

**THE AUSTIN BAILEY FOUNDATION**

**REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 5<sup>TH</sup> APRIL 2018**

**CHARITY NO. 514912**

# The Austin Bailey Foundation

## Report of the trustees for the year ended 5th April 2018

The trustees present their annual report and financial statements of the charity for the year ended 5th April 2018. 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. On 10 May 2017 the trustees met to consider the 'Future Shape and Direction of the Foundation'. The meeting concluded that the Foundation needed to raise its profile in the local community. As a result the trustees with responsibility for Local Charities are now working closely with SVCS (Swansea Council for voluntary Services) to promote and publicise the Foundations to local organisations. This initiative is already bearing fruit with a number of applications arising from this source.

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It was also considered beneficial for the trustees to meet the representatives of local charities face to face with the potential for it to be a key element in the assessments of grant applications. In order to achieve this aim 'Intermediate Meetings' would be held between the main trustee meetings at which local organisations would be invited to speak about their work and how they would benefit from our grant. The first such meeting was held on 24 October 2017 when representatives from four local charities attended.

Strategy meetings, which will be an ongoing process, will be held every two years to review our progress and direction.

Fund policy is directed largely at supporting work at a community level. Trustees aim to address both project costs and general running costs. The Foundation provides funding to organisations which demonstrate charitable purpose. In the UK most grant aid is directed to registered charities with a small amount to CIC's (community interest companies). Overseas projects will usually be with a UK charity partner.

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.

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 and how our grants programme delivered public benefit.**

### **Grants paid to beneficiaries**

In the year to 5 April 2018 one hundred individual grants were made totalling £100,288, an increase of £31,700 on the previous year.

Included in this figure were seven overseas flagship awards totalling £29,163 which were covered by donations received specifically to meet this commitment. 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 £71,125. This sum was apportioned to the three categories as follows:-

Overseas charities	-	37 awards totalling £20,649 (29.0%)
Local Churches	-	14 awards totalling £13,770 (19.4%)
Local charities	-	42 awards totalling £36,706 (51.6%)

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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 £765, 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 2018 with grants totalling £6,000 being used to meet the running costs.

#### **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 in 2007. The church is now contained within the redeveloped Caereithin Family Centre which is part of 'Faith in Families'. The trustees held their January 2018 meeting at the centre and were given a tour of the impressive facilities available there. It was evident from discussions with the centre staff, that the support provided by the Foundation, at a time of acute need in the community, is extremely important. The trustees agreed to continue, for the time being, with the current award of £4,500 per annum which will make a difference to the children and families who use the centre.

## Overseas Flagship Projects

In 2015, three new overseas Flagship projects were initiated each qualifying for total funding of £25,000 spread over three years. The first payments were made in December 2015 with the final payments due in May 2018. However, in order to enable Send a Cow to benefit from the Government's 'Match Funding Scheme' the final payment, due in May 2018, was brought forward to December 2017. Therefore total expenditure on the overseas flagship projects for the year was £29,163 rather than the budgeted £25,000.

**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

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schools and clinics in their community, thus helping people to live a 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. His full report can be viewed on the Foundation's web site. 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.

Clive Bailey or companies controlled by him will ensure that this funding commitment is fully covered.

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 provided the trustees with an annual progress report confirming that the 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. The Foundation provides funding to organisations which demonstrate charitable purpose. Overseas projects and grants will usually be with a UK charity partner.

## **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 on the website. All applicants in the local charity and church sections are requested to complete and return the form approximately nine months after the donation has been made. If the form is not returned, an e-mail is sent by a trustee requesting that it is completed and returned. The response to the feedback form or absence thereof will influence any decision regarding further requests for assistance.

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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**

In previous years the relationship between the trustees and Brewin Dolphin was on a 'managed advisory' basis in which the chair of trustees and the stockbroker jointly agreed on investment policy. Under new regulations recently introduced, this method is no longer permitted. Therefore from April 2017 the Foundation's portfolio has been on a 'fully managed' basis controlled by Brewin Dolphin's charity team. However, it was agreed that Risk Category 7 – Income, best matches the Foundation's investment objectives, taking due note of the trustees' ethical preferences.

## **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 2018 was £1,014,389 compared to £434,344 as at 5 April 2017.

This substantial increase in the value of the portfolio is due to an injection of £500,000 of capital funds by Clive Bailey and by the sale of the Foundation's holding in Bailey Tantalus Ltd, at its book value of £105,000. As these payments were introduced just prior to the year end, the funds have yet to be invested by the stockbroker. Consequently the cash element of the portfolio at the year end is £609,595.

The new arrangement with Brewin Dolphin required a complete re-organisation of the portfolio with much of the existing holdings being replaced by new investments. As a result there was capital depreciation over the year of £24,871 and a portfolio return on a 'total

return basis' of -1.1%. Dividend income for the year was £20,157 representing a return of 4.64% on the portfolio's valuation as at 5 April 2017.

At the year end the Foundation's portfolio of investments as compared to the benchmark for Risk Category 7 was as follows:-

	Portfolio	Benchmark
Fixed Income	3.2%	7.5%
Equities	34.1%	83.0%
Alternatives	0.8%	7.0%
Cash	60.1%	2.5%
Other	1.8%	0.0%

The cash element, when invested, will take the portfolio closer to the benchmark.

The Foundation's investment property at 2 Walter Road, Swansea is being re-developed with the ground floor office being split into two separate units. One unit has been leased to the existing tenant at an annual rental of £10,000. The second unit will be available for rent in the near future. 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.

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## Financial Review

Over the past thirty one years the Foundation has benefited considerably from the generous financial support provided by the late Founder and his family. This support continues to be forthcoming with Clive Bailey providing a capital injection of £500,000 for investment in the stock market. He also purchased the Foundation's holding in Bailey Tantalus Ltd, which he had previously gifted to the charity, at its book value of £105,000. These sums are in addition to income donations towards the charitable activities of the Foundation. These capital and income 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.

## 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 2018, total income amounted to £82,008 (2017 £90,930) being income arising from the Foundation's share portfolio, rental income and donations from Clive Bailey and companies controlled by him.

The Foundation made grants to 100 organisations totalling £100,288. (2017 £68,579). This is the first occasion that the total grant distribution has exceeded one hundred thousand pounds. Investment managers fees were £3,169 (2017 £2,464) with additional professional fees of £3,698 (2017 £420.00) as detailed in note 8 to the accounts. Total expenditure was £107,155 (2017 - £71,463).

Expenditure for the year exceeded income by £25,147 (2017 surplus £19,466). The net gain

on investments during the year was £580,045 (2017 £67,619)

The capital injections of £605,000 has resulted in a total net income or a net increase in funds of £449,898 (2017 £87,086).

The charity held general unrestricted funds of £29,344 (2017 £54,490) at the balance sheet date, together with an unrestricted capital fund of £1,179,389 (2017 £704,344)

### **Risk Assessment**

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

The trustees are also mindful of the need for a continuing income stream from the investment property and are pleased that the existing tenant has committed to a new lease.

Other than the above, the trustees have not identified any other significant risks, financial or otherwise which are not monitored or controlled.

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## **Reserves Policy**

In setting a reserves policy the trustees are mindful of a possible shortfall in funding to cover the May distribution to charities as it falls so soon after the end of the financial year. The trustees' aspiration for annual charitable giving of £100,000 or £50,000 per meeting would require an end of year balance or reserve of around £40,000. The trustees are content however, to allow this figure to fluctuate in the knowledge that if the distribution of £50,000 cannot be achieved in May then the December distribution can be increased to compensate.

The reserves as at 5 April 2018 is £29,521.

## **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.

The title to 2 Walter Road, Swansea is held in the names of Clive Bailey, Sandra Morton, Robert Williams and Penelope Ryan as holding trustees. In view of the retirement of Robert Williams and Penelope Ryan new holding trustees will be appointed in due course.

### **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.
- \* The Trustees will continue to work towards the aims set out in the 2017 strategic plan and an annual target of awarding grants totalling £100,000.

# **The Austin Bailey Foundation**

## **Reference and administrative information**

### **Trustees**

Mr Clive Vernon Austin Bailey, Chair of Trustees  
Mrs Sandra Morton, Vice Chair of Trustees  
The Ven. Robert Williams retired 12 April 2018  
Mrs Penelope Ryan OBE retired 12 April 2018  
The Ven. Jonathan Davies, Archdeacon of Gower  
Ms Sian Popper  
Rev'd Ian Rees from 12 April 2018

Honorary Treasurer: Mr Leighton Francis

### **Principal Office and correspondence address**

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;
- \* 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:

S Morton

Sandra Morton Vice 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

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D.R. Vaughan FCA  
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Chartered Certified Accountants  
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Upper Forrest Way  
Enterprise Park  
Swansea SA6 8QQ

Dated 12 January 2018

