

**THE AUSTIN BAILEY FOUNDATION**

**REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 5<sup>TH</sup> APRIL 2016**

**CHARITY NO. 514912**

# *The Austin Bailey Foundation*

## **Report of the trustees for the year ended 5th April 2016**

The trustees present their annual report and financial statements of the charity for the year ended 5th April 2016. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's trust deed, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Small Entities published on 16/07/2014.

### **Objectives and activities for the public benefit**

The objectives of the Foundation are greatly influenced by the founder's strong family ties to Swansea, his Christian upbringing and his wartime experiences. They can be summarised as the relief of poverty, the furtherance of the Christian faith and assistance to those who are in need or adversity.

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Foundation's aims and objectives, in planning future activities and setting grant making policy for the year. The trustees describe above, the objectives of the Foundation and the range of beneficiaries assisted. They believe that these benefits and those who benefit from the Foundation are clear and identifiable and related to the aims of the Foundation. The Foundation's objectives are delivered by distributing unrestricted income as follows:-

- Approximately 50% of unrestricted income is used to assist Swansea charities or the Swansea branches of National charities who help children and families together with those who are disabled, handicapped, infirm, aged or in need.
- Approximately 25% of unrestricted income is used to advance the Christian faith by mainly supporting the activities of churches in the City and County of Swansea.
- Approximately 25% of unrestricted funds are donated to Relief Organisations for the relief of poverty and ill health and the fostering of opportunities for young people in the developing world.

A review of the past year on page 3 and the list of grants in note 2 to the accounts, demonstrates that this aim continues to be achieved.

### **Grant making policy**

The Foundation maintains a presence on the internet at [www.AustinBaileyFoundation.org](http://www.AustinBaileyFoundation.org) and grant application forms are available from this website. It is the intention of the trustees to continue the expansion of direct donations with the aim of covering a diverse cross section of charitable organisations who deal with those in poverty or in need of assistance, both within the Swansea area and overseas. The trustees intend to continue to build relationships with other organisations with similar aims and objectives, in order to establish and maintain donation streams which will be used to best effect.

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The trustees meet twice a year, in May and December, to consider applications for grant funding. The Foundation's grant making policy is entirely discretionary with all recurring grants reviewed annually. Individual grants are subject to an application process and to eligibility criteria determined by the trustees and the Foundation's objectives. All applications must be submitted by e-mail using the on-line application form. Details of the grants awarded during the year can be found in note 2 to the accounts.

## **A review of our achievements and performance.**

### **How our grants programme delivered public benefit.**

#### **Grants paid to beneficiaries**

During the year to 5 April 2016 the Foundation made 87 individual awards totalling £81,846. Included in this figure were donations totalling £23,350 to be allocated specifically to overseas beneficiaries including the Flagship Projects listed below. These donations were treated as 'restricted funds' and therefore not taken into account when calculating the distribution ratio outlined above.

After excluding these 'restricted funds' the awards for the year agreed by the trustees from unrestricted funds totalled £58,496. This sum was apportioned to the three categories as follows:-

Overseas charities	-	43 awards totalling £21,221 (36.3%)
Local Churches	-	12 awards totalling £12,100 (20.7%)
Local charities	-	32 awards totalling £25,175 (43.0%)

In view of the large volume of overseas applications received, unallocated funds from the local charity and churches sectors were used to satisfy the demand.

Whilst the average award to good causes for the year from unrestricted funds was £600, the trustees have established 'flagship' projects within each category which qualify for additional funding.

Flagship projects are supported by the trustees at each meeting. This support is intended for an initial period of three years and provided the funding is utilised for the purposes stated in the application, the charity can be confident that financial support from the Foundation is assured. The existing Local Charity and Church Flagship projects have been supported for longer than three years and are now renewed on an annual basis at the discretion of the trustees.

#### **Flagship Projects**

##### **Local Charity Flagship Project (Bonymaen Family Centre)**

The Family Centre, Bonymaen, Swansea was formally adopted as the local charity Flagship Project in December 2007. The trustees were very impressed with the dedication of the staff employed at the Centre and with the initiatives taken to help both children and adults within a deprived local community

This support has continued during the year to 5 April 2016 with grants totalling £6,000 being used to meet the costs associated with their holiday play schemes and after school club.

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## **Church Flagship Project**

The outstanding outreach work, in one of the more deprived areas of Swansea, undertaken by St. Teilo's Church, Caereithin, so impressed the trustees that it became the local church Flagship Project. The current award is £4,500 per annum and contributes to the cost of employing a play worker at St. Teilo's in conjunction with Penplas Family Centre.

## **Overseas projects**

The Foundation's support for Y-Care's work in South Asia, which began in 2002, has come to a natural end. In order to identify new overseas Flagship projects, applications were invited from various organisations specialising in overseas charitable works. A total of fifteen applications were received of which five were shortlisted and invited for interview. Three of the five organisations short-listed, impressed the panel sufficiently to be awarded Flagship status with total funding of £25,000 each, spread over three years. The successful organisations, who will each receive £8,333 per annum or £4,667 per meeting commencing December 2015, were:-

**Build It International:** The Foundation is delighted to be able to support Build It's work in Zambia, one of the world's poorest countries. Our funding will contribute to the cost of training men and women in basic construction skills whilst building essential infrastructure such as schools and clinics in their community, thus helping people to live longer, healthier and more productive lives.

**Y-Care International:** Working closely with Palestine YWCA to empower young women to earn a fair and competitive income through technical and vocational education and training, participation in employment and income generating ventures as well as facilitating access to employment and markets. Clive Bailey has visited Palestine, in the company of Terry Waite, to discover for himself the work undertaken by Y-Care in the region. His full report on the visit can be found on the Foundation's web site.

**Send a Cow:** Working with four community groups in the Oromia region of Ethiopia the charity focuses on animal management and the prevention of soil erosion. As a result the communities are able to eat well and can sell any surplus produce to pay for homes, education and healthcare.

Clive Bailey or companies controlled by him will contribute £20,000 a year towards the cost with the remaining £5,000 coming from the Foundation's unrestricted funds. As the Foundation's total commitment at £75,000 is larger than the trustees would normally consider, each of the above charities will submit a brief annual report detailing the extent to which the projects are meeting the objectives stated in the original application.

With the extra income received for the year, as shown in the Financial Report below, the Foundation was able to pay both Y-Care and Send a Cow the full first year's award immediately. This generous gesture enabled both charities to claim additional 'match funding' from the government. Consequently, overseas donations for the year increased from £25,650 to £44,571.

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## **Measuring Impact.**

Most of our grant making is reactive and impact is measured against what organisations tell us they are seeking to achieve. In most cases the Foundation is part of a funding scheme and only contributes a portion of the overall funding need and cannot take sole credit for the many remarkable outcomes that are achieved by our charity partners.

Grantees are expected to report back on how grants have been used and what they have achieved. A pro forma report form for grant applicants is successful in providing careful monitoring and enabling greater understanding of potential achievements.

The form is sent as a hard copy, to all applicants in the local charity and church sections, approximately nine months after the donation has been made. The response to the feedback form or absence thereof will influence any decision regarding further requests for assistance.

Organisations who receive an annual award are encouraged to submit a short summary of their activities, together with one or two photographs for inclusion on the Foundation's website. A representative of a charity may also be invited to meet with the trustees to briefly outline the work undertaken and to explain how it has benefited from the Foundation's financial support. At the trustees meeting held in December 2015 presentations were made by St. Madoc's Christian Youth Camp, Chernobyl Children's Lifeline and Faith in Families

## **Financial Review**

Over the past twenty-nine years the Foundation has benefited considerably from the generous financial support provided by the late Founder and his family. These capital injections have ensured that the Foundation operates from a sound financial footing.

The Foundation's work is reliant on its rental income, investment returns on its share portfolio and donations received from the chair of trustees or companies controlled by him.

The charity holds general unrestricted funds of £35,024 at the balance sheet date, together with a designated unrestricted capital fund of £636,724. Further details are given below.

## **Capital Funds**

Our investment advisers (Brewin Dolphin Ltd) are instructed to invest to maximise income within the constraints of a medium to low risk investment portfolio. No restrictions are placed on Brewin Dolphin regarding the nature of the investments. With market conditions still showing a high level of unpredictability, especially within the banking sector, the foundations quoted investments decreased in value by 5.4%. Dividend yield for the year was 4.2%.

In addition to the quoted investments the Foundation also holds 500 shares in Bailey Tantalus Ltd an unquoted stock gifted to the Foundation by Clive Bailey and which, over the past four years, has yielded dividends of £98,000. Due to circumstances not envisaged when the shares were donated, trading conditions in the Middle East, where Bailey Tantalus Ltd trades, have rapidly deteriorated. This will inevitably impact on the company's profitability and hence its ability to pay future dividends. Nevertheless for the trading year to 31 December 2015, the company was able to pay a dividend of £23,188.

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The freehold property 2 Walter Road, Swansea generates an annual income of £15,000 being a 10% per annum return on the investment.

In order to comply with the Charities SORP, the Foundation's quoted investment assets are valued at market price as at the balance sheet date. Their value at 5 April 2016 was £366,585 compared to £387,771 as at 5 April 2015.

The capital fund at the balance sheet date was £636,724.10 (fixed assets £165,000, quoted investments £366,585, unquoted investments £105,000, funds held with stockbroker £139.10). The comparable figure as at 5 April 2015 was £665,566

## **Income Funds**

<b>Incoming Resources</b>	<b>2016</b>	<b>2015</b>
Dividends from quoted investments	£14,091	£14,477
Dividend (Bailey Tantalus Ltd)	£23,188	£16,970
Bank Interest	£ 66	£ 31
Rental income	£15,000	£15,000
Donations	£28,150	£22,403
Tax reclaimed – Gift Aid	£ 0	£ 1,401
Return of previous year's award	£ 3,333	£ 0
Sundries	£ 83	£ 60
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	£83,911	£70,342
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The above table shows that income for the year increased by £13,569 due mainly to the additional dividend from Bailey Tantalus Ltd, an increase in donations of £5,747 and the return of an award of £3,333. Charitable giving for the year increased from £66,452 to £81,846.

Despite the reduction in the value of the portfolio there was only a small decrease in the income generated. The income account balance as at 5 April 2016 was £35,024 (cash at bank £34,416 plus debtors £1,919 less current liabilities £1,311)

## **Risk Assessment**

The trustees consider the variability of investment returns to constitute the Foundation's major financial risk. With regards to the quoted investments this is mitigated by employing expert investment managers and having a diversified investment portfolio.

The trustees' review has highlighted the fact that the lease on the investment property expires in 2017. Other than the above, the trustees have not identified any other significant risks, financial or otherwise which are not monitored or controlled.

## **Reserves Policy**

Income is received at regular intervals throughout the year and the trustees aim to distribute all of it during their twice yearly meetings. Whilst the Foundation's financial year ends on 5<sup>th</sup> April the first of the trustees' two annual meetings takes place in May. As a result the Foundation's policy regarding reserves is determined by the need to ensure there are sufficient unrestricted funds available to meet the distribution to good causes in May.

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Thereafter sufficient income should be received during the year to cover the December distribution. A reserve of £33,000 is considered to be sufficient in the circumstances.

## **Structure, governance and management**

The Foundation is a registered charity, number 514912, and is constituted under a trust deed dated 1 February 1984. The Foundation was established by an initial gift from Keith Cyril Austin Bailey who, despite having spent three years as a prisoner of war under the Japanese during World War 11, wished to express his gratitude for the happiness and good fortune he had otherwise received during his life, by giving help to those in need or adversity. Over the years the Bailey family has made substantial gifts to the charity and the legacy of the Austin Bailey Foundation is a lasting tribute to Keith Bailey. The Foundation does not actively fundraise and seeks to continue the charitable work desired by the donor through the careful stewardship of its existing resources.

The trustees meet twice a year, in May and December, to agree the broad strategy and areas of activities for the Foundation including consideration of grant making, investment, reserves and risk management policies and performance. All activities of the charity are carried out by the trustees without the need for additional staff.

The Chairman of trustees, Clive Bailey, has the authority to appoint new trustees but the support of the Foundation's existing trustees is usually sought prior to any appointment. Candidates for the role of trustee are usually recommended by one of the existing trustees, having demonstrated the skills necessary to contribute to the charity's development. The prospective candidate is then asked to provide a CV and to attend a trustee meeting for an informal interview. If successful the candidate is formally invited to take on the role of trustee. Prior to the signing of this report, Ms Sian Popper satisfied the above requirements and was unanimously elected as a trustee of the Foundation. Ms Popper, as is the case with all new trustees, was directed towards guidance for new trustees issued by the Charity Commission.

## **Future Plans**

The Trustees intend to continue with their current strategies to allow the Foundation to provide financial support to the range of beneficiaries listed above under objectives. Past experience of operating in this manner has resulted in the charity achieving its objectives and the trustees are of the opinion that no change is necessary.

## **Reference and administrative information**

### **Trustees**

Mr Clive Vernon Austin Bailey, Chair of Trustees

Mrs Sandra Morton, Vice Chair of Trustees

The Ven. Robert Williams, Archdeacon of Gower

Mrs Penelope Ryan OBE

Rev. Jonathan Davies

Ms Sian Popper w.e.f. 12 April 2016

Honorary Treasurer: Mr Leighton Francis

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## **Principal Office and correspondence address for overseas charities**

64 Bosworth Road, New Barnet, Hertfordshire EN5 5LP

## **Correspondence address for Local Charities/Local Churches**

The Eastmoor Centre, St. Barnabas Church, Hawthorne Avenue, Uplands, Swansea SA2 0LP

**Charity Number: 514912**

**Website:** [www.austinbaileyfoundation.org](http://www.austinbaileyfoundation.org)

## **Independent Examiner**

Ashmole & Co.

Chartered Certified Accountants

1<sup>st</sup> Floor, 1 St. John's Court,

Upper Forrest Way,

Enterprise Park,

Swansea SA6 8QQ

## **Bankers**

Lloyds Banking Group, Market Branch, Oxford Street, Swansea

## **Investment Managers**

Brewin Dolphin Ltd, 2<sup>nd</sup> Floor, 5 Callaghan Square, Cardiff CF10 5BT

## **Trustees' responsibilities in relation to the financial statements**

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards. The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity 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 of the Charities SORP
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity and enable them to ascertain to ensure that the financial statements comply with the Charities Act 1993, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website.

Approved by the trustees on 1 December 2016 and signed on their behalf by:

C V A Bailey Chair of Trustees



# **INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF THE AUSTIN BAILEY FOUNDATION. CHARITY NUMBER 514912**

I report on the accounts of the Foundation for the year ended 5 April 2016 as set out on pages 10 to 18.

## **Respective responsibilities of trustees and examiner.**

The charity's trustees are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year under section 144 of the Charities Act 2011 (the Charities Act) and that an independent examination is needed.

It is my responsibility to:

- \* examine the accounts under section 145 of the Charities Act,
- \* to follow the procedures laid down in the general Directions given by the Charity Commission (under section 145(5)(b) of the Charities Act, and
- \* to state whether particular matters have come to my attention.

## **Basis of independent examiner's statement.**

My examination was carried out in accordance with general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a 'true and fair' view and the report is limited to those matters set out in the statement below.

## **Independent examiner's statement.**

In connection with my examination, no matter has come to my attention:

- (1) which gives me reasonable cause to believe that in, any material respect, the requirements:
  - \* to keep accounting records in accordance with section 130 of the Charities Act;
  - \* to prepare accounts which accord with the accounting records and comply with the accounting requirements of the Charities Act have not been met; or
- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

.....  
D.R. Vaughan FCA  
Ashmole & Co.

Dated 1 December 2016

