

**THE AUSTIN BAILEY FOUNDATION**

**REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 5<sup>TH</sup> APRIL 2017**

**CHARITY NO. 514912**

# The Austin Bailey Foundation

## **Report of the trustees for the year ended 5th April 2017**

The trustees present their annual report and financial statements of the charity for the year ended 5th April 2017. The accounts have been prepared in accordance with the accounting policies set out in Note 1 of the attached accounts and comply with the Charity's Trust Deed, applicable laws, accounting standards (United Kingdom Generally Accepted Accountancy Practice) and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the United Kingdom and Republic of Ireland (FRS 102) effective from accounting periods commencing 1<sup>st</sup> January 2015 or later and Update Bulletin 1.

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

The trustees take their inspiration in identifying their areas of interest from the life of the Founder and his own thoughts and wishes, which were greatly influenced by his strong family ties to Swansea, his Christian upbringing and his wartime experiences. The charity's objectives can be summarised as, the relief of poverty, the furtherance of the Christian faith and assistance to those 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 and 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 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**

In the year to 5 April 2017 total expenditure was £71,463, lower than the total of £84,260 in the previous year. As a result the trustees did not utilise in full the funds available for distribution. This was due to the lower level of acceptable grant applications. Recognising the need to undertake a review of the charity's effectiveness the trustees have agreed to discuss the future shape and direction of the Foundation at their meeting to be held in May 2017.

Eighty one individual awards totalling £68,579 were made during the year. Included in this figure were donations totalling £16,668 allocated specifically to the overseas Flagship Projects described 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 £51,915. This sum was apportioned to the three categories as follows:-

Overseas charities - 36 awards totalling £16,345 (31.5%)

Local Churches - 15 awards totalling £12,700 (24.5%)

Local charities - 26 awards totalling £22,870 (44.0%)

The trustees are flexible in deploying the funds allocated to the three categories which permit them to respond to the number and quality of applications.

Whilst the average award to good causes for the year from unrestricted funds was £670, 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.

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## Flagship Projects

### Local Charity Flagship Project (Bonynmaen Family Centre)

The Family Centre, Bonynmaen, 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 2017 with grants totalling £6,000 being used to meet the costs associated with their holiday play schemes and after school club.

### 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

In 2015, three new overseas Flagship projects were initiated each qualifying for total funding of £25,000 spread over three years. Commencing in December 2015 each organisation was to be awarded £8,334 per annum or £4,167 at each meeting of the trustees with the final payments due in May 2018. To enable Y-Care and Send a Cow to benefit from the United Kingdom Government's 'match funding' scheme the £4,167 due to be paid to each charity in May 2016 was brought forward to December 2015. As a consequence the total allocated to the three Flagship Projects in the year ending 5 April 2017 was £16,668 and not the usual £25,000 [Y-Care International £4,167, Send a Cow £4,167, Build It £8,334]

**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 contributes 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. In December 2016, Clive Bailey visited Build It sites in Linda, Chitukuko and also their Centre for Excellence where building skills are taught. Following his visit Mr Bailey was able to assure his fellow trustees that they had made a wise investment in Build It International.

**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:** The charity has been operating in Ethiopia since 2006 and its work has had a huge impact on thousands of the poorest families. It is presently working with 50,000 people on six projects. The charity focuses on animal management and the prevention of soil erosion helping and encouraging farmers to become self-sufficient. Consequently communities are able to eat well and can sell any surplus produce to pay for homes, education and healthcare.

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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 initial financial commitment in respect of the three overseas flagship projects at £75,000 was larger than the trustees would normally consider, each charity has been requested to submit a brief annual report detailing the extent to which their projects are meeting the objectives stated in the original applications.

During the year the Trustees continued to review the Charity Commission guidance in relation to 'public benefit' and were again able to give assurance that the Foundation had met the requirements of that guidance. In particular, the Trustees are of the opinion that there continues to be clear and tangible benefits to the public arising out of the charity's objectives and activities.

## **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.

## **Listed Investment Policy**

Representatives from Brewin Dolphin, the Foundation's investment advisers, addressed the trustees at their meeting held on 1 December 2016. The purpose of the presentation was to clarify the new regulations affecting stockbrokers' charitable activities. The existing method of 'managed advisory' in which the chair of trustees and Brewin Dolphin jointly agree investment policy will no longer be permitted. The option before the trustees was either 'fully managed' or 'execution only'. It was decided that the 'fully managed' option, controlled by Brewin Dolphin's charity team, would allow the trustees to specify the level of risk and yield required and to set out investment parameters. Whilst the new arrangements will not come into force until the next financial year, the aim as always will be to produce sufficient income to permit the current level of annual expenditure and to maintain the capital value of the portfolio in real terms over the coming years.

## **Investment performance**

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 2017 was £434,344 compared to £366,585 as at 5 April 2016.

The yield from the listed investment assets was 3.7% and there was a capital increase of 18% (based on the valuation of assets at the year end). At the end of the year the Foundation's portfolio of investments comprised 88% UK Bonds and Equities, 11% overseas equities, 1% property and cash.

In addition to the quoted investments the Foundation holds 500 shares in Bailey Tantalus Ltd an unquoted stock which was gifted to the Foundation by Clive Bailey and which, over the past five years, has yielded an income of £107,000. The income received during the year to 5 April 2017 was £8,971. Trading conditions in the Middle East, where Bailey Tantalus Ltd trades, have deteriorated over the past few years. The downturn in trading has impacted on the company's profitability and hence future dividends are not guaranteed.

The annual rent from the letting of 2 Walter Road, Swansea was £15,000. The existing lease expires in 2017 and will need to be renegotiated or new tenants found.

In view of the current volatility in financial markets, the trustees are satisfied with the performance of the listed investments and with the return on the investment property. They are confident that their investment objectives will be met over the medium term.

### **Financial Review**

Over the past thirty years the Foundation has benefited considerably from the generous financial support provided by the late Founder and his family. These capital and income injections, which continue to be received, 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.

### **Results for the year**

A summary of the year's results can be found on page 11 of this report and accounts.

During the year ended 5 April 2017, total income amounted to £90,930 (2016 £83,911) being income arising from the Foundation's quoted and unquoted investments, rental income together with donations from Clive Bailey and companies controlled by him.

The Foundation made grants to 81 institutions totalling £68,579 (2016 £81,846). Investment managers fees were £2,464 (2016 - £2,234). Total expenditure was £71,463 (2016 - £84,260).

Net income was £19,467 (2016 – deficit £349) and there were net gains on listed investments during the year of £67,619 (2016 losses -£28,842)

This results in a total net income or a net increase in funds during the year of £87,086 (2016 – net expenditure or a net decrease in funds of £29,191)

The charity held general unrestricted funds of £54,490 at the balance sheet date, together with an unrestricted capital fund of £704,344.

# **The Austin Bailey Foundation**

## **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 the following May. As a result the Foundation's policy regarding reserves is determined by the need to ensure there are sufficient unrestricted funds available on the bank account to meet the distribution to good causes in May. Thereafter sufficient income should be received during the year to cover the December distribution.

At present expenditure levels, a reserve of £40,000 is considered to be sufficient.

## **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. Each new trustee is directed towards guidance for new trustees issued by the Charity Commission.

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## **Future Plans**

- \* To continue to make grants and commitments at a similar or higher level to the range of beneficiaries listed under objectives.
- \* To ensure that the performance of both listed investments and property achieves the criteria set for them so that there are sufficient funds to meet the grant making policies.
- \* To undertake an in depth review of the existing mode of operation, which has been unchanged for thirty years, to determine whether it is still effective in enabling the Foundation to meet its aims and objectives in a changing environment.

## **Reference and administrative information**

### **Trustees**

Mr Clive Vernon Austin Bailey, Chair of Trustees  
Mrs Sandra Morton, Vice Chair of Trustees  
The Ven. Robert Williams  
Mrs Penelope Ryan OBE  
The Ven. Jonathan Davies, Archdeacon of Gower  
Ms Sian Popper from 12 April 2016  
Honorary Treasurer: Mr Leighton Francis

### **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

# The Austin Bailey Foundation

## **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;
- \* To observe the methods and principles of the Charities SORP ;
- \* To make judgements and estimates that are reasonable and prudent;
- \* To state whether applicable accounting standards have been followed, subject to any departures disclosed and explained in the financial statements;
- \* To 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 2011, 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

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 Austin Bailey Foundation for the year ended 5 April 2017 which comprise the Statement of Financial Activities, Balance sheet and associated notes numbered 1 to 8.

### **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(2) 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 2011 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