

ASSOCIATION OF CHARITABLE FOUNDATIONS

TRUSTEES ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

Charity No. 1105412

Company No. 5190466

Chair's introduction...

The landscape we collectively face seems radically altered in ways that seemed unlikely even a few short years ago. Charities large and small have felt the impact of political, economic and social shifts that have not only shaped their operating environment but affected the needs and concerns of beneficiaries. In this context, the stability, strength and intelligence of foundations becomes even more important.

ACF has an important role in helping ensure that this is the case. The organisation's strategy, informed by members and owned by the entire Board and staff, is already delivering results, the details of which you can find throughout this report.

You will see that, in support of foundations, ACF has continued to build its strategy around the key priorities for members, ensuring that foundations are adequately equipped to respond to changing need and concerns and use their resources ambitiously and effectively.

The strategy has been being expertly delivered by Carol Mack in her first year as ACF's Chief Executive. Carol has hit the ground running, meeting key stakeholders and developing new relationships, as well as addressing the staffing needs of the organisation to ensure it is fit for purpose.

ACF's strength is in its members and I am delighted that membership is growing apace. The expertise and insights gleaned from our members helps to strengthen our voice, build an evidence base around foundation practice, and allows for the sharing of experiences, learning and good practice, all of which adds immeasurable value to both the organisation and the wider foundation community.

ACF is governed by our Board of largely elected trustees with strong connections to our membership. I would like to thank them for their efforts in ensuring that ACF's compass has remained set on the right direction over this past year.

There are exciting times ahead, and no doubt challenges too, I am thrilled that ACF is in a position to meet both from a position of strength and with an attitude of increasing ambition and confidence.

.....
Amanda Jordan OBE (Chair)

Date

Chief Executive's introduction...

The operating environment for foundations and wider civil society has continued to be turbulent throughout the year. There have been some surprising political events, at home and abroad, a fundamental shift in our national priorities in the form of ongoing Brexit negotiations, several major and shocking terrorist attacks in England, and, in London, the horrific Grenfell Tower fire. All of this has occurred against a back-drop of austerity, in which foundation funding has become increasingly important to the voluntary sector as one of the few major sources of grant income.

Yet in spite of this testing climate, foundations have continued in their aim to make the best use of the full range of their charitable assets, respond creatively to need, and maintain their independence as funders, allies, and agents in their own right.

In support of this collective endeavour, ACF has strived to promote good practice, provide peer-learning and network opportunities, and advocate on behalf of foundations; communicating their distinct, powerful and irreplaceable contribution to civil society.

We have raised vital issues at the highest levels of government and with the regulators. We have launched a member-led project that will work with foundations in articulating what leading practice looks like. We have invested in delivering more and better member services, both online and in person.

Increasingly we have linked with networks across the world and we have enhanced the evidence base around the role of philanthropy. And as ever, we have remained committed to holding and protecting the spaces which enable foundations come together and share their learning and expertise with peers.

It has been a positive year for ACF as we continue to evolve and deliver on our mission to support foundations to be ambitious and effective in the way that they use their resources for social good. Our own financial position has been strengthened this year and enables us to continue to invest in member services going forward.

We do all of this in service of, and supported by, our wonderful, supportive, and growing membership.

I look forward to continuing on this positive trajectory over the coming year.

.....
Carol Mack (Chief Executive)

Date

ANNUAL REPORT 2017

ACF is the membership body for UK foundations and grant-making charities. Founded in 1989, ACF was established as a member-led association that should be fully responsive to the concerns and priorities of the foundation community. We do this through the provision of policy and advocacy, research and information, and a wide-ranging programme of events and learning.

Our vision is a world that is supported, sustained and strengthened by the effective use of foundation resources.

Our mission is to support foundations to be ambitious and effective in the way that they use their resources.

Driven by a belief that foundations are a vital source for social good:

1. ACF SUPPORTS foundations in achieving their charitable objectives by:

- Providing information, advice and training
- Gathering, distilling and disseminating learning
- Building and developing resources on foundation practice
- Signposting sources of specialist expertise
- Environment-scanning for trends and debates
- Informing members of issues affecting their practice

2. ACF ADVOCATES on behalf of foundations for an enabling policy, legislative and operating environment by:

- Developing and enhancing an evidence base
- Making the case for philanthropy in civil society
- Closing the 'knowledge-gap' around foundations
- Protecting and advancing foundations' interests
- Building relationships and networks with other policy actors
- Intervening strategically

3. ACF CONNECTS foundations to people, organisations, governments and movements relevant to their work, by:

- Convening members and other actors around issues
- Brokering relationships relevant to members' work
- Playing a facilitative role in potential collaboration
- Providing a protected space for conversation and exchange
- Optimising our learning and events programme
- Analysing, developing and targeting our member offer

4. ACF INSPIRES foundations to be ambitious and effective in the way that they use their resources, by:

- Developing a set of principles for good foundation practice
- Providing access to national and international thought leadership

- Reflecting societal challenges and external feedback
- Nurturing an environment conducive to self-reflection
- Promoting positive case studies from the UK and beyond
- Showcasing relevant thinkers, debates and provocations

In order to achieve this, we must ensure that ...

5. ACF THRIVES and is sustainable, supporting members over the longer term, by

- Ensuring we are financially robust
- Responding to member need
- Valuing our people
- Implementing effective systems
- Adapting to technological change
- Nurturing a values-driven culture and prizing environmental sustainability

SINCE THE LAST ANNUAL REPORT ...

The last twelve months have been a period of significant and positive change for ACF. In 2016 we commissioned the Institute for Voluntary Action Research (IVAR) to survey members, which yielded very some instructive results. 100% of the members who responded (i.e. around one third of the membership) told us that they would recommend ACF membership to another foundation. Over 90% agreed that 'ACF membership provides my organisation with opportunities to network and learn from other foundations', while 89% felt that membership made them aware of forthcoming legislative and policy changes. Member satisfaction with ACF's support and various services to members had increased significantly since a similar survey by IVAR in 2011. Overall there was strong agreement that ACF was meeting its objectives. IVAR also gathered feedback from external stakeholders about ACF's policy work, reporting that it was effective, focused, credible, and collegiate. Importantly, members also told us they wanted to see ACF undertake more policy work, in a manner that challenged developments while remaining proactive and responsive.

We have begun to act on this, and also to rethink how we might pursue our policy objectives to maximum effect on behalf of our membership and the wider foundation community. Under a new chief executive ACF has reshaped its policy team; creating a Director of External Affairs post, increasing the responsibility of its Policy and Communications Officer, and beginning the process of recruiting a full time Head of Policy.

In recent months, Charlotte Ravenscroft has held the Head of Policy position on an interim basis, helping the organisation move further on to the front foot, ensuring it is present in the right conversations at the highest levels. In doing so, ACF is better placed to head off sector threats at the pass, rather than responding primarily through consultation. In addition to this adjustment in approach, ACF has also made steps to be more confident in representing the interests of foundations publically, securing record levels of public coverage in the past year and, in doing so, making a case for the vital work undertaken by the sector.

Increasing our visibility through our advocacy, research, and communications activity has resulted in a greater demand for input from ACF – with a growing number of invitations to contribute to sector initiatives, comment on issues affecting foundations and speak at events. While this offers a welcome opportunity to represent members’ work, it proved a bigger draw on our limited capacity than anticipated.

Throughout this report ACF will assess its achievements in serving our membership against the following benchmarks:-

- I) To support foundations in achieving their charitable objectives;
- II) To advocate on behalf of foundations for an enabling policy, legislative and operating environment;
- III) To connect foundations to people, organisations, governments and movements relevant to their work;
- IV) To inspire foundations to be ambitious and effective in the way that they use their resources;

And in order to achieve this,

- V) To thrive and be sustainable, supporting members over the longer term.

THE BIG PICTURE

... provides the context in which ACF has served foundations over the past year.

The operating environment for foundations and wider civil society has continued to be turbulent. There have been some surprising (to many) election results, at home and abroad, a fundamental shift in our national priorities in the form of ongoing Brexit negotiations, several major and shocking terrorist attacks in England, and, in London, the horrific Grenfell Tower fire. All of this has occurred against a back-drop of continued austerity, in which foundation funding has become increasingly important to the voluntary sector as one of the few major sources of grant income - with the comparative freedoms that this confers. The relative importance of foundation grants to charities - now broadly comparable to that of central government - has increased the level of interest in, and scrutiny of, both the foundation sector and ACF.

It has also been a time when the boundaries between the private, public, and third sector are in flux; being challenged and transformed by political and economic imperatives, as well as by broader cultural and technological shifts and their resulting effects on social, national, and trans-national identities. While specific foundations will be examining and recalibrating their activities to reflect this changing context; as a sector, foundations have continued in their collective aim to make the best use of the full range of their charitable assets, respond creatively to need, and maintain their independence as funders, allies, and agents in their own right. In support of this collective endeavour, ACF has strived to promote good practice, provide peer-learning and network opportunities, and advocate on behalf of foundations; articulating their distinct, powerful and irreplaceable contribution to civil society.

The regulatory space has also provided significant challenges for foundations, both as specific entities and also as part of civil society more generally. Public trust and confidence has remained a pressing issue and, while the focus has most frequently been on fundraising bodies, foundations have not been immune from the prevailing demands for increased transparency - whether in terms of grant allocation or investment strategy. There have also been repeated concerns about the cumulative administrative burden of new regulatory requirements on foundations who may have few or no staff, and a wider concern about a possible narrowing of civil space via overly restrictive reporting demands. Questions also remain about the funding ecology post-Brexit, and what role foundations might play in shaping the outcome.

THE DETAILS

... provide insight into the activities undertaken by ACF on behalf of its membership over the past 12 months

We have supported foundations in achieving their charitable objectives by:

Broadly speaking, ACF's work in this area falls into two categories. The provision of briefings, news, policy updates and answers to specific member queries can be thought of as ACF's 'communicative' support, whilst our events on specific areas of foundation practice form a second strand of in-person support.

Our monthly news bulletin, *Funders' News*, has gone from strength to strength. Throughout the year it has informed members of issues affecting foundations, as well as updating them on the work and practice of their peers and of ACF. Key issues this year have included diversity, governance and learning, as well as numerous updates in the political and regulatory environment affecting charities.

Trust & Foundation News, our member magazine published three times a year, provides in-depth analysis and thought-provoking reflection on the key issues affecting foundations, from grant-making to investing. The feature in December's edition was particularly well received – a series of interviews with six member chief executives on lessons learned in leadership. One in particular caught the attention of *Alliance* magazine and *Third Sector*, who intend to republish the article.

ACF's digital engagement has continued to expand. By the end of 2017, the number of subscribers had surpassed 600 and that number continues to grow. The electronic version of *Funders' News* sent to members by email hit 61% opens and 24% clicks, well above the industry average. Our Twitter account, @ACFoundations, is active daily to share relevant information with our members and increasingly to exercise our policy influence. Our following has increased 71% in the last year, reaching just over 3,000 followers.

Our website, www.acf.org.uk, has been consistent in attracting up to 10,000 visitors a month. This year we have also increased the content available on the website, with a growing rate of production of ACF blogs with topical information and guest blogs offering expert insight on specific issues. The events listings and jobs board continue to be a valued resource.

Funder Network, an additional online platform supporting foundations, continues to enable members and other foundations to connect with one another and share expertise. The website now has 743 users – 100 more than last year – who have asked 48 questions and received 138 responses. While this number is slightly lower than last year, ACF is confident of the usefulness of this network and we are looking to improve the current website as part of our offer to members. The platform also gives ACF staff the opportunity to ask questions directly to members whose views and concerns inform our policy work and consultation responses. On a day-to-day basis, queries are also answered by the dedicated staff team who provide tailored guidance and signposting on a range of issues raised by members.

In late 2017 ACF published the *Introduction to Grant-making* series, four publications designed to introduce foundation staff and trustees to the grant-making cycle. The publications, three of which are authored by Liz Firth and one by Sarah Ridley, have received a warm reception from the sector and have already gained interest from prospective members and academics.

ACF also supports members through its extensive programme of events. We offer a range of opportunities for foundation staff and trustees to explore and develop their thinking on a variety of issues.

Our professional development programme focuses on foundation practice for both members and non-members, including 33 short courses in 2017 that attracted over 542 attendees. The majority of our seminars are delivered in central London, with one well attended core seminar delivered in Cardiff. Feedback on the professional development programme was positive; participants commented that the seminars ‘really delivered on [their] expectations’, that ‘the presenter was excellent and made what seems to be a complicated topic easier to understand’, and that they found the seminar to be ‘very interesting and well explained’. Overall, 97% of the participants said they would recommend ACF seminars to a colleague.

Towards the end of the year, we supported members in making effective use of their endowments by running our seventh series of seminars for trustees and senior foundation staff on how to manage an endowment effectively. Developed in collaboration with investment managers CCLA, these seminars comprised three full-day sessions with approximately 26 delegates attending each session. Feedback was excellent, with 100% stating they would recommend seminar series to a colleague and 100% awarding the seminar content 4 or 5 out of 5.

We have advocated on behalf of foundations for an enabling policy, legislative and operating environment.

A key priority for ACF has been to continue developing our policy work and to proactively influence the operating environment for foundations.

ACF continued to develop its evidence base, building on the work that had taken place in the preceding years. In 2017, with substantial support from the Pears Foundation, we worked with Professor Cathy Pharoah, Co-Director of the Centre for Charitable Giving and Philanthropy at Cass Business School, and Dr Catherine Walker, Founder and Consultant-in-Chief at The Researchery, to

further develop a programme of research that tracked key indicators of the health of the foundation sector: its giving, its income, and the value of its assets.

The resulting publication *Giving Trends 2017* featured trends among the top 300 charitable foundations, the top 150 family foundations, and the top 50 corporate foundations – repeating the ‘bumper’ edition of the previous year that was well received. The research found that, for the second year running, foundation grant-making had reached a record high, hitting £2.9bn; while total assets also reached a record high of £60bn, which is a growth of almost 10%. Among family foundations and corporate foundations, growth was also strong. The report shows family giving growing by around 20% this year, now accounting for almost two thirds of the total grant-making, and corporate giving rising by 9% to £269m.

New in this year’s report was an exploration of the many innovative partnerships undertaken by foundations - with the public and private sector as well as one another - designed to drive social benefit in a wide variety of areas. There was also extended commentary on the social investment environment, demonstrating the varied ways in which foundations are giving.

The development of this evidence base underpins our policy work, providing the raw materials with which we can shape our responses on behalf of our membership. It has proved a useful resource in sector debates about using data and working in collaboration, as well as in influencing the narrative around foundations’ contribution in society. The report earned wide coverage in the sector press, having been referenced a number of times by Civil Society News and appearing in *Alliance* magazine.

From a policy perspective, ACF has this year identified and met an increasing number of challenges, especially those which threatened to impact on foundations’ operating environment. We are acting more proactively while continuing to react responsively to issues as they arise.

A major challenge to emerge this year was the impact that a loss of funding could have on the voluntary and community sector following the UK’s withdrawal from the EU. Current estimates suggest that over £300 million per year could be lost, which foundations are not in a position to replace and which could lead to a poorer, weakened civil society. ACF has been working hard to ensure the funding is replaced and made available to the voluntary sector. ACF met with officials from three government departments to discuss their plans for replacing EU funding streams, accompanied by ACF members with relevant expertise. We subsequently included this issue within our Budget submission to the Treasury and also lent our support to a wider sector submission on this issue (led by NCVO & ERSA).

The Common Reporting Standard – an international tax transparency regime which affects endowed foundations – came into effect in May 2017. ACF made great efforts in 2016 to work with HMRC and others to lessen the burden for charities, and in March this year HMRC published guidance for charities. This was welcomed by ACF and the sector. To help members understand their obligations, ACF produced a set of materials, in collaboration with CFG, and informative blogs, which have been viewed a total of 9,579 times on our website – receiving positive feedback from as far afield as Australia, where the director of a foundation membership organisation contacted ACF with a view to adapting our materials for their own members. We also hosted an event to answer member questions, which was well attended and have continued to provide support to members as the reporting deadline approached.

ACF's concern about the cumulative regulatory burden on foundations continued this year, with the SORP committee consulting on some significant changes to how charities prepare their accounts, and the Charity Commission for England and Wales opening two consultations on major changes to the annual return. ACF responded to each consultation with considerable feedback from members, highlighting the administrative burden placed on foundations, especially those working overseas, and on the latter issue engaged extensively with the Commission to make the case for an enabling operating environment for foundations.

Also this year, the Commission published guidance on funding non-charities, which did not introduce any new regulation but instead outlined the considerations and risks in making grants to organisations such as social enterprises or groups based outside the UK. Having worked with the Commission to make the guidance more enabling throughout several rounds of drafts, it was pleasing that our comments and concerns were addressed.

ACF has been responding to member queries about the forthcoming changes to data protection – the EU General Data Protection Regulation. ACF has been proactive in going directly to the Information Commissioner's Office, the relevant regulator, having identified potential issues for foundations and compiled a list of member concerns. This work is still ongoing; to date, ACF has hosted a webinar, and presented our findings in the pan-European DAFNE network of associations of foundations. We have published a set of resources for members on implementing the changes and are running events and webinars to aid members' understanding of their obligations.

Pressures on the operating environment continued and the issues above highlight some of the small changes that, when assessed cumulatively, accrue a significant impact on foundations and their resources. This trend is not limited to the UK, and ACF has taken a seat on the Legal Affairs Committee of DAFNE (Donors and Foundations Networks in Europe) to discuss these issues with and learn from colleagues internationally.

Domestically, the House of Lords Select Committee for Charities published its report in March on the sustainability of the sector, following an extensive consultation period to which ACF contributed orally and in writing. The Lords made 42 recommendations to Government, the regulator, charities, and infrastructure bodies - which ACF largely welcomed - and included suggestions such as greater provision of grants, increased support for trustees, and changes to the approach from Whitehall towards the sector. Following its publication, we began to work alongside other umbrella bodies to implement the recommendations directed at us and to ensure that Government and the regulator carried out the recommendations which would benefit the sector. This work will continue into 2018. The Government responded to the report in December, and ACF welcomed its recognition of the vital role the sector plays and commitment to dialogue.

Elsewhere in Government, Tracey Crouch was appointed Minister for Civil Society in June, replacing Rob Wilson who lost his seat at the general election. ACF has built a good relationship with the Minister and we look forward to working with her on a number of issues, not least the Civil Society Strategy which was announced late in the year.

ACF has established and built upon a number of relationships with key officials throughout the year as we look to be more proactive in our policy work. As well as the Minister, we have also met with the Prime Minister, Shadow Civil Society Minister, Minister for Culture & Digital, officials at the

Department for Communities and Local Government, the Chief Executive of the Charity Commission, and the Office of the Scottish Charity Regulator; during which we have been emphasising the increasingly important role that foundations play in civil society and ensuring that government is aware of the expertise that they can bring to the table and the pressures that they face.

We have connected foundations to people, organisations, governments and movements relevant to their work.

ACF's networks continue to be a significant and popular part of our offer to members. Specifically for foundation staff and trustees, our member-led networks focus on a funding theme (e.g. older people), type of foundations (e.g. corporate foundations), staff groups within foundations (e.g. operational support staff), or topics pertinent to a range of foundations (e.g. monitoring and evaluation). 2017 saw increased interest amongst members to lead the networks, with ten new members recruited to the team of volunteer convenors. One brand new network formed on the topic of mental health, currently prominent in the public consciousness, bringing the number of ACF networks to 15. In 2017, 27 network meetings took place with a total of 480 participants attending. As part of this strand of work, ACF led a delegation of six members from the Corporate Foundation Network to the 2nd European Corporate Foundation Knowledge Exchange in Zurich in November. ACF is also pleased to continue its partnership work with Charity Finance Group (CFG) in delivering a network specifically for finance teams of grant-making charities.

Finance and investment directors of large foundations continued to value ACF's Finance, Investment and Resources Management (FIRM) network, which provides a space for foundations to share ideas and solve problems in an environment conducive to effective learning. There are 22 members of FIRM, of which 16 are ACF members and 6 non-members.

ACF continued to provide the secretariat to the Woburn Place Collaborative (WPC), a network of foundations interested in social justice. In 2017 it held three meetings with external speakers providing stimulus on topics including: Brexit; an inclusive economy; the role of UK foundations in tackling poverty; and how governments, non-profits and public bodies can learn to listen to stakeholders.

Foundation chairs are connected at ACF's Annual Reception. This year it was held in January in partnership with the Association of Chairs, with Sir Jon Cunliffe, Deputy Governor of the Bank of England, as the keynote speaker. It was attended by 46 member chairs, and was a lively and engaging event.

As well as our own calendar of regular events, we are responsive to the interests and concerns of members and this informs our other events. This year, our other events have included working with ACOSVO to develop and deliver a roundtable as part of Scottish Parliamentary Funders Reception, and collaborating with the Environmental Funders Network on a cross-sector event bringing together funders of the arts and the environment.

The Intelligent Funding Forum met for a final time in November 2017, with the collaboration between ACF and the Big Lottery Fund (BLF) having achieved its aim of developing communication between the foundation community and BLF.

Three of our networks are funded by members to receive additional support from two dedicated ACF employees, who engage continuously with their respective networks to develop collaboration and drive forward opportunities for more effective working.

Senior Network Engagement Manager

In 2017, the Asylum, Refugee and Migration (ARM) Network and the Housing & Homelessness (H&H) Network have continued to grow their membership and level of engagement. During the year, the Senior Network Engagement Manager worked alongside the networks' co-convenors to provide a wide range of learning opportunities designed to encourage foundations to collectively reflect on their role in the ARM and H&H spaces and, when appropriate, explore potential avenues for collaboration.

As part of this work, a number of well attended funders' meetings were organised to discuss various topics, including: migration and integration, unaccompanied refugee children and the challenges they face, community-led and affordable housing solutions, digital innovation as a way to tackle social issues, the implications of the Homelessness Reduction Act, using data to improve grant-making effectiveness in the ARM and H&H sectors, low-cost modular building systems, etc. In addition to holding regular network meetings, the two networks also organised two project visits; one to a building site in West London where modular housing has been used to create affordable accommodations for vulnerable people, and one in Leeds to meet local grass-root refugee organisations.

In addition, ACF played a facilitative role in bringing together a group of foundations wishing to explore collaboration to improve the support available to unaccompanied refugee children, which has resulted in four foundations joining forces in this space. Moreover, the ARM Network partnered with Migration Exchange and held a joint tele-briefing session around immigration detention.

Finally, during the year the Senior Network Engagement Manager has developed a new strand of work around poverty by completing a scoping exercise exploring the role charitable foundations can play, with their finite but independent resources, to tackle poverty in the UK. The findings of the research, which has involved interviews and group discussions with 21 UK foundations, were published in a report which was widely disseminated amongst ACF's members and through other networks, including London Funders and the *Alliance Magazine*.

Northern Ireland Development Officer

ACF has continued to work within Northern Ireland as part of its UK-wide remit. With support from the Big Lottery Fund in 2017, the Northern Ireland Development Officer focused on work with members around the theme of 'accelerating change'. This looked at ways to share learning and ideas between foundations and other relevant stakeholders, and to multiply foundation assets and resources - financial, physical and knowledge-based - that can be deployed to build on innovative ideas and practice. The work has focussed on three areas: Building Resilience, Promoting Civic Engagement, and Strengthening the Voice of Charities.

We have inspired foundations to be ambitious and effective in the way that they use their resources.

ACF's new Stronger Foundations project will form a significant strand of work to enable us to inspire foundations to both ambitious and effective in the way they use their resources. We will bring foundation and sector leaders together to co-develop this project that will draw on a range of external experience and evidence. The project will identify and codify leading practice for foundations, with a view to enhanced effectiveness of individual foundations and a greater responsiveness to the concerns of beneficiaries. We successfully launched in December this year with over 50 foundations, beneficiaries, and other sector leaders taking part. 2018 will see ACF taking forward this ambitious project in support of foundations with a focus on six areas: strategy and governance; impact and learning; transparency and engagement; equality and diversity; funding practices; and intentional investing. For each of the six areas we are establishing a member-led working group to take forward a process of inquiry designed to be both challenging and provocative, with the secretariat function provided by ACF. The groups will gather evidence' aimed at answering the overall question: 'What does excellent foundation practice look like in this area?'

ACF's conferences provide a particularly focused opportunity for peer-learning and networking, as well as providing ACF with a unique platform to stimulate challenging debate.

This year's flagship annual conference took a different format to previous years in order to deepen the debate and capitalise on the opportunity of having a large number of members in one place. We extended the plenary session, which usually divides into two shorter sessions, and introduced greater audience interaction through 'digi-voting'. The conference theme, 'Navigating the now: foundations' role in complex times', drove lively discussions about demand, advocacy, mandate and longevity.

The new format proved to be a success; for the seventh year in succession the conference was fully booked with more members than ever before attending. It was attended by 362 people from 170 organisations. Evaluations showed that 98% of attendees would recommend it to a colleague, and over 90% found the break-out sessions relevant or highly relevant to their work.

We are always looking to improve our offer to members, and comments on the structure, content and logistics of the day will be taken into account. However our decision to adjust the structure of the day created the opportunity we wanted and gives us a good base to build on for next year's conference.

As part of its role as a UK-wide body, ACF holds an annual Northern Ireland conference. The event provides foundation staff and trustees with an interest in Northern Ireland the opportunity to engage with other funders, academics, and representatives from the voluntary and community sector, and to learn about the current funding, socio-economic, and political environments. This year the conference explored themes emerging from the Voluntary and Community Futures initiative led by the Building Change Trust. A highlight was dinner in the Members' Dining Room in Stormont - in the absence of a devolved administration - where Nick Garbutt, Editor of the voluntary sector magazine *Scope*, reflected further on the dysfunctionality of government, the failure of

consociational power sharing, and the loss of public trust in politics, in his presentation 'Reviving Democracy'.

We have thrived and been sustainable, supporting members over the longer term.

ACF has continued to evolve in 2017 under the leadership of Carol Mack, who was appointed as Chief Executive in December 2016. Carol is now focused on implementing the strategy for 2017-2021 with energy and ambition, while remaining committed to putting members at the heart of everything we do.

In 2017 we developed a digital strategy to enable more members to benefit from the insights and expertise shared at ACF events. We worked with presenters at a variety of our network meetings to record short interviews summarising their presentations, made available to our wider membership to develop a knowledge bank of current issues. We also ran our first webinar attracting 39 participants, with 10 additional requests for the presentation on the topic of GDPR. We will continue to grow this offer into 2018.

Total membership for ACF at the end of 2017 stood at 351 members, which is a 6% increase on 2016 (330 members). ACF membership retention for 2017 was 93%. This reflects the efforts made by the Senior Membership Manager, who has made strides in maintaining and developing ACF's member base.

In 2017 ACF worked to make its membership joining and renewal processes more efficient and easier for members. Alongside this, ACF produced new marketing materials and strengthened its profile and communications to help members and non-members have a better understanding of the benefits and services on offer, as well as to be able to access them easily.

ACF completed its membership strategy review, the aims of which were to: adopt a whole-organisation approach to recruitment, retention and engagement; ensure ACF is fit for purpose to deliver attractive membership to funders; and be more focused, confident, energetic and efficient in recruiting members. The Review details ACF's current membership activity, and makes a number of recommendations for enhancing processes and practice in the future.

Work has continued on transforming ACF's relationships with corporate entities; which, it is hoped, will better support our members in their work, as well as providing more coherence and benefit, both intellectual and financial, to the arrangements.

The capacity of ACF's finance and resources has also been expanded; the Executive Assistant now plays a greater role in the organisation's human resources function, and new human resources management software was introduced to streamline processes and make ACF more efficient.

OVER THE NEXT 12 MONTHS

... ACF will approach the inevitable challenges of running a lean and ambitious organisation with increased confidence and a growing reputation for excellence.

Some of the ways in which we will consolidate and improve our operations include:

Staffing

Responding to member feedback that ACF should enhance its advocacy on behalf of foundations, we will expand our policy capacity by making the Head of Policy position a full time role. There are also plans to grow the membership team in order to dedicate more resources to our membership and key stakeholders.

Strategy, Mission and Vision

We are entering the second year of delivering our strategic plan for 2017-21. Developed with deep engagement with the membership and wider stakeholders as well as input from both the ACF staff team and the board, the new strategy is an evolution, not a revolution, in the way we serve our members.

Remit and collaboration

This year ACF has placed considerable emphasis on its role as a UK-wide membership association. Building on our existing relationships, our project officer in Northern Ireland has continued to make progress in developing the funding community there, and we have maintained a close relationship to the Wales Funders' Forum as it has gone through a change in administration. We have enhanced our efforts to engage with members across the UK in a number of ways: we have welcomed 18 new members from Scotland through collaboration with Scottish Grant Makers, we have established a pattern of producing video summaries of network meetings for those who could not attend, and we have hosted our first webinar to bring our events to a wider audience. The ACF staff team has been travelling across the UK to enhance and renew our links to regional and national funding. We will keep this momentum up in 2018 as we build relationships with more regional funding networks and by taking advantage of digital opportunities to meet the needs of our members wherever they may be.

Further afield, ACF will continue to be an active member of the European DAFNE network of organisations which, like ACF, support foundations and grant-makers. In conjunction with ongoing interaction with membership organisations across the globe, this ensures that ACF is up to speed with issues at the global institutional level which may affect UK foundations. Our involvement with DAFNE is likely to increase in 2018 as ACF takes a seat on its Legal Affairs Committee. ACF is also a member of Worldwide Initiatives for Grant-maker Support (WINGS), which will continue to keep us in touch with global trends affecting philanthropy, civil society, and grant-making.

Our enhanced policy capacity has enabled us to maintain strong working relationships with other voluntary organisations on issues of common concern, including NCVO, the Charity Tax Group, and the Charity Finance Group, and build new relationships with other key stakeholders such as the European Venture Philanthropy Association and a number of think tanks and academic departments.

These relationships are crucial in supporting our policy function and expanding our remit as we seek to address the issues that arise from the varied aspects of our members' work.

Expanding our policy function

To achieve our strategic objective of advocating for an enabling environment for foundations, we will work to expand our policy function and augment our voice in this area based on member feedback. To do so, we will need to put in place systems that embed policy across the organisation and allow us to consult members quickly and effectively. Work has already begun in this area and we look forward to it bearing fruit in 2018.

We will continue to build on our engagement with policy makers and opinion formers, taking more and more proactive steps to ensure our interventions are timely and impactful. Our messaging and focus on this issue remains clear: although foundations' financial contribution is small compared with that of the public sector, what they offer in the wider funding ecology is incredibly valuable; for example, as one of the few remaining providers of grant funding, or as social investors who are able to give priority to social outcomes in ways that other investors may not, often by backing innovative and risk-exposed projects. We will also emphasise that foundations provide much more than just money; the 'toolkit' encompasses human resource, expertise, local and specialist knowledge, convening power, and advocacy. Underpinned by a strong and developing evidence base, ACF will continue to tell a compelling story about foundations and deliver ever-more effective interventions on their behalf.

New initiatives

Following its successful launch in December this year, ACF will take forward the ambitious Stronger Foundations project. Led by practitioners with input from beneficiary groups and other experts, it is likely to cover areas such as learning and impact, diversity and transparency. Work will begin in 2018 on launching two working groups that members have shown considerable enthusiasm in, for which ACF will provide facilitative support to member-led discussions. Further ahead, developments within the project will inform our policy and events offer to members over the coming years.

With the success of our digital platforms in 2017, including the introduction of webinars and video to our portfolio, we will be looking at how else we can maximise our use of technology within our means to reach our membership across the UK. Good use of technology will play a role in fulfilling each of our strategic objectives, with particular emphasis on supporting them with challenges they face and connecting them with peers.

Preparations for the flagship 2018 Annual Conference have already begun, with the ACF staff team looking to build on the success that this year's change in structure brought. We will also be considering the future development of existing and new member networks to ensure we are addressing the issues that matter most to our members.

In these straitened times, ACF has reviewed its own use of resources and concluded that we were not maximising the value of our relationships with corporate partners, like those who have generously sponsored the Annual Conference. Work on doing so is ongoing and there will be more to share in the year ahead.

On the international front, the Chief Executive and the Senior Network Engagement Manager will be addressing DAFNE's winter meeting in Sofia in January 2018 to share ACF's insights on the effective management of a membership association, our take on the policy environment for foundations in the UK, and on our poverty report respectively. The Director of External Affairs will be joining the DAFNE Legal Affairs Committee in February to discuss the space for philanthropy in Europe. Working closely with international colleagues and learning from their experience is more important than ever as the UK sets sail on uncharted waters in its transnational relationships.

THE FUTURE

... will see ACF continue to support UK foundations in a variety of creative and impactful ways through the provision of information, advocacy, and learning. We will continue to increase our influence through the delivery of first-class communications, robust policy interventions, and nuanced thought-leadership. We will remain a focused and dynamic organisation and continue to develop, improve, refine and consolidate our activities with the aim of preserving an enabling environment in which the foundation model can flourish.

GOVERNANCE

Role of the Trustee Board

The Board is responsible for the general management and supervision of the work of ACF. It sets ACF's strategy, delegating operational decisions to the Chief Executive and her staff.

Appointment of Board members

The Board comprises 12 elected members, together with up to five co-optees. All elected trustees must be connected to a member of ACF, for example as a trustee or as a member of staff. Their term of office is three years with re-election for a further term permitted. Potential trustees can be nominated by any full or associate member of ACF and, where there are more nominees than vacancies, an election is conducted by postal ballot.

Induction and training

Prior to attending their first meeting, new Board members are briefed by the Chair and have an initial induction meeting with the Chief Executive, with the opportunity to meet with the staff team. They receive an information pack as part of their induction which includes the relevant guidance for trustees from the Charity Commission, together with papers from recent Board meetings. Trustees individually also attend ACF's member events and thereby widen their awareness of current issues and concerns amongst ACF's membership.

ACF's objects and public benefit

ACF's objects are to "*further the work of charitable grant-making trusts and institutions for the public benefit by:*

- *advancing the education of the public in such trusts and institutions and carrying out research and publishing the results of such research;*

- *promoting the collective and individual effectiveness of such trusts and institutions and better methods of administration and management of their resources”*

As set out above, these objects are delivered through our strategic aims and this report has set out in detail how these aims have been taken forward. Each has been undertaken in support of the needs of the individuals, groups and communities who will benefit as a consequence of improved standards of practice and operation by our member trusts and foundations. The trustees have had regard to the Charity Commission’s guidance on public benefit in considering what work the charity should undertake and in the performance of their duties.

Risk

The Board reviews ACF’s risk register twice per year and ACF’s principal risks are listed below. Trustees monitor these risks carefully and take appropriate steps to mitigate them.

Strategic objective	Risk	Mitigation
<i>Thrives</i>	Mid- to longer-term financial sustainability	Trustees are reviewing ACF’s income mix in its entirety and are taking steps to both diversify and increase unrestricted income.
<i>Thrives</i>	Security of long term accommodation	ACF’s landlord has exercised the break clause in the lease in April 2018, requiring ACF to have secured new premises from October 2018. Although our landlords have indicated that they may offer us a new 12 month lease, ACF is also investigating other accommodation options, and has designated funds to cover the costs of the move.
<i>Thrives</i>	Managing ACF’s pension liability arising from its membership of the Pensions Trust Growth Plan	Trustees are maintaining active membership of the scheme to avoid triggering a s75 exit debt, and building a reserve fund to cover the deficit.
<i>Supports; Advocates; Connects; Inspires; Thrives</i>	Changes to key personnel	Trustees obtain professional advice for key appointments and invest in ACF’s HR policies and practices to avoid preventable loss of intelligence when staff leave
<i>Advocates</i>	The risk arising from Government or regulators proposed changes that adversely affect foundations’ freedom to operate.	ACF maintains an active policy role and a dedicated governance budget to oversee it to help protect Foundations’ operating environment

FINANCIAL REVIEW

Sources of funding

ACF's principal sources of funding are membership subscriptions, grants and fees for its charitable activities. Members pay an annual subscription on a sliding scale, which is based on their grant expenditure in the previous year. Unrestricted income from member subscriptions, as well as voluntary income from other sources, was used to provide services to members and others in support of our strategic objectives, as set out above.

In 2016, member subscriptions generated £590k in income, and member services cost £728k to deliver, with the shortfall covered from a range of other sources, including grant income and sponsorship. In 2017 timing issues around recruitment of new staff to deliver enhanced member services saw member subscriptions generate £638k compared to the cost of member services at £611k. 2018 will see ACF invest significantly in additional capacity to deliver membership services and the residual £27k of income from 2017 membership subscriptions has therefore been carried forward to 2018 in the capacity fund to part-fund this, as set out in more detail below.

Restricted income in the form of project grants was used for specific areas of work described elsewhere in this report. We also receive sponsorship and commercial support for some of our activities. This year, the board has formalised this arrangement in order to both strengthen services to members and to strengthen ACF's ability to plan over the longer term. As a result, in 2018, the board launched the Official Partner Programme as the official vehicle for ACF's corporate partnerships and this will feature for the first time in ACF's 2018 accounts.

The trustees are aware of the revised fundraising guidance issued by the Charity Commission. The charity does not currently carry out any fundraising activity in order to raise funds from the general public. Grants are received from organisations for specific projects and for the general development of ACF's membership services, as shown on the statement of financial activities.

Our financial position

The board is pleased to report that this year has been a positive year for ACF financially. Unrestricted income increased by £67k from £763k to £830k. This is mainly due to membership income increasing by £47k and events income by £15k. At the same time, unrestricted expenditure fell by £118k, mainly due to staffing and indirect costs being £100k less than in 2016. Much of this is due to activity scheduled for 2017 being postponed until 2018, and governance costs being down by £16k due to 2016 being temporarily high from the cost of the strategic review.

Restricted income is down from £403k in 2016 to £149k pa. This reflects the timing of funds with some of ACF's restricted funds being paid in previous years for activity taking place in this financial period. It also reflects the fact that a number of ACF's funds are now coming to a close, most notably, funding from City Bridge Trust for City Philanthropy Initiative ending in 2017.

As a result, ACF's unrestricted funds have increased by £174k in the period.

Designated funds

The trustees have reviewed ACF's strategic and operating plan for 2018 and 2019 and in preparation made three new designations:

- Office move: £60k to cover the costs of an office move, which may take place in 2018;
- Capacity fund: £50k to cover costs for activity scheduled for 2017 but postponed until 2018, and;
- Web developments: £20k to cover the costs of a rebuild of the Funder Network website and developments to the ACF website, scheduled for 2018.

Pension deficit reduction fund

As reported last year, ACF is carrying a Pensions Trust Growth Plan liability on its balance sheet. This year has seen a modest reduction down to £86k from £94k in 2016. Trustees continue to allocate £10k per year to a designated fund which over time will help offset this liability. This is currently £30k.

The balance of £34k will be invested in ACF's reserves to ensure the provision of services to members over the longer term, and bring us closer to our target level of reserves, as set out below.

Reserves policy

The trustees have considered the unrestricted reserves that ACF requires to sustain its operations. In doing so they have considered Charity Commission guidance on charity reserves as set out in CC19 and concluded that a target general reserve of c£500k, approximately six months' budgeted unrestricted expenditure, should be set. This will provide sufficient funds to underpin the Association's work and ensure that ACF is well placed to deliver services to its members over the longer term.

ACF currently holds £347k in unrestricted funds (see note 13b). Of this, £74k is held in a mix of designated funds and pension liability funds, as follows:

Designated Pension Trust deficit reduction fund	£30k
Pension Deficit Liability reserve	(£86k)
Designated office move fund	£60k
Designated capacity fund	£50k
Designated web development fund	£20k
Total:	£74k

This leaves £272k in ACF's general fund, of which £14k is held in fixed assets, resulting in £258k held in free reserves. This represents a £47k increase from 2016, £34k of which is funded by 2017's operating surplus, and the remainder is due to movement in depreciation and the pension liability fund. The modest increase from the £211k held in reserves in 2016 enables ACF to start 2018 on a stronger footing, while recognising that we are still working towards the target reserves level.

Remuneration policy

The Trustees consider the Board of Trustees, the Chief Executive and the Directors and Heads of Departments as comprising the key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a day to day basis. All trustees give of their time freely and no trustee remuneration was paid in the year.

ACF's provides a competitive employment offer, with salaries pitched around or just above the median for the sector, and which is designed to attract and retain good potential new recruits while ensuring employees stay for the desired length of time. Budgetary constraints, the external environment, what comparators are offering, the values of the organisation and the morale of staff will all be factors in deciding the employment offer, which may include more than just salary. For example it could include learning and development provision, flexible working etc. ACF has a variety of policies and benefits which aim to respond to diverse staff needs but which cumulatively create a rewarding and holistic package. The aim is to be 'an employer of choice' for those whom the organisation is seeking to employ.

ACF is a London Living Wage employer. The differential between the highest and lowest paid staff member should be no greater than pro rata x6. It is currently lower than x3.5.

LEGAL & ADMINISTRATIVE INFORMATION

Status

ACF is a registered charity, with registration number 1105412, and a company limited by guarantee, incorporated 27 July 2004, and registered in England and Wales (registration number 5190466). Its governing document is a Memorandum and Articles of Association. ACF's principal and registered office is: Acorn House, 314-320 Gray's Inn Road, London, WC1X 8DP.

ACF has a wholly owned trading subsidiary, ACF Conferences and Seminars Limited, a company limited by share capital and incorporated on 5 January 2000, registration number 3902450. The surplus achieved by the trading subsidiary in 2017, mainly by way of conference sponsorship was gifted to the Association at the end of the financial year. The trading accounts of the subsidiary have not been consolidated into the main accounts of the Association.

Trustees' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

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

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

TRUSTEES, STAFF AND ADVISERS

Board of Trustees

Chair	Amanda Jordan OBE, Trustee, The Baring Foundation
Vice Chair	Kenneth Ferguson, Director, Robertson Trust
Vice Chair	Janet Morrison, Chair, The Baring Foundation (from 10.7.18)
Treasurer	Paula Kahn, Governor, Cripplegate Foundation

Nick Acland, Director, Henry Smith Charity (from 8.11.17)

Andrew Barnett, Director, Calouste Gulbenkian Foundation – UK branch

Gary Beharrell, Grants Manager, Lloyds Bank Foundation for England & Wales

Fozia Irfan, Trustee, The Wakefield and Tetley Trust (from 1.2.18)

Dr Joanne Knight, Director, Triangle Trust

Sara Longmuir; Director of Finance and Investment, Lankelly Chase Foundation (until 31.1.18)

Sheila Jane Malley, Trustee, The Co-op Foundation

Andrew Stafford, Director, The Dulverton Trust (until 8.11.17)

Jane Streather, Trustee, The Millfield House Foundation (until 8.11.17)

Antony Tomei CBE, Trustee, The Bell Foundation

Muna Wehbe, Chief Executive, Stars Foundation

Tim Wilson, Principal Grants & Social Investment Officer, City Bridge Trust

James Wragg, Director of Operations, Esmée Fairbairn Foundation

Committees and reference groups

Officers Group

Amanda Jordan OBE (Chair)
Kenneth Ferguson (Vice Chair)
Janet Morrison (Vice Chair) (from 10.7.18)
Paula Kahn (Treasurer)

Nominations & Remunerations Committee

James Wragg (Chair)
Gary Beharrell
Kenneth Ferguson
Sheila Jane Malley
Amanda Jordan (*ex officio*)

Finance and Risk Committee

Paula Kahn (Chair)
Kenneth Ferguson (from 1.2.18)
Sara Longmuir (until 31.1.18)
Dr Joanne Knight
Tim Wilson

Staff Team

Chief Executive, Carol Mack
Director of External Affairs, Keiran Goddard
Director of Resources, Liz Pepler (until 12.04.18)
Head of Learning & Events, Esther Thompson
Executive Assistant, Stephanie Brittan
Head of Policy, Richard Jenkins (until 30.4.17)
Head of Policy, Max Rutherford (from 16.04.18)
Senior Membership Manager, Natasha Robinson
Senior Network Engagement Manager, Cristina Andreatta (until 31.01.18)
Acting Finance Manager, Natasha Kousseff
Policy and Communications Manager, Emma Hutchins
Northern Ireland Development Officer, James Magowan
Events Officer, Victoria Le Lerre (until 15.12.17)

Advisers and Bankers

Bankers

Cater Allen Private Bank,
9 Nelson Street,
Bradford, BD1 5AN

CCLA Investment Management Ltd.,
COIF Charity Funds,
80 Cheapside, London, WC2V 6DZ

Unity Trust Bank,
Nine Brindley Place,
Birmingham, B1 2HB

Close Brothers Limited,
10 Crown Place,
London, EC2A 4FT

Solicitors

Farrer & Co,
66 Lincoln's Inn Field
London, WC2A 3LH

Russell-Cooke,
2 Putney Hill
London, SW15 6AB

Auditors

Saffery Champness LLP Chartered Accountants,
71 Queen Victoria Street
London, EC4V 4BE

In preparing this report the trustees report the trustees have taken advantage of the small companies exemption provided by section 415A of the Companies Act.

Approved by the Board and signed on its behalf by:

.....
Amanda Jordan OBE (Chair)

.....
Paula Kahn (Treasurer)

Date

Date

OUR THANKS

ACF's work would not be possible without additional support and encouragement from many members and other supporters. We would like to express our particular thanks for these as follows:

For financial support of ACF's core activities:

- Garfield Weston Foundation

For financial support of the development of ACF's policy and communications work:

- Barrow Cadbury Trust
- Esmée Fairbairn Foundation

For supporting research by Professor Cathy Pharoah, co-Director of the Centre for Charitable Giving and Philanthropy, at Cass Business School, which resulted in the publication by ACF of *Foundation Giving Trends 2017*:

- The Pears Foundation

For supporting our work in Northern Ireland, including the role of the Northern Ireland Development Officer:

- Big Lottery Fund

For funding a project on knowledge sharing and learning for funders impacting on housing and homelessness:

- Oak Foundation
- Comic Relief
- The Joseph Rowntree Foundation
- The Nationwide Foundation
- The Rayne Foundation
- and other anonymous funders

For funding ACF to lead Inspiring Impact's work with funders:

- A consortium of funders, administered by New Philanthropy Capital

For a grant to encourage philanthropy in the City of London:

- City Bridge Trust

For financial support of the following publications:

- The Santander Foundation to enable us to print a series of good grant making guides

For supporting a series of seminars on effective endowment management:

- CCLA

For sponsoring the ACF 2017 conference:

- Cazenove Charities
- Newton Investment Management Ltd.
- Farrer & Co
- Buzzacott

For support and co-hosting of the Intelligent Funding Forum:

- Big Lottery Fund

For their part in the Northern Ireland steering group:

- Joanne McDowell, Big Lottery Fund for Northern Ireland
- Paddy Sloan, BBC Children in Need (NI)
- Lauri McCusker, Fermanagh Trust

For serving on the FIRM steering group:

- Sara Longmuir, Lankelly Chase Foundation
- Mark O'Kelly, Barrow Cadbury Trust
- Hunada Nouss, Children's Investment Fund Foundation
- Amahl Smith, Royal Commission for the Exhibition of 1851

We would also like to thank all those many members who have generously hosted meetings on behalf of ACF or given their time to convene our Networks or to speak at our events.

Association of Charitable Foundations
Independent auditor's report to the members

Opinion

We have audited the financial statements of Association of Charitable Foundations for the year ended 31 December 2017 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the charitable company's state of affairs as at 31 December 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

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 auditors 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.

Basis for opinion

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

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to

continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report which includes the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report which includes the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and to take advantage of the small companies exemption in preparing the Trustees' Annual Report and the Strategic Report.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 21, the trustees (who are also directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Companies Act 2006 and report in accordance with that Act.

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

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

.....

Cara Turtington (Senior Statutory Auditor)
For and on behalf of Saffery Champness LLP

Saffery Champness LLP	71 Queen Victoria Street
Chartered Accountants	London
Statutory Auditors	EC4V 4BE

Date:

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

ASSOCIATION OF CHARITABLE FOUNDATIONS
STATEMENT OF FINANCIAL ACTIVITIES
(incorporating an income and expenditure account)
For the year ended 31 December 2017

	Note	Unrestricted £	Restricted £	2017 Total £	2016 Total £
Income from:					
Donations and legacies					
Gifted from trading subsidiary		18,426	-	18,426	18,741
Charitable activities:					
Members' subscriptions		637,626	-	637,626	590,114
WPC & FIRM subscriptions		27,450	-	27,450	21,985
Conferences and meetings		107,009	-	107,009	92,898
Fees and grants	5	-	149,113	149,113	403,427
Earned income		1,696	-	1,696	1,619
Other trading activities		15,000	-	15,000	15,000
Investment income		1,185	-	1,185	2,092
Other income including rental income		21,944	-	21,944	20,102
Total income		830,336	149,113	979,449	1,165,978
Expenditure on:					
Charitable activities:					
Members' services	4	610,864	-	610,864	727,690
Conferences and meetings	4	45,656	-	45,656	47,285
Project expenditure	4, 5	-	270,849	270,849	364,708
Total expenditure		656,520	270,849	927,369	1,139,683
Net income/(expenditure)	2	173,816	(121,736)	52,080	26,295
Actuarial gains/(losses) on defined benefit pension schemes	12	(165)	-	(165)	(4,224)
Net movement in funds	13	173,651	(121,736)	51,915	22,071
Reconciliation of funds:					
Total funds brought forward	13	173,053	216,883	389,936	367,865
Total funds carried forward	13	346,704	95,147	441,851	389,936

All of the above results are derived from continuing activities.
There were no other recognised gains or losses other than those stated above.
The attached notes form part of these financial statements.

ASSOCIATION OF CHARITABLE FOUNDATIONS
BALANCE SHEET
For the year ended 31 December 2017

	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets:					
Tangible assets	7		13,904		36,346
Investments	8		<u>2</u>		<u>2</u>
			13,906		36,348
Current assets:					
Debtors	9	76,014		150,194	
Cash at bank and in hand		312,244		194,108	
Short term deposits		<u>322,385</u>		<u>247,547</u>	
		710,643		591,849	
Liabilities:					
Creditors: amounts falling due within one year	10	<u>(131,975)</u>		<u>(111,745)</u>	
Net current assets			<u>578,668</u>		<u>480,104</u>
Total assets less current liabilities			592,574		516,452
Creditors: amounts falling due after one year	10a		<u>(65,001)</u>		<u>(32,000)</u>
Net assets excluding pension liability			527,573		484,452
Defined benefit pension scheme liability	12		<u>(85,722)</u>		<u>(94,516)</u>
Total net assets			<u><u>441,851</u></u>		<u><u>389,936</u></u>
Funds					
Restricted funds	13		<u>95,147</u>		<u>216,883</u>
Unrestricted funds:					
Designated funds					
Pension Trust deficit reduction fund	13	30,000		20,000	
Pension liability reserve	13	(85,722)		(94,516)	
Office move	13	60,000		-	
Capacity fund	13	50,000		-	
Web developments fund	13	20,000		-	
General fund	13	<u>272,426</u>		<u>247,569</u>	
Total unrestricted funds			<u>346,704</u>		<u>173,053</u>
Total funds			<u><u>441,851</u></u>		<u><u>389,936</u></u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved by the trustees and authorised for use on _____ 2018
and signed on their behalf by:

Amanda Jordan OBE
Chair

Paula Kahn
Treasurer

Company registration no. 5190466

The attached notes form part of the financial statements.

ASSOCIATION OF CHARITABLE FOUNDATIONS
STATEMENT OF CASH FLOWS
For the year ended 31 December 2017

	Note	2017 £	2017 £	2016 £	2016 £
Net cash provided by operating activities	14		192,914	192,914	54,913
Cash flows from investing activities:					
Purchase of fixed assets		(1,127)		(2,217)	
Purchase of investments				4,225	
Interest income		<u>1,185</u>			
Cash provided by investing activities			58		2,008
		192,971			
Cash flows from financing activities			-		-
Change in cash and cash equivalents in the year			<u>192,972</u>		<u>56,921</u>
Cash and cash equivalents at the beginning of the year			441,656		384,735
Cash and cash equivalents at the end of the year	15		<u>634,628</u>		<u>441,656</u>

1a Accounting Policies

The following principal accounting policies have been consistently applied in preparing the financial statements.

Basis of preparation

These financial statements have been prepared in accordance with the Accounting and Reporting by Charities Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS102) (effective 1 Jan 2015), Charities SORP (FRS102) and the Companies Act 2006. The functional currency of the charity is £.

Public benefit entity

The Association of Charitable Foundations meets the definition of a public benefit entity under FRS102. Assets and liabilities are usually recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Critical estimates and areas of judgement

Judgements and 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 making these estimates the charity makes assumptions concerning the future. The Trustees do not believe that there is a significant risk of a material adjustment being made to the carrying amounts of assets and liabilities included in these financial statements within the next financial year. Key estimates include the useful economic life of fixed assets, the recoverability of debtors and the assumptions made by the actuary in valuing the pension liability.

Fund accounting

Unrestricted funds comprise both the General Fund and any Designated Funds. The General Fund comprises donations and other incoming resources received or generated for the objects of the Association without further specified purpose.

Trustees have designated five funds: the Pensions Deficit Reduction Fund, the Pension Liability Reserve Fund, the Office Move Fund, the Capacity Fund, and the Web Developments Fund. All represent funds that the trustees have put aside from general funds to fund particular expenditure and are restricted in an administrative rather than a legal sense.

Restricted funds are to be used for specified purposes as laid down by the donor. Restricted grants are recognised in full in the Statement of Financial Activities in the period in which they are received or receivable whichever is the earlier, unless they are for a specified period in which case they are deferred. These funds and movements in them are

Tangible fixed assets

Expenditure on office equipment of less than £500 is charged to the Statement of Financial Activities when incurred. Expenditure greater than £500 is capitalised and depreciated. Depreciation is provided on capitalised fixed assets at rates calculated to write off the cost of each asset over their expected useful lives as follows (less estimated residual value where this is readily available):

Office Furniture, IT and telecommunications equipment	3 years
Leasehold improvements - Acorn House	5 years

A full year's depreciation is charged in the year an asset is purchased.

ASSOCIATION OF CHARITABLE FOUNDATIONS

Notes to the financial statements

For the year ended 31 December 2017

Incoming resources

All incoming resources are included in the Statement of Financial Activities (SOFA) when the charity is legally entitled to receipt, any performance conditions attached have been met, it is probable that the income will be received and the amount can be measured reliably. Deferred income is income received or recorded before it is earned, and shown in the income statement only when it can be matched with the period in which it is earned.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Wherever possible costs are directly attributed to these headings. Costs common to more than one area are apportioned using a suitable basis.

Allocation of support costs

Indirect costs are those costs incurred in support of the charitable objectives and governance of the Association. These have been allocated to the charitable activities on a basis that fairly reflects the true use of those resources within the organisation.

The investment in the subsidiary is stated at cost.

Financial assets/liabilities

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

Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

Pension Arrangements

ACF is a member of Now:Pensions and enrolls all qualifying staff into the scheme in accordance with the Pensions Regulator's requirements. This is a defined contribution scheme.

ACF also participates in the Pensions Trust Growth Plan scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

1b. Statement of financial activities 2016 included for comparative purposes

	Note	Unrestricted £	Restricted £	2016 Total £
Income from:				
Donations and legacies				
Gifted from trading subsidiary		18,741	-	18,741
Charitable activities:				
Members' subscriptions		590,114	-	590,114
WPC & FIRM subscriptions		21,985	-	21,985
Conferences and meetings		92,898	-	92,898
Fees and grants	5	-	403,427	403,427
Earned income		1,619	-	1,619
Other trading activities		15,000	-	15,000
Investment income		2,092	-	2,092
Other income including rental income		20,102	-	20,102
Total income		762,551	403,427	1,165,978
Expenditure on:				
Charitable activities:				
Members' services	4	727,690	-	727,690
Conferences and meetings	4	47,285	-	47,285
Project expenditure	5	-	364,708	364,708
Total expenditure		774,975	364,708	1,139,683
Net (expenditure)/income for the year		(12,424)	38,719	26,295
Actuarial gains/(losses) on defined benefit pension schemes	12	(4,224)	-	(4,224)
Net movement in funds		(16,648)	38,719	22,071
Reconciliation of funds:				
Total funds brought forward	13b	189,701	178,164	367,865
Total funds carried forward	13b	173,053	216,883	389,936

2. Net income/expenditure for the year

This is stated after charging:	2017	2016
	£	£
Depreciation	23,569	29,148
Auditors' remuneration:		
Audit fees	8,075	9,084
Operating lease rentals: property	43,326	59,007
	<u><u>577,873</u></u>	<u><u>755,453</u></u>

3. Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

	2017	2016
	£	£
Salaries and wages	447,095	549,616
Social security costs	41,532	60,518
Pension contributions	43,936	44,166
Pension Trust finance cost	1,281	6,539
Recruitment & training	11,387	49,470
Temporary staff, consultancy & all other staff costs	32,642	45,143
	<u><u>577,873</u></u>	<u><u>755,453</u></u>

Staff costs were incurred in the following way:	2017	2016
	£	£
Unrestricted funds		
Members' services	<u><u>325,519</u></u>	<u><u>487,334</u></u>
Restricted funds		
City Philanthropy Initiative	31,456	125,587
Effective Foundations Initiative	-	10,022
Inspiring Impact	16,465	9,625
Northern Ireland Development Officer	95,147	20,593
Network Development - Funding Consortium	36,124	-
Network Development - Oak	24,579	52,980
Policy	27,883	39,312
Comms	15,000	-
Foundation Giving Trends	5,700	10,000
	<u><u>252,354</u></u>	<u><u>268,119</u></u>
Total	<u><u>577,873</u></u>	<u><u>755,453</u></u>

The following number of employees received benefits (excluding employer pension) during the year between:

	2017	2016
£80,000 and £89,999	1	1
£70,000 and £79,999	-	-
£60,000 and £69,000	-	1

The total employee benefits including pension contributions of key management personnel were £250,265 (2016: £323,659).

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2017	2016
Charitable Activities	11	11
Governance	1	1
	<u><u>12</u></u>	<u><u>12</u></u>

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

	2017	2016
Charitable Activities	10	11
Governance	1	1
	<u><u>11</u></u>	<u><u>12</u></u>

4. Resources Expended

Analysis of Total Resources Expended

	Staff Costs	Indirect Costs	Governance Costs	2017	2016
	£	£	£	£	£
<u>Unrestricted Funds</u>					
Members' Services	409,613	192,013	9,238	610,864	727,690
Conferences and Meetings	-	44,152	1,504	45,656	47,285
Total Unrestricted RE	409,613	236,165	10,742	656,520	774,975
<u>Restricted Funds</u>					
Project Expenditure	168,261	102,589	-	270,850	364,708
Total Restricted RE	168,261	102,589	-	270,850	364,708
Total Resources Expended	577,874	338,754	10,742	927,370	1,139,683
	(Note 3 and 4b)	(Note 4a)	(Note 4c)		

4a. Analysis of Indirect Costs

	Members' Services	Conf & Meetings	Project Expenditure	2017	2016
	£	£	£	£	£
ICT & Communications	18,381	2,992	2,026	23,399	24,760
Printed Matter etc	36,814	1,932	38,227	76,973	78,962
Meetings & Events	-	25,798	4,535	30,333	49,015
Other & staff expenses	54,318	-	42,119	96,437	90,387
Property Related Expenditure	82,500	13,430	15,682	111,612	112,008
	192,013	44,152	102,589	338,754	355,131

Indirect costs, where relevant, have been allocated based on actual expenditure. IT & property costs have been apportioned between Members' Services and Conferences & Meetings based on income percentages.

4b. Analysis of Staff Costs

	Members' Services	Project Expenditure	2017	2016
	£	£	£	£
Salaries and wages	299,443	147,653	447,096	549,616
Social security costs	34,978	6,554	41,532	60,518
Pension contributions	37,382	6,554	43,936	44,166
Pension Trust deficit contributions	1,281	-	1,281	6,540
Recruitment and training	11,387	-	11,387	49,470
Temporary staff, consultancy & all other staff costs	25,142	7,500	32,642	45,143
	409,613	168,261	577,874	755,453

4c. Analysis of Governance Costs

	2017	2016
	£	£
Audit Fee - current year	8,075	9,084
Internal & External Meetings	2,170	949
Trustee expenses	483	911
Sundries	13	2,005
Strategic Review	-	16,150
	10,741	29,099

Governance cost apportioned based on income percentages.

5. Restricted Funds

Project	City Philanthropy Initiative	Effective Foundations	Inspiring Impact	Northern Ireland Devmt Officer	Network Development (2014-17)	Network Development (2017-18)	Policy	Communications	Foundation Giving Trends	Good Grant-Making Guides	Total 2017	Total 2016
	£	£	£	£	£	£	£	£	£	£	£	£
Grant income	-	-	15,000	13,497	-	57,416	-	15,000	48,200	-	149,113	403,427
Expenditure												
Staff & consultancy	31,456	-	16,465	11,052	24,579	36,124	27,883	15,000	5,700	-	168,259	268,119
Direct project costs	33,219	-	-	6,040	8,830	592	-	-	33,637	4,590	86,908	72,352
Overheads	4,288	-	-	-	-	-	-	-	11,395	-	15,683	24,236
Total	68,963	-	16,465	17,092	33,409	36,716	27,883	15,000	50,732	4,590	270,849	364,707
Net Income	(68,963)	-	(1,465)	(3,595)	(33,409)	20,700	(27,883)	-	(2,532)	(4,590)	(121,736)	38,719
As at 1.1.17	68,963	56,162	2,715	15,629	33,409	-	27,883	5,000	2,532	4,590	216,883	178,163
As at 31.12.17	-	56,162	1,250	12,034	-	20,700	-	5,000	-	-	95,147	216,883

5. Restricted Funds

City Philanthropy Initiative

City Philanthropy Initiative was funded by the City Bridge Trust and aimed to promote and encourage philanthropy within the City of London. In line with expectations, this project closed on 31 March 2017 and the underspend was returned to the funder.

Effective Foundations Initiative

The Effective Foundations Initiative is legacy funding from The Diana, Princess of Wales Memorial Fund and the Tubney Charitable Trust.

Inspiring Impact

Funded by a consortium of funders and administered by the New Philanthropy Capital, Inspiring Impact aims to enable trusts and foundations to map the impact of their grant-giving.

Northern Ireland Development Officer

Funded by the Big Lottery Fund to support the work of ACF's members in Northern Ireland.

Network Development (2014-17)

Funding from the Oak Foundation for a project on knowledge sharing and learning for funders impacting on housing and homelessness, and asylum, refugee and migration issues.

Network Development (2017-18)

Funding for the continuation of the above, from:

Joseph Rowntree Foundation	£13,500 (including a contribution towards poverty work)
Nationwide Foundation	£13,167
Anonymous	£10,000
Rayne Foundation	£10,000
Comic Relief	£7,000
Anonymous	£3,750
Total received in year	£57,417

Policy

Funding from Esmee Fairbairn Foundation and Barrow Cadbury Trust to support the development of ACF's policy work.

Communications

Funding from Barrow Cadbury Trust to support the development of ACF's external affairs and communications work.

Foundation Giving Trends

Funding from the Pears Foundation to support research by Professor Cathy Pharoah resulting in the annual publication by ACF of Foundation Giving Trends.

Santander Foundation

Funding for the print of the Introduction to Grant-Making series of publications.

ASSOCIATION OF CHARITABLE FOUNDATIONS

Notes to the financial statements

For the year ended 31 December 2017

6. Trustee Board Expenses

The Trustee Board members received no remuneration.

The amount of travel and other expenses reimbursed to, or paid on behalf of three Trustee Board members was £483 (2016: three members at £911).

All elected trustees must have a current association (e.g. trustee, staff member, advisor etc.) with a UK foundation that is a member of ACF. Membership fees to these members have been raised on an arms-length basis.

There were no related party transactions requiring disclosure in the year.

7. Tangible Fixed Assets

	Acorn House Leasehold Improvements	Office Furniture, IT and telecoms equipment	Total
	£	£	£
Cost			
At 1 January 2017	60,386	111,853	172,239
Additions in the year	-	1,127	1,127
Disposals in the year	-	-	-
At 31 December 2017	<u>60,386</u>	<u>112,980</u>	<u>173,366</u>
Depreciation			
At 1 January 2017	(35,882)	(100,011)	(135,893)
Disposals in the year	-	-	-
Charge for the year	<u>(12,084)</u>	<u>(11,485)</u>	<u>(23,569)</u>
At 31 December 2017	<u>(47,966)</u>	<u>(111,496)</u>	<u>(159,462)</u>
Net Book Value			
At 31 December 2017	<u>12,420</u>	<u>1,484</u>	<u>13,904</u>
At 31 December 2016	<u>24,504</u>	<u>11,842</u>	<u>36,346</u>

All tangible fixed assets are used for direct charitable purposes.

ASSOCIATION OF CHARITABLE FOUNDATIONS
Notes to the financial statements
For the year ended 31 December 2017

8. Investment in subsidiary undertaking	2017	2016
	£	£
	2	2

The charity holds 100% of the issued ordinary share capital of the following company:

Subsidiary	ACF Conferences and Seminars Ltd
Country of registration	England and Wales
Class	Ordinary
Shares held	100%

The aggregate amount of capital and reserves and result of this undertaking for the last relevant financial year were as follows:

Subsidiary	ACF Conferences and Seminars Ltd
Principal activity	Conferences
Capital and reserves	£2
Profit for the year	£nil

	2017	2016
	£	£
Turnover for the period	54,150	50,000
Cost of sales	<u>35,724</u>	<u>31,259</u>
Gross profit	18,426	18,741
Profit on ordinary activities before taxation	<u>18,426</u>	<u>18,471</u>
Tax on profit on ordinary activities	-	-
Profit for the year	<u><u>18,426</u></u>	<u><u>18,471</u></u>

ASSOCIATION OF CHARITABLE FOUNDATIONS
Notes to the financial statements
For the year ended 31 December 2017

9. Debtors

	2017	2016
	£	£
Amounts due from subsidiary undertaking	23,426	34,825
Prepayments and accruals	9,682	4,685
Other debtors	42,906	110,684
	<u>76,014</u>	<u>150,194</u>

£5,000 of the total owed by ACF Conference and Seminars Ltd is a loan and is repayable at the option of the charity and is non interest-bearing.

10. Creditors: amounts falling due within one year

	2017	2016
	£	£
Accruals	15,184	19,426
Meeting fees received in advance	8,017	8,679
Subscriptions received in advance	81,725	21,815
Staff leave carried forward	6,687	8,807
Staff pensions	3,932	22,400
Other creditors	16,430	30,618
	<u>131,975</u>	<u>111,745</u>

For both 2016 and 2017 meeting fees received in advance and subscriptions received in advance entirely relate to the next financial year.

10a. Creditors: amounts falling due after one year

	2017	2016
	£	£
Subscriptions received in advance	25,000	-
Dilapidations provision	40,001	32,000
	<u>65,001</u>	<u>32,000</u>

In 2013 trustees created an annual dilapidations provision to cover the costs of future expenses that may arise if the premises that the charity operates from falls into a state of disrepair. The charge for 2017 is £8,001 (2016: £8,000).

Subscriptions received in advance entirely relate to 2019.

11. Taxation

The Association is exempt from tax as all its income is charitable and is applied for charitable purposes.

12. Pension liability

The Association participates in the Pensions Trust Growth Plan scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme.

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Reconciliation of opening and closing liabilities

	2017	2016
		£
Provision at 1 January	94,516	97,933
Unwinding of the discount factor	1,281	2,315
Deficit contribution paid in year to the Pensions Trust	(10,240)	(9,956)
Impact of changes in the Pensions Trust's fund valuation assumptions	165	4,224
Amendments to the contribution schedule	-	-
Provision at 31 December	85,722	94,516

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

13a. Unrestricted funds

	General Fund	Pension Trust Deficit Fund	Pension Liability Reserve Fund	Office Move Fund	Capacity Fund	Web Developments Fund	2017
	£	£	£				£
Balances at 1 January 2017	247,569	20,000	(94,516)	-	-	-	173,053
Net income before transfers	173,816	-	-	-	-	-	173,816
Actuarial gains/(losses) on defined benefit pension scheme	(165)	-	-	-	-	-	(165)
Transfer from General Fund	(148,794)	10,000	8,794	60,000	50,000	20,000	-
Balance at 31 December 2017	272,426	30,000	(85,722)	60,000	50,000	20,000	346,704

General funds

The general fund is the value of unrestricted funds after future pension liabilities have been accounted for and comprises fixed assets, current assets and liabilities.

Pension Trust Deficit Reduction Fund

In 2015 trustees decided to create a designated fund to build a reserve fund to cover ACF's Pension Trust liability. It is the trustees' current intention to designate the first £10,000 of any operating surpluses for this fund. The first transfer was made in 2015. The transfers in 2016 and 2017 were £10,000pa. This policy will continue until the fund is sufficient to cover ACF's share of the liability. The amount transferred will be reviewed every few years.

Pension Liability Reserve Fund

To reflect the very low probability that the liability is crystallised in one go a corresponding negative designated reserve fund has been created to show the true level of general funds.

Office Move Fund

The trustees have designated £60,000 for the costs of an office move, which may take place in 2018.

Capacity Fund

To cover the costs of activity scheduled for 2017 but postponed until 2018 due to capacity constraints, the trustees have designated £50,000.

Web Developments Fund

The trustees have designated £20,000 to cover the costs of a rebuild of the Funder Network website and developments to the ACF website, scheduled for 2018.

13b. Analysis of net assets between funds

	Fixed Assets & Investments	Current Assets	Creditors	Pension Deficit Liability	Net Assets 31.12.17	Net Assets 31.12.16
	£	£	£	£	£	£
Restricted Funds						
Project Funds	-	95,147	-	-	95,147	216,883
Unrestricted Funds						
Designated Funds						
Pension Trust deficit reduction fund	-	30,000	-	-	30,000	20,000
Pension Liability reserve	-	-	-	(85,722)	(85,722)	(94,516)
Office move	-	60,000	-	-	60,000	-
Capacity fund	-	50,000	-	-	50,000	-
Web developments fund	-	20,000	-	-	20,000	-
General Fund	13,906	455,496	(196,976)	-	272,426	247,569
Total unrestricted funds	13,906	615,496	(196,976)	(85,722)	346,704	173,053
Total funds	13,906	710,643	(196,976)	(85,722)	441,851	389,936

*After fixed assets have been accounted for, ACF's general fund is £258,520 which forms ACF's free reserves. This is calculated as follows:

Total general fund	272,426
Less fixed assets & investments	13,906
	258,520

14. Reconciliation of net expenditure to net cash flow from operating activities

	2017	2016
	£	£
Net income for the reporting period as per the statement of financial activities	52,080	26,295
Depreciation charges	23,569	29,148
Interest income	(1,185)	-
(Increase)/decrease in debtors	74,180	(19,481)
Increase/(decrease) in creditors	53,229	18,950
Non-cash movement on defined benefit pension liability	(8,959)	-
Net cash provided by operating activities	<u>192,914</u>	<u>54,913</u>

15. Analysis of cash and cash equivalents

	At 1 January	Cash	At 31
	2017	flows	December
	£	£	2017
			£
Cash in hand	194,108	118,136	312,244
Notice deposits (less than three months)	247,547	74,838	322,385
Total cash and cash equivalents	<u>441,655</u>	<u>192,973</u>	<u>634,628</u>

16. Operating lease commitments

At 31 December the charity had the following commitments payable relating to non-cancellable leases:

	2017	2017	2016	2016
	£	£	£	£
		Office		Office
		L&B	L&B	Equipment
		Equipment	Equipment	Equipment
Within one year	49,175	5,760	59,010	5,760
Between 2 and 5 years	-	1,439	49,175	14,400
5 years +	-	-	-	-
	<u>49,175</u>	<u>7,199</u>	<u>108,185</u>	<u>20,160</u>

17. Related party transactions

The charity has a wholly owned subsidiary, ACF Conferences and Seminars Limited. For the year ended 31 December 2017 the subsidiary declared a gift aid distribution of £18,426 to the charity (2016: £18,741). At the year end the subsidiary owed the charity £23,426 (2016: £34,825).

There were no other related party transactions requiring disclosure in the year.