Fund	Arts Fund	Grassroots Funds	Sport/Comic Relief Fund	Themed Funds	Total
	£	£	£	£	£	£
Raising funds	310,859	914	-	-	270	312,043
Fundraising trading	14,760	-	-	-	-	14,760
Investment management	765,872	14	-	-	6	765,892
Charitable activities	550,800	827	1,768	1,580	66,274	621,249
Governance costs	122,797	390	-	-	147	123,334
	1,765,088	2,145	1,768	1,580	66,697	1,837,278

8 Analysis of expenditure on charitable activities

The Community Foundation undertakes its charitable activities through grant making. In the year ended 31 March 2017 it awarded grants totalling £947,199 (2016: £1,070,141) to a number of voluntary and community groups and individuals in furtherance of its charitable activities (see Note 22). It also paid £14,265 (2016: £13,143) to groups which supported the Community Car Raffle.

The main aim of the Community Foundation's subsidiary company, MK Community Properties Limited, is to support the Voluntary Sector in Milton Keynes, either through subsidised Conference and Meeting Room provision or indirectly through surplus income.

	Charitable Activities	Support Costs	Total 2017	Charitable Activities	Support Costs	Total 2016
	£	£	£	£	£	£
Grants awarded	961,464	315,934	1,277,398	1,083,284	267,221	1,350,505
Governance costs	123,334	-	123,334	92,322	-	92,322
Property Costs	305,315	-	305,315	403,911	-	403,911
	1,390,113	315,934	1,706,047	1,579,517	267,221	1,846,738

Expenditure on charitable activities includes restricted expenditure of £946,515 (2016: £1,085,318) and unrestricted expenditure of £759,532 (2016: £761,420).

Notes (continued)

9 Analysis of governance costs

	2017 £	2016 £
Trustee liability insurance costs	1,978	1,908
Staff related costs	73,429	44,991
Office costs	13,562	11,898
Audit and corporate taxation fees	16,250	17,290
Legal and professional fees	2,000	7,279
Other costs	16,115	8,956
	<hr/>	<hr/>
	123,334	92,322
	<hr/> <hr/>	<hr/> <hr/>

10 Analysis of staff costs, Trustee remuneration and expenses, and the cost of key management personnel

	2017 £	2016 £
Salary related costs		
Wages and salaries	472,285	432,691
Social security costs	39,344	38,115
Employer pension contributions	11,440	5,323
	<hr/>	<hr/>
	523,069	476,129
	<hr/> <hr/>	<hr/> <hr/>

No employee earned between £60,001 and £70,000 (2016: 1).

The average number of employees was 19.3 (2016: 16.3), excluding Trustees. This can be analysed as follows:

	2017 Number	2016 Number	2017 FTE	2016 FTE
Salary related costs				
Marketing and Fund Development	4.6	4.4	4.3	4.0
Charitable activities	4.2	4.2	3.7	3.4
Operations	6.8	6.9	6.1	6.0
Finance and Governance	4.1	3.4	3.8	2.9
	<hr/>	<hr/>	<hr/>	<hr/>
	19.7	18.9	17.9	16.3
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

No Trustee received any remuneration during the year (2016: £Nil), no Trustee was reimbursed for expenses during the year (2016: £nil).

The key management personnel of the parent charity comprise the Trustees and the Senior Executive Team, as disclosed on page 3. The employee benefits of the key management personnel were £235,659 (2016: £240,818), including employer's national insurance of £20,493 (2016: £21,455). The key management personnel for the group are the same as for the charity.

Notes (continued)

11 Net income for the year

This is stated after charging:-

	2017 £	2016 £
Auditors' remuneration includes:		
Audit	13,750	15,000
Other services relating to taxation	2,500	2,290
Depreciation	67,539	41,609
	<u>83,789</u>	<u>58,899</u>

12 Tangible assets

The Group	Freehold Investment properties £	Leasehold Investment Properties held on long lease > 50 years £	Equipment £	Total £
Cost or valuation				
At 1 April 2016	32,006,722	609,000	521,155	33,136,877
Additions during the year	34,748	-	55,842	90,590
Revaluation	2,283,760	61,000	-	2,344,760
At 31 March 2017	34,325,230	670,000	576,997	35,572,227
Depreciation				
At 1 April 2016	-	-	380,438	380,438
Provided in the year	-	-	67,539	67,539
At 31 March 2017	-	-	447,977	447,977
Net book amount At 31 March 2017	34,325,230	670,000	129,020	35,124,250
At 31 March 2016	32,006,722	609,000	140,717	32,756,439

Notes (continued)

12 Tangible assets (continued)

The Company	Freehold Investment properties £	Leasehold Investment Properties held on long lease >50 years £	Equipment £	Total £
Cost or valuation				
At 1 April 2016	19,041,647	609,000	22,363	19,673,010
Additions	34,748	-	5,659	40,407
Revaluation	1,631,657	61,000	-	1,692,657
At 31 March 2017	20,708,052	670,000	28,022	21,406,074
Depreciation				
At 1 April 2016	-	-	5,633	5,633
Provided in the year	-	-	7,619	7,619
At 31 March 2017	-	-	13,252	13,252
Net book amount				
At 31 March 2017	20,708,052	670,000	14,770	21,392,822
At 31 March 2016	19,041,647	609,000	16,730	19,667,377

The investment properties were valued at 31 December 2016 by external valuers, Louch Shacklock and Partners LLP, Chartered Surveyors, on the basis of open market value at existing use in accordance with the appraisal and valuation manual of the Royal Institution of Chartered Surveyors. The Trustees are of the opinion that there has been no material movement in value from that date to 31 March 2017.

The market value takes into account the existence of a clawback restriction but does not reflect the Trustees discretionary policy of selling the properties at 75% subsidy and therefore may not be fully recoverable.

The historical cost of the properties is £2,986,789 (2016: £2,952,041). No provision has been made for deferred tax or any potential liability under the clawback arrangements described in note 18 that would arise if the properties were to be sold at open market existing use value, as the Trustees do not foresee any circumstances under which disposals of the relevant properties would be made such as to give rise to either a tax or a clawback liability.

Included in the above investment properties are premises that are occupied by the charity. The Trustees do not consider the own use element of their value to be material in the context of Acorn House. Some of the investment properties are available to let at subsidised rates to charitable entities and therefore there may be an element of mixed motive investments included.

Notes (continued)

13 Intangible assets

The Group and the Company

	Website
	£
Cost or valuation	
At 1 April 2016	-
Additions	26,800
	<hr/>
At 31 March 2017	26,800
	<hr/> <hr/>
Amortisation	
At 1 April 2016 and 31 March 2017	-
	<hr/> <hr/>
Net book amount	
At 31 March 2017	26,800
	<hr/> <hr/>
At 31 March 2016	-
	<hr/> <hr/>

The website has not been amortised in the current year as it is still under development.

14 Investments

The Group and Company

The unrestricted endowment fund is mainly held in a segregated fund. This is managed by UBS AG. At 31 March 2017 no single holding within this part of the portfolio represented more than 5% of the value of the fund (2016: none). The Community Foundation has no direct equity holdings (2016: 295,000 5p shares in DRS Data and Research Services PLC with an open market value of £28,025). During the year a further £52,549 of funds were placed with CCLA in their Charities Ethical Common Investment Fund. At 31 March 2017 these funds had an open market value of £12,179,084. Total funds invested with CCLA represented 82.4% of the total investment portfolio.

These investments are analysed as follows:

	2017	2016
	Total	Total
	£	£
Equities	1,757,884	1,452,241
Common Investment Funds	12,179,084	10,577,111
Corporate Bonds	585,821	622,646
Cash/Deposits	240,988	218,829
	<hr/>	<hr/>
	14,763,777	12,870,827
	<hr/> <hr/>	<hr/> <hr/>

All investments are quoted investments.

	2017	2016
	Total	Total
	£	£
Valuation at 1 April	12,870,827	13,832,871
Disposals	(869,161)	(1,063,125)
Additions	871,999	662,041
Increase/(decrease) in market value during the year	1,890,112	(560,960)
	<hr/>	<hr/>
Valuation at 31 March	14,763,777	12,870,827
	<hr/> <hr/>	<hr/> <hr/>

The historical cost of investments held at 31 March 2017 was £10,585,378 (2016: £10,577,122).

Notes (continued)

14 Investments (continued)

The Company

Investment in subsidiary undertakings

£

Cost at 1 April 2016 and 31 March 2017 400,000

The company owns 100% of the ordinary share capital, comprising 400,000 £1 ordinary shares in MK Community Properties Limited, which is registered in England and Wales and was incorporated on 2 October 1991. It traded throughout the year to 31 March 2017 as a provider of Meeting and Conference Facilities and Small Business Units. The company also owns 100% of the ordinary share capital, comprising 1 £1 ordinary shares in MKCP Limited, which is registered in England and Wales and was incorporated on 3 March 2015. This company has been dormant since incorporation.

15 Debtors

	Group		Milton Keynes Community Foundation	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	199,360	168,089	133,728	97,071
Accrued income	263,975	196,403	263,975	196,403
Social Security and other taxes	-	17,653	-	17,653
Other debtors and prepayments	236,497	348,335	176,411	298,392
Due from subsidiary company	-	-	172,087	-
	<u>699,832</u>	<u>730,480</u>	<u>746,201</u>	<u>609,519</u>

Included in group other debtors is £96,660 (2016: £117,013) relating to sales proceeds of Community Foundation Land which are due in more than one year.

16 Creditors: amounts falling due within one year

	Group		Milton Keynes Community Foundation	
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	199,611	312,628	109,832	243,405
Social Security and other taxes	23,104	15,711	39,724	10,945
Other creditors	204,076	135,442	104,228	37,467
Deferred income	102,088	126,310	78,879	93,748
Accruals	126,586	193,371	125,636	190,619
Grants payable (see note 22)	229,500	185,299	229,500	185,299
Due to subsidiary company	-	-	1	58,977
	<u>884,965</u>	<u>968,761</u>	<u>687,800</u>	<u>820,460</u>

At 31 March 2017 there were no outstanding pension contributions (2016: £193).

Notes (continued)

16 Creditors: amounts falling due within one year (continued)

Deferred income represents Rent and Service Charge income received in advance

	Group £	Company £
Balance as at 1 April 2016	126,310	93,748
Amount released to income in year	(126,310)	(93,748)
Amount deferred in the year	102,088	78,879
	<hr/>	<hr/>
Balance as at 31 March 2017	102,088	78,879
	<hr/> <hr/>	<hr/> <hr/>

17 Creditors: amounts falling due after one year

The Group

	Total 2017 £	Total 2016 £
Due within two to five years:		
Bank Loan	1,250,000	1,250,000
	<hr/>	<hr/>
	1,250,000	1,250,000
	<hr/> <hr/>	<hr/> <hr/>

The Company

	Total 2017 £	Total 2016 £
Due within two to five years:		
Bank Loan	1,250,000	1,250,000
	<hr/>	<hr/>
	1,250,000	1,250,000
	<hr/> <hr/>	<hr/> <hr/>

On 31 March 2015, as part of the group re-organisation, a loan was taken out with Handelsbanken for £1.25M. The loan was fixed at 2.06% for three years followed by a variable rate of 2.35% over 3M Libor for a further two years. At 31 March 2018 there is a break clause enabling the Community Foundation to repay the fixed loan without penalty. The loan is secured by a fixed charge over Margaret Powell House, Acorn House and the units in Burners Lane, Stacey Bushes. The carrying value of these properties is £4,677,000.

18 Contingent liabilities

Under the arrangements surrounding the transfer on 27 November 1992 of certain properties from English Partnerships, previously known as the Commission for the New Towns, the group is under a contractual obligation to repay amounts to English Partnerships ("clawback") in respect of the net capital gains arising on certain disposals or change of use in relation to either Community Related Assets (certain industrial units at Kiln Farm and Stacey Bushes and Number 56 Buckingham Street Wolverton) or Community Foundation Land sites (32 undeveloped and 1 developed sites). The liability was 100% during the first year after transfer, reducing by 2% per annum.

Based on the open market value, as at 31 March 2017 the total potential liability for clawback was £15,905,708 (2016: £15,634,325).

No provision has been made for deferred tax that may arise if the properties were sold in the future. It is the Directors' opinion that no tax would arise on a future sale of the properties as any profits from such a sale would be distributed via Gift Aid to the company's charitable parent Milton Keynes Community Foundation from its subsidiary company, MK Community Properties Limited. Milton Keynes Community Foundation is part of a VAT group with its subsidiary, MK Community Properties, and is therefore jointly liable for any VAT debts of MK Community Properties.

19 Related party transactions

A number of Trustees, as well as being individual members of the Community Foundation, are associated with organisations that are corporate members of the Community Foundation. Neither the Trustees nor their associated organisations derive any benefit as a result of their membership of the Community Foundation.

Furthermore, as mentioned previously in this report, the Community Foundation is also able to support the not-for-profit sector in Milton Keynes through the provision of properties that are let on preferential terms. The amount of this subsidy, the difference between the full commercial rental and the subsidised rent paid by the not-for-profit sector tenants, is in excess of £769,000 per annum for the year to 31 March 2017 (2016: £594,000). Three Trustees worked for or were Trustees of organisations that currently receive subsidised accommodation, namely:

Mr S Norrish MBE, Milton Keynes Christian Foundation Ltd (MKCF)
Mrs F Komolafe, Into the Community (ITC)
Mrs M Beck, MK City Centre Management (MKCCM)

Prior to providing subsidised accommodation, a process is in place to assess the client to ensure that they are providing services that match the needs of the community.

Set out below is a summary of the amounts that were charged to related parties during the financial year and the amounts that remain outstanding as at 31 March 2017.

Related party transactions

	2017 MKCCM £	2017 MKCF £	2017 ITC £	2016 MKCCM £	2016 MKCF £	2016 ITC £
Rent	1,626	5,950	4,596	2,471	5,590	4,521
Service charge/insurance	4,005	3,588	2,620	4,263	3,566	2,580
Car parking etc	1,400	-	-	1,450	-	-
Meeting rooms etc	826	-	-	1,727	-	-
Total charges	7,857	9,538	7,216	9,911	9,516	7,101
Balance due/(to) tenant at 31 March 2017	308	(835)	(463)	227	(943)	(857)

19 Related party transactions (continued)

During the financial year, MK Community Properties Limited purchased catering services from Milton Keynes Christian Foundation Ltd amounting to £25,989 (2016: £19,397). These purchases were made at arm's length. At 31 March 2017 the balance due to Milton Keynes Christian Foundation Ltd was £5,594 (2016: £1,651).

During the year Milton Keynes Community Foundation Limited charged rent and service charges to MK Community Properties Limited in the sum of £239,944 (2016: £209,091). Milton Keynes Community Foundation Limited hired meeting rooms from MK Community Properties Limited during the year amounting to £3,832 (2016: £543). These transactions have been removed on consolidation.

20 Indemnity insurance

The group has purchased insurance for the Trustees and staff of the charity and the directors of the subsidiary company, MK Community Properties Limited, against liability arising for wrongful acts in relation to the charity and its wholly owned subsidiary. The cost of this insurance amounts to £1,978 (2016: £1,908).

21 Accumulated funds

Milton Keynes Community Foundation maintains a number of separate funds, the movement on which is detailed in notes 21.4 and 21.6 below and the net assets of which are analysed in note 21.5 below. Monies held in funds can be either flow-through (monies donated in one year are spent in the next along with any investment income earned) or endowment (monies are held in the fund until the fund reaches an agreed level at which time the annual income on the fund balance is spent).

Details of the funds are as follows:

Unrestricted fund

21.1 Community Fund £2,721,618

This fund is the main fund of the Community Foundation into which the majority of donations are made. Most grants are paid out of this fund and the majority of the administration costs are borne by this fund. Interest and investment income is added to this fund as earned.

Designated funds

21.2 Property Fund £33,582,409

This fund represents the net book value of the freehold and leasehold properties owned by the group, less mortgages raised to purchase properties, together with a reserve towards future property maintenance.

Restricted funds

21.3 Various £13,622,750

Details of the various restricted funds can be found on our website;

www.mkcommunityfoundation.co.uk/About-us/Our-Year-2016-2017.

Notes (continued)

21 Accumulated funds (continued)

21.4 Accumulated funds - Analysis of group income and expenditure

	Restated balance at 01/04/16	Income	Revaluation of Investment Assets	Expenditure	Balance at 31/03/17
	£	£	£	£	£
Unrestricted funds					
Community	2,473,434	1,797,060	346,602	(1,895,478)	2,721,618
Designated – Property	31,237,649	-	2,344,760	-	33,582,409
Total unrestricted funds	<u>33,711,083</u>	<u>1,797,060</u>	<u>2,691,362</u>	<u>(1,895,478)</u>	<u>36,304,027</u>
Restricted funds					
Arts	311,405	22,314	51,836	(21,391)	364,164
Sport Relief	12,779	14,461	-	(17,384)	9,856
Margaret Powell (Grants)	9,502	-	-	(5,634)	3,868
MK DASS	223,257	8,834	32,845	(8,094)	256,842
MK Citizen	7,083	-	-	(7,083)	-
RSM	1,737	600	-	(1,736)	601
Women's	23,297	1,893	3,116	(2,420)	25,886
thecentre:mk	5,000	-	-	(3,850)	1,150
NiftyLift	30,959	16,077	3,728	(5,943)	44,821
Family Funds	171,102	(67,335)	17,782	(6,271)	119,278
Edward Hurley Memorial Fund	214,197	8,459	31,449	(8,183)	245,922
Grassroots Endowment Fund	675,918	26,687	99,216	(19,453)	782,368
NHS Fund	408	-	-	(408)	-
Shoosmiths Fund	5,378	11,366	-	(3,452)	13,292
Surviving Winter	23,882	7,565	-	(10,450)	20,997
Open University Fund	7,292	-	-	(7,292)	-
Local Giving	10,999	302,742	-	(284,078)	29,663
New Communities Funds	201,420	112,775	-	(15,337)	298,858
Jubilee Sports Fund	4,163	14,935	-	(4,162)	14,936
Community First EMC	9,422,371	529,685	1,361,182	(317,308)	10,995,930
BSH Fund	276	-	-	(276)	-
Hopkinson Music Fund	51,747	2,000	7,436	(1,650)	59,533
Coventry Building Society Fund	-	2,572	-	(1,286)	1,286
Grant Thornton Fund	4,000	-	-	(4,000)	-
VW Fund	12,423	12,000	-	(12,814)	11,609
Music Centre Fund	8,539	-	-	-	8,539
Vital Signs Fund	6,285	-	-	(6,285)	-
Business Leaders Fund	3,364	9,000	-	-	12,364
Big Local Conniburrow Funds	104,979	189,217	-	(122,265)	171,931
Great Linford Waterside Festival Fund	30,123	1,204	4,425	(1,112)	34,640
ARK Fund	27,995	-	-	(27,995)	-
MK Grassroots Sports Fund	7,350	-	-	(7,350)	-
Prevention of Crime Fund	2,566	864	-	(2,566)	864
MK Council MK50 Fund	10,000	-	-	(366)	9,634
West Bletchley Parish Council Fund	-	2,750	-	(2,750)	-
Rainscourt	-	6,250	-	(1,375)	4,875
Tony Byrne Financial Services Fund	-	12,552	(9)	-	12,543
Youth Social Action Fund	-	22,000	-	(5,500)	16,500
Bramwell Fund	-	10,000	-	-	10,000
Chichley Fund	-	30,000	-	-	30,000
CCG Fund	-	10,000	-	-	10,000
Total restricted funds	<u>11,631,796</u>	<u>1,325,467</u>	<u>1,613,006</u>	<u>(947,519)</u>	<u>13,622,750</u>
Total funds	<u>45,342,879</u>	<u>3,122,527</u>	<u>4,304,368</u>	<u>(2,842,997)</u>	<u>49,926,777</u>

Notes (continued)

21 Accumulated funds (continued)

21.5 Accumulated funds - Analysis of group net assets at 31 March 2017

Unrestricted funds	Fixed Assets	Investments	Net Current Assets/(Liabilities)	Long Term Liabilities	Total
	£	£	£	£	£
Community	155,820	2,584,693	(18,895)	-	2,721,618
Designated – Property	34,995,230	-	(162,821)	(1,250,000)	33,582,409
Total unrestricted funds	35,151,050	2,584,693	(181,716)	(1,250,000)	36,304,027
Restricted funds					
Arts	-	391,398	(27,234)	-	364,164
Sport Relief	-	-	9,856	-	9,856
Margaret Powell (Grants)	-	-	3,868	-	3,868
MK DASS	-	248,008	8,834	-	256,842
RSM	-	-	601	-	601
Women's	-	23,530	2,356	-	25,886
thecentre:mk	-	-	1,150	-	1,150
NiftyLift	-	33,583	11,238	-	44,821
Family Funds	-	107,356	11,922	-	119,278
Edward Hurley Memorial Fund	-	237,463	8,459	-	245,922
Grassroots Endowment Funds	-	749,159	33,209	-	782,368
Shoosmiths Fund	-	-	13,292	-	13,292
Surviving Winter	-	-	20,997	-	20,997
Local Giving	-	-	29,663	-	29,663
New Communities Funds	-	-	298,858	-	298,858
Jubilee Sports Fund	-	-	14,936	-	14,936
Community First Endowment Funds	-	10,293,200	702,730	-	10,995,930
Hopkinson Music Fund	-	56,146	3,387	-	59,533
Cpventry Building Society Fund	-	-	1,286	-	1,286
VW Fund	-	-	11,609	-	11,609
Music Centre Fund	-	-	8,539	-	8,539
Business Leaders Fund	-	-	12,364	-	12,364
Big Local Conniburrow Fund	-	-	171,931	-	171,931
Great Linford Waterside Festival Fund	-	33,416	1,224	-	34,640
Prevention of Crime Fund	-	-	864	-	864
MK Council MK50 Fund	-	-	9,634	-	9,634
Rainscourt Fund	-	-	4,875	-	4,875
Tony Byrne Financial Services Fund	-	5,825	6,718	-	12,543
Youth Social Action Fund	-	-	16,500	-	16,500
Bramwell Fund	-	-	10,000	-	10,000
Chichley Fund	-	-	30,000	-	30,000
CCG Fund	-	-	10,000	-	10,000
Total restricted funds	-	12,179,084	1,443,666	-	13,622,750
Total funds	35,151,050	14,763,777	1,261,950	(1,250,000)	49,926,777

Notes (continued)

21 Accumulated funds (continued)

21.6 Accumulated funds - Analysis of charity income and expenditure

Unrestricted funds	Balance at 1 April 2016	Income	Expenditure	Revaluation of Investment Assets	Balance at 31 March 2017
	£	£	£	£	£
Community Designated – Property	2,259,189	1,585,314	(1,600,860)	346,602	2,590,245
	18,453,074	-	-	1,692,657	20,145,731
Total unrestricted funds	20,712,263	1,585,314	(1,600,860)	2,039,259	22,735,976
Restricted funds	11,631,796	1,325,467	(947,519)	1,613,006	13,622,750
Total funds	32,344,059	2,910,781	(2,548,379)	3,652,265	36,358,726

21.7 Summary performance of the charity

The summary performance of the charity alone is:

	2017 £	2016 £
Income	2,910,781	2,990,351
Expenditure	(2,548,379)	(2,579,956)
Revaluation of investment assets	3,652,265	933,557
Net income	4,014,667	1,343,952
Total funds brought forward	32,344,059	31,000,107
Total funds carried forward	36,358,726	32,344,059
Represented by:		
Unrestricted funds	22,735,976	20,712,263
Restricted funds	13,622,750	11,631,796
Total	36,358,726	32,344,059

22 Grants made

Analysis of grants made	Unrestricted Funds	Restricted Funds	Big Local Conniburrow	Local Giving	Total
	£	£	£	£	£
Voluntary groups and charities	65,670	490,416	109,281	268,332	933,699
Individuals	6,000	7,500	-	-	13,500
Total	71,670	497,916	109,281	268,332	947,199

A complete list of all grant recipients for the year can be found on our website
www.mkcommunityfoundation.co.uk/about-us-our-Year-2016-2017.

22 Grants made (continued)

	2017		2016
	£		£
Reconciliation of grants payable			
Grants to Voluntary Groups and Charities	556,086	644,866	
Grants through local giving	268,332	264,757	
Big Local Conniburrow Project	109,281	146,018	
Grants to Individuals	13,500	14,500	
	<hr/>	<hr/>	
Total grants awarded	947,199		1,070,141
	<hr/> <hr/>		<hr/> <hr/>
Commitments at 1 April	185,299		379,030
Commitments made in the year	965,885	1,082,047	
Grants cancelled or recovered	(18,686)	(11,906)	
	<hr/>	<hr/>	
Grants payable for the year	947,199		1,070,141
Grants paid during the year	(902,948)		(1,263,872)
	<hr/>		<hr/>
Commitments at 31 March	229,550		185,299
	<hr/> <hr/>		<hr/> <hr/>
Commitments at 31 March are payable as follows			
Within one year (see note 15)	229,550		185,299
	<hr/> <hr/>		<hr/> <hr/>

23 Reconciliation of net movement in funds to net cash flow used in operating activities

	2017		2016
	£		£
Net movement in funds	4,583,899		4,906,118
Depreciation charges	67,539		41,609
(Gains) on investments	(4,234,872)		(4,598,195)
Dividends and interest from investments	(504,807)		(496,376)
Decrease/(increase) in debtors	30,648		(264,635)
(Decrease) in creditors	(83,796)		(488,109)
	<hr/>		<hr/>
Net cash used in operating activities	(141,389)		(899,588)
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23 Financial Instruments

The carrying amount of the group's financial instruments at 31 March were

	Group		Milton Keynes Community Foundation	
	2017	2016	2017	2016
	£	£	£	£
Financial assets				
Debt instruments measured at amortised cost	463,335	382,145	569,790	311,127
Financial liabilities				
Measured at amortised cost	2,032,877	2,092,051	1,858,921	1,976,712