
Co-operative Community Investment Foundation
(a company limited by guarantee)

Trustees' report and financial statements

Company registered number 4117665

Charity registered number 1093028

For the year ended 31 December 2016

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Trustees' report

The trustees, who act as directors for the purposes of company law, present their annual report and the audited financial statements for the year ended 31 December 2016.

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, 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 applicable in the UK and Republic of Ireland published on 16 July 2014.

Reference and administrative details

The charity is governed by its Memorandum and Articles of Association.

Charity registration number: 1093028

Company registration number: 4117665

Registered office

1 Angel Square
Manchester
M60 0AG

Trustees

The trustees who served during the year are as follows:

Herbert Daybell (Chair, resigned 24 November 2016)
Andrew Donkin (resigned 30 August 2016)
Jennifer Barnes (resigned 22 September 2016)
Robert Harber (resigned 22 September 2016)
David Smith (resigned 22 September 2016)
Saleem Chowdhery (appointed 30 June 2016)
Daniel Crowe (appointed 1 August 2016)
Martin Rogers (appointed 1 August 2016)
Jamie Ward-Smith (appointed 22 September 2016, elected as Chair 25 November 2016)
Sheila Jane Malley (appointed 10 October 2016)
Andrew Phelps (appointed 10 October 2016)

Foundation Manager

Jim Cooke

Foundation Secretary

Steve Fowler

Bankers

The Co-operative Bank plc
PO Box 101, 1 Balloon Street, Manchester, M60 4EP

Legal advisers

Brabners LLP,
Horton House, Exchange Flags, Liverpool, L2 3YL

Auditor

Ernst & Young LLP
2 St Peter's Square, Manchester M2 3EY

Trustees' report *(continued)*

Change of Auditor

Ernst & Young LLP were appointed to succeed KPMG LLP as the Foundation's auditors by ordinary resolution at the 2016 AGM.

Investment Managers

Royal London Asset Management
55 Gracechurch Street
London
EC3V 0RL

Structure, Governance and Management

The Co-operative Community Investment Foundation ('Co-operative Foundation') is a charity that was incorporated on 27 November 2000. It is governed by its Memorandum and Articles of Association. Trustees are appointed by the Co-operative Group Limited ('the Co-op') which is currently the sole Member of the charitable company.

In 2016 the Co-operative Foundation completed its transition to a new Board structure, which the Trustees had agreed with the Co-op following a governance review the previous year. This saw the appointment of six new Trustees, and following a handover period, the retirement of the previous Trustees. In line with the agreed new structure, two Trustees were appointed from the Co-op's Members' Council; two from its senior leadership team; and two were recruited externally through open advertisement.

In order to ensure future continuity of leadership, the new Trustees' initial terms of office were staggered over a three-year period.

A new role profile was created for the position of Chair, and Jamie Ward-Smith was elected as Chair of the Foundation by the Trustees in November 2016.

All newly appointed Trustees were given an induction including information about the Co-operative Foundation's history and recent activities; meetings with the outgoing Chair, the Foundation Manager and the Secretary; and training from the Foundation's legal advisers. The Board completed a skills matrix based on self-assessment of each Trustee's experience and expertise, which will inform priorities for further training and development.

Trustees do not receive any remuneration or benefits, although expenses incurred in carrying out Foundation business are reimbursed.

Trustees are responsible for all decisions on matters of policy, strategy and allocation of resources (including approving the annual operating budget and all grant awards). Day-to-day running of the charity is delegated to the staff team, operating within the policy and strategic frameworks agreed by Trustees.

Foundation staff are employed by and receive administrative support from the Co-op, but report directly to the Trustees.

Objectives and activities

The objects of the Co-operative Foundation are to support, through donations from Co-operative organisations, members, customers, and employees, projects that contribute to the relief of poverty, the advancement of education or other charitable purposes that will benefit the communities in which businesses of the Co-op operate.

During 2016, the Foundation pursued its aims through two main areas of activity:

- Youth projects
- Volunteering programme

The Trustees also concluded a major strategic review of the Foundation, further details of which are provided under 'Plans for the Future' (page 8).

Trustees' report (*continued*)

Objectives and activities (*continued*)

The Trustees have referred to the Charity Commission's guidance on public benefit when planning and reviewing the activities the Foundation carries out to achieve its charitable aims.

Youth projects

Objectives

The Trustees who were in office at the start of the year had provisionally identified young people as an area of focus for the Foundation's future strategy (while recognising that final decisions on the strategy would be taken following recruitment of the new Board). This was informed by the Foundation's track record in this area, with our five-year 'Truth about Youth' programme having concluded successfully in 2015. The Trustees also wished to align the Foundation's work to the Co-op's campaign to tackle loneliness.

Projects were therefore developed to explore potential approaches to tackling loneliness among young people. These projects aimed to:

- directly contribute to the personal development and well-being of young people involved in the projects
- increase understanding of youth loneliness among organisations working with young people
- inform the Foundation's development of a new approach to grant-making which would reflect our co-operative values.

Activities

The Foundation set out to achieve these objectives through 2 projects:

- Peer Research
- Voices & Values

The Peer Research project invited proposals from a number of organisations identified as having expertise in managing high-quality social research and supporting high levels of participation by young people. Organisations were asked to propose how they would recruit and support young people to design and lead a high-quality peer research study to build understanding of youth loneliness in the UK.

The Voices & Values project reconvened the Foundation's recent grant-holders who had been our delivery partners in the Truth about Youth programme. We held a workshop in which we considered the learning from Truth about Youth and began exploring the issue of youth loneliness. Following this, partners were invited to develop proposals for new approaches to tackling loneliness at local level through their work with young people, as well as collectively agreeing how they could share their learning at a national level.

In assessing both the Peer Research and the Voices & Values proposals, the Foundation involved a range of stakeholders with complementary perspectives and expertise. This included young people, Co-op members and colleagues and other grant-making bodies.

Income and expenditure

£155,604 was spent on youth programmes, of which £149,500 was awarded as grants and £6,104 was spent on other programme costs including consultancy, event costs and volunteer expenses. This was drawn down from the Designated Fund comprising donations from the Co-op Group Chair, which have been set aside for the development of new youth programmes.

Trustees' report (*continued*)

Objectives and activities (*continued*)

Youth projects (*continued*)

Achievements and performance

These activities resulted in the award of grants for the following projects. As well as directly furthering the Foundation's charitable objects in the short-term, these have informed the development of our longer-term plans to expand our work on youth loneliness as a key part of our new strategy. The projects were all in the early stages of delivery at 2016 year-end and their results will be reported more fully in future periods.

£59,500 to Manchester Metropolitan University (MMU).

Working in partnership with youth charity 42nd Street this project will recruit and train a diverse group of 12 young people who will co-produce research into youth loneliness with support and oversight from leading academics. These peer researchers will have access to MMU library resources, student services, appropriate forms of accreditation, and additional support from 42nd Street. They will conduct an initial phase of peer research in Greater Manchester and a series of further workshops in London, Northern Ireland, Scotland and Wales, initiating a national conversation on youth loneliness through multi-media outputs, online/social media activity, academic publications and partnership networks.

£20,000 to Envision.

Envision will work with 60 young people in Birmingham and Bristol, using the 'Community Apprentice' model they developed under Truth about Youth to explore how opportunities for involvement in social action can be a protective factor for young people experiencing life transitions associated with increased risk of loneliness. Specifically they will focus on: young people making the transition between school and college, and new arrivals into the country. Delivered in schools, this work will be match-funded by the Department for Education.

£20,000 to Youth Focus: North East

Youth Focus: North East aim to build a mutually supportive grassroots community working to tackle loneliness. They will initially work with a core group of 20 young people (from a range of backgrounds) who identify themselves as having experienced loneliness, to develop and test a range of activities which this group can deliver to a further 100 young people. They will also explore the role of intergenerational work in addressing loneliness, with young people delivering project activities with at least 25 older people.

£20,000 to Prince's Trust

The Prince's Trust will work with young people who are unemployed or at risk of becoming so due to educational under-achievement – an identified risk factor for loneliness. They will deliver a programme 'Get Started with Art' in partnership with the Bristol-based social enterprise Paper Arts, delivering a 2-week programme for 13 young people, which develops skills helpful both for employment and personal resilience. This will be followed by 3 months of individually tailored support, and if required up to 6 months of progression mentoring, to help young people sustain the benefits of the programme.

£20,000 to Royal Exchange Theatre

Royal Exchange Theatre will respond to the needs identified within a specific community: deaf young people (predominantly of Asian backgrounds) in Rochdale. They have undertaken extensive outreach and engagement to understand the barriers to participation and causes of loneliness experienced by this community. They will engage a core group of 15-20 young people in a series of arts projects and performances which will reach an estimated intergenerational audience of 180 people. Their work will also be shared online with young deaf people nationally.

Trustees' report (*continued*)

Objectives and activities (*continued*)

Youth projects (*continued*)

*Achievements and performance (*continued*)*

Grants of £5,000 were awarded each to Ovalhouse and Young Scot to support the development of work to tackle loneliness. Following the submission of a proposal which was approved by the Trustees in January 2017, Ovalhouse will put these funds towards commissioning a new play about loneliness. Young Scot have used their grant to deliver a national survey of young people's experiences of loneliness in Scotland. The findings of this will inform the Foundation's plans to develop our work in Scotland in 2017.

Volunteering programme

Objectives

The Volunteering programme aims to achieve wide-ranging benefits to communities by facilitating volunteering activity by employees of the Co-op and (until June 2016) the Co-operative Bank.

This delivers our charitable objects by helping ensure that the time and skills of Co-op employees are used to support projects which deliver clear benefits to the wider community.

Activities

The programme offers a wide variety of volunteering activities, so that the needs of community partners can be flexibly matched to the skills, interests and availability of Co-op volunteers.

These activities include:

- Team volunteering, such as conservation projects, decorating, gardening, co-ordinating food donations or organising tea parties for elderly or isolated people;
- Individual volunteering, such as supporting school children through literacy and numeracy programmes, mentoring, or becoming a school governor;
- Volunteers using their business skills to support community organisations with building their capacity and effectiveness

The programme also provides a basic level of administrative support to employees arranging volunteering placements with community organisations they have identified.

Income and expenditure

Total expenditure on the volunteering programme in 2016 was £341,954 (2015: £289,516). The majority of this was funded using unrestricted income. As part of the agreement between the Co-op and the Co-operative Bank relating to the separation of shared services, the Bank donated £88,104 to the Foundation, a sum equivalent to the cost of the volunteering activities undertaken by Bank employees. The Co-op also contributed funds to support the costs of specific volunteering projects. This included £30,000 of restricted funds which have been carried over for use in 2017 on volunteering activities to tackle loneliness and isolation.

Achievements and performance

In 2016, a total of 1,408 (2015: 1,171) volunteers gave 8,793 (2015: 8,200) hours through the programme, working with the community organisations. Feedback received from community partners continued to indicate high levels of satisfaction with the volunteers' work and its impact.

Trustees' report (continued)

Objectives and activities (continued)

Volunteering programme (continued)

The year-on-year increase in volunteering activity is a success which is particularly notable given that from the end of June the Co-operative Bank no longer took part in the programme. However, interest in volunteering from Co-op employees grew significantly throughout the year, more than compensating for the cessation of activity with Bank employees.

The programme has increased its focus on skills-based volunteering. A skill-sharing project with Co-op Food's Learning and Development team, launched at the end of 2015, is now delivering promising results and was shortlisted for a CIPD award in the "best employee volunteering programme" category.

Many other volunteering activities continued to be offered on a 'business as usual' basis pending the development of the new Foundation strategy. As part of their strategic discussions, the Trustees gave extensive consideration to the Foundation's current role in supporting employee volunteering and whether this should be continued, stopped or changed. Trustees concluded that Co-op colleagues represent a resource with the potential to add significant value to the Foundation's work to support communities, but that the current activities should be reviewed and more closely aligned with the overall strategy. Maximising the strategic alignment, impact and value for money of the volunteering programme is a key priority for 2017.

Other activities

The following activities continued to be on hold during the year, in order to ensure that all Foundation resources can now be aligned with the overall strategy approved by Trustees in November 2016, while continuing to comply with restrictions on these funds:

- Community Fund
- Environment Fund
- Britannia Fund.

Financial review

The Foundation's total income in 2016, at £1,541,462, increased compared to 2015 (£1,171,869). The main reason for this increase was the submission of a backdated Gift Aid claim resulting in a payment of £333,024 from HMRC.

Expenditure increased to £589,201 (2015: £290,136). This related to the delivery of new pilot youth programmes, growth in take-up of the volunteering programme, and increased support costs following the recruitment of a new Foundation Manager towards the end of 2015.

The Foundation again ended the year with a significant surplus. Net income was £950,467 (2015: £881,733). There was also an investment gain for the year totalling £1,135,445 (2015: £299,205).

Trustees regularly reviewed the financial position throughout the year and decided to retain these surpluses for use in future periods, in order to maximise resources available to deliver the new strategy finalised in November 2016.

Reserves

It has been the Trustees' policy for several years to hold free reserves of £200,000 to cover one year's anticipated non-grant making expenditure with an allowance for any unforeseen costs. The Trustees reviewed this policy in

Trustees' report *(continued)*

Financial review *(continued)*

Reserves *(continued)*

April 2016, and noted that while reserves were currently well above this level, this reflected the intention to develop a long-term financial model aligned to its new strategy.

The following assets on the balance sheet are excluded from the definition of free reserves: endowment funds (expendable and permanent); restricted income funds (Britannia, Community Fund and Environment Fund); and Designated Funds (Directors' fees designated for future youth projects).

Risks

The principal risks and uncertainties facing the Foundation fall into five areas: governance & compliance; operational; financial; strategic; and reputational. Risk analysis and mitigation has been incorporated into the planning and decision-making process developed to guide the delivery of the new strategy.

There continues to be a degree of uncertainty about the sources, scale and sustainability of future income. The Foundation continues to explore all possible ways of mitigating risks to current sources of funding and identifying potential new income streams. However, the Foundation's strong balance sheet and low levels of fixed costs mean that it has no concerns about its ability to continue to operate in future periods.

Investments

The Foundation's investment policy consists of the following objectives:

Return Objective: the endowment's 'real' value (allowing for inflation) to be maintained while providing enough income to support grant making.

Risk Objective: diversify investments to minimise risk, while achieving the above.

Liquidity Objective: up to £160,000 of cash to be drawn down from the investment each year to fund grant making, in addition to any donations and funding identified from elsewhere.

Time Horizon: the Foundation is looking to achieve the above over the long term.

Other Considerations: investments to be managed in line with Charity best practice, taking into account environmental and social factors.

Investment performance in 2016 exceeded these objectives. The value of the endowment grew by £1,135,445 (9%), significantly ahead of inflation, while generating income of £346,219.

The Trustees plan to undertake a comprehensive review of the Foundation's investment policy in 2017.

Plans for the future

The key priority for the Trustees in 2016 was to develop a new strategy that will enable the Foundation to make the greatest possible contribution to furthering our charitable objects in the years ahead.

A draft strategy paper was produced early in the year, and key stakeholders were consulted. Following recruitment of the new Trustees, a strategic planning day was held, together with the outgoing Chair. The final strategy for 2017-19 was subsequently approved at the November 2016 Board meeting. The new strategy defines the Foundation's mission, how we put our values into practice and sets out three overarching goals for the next three years.

Trustees' report (continued)

Plans for the future (continued)

Mission

"The Co-operative Foundation helps disadvantaged communities to overcome their challenges by putting co-operative values into practice.

We aim to stimulate and strengthen community action that connects and empowers people so they can work together to make things better."

Values

Self-help and self-responsibility:	Our work helps communities develop their skills, resilience and infrastructure, equipping them to make sustained improvements to the things that matter to them.
Democracy:	We put communities in control, giving a voice at all levels of our own work to the people we aim to benefit, and promoting meaningful user involvement by the partners we work with.
Equality and equity:	We level the playing field, prioritising under-resourced communities, whether defined by where people live or their shared interests or identities.
Solidarity:	We collaborate with others who share our vision, and bring people and organisations together to build cohesion and shape collective responses to needs.
Honesty and openness:	We make ourselves accountable to our stakeholders by transparently reporting on our activities, impact, and how we live up to our values.
Social responsibility:	We carefully consider our overall impact on society, generating our resources ethically as well as making sure we use them effectively.
Caring for others:	Our work has a particular focus on the most disadvantaged, but also delivers wider benefits for the whole community.

Strategic goals 2017-19

1. Connect and empower the next generation

Our goal:	To champion young people's ability to contribute positively to their communities and help strengthen their sense of belonging.
How we will achieve it:	We will develop a national network of projects tackling loneliness among disadvantaged young people through activities that connect them to and benefit their wider communities. This network will have a focus on collaboration and shared learning, stimulating a national conversation and strengthening local practice.

2. Connect and empower communities taking control

Our goal:	To invest in disadvantaged communities' capacity to overcome social, economic or environmental challenges.
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Trustees' report (continued)

Plans for the future *(continued)*

Strategic goals 2017-19 *(continued)*

How we will achieve it: We will identify communities that are under-resourced in relation to the challenges they face, and work with them to strengthen their long-term self-reliance. We will support partnerships working to develop the skills and infrastructure that make sustainable, community-led change possible.

3. Connect and empower partners and supporters

Our goal: To build our reputation as a trusted charity with a co-operative difference, uniting with others to make sustainable impact in communities.

How we will achieve it: We will work in partnership with the Co-op and other stakeholders to make effective use of our collective resources, including volunteer time and expertise as well as new income streams. We will develop a clear Foundation identity, and aspire to become a beacon of good practice, transparency and accountability.

Statement of Trustees' responsibilities in respect of the trustees' Annual Report and the financial statements

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law they have are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the excess of income over expenditure for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue its activities.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

Disclosure of information to auditor

The trustees who held office at the date of approval of this trustees' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each trustee has taken all the steps that he/she ought to have taken as a trustee to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed, and therefore Ernst & Young LLP will continue in office.

These financial statements were approved by the Trustees on 14-9-17 and were signed on their behalf by:


Jamie Ward-Smith
Trustee

Independent auditor's report to the members of Co-operative Community Investment Foundation (a company limited by guarantee)

We have audited the financial statements of Co-operative Community Investment Foundation for the year ended 31 December 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash flows and related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 11, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2016 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 UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information in the Trustees' Annual Report, which constitutes the Directors' Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Annual Report, which constitutes the Directors' Report, has been prepared in accordance with applicable legal requirements

Independent auditor's report *(continued)*

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have identified no misstatements in the Directors' 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 take advantage of the small company's exemption from the requirement to prepare a strategic report.



Christabel Cowling

For and on behalf of Ernst & Young LLP, Statutory Auditor

Chartered Accountants

2 St Peter's Square

Manchester

M2 3EY

19-9-17.

Statement of financial activities (incorporating the income and expenditure account)
for the year ended 31 December 2016

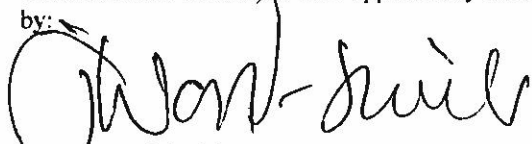
	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total funds £	2015 Total funds £	Notes
Income and endowment from:						
Donations and legacies	740,615	333,024	-	1,073,639	665,858	3
Charitable activities	88,104	33,500	-	121,604	111,699	3
Investments	263,951	82,268	-	346,219	394,312	3
Total income	1,092,670	448,792	-	1,541,462	1,171,869	
Expenditure on:						
Raising funds	-	(1,794)	-	(1,794)	-	
Charitable activities	(589,201)	-	-	(589,201)	(290,136)	5
Total expenditure	(589,201)	(1,794)	-	(590,995)	(290,136)	
Net gains on investments	-	-	1,135,445	1,135,445	299,205	12
Net income	503,469	446,998	1,135,445	2,085,912	1,180,938	
Net movement in funds	503,469	446,998	1,135,445	2,085,912	1,180,938	
Reconciliation of funds:						
Total funds brought forward	1,072,096	1,051,798	12,075,613	14,199,507	13,018,569	11
Total funds carried forward	1,575,565	1,498,796	13,211,058	16,285,419	14,199,507	

All income and movement in funds arise from continuing operations. There are no gains or losses other than those recognised in this statement of financial activities.

Balance sheet
As at 31 December 2016

	2016 £	2015 £	Notes
Fixed assets:			
Investments	13,211,058	12,075,613	12
Total fixed assets	13,211,058	12,075,613	
Current assets:			
Accrued income	112,110	272,497	8
Intercompany debtor	-	32,861	9
Cash at bank and in hand	3,004,148	1,831,791	
Total current assets	3,116,258	2,137,149	
Liabilities			
Creditors: Amounts falling due within one year	(41,897)	(13,255)	10
Net current assets	3,074,361	2,123,894	
Total net assets	16,285,419	14,199,507	
The funds of the charity:			
Endowment			
Environmental	3,084,087	2,819,020	11
Main Endowment	10,126,971	9,256,593	11
Restricted income	1,498,796	1,051,798	11
Unrestricted funds			
General fund	1,269,631	860,558	11
Designated	305,934	211,538	11
Total charity funds	16,285,419	14,199,507	

These financial statements were approved by the Trustees on 14-9-17 and were signed on their behalf by:


 Jamie Ward-Smith
 Trustee

Company registered number: 4117665

Statement of Cash Flows for the year ending 31st December 2016

	2016 £	2015 £
Net cash provided by/(used in) operating activities (see below)	853,728	313,278
Cash flows from investing activities:		
Interest income	318,629	292,873
Cash provided by investing activities	318,629	292,873
Net cash provided by financing activities	-	-
Increase in cash and cash equivalents in the year	1,172,357	606,151
Cash and cash equivalents at the beginning of the year	1,831,791	1,225,639
Total cash and cash equivalents at the end of the year	3,004,148	1,831,791

Reconciliation of net movement in funds to net cash flow from operating activities

	2016 £	2015 £
Net movements in funds	2,085,912	1,180,938
Gain on investment	(1,135,445)	(299,205)
Deduct interest income shown in investing activities	(318,629)	(292,873)
Decrease in accrued income	160,387	56,633
Decrease/(increase) in debtors	32,861	(32,861)
Increase /(decrease) in creditors	28,642	(299,354)
Net cash used in operating activities	853,728	313,278

Notes

(forming part of the financial statements)

1 Status of charitable Company and liability of Trustees

Co-operative Community Investment Foundation is a registered charity and a company limited by guarantee. Each member undertakes to contribute to the assets of the company in the event of it being wound up. This sum shall not exceed £1.

2 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the charity's financial statements except as noted below. The principal accounting policies adopted, judgement and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2016.

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

Going concern

The Company has considerable financial resources both in income reserves and the ability to draw down monies from the expended endowment. As a consequence the Trustees believe that the company is well placed to successfully manage its risks. After making enquiries, the Trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the Trustees' report and financial statements.

Income and expenditure

Grants made and operating costs incurred by the charity are recognised when there is a constructive obligation to pay. Donations received by the charity are accounted for when the charity is entitled to the income and the amount can be quantified with reasonable accuracy.

Taxation

The Co-operative Community Investment Foundation is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Nature of funds

Unrestricted income relates to funds available for use at the discretion of the Trustees in furtherance of the general objects of the charity. However the funds received as an unrestricted donation from the Co-op Group Chair have been agreed by the Trustees to be used in full for future youth projects, and so have been designated accordingly. The charity has a number of restricted income and endowment funds received for specific purposes, which are documented and used accordingly.

Fixed asset investments

Fixed asset investments are included at the quoted mid-market price ruling at the balance sheet date. Realised and unrealised gains and losses on investments are shown in the Statement of Financial Activities and represent the change in market value from the beginning of the year.

Notes *(continued)*

(forming part of the financial statements)

2 Accounting policies *(continued)*

Financial Instruments

Investments are measured at fair value with all adjustments going through the Statement of Financial Activities. Interest statements are received from the Royal London Asset Management Limited; cash based trust and attract interest payments throughout the year dependent upon market conditions. The investment is held as an asset, which is recorded at fair value each period, through the profit and loss account.

Accrued income and cash

Accrued income and cash are received by the charity and are accounted for when the charity is entitled to the income and the amount can be quantified with reasonable accuracy.

Apportionment of expenses

Support costs have been allocated across the programmes of the charity. In 2016 (as in 2015) there were two programmes. Expenses which directly relate to a particular programme have been charged to the relevant programme on a 100% basis, while costs relating to the overall management and governance of the charity (e.g. Foundation Manager payroll costs) have been apportioned based on estimated time allocation.

Notes (continued)

3 Income and Endowment

The Foundation has received the following income during 2016:

	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Designated Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Donations and legacies					
Gift Aid	-	333,024	-	333,024	-
Salvation Army	490,615	-	-	490,615	453,319
Directors fees and other donations	-	-	250,000	250,000	212,539
Total voluntary income	490,615	333,024	250,000	1,073,639	665,858
Charitable activities					
Bank Volunteering	88,104	-	-	88,104	111,699
Loneliness & Isolation	-	30,000	-	30,000	-
Other	-	3,500	-	3,500	-
Investment income	263,951	82,268	-	346,219	394,312
Total	842,670	448,792	250,000	1,541,462	1,171,869

Notes (continued)

3 Income and Endowment (continued)

The Foundation has received the following income during 2015:

	Unrestricted Funds 2015 £	Restricted Funds 2015 £	Designated Funds 2015 £	Total Funds 2015 £	Total Funds 2014 £
Donations and legacies					
Community fund scheme donation	-	-	-	-	(12,423)
Unilever donation	-	-	-	-	300,000
	-	-	-	-	287,577
<i>Other donations:</i>					
Salvation Army donations	453,319	-	-	453,319	445,336
Directors fees and donations	1,000	-	211,539	212,539	-
Total voluntary income	454,319	-	211,539	665,858	732,913
Charitable activities	111,699	-	-	111,699	-
Investment income	299,664	94,648	-	394,312	332,850
Total	865,682	94,648	211,539	1,171,869	1,065,763

Notes (continued)

4 Expenditure

The Foundation has spent the following on grants and programmes during the year

	2016 £	2015 £
Unrestricted funds		
Volunteering programme	341,954	289,516
Youth Programmes		
Grants		
Truth about Youth (write back)*	-	(47,639)
Manchester Metropolitan University	59,500	-
The Royal Exchange	20,000	-
Youth Focus : North East	20,000	-
Envision	20,000	-
Prince's Trust	20,000	-
Ovalhouse	5,000	-
Young Scot	5,000	-
Non grant expenditure which directly relates to youth programmes	6,104	-
	<hr/>	<hr/>
Total Unrestricted funds	497,558	241,877
	<hr/>	<hr/>

*These represent grants made in prior years which were not spent by recipients.

5 Analysis of charitable activities

	2016 £	2015 £
Volunteering programme	341,954	289,516
Truth about youth programme**	-	(35,375)
Youth Programmes	155,604	-
Support costs	91,643	35,995
	<hr/>	<hr/>
	589,201	290,136
	<hr/>	<hr/>

**The prior year Truth about Youth includes a write back of (£47,639) together with £12,264 salary costs wholly supporting the TAY programme.

Notes (continued)

6 Analysis of charitable activities with attributable support costs

2016

Programmes/Grants	Direct	Support Cost	Total	Allocation of Support Costs
	£	£	£	
Volunteering	341,954	18,329	360,283	20%
Youth	155,604	73,314	228,918	80%
	497,558	91,643	589,201	

The support costs totalling £91,643 (2015: £35,995) includes £67,676 attributable to the Foundation Manager's cost (2015: £13,373 part year costs); legal costs £2,769; (2015: £9,316) Audit fee £10,500 (2015: £13,306); staff travel costs £3,716 (2015: £nil), trustees expenses £3,860 (2015: £nil); training costs £419 (2015: £nil) and other costs totalling £2,703 relating to staff recruitment and telephone costs. (2015: £nil),

These costs have been allocated across the two programmes on a 20:80 basis. The rationale for the 20:80 split in support costs is that volunteering continued to operate on a business as usual footing with a dedicated manager, whereas the youth programmes were an integral part of developing the new strategy for the Foundation, which was the main focus of the Foundation Manager's and the Board's time

2015

Programme/Grants	Direct 2015	Support Cost 2015	Total 2015	Allocation of Support Costs 2015
	£	£	£	
Volunteering	289,516	17,998	307,514	50%
Truth about Youth	(47,639)	17,997	(29,642)	50%
	241,877	35,995	277,872	

The support costs totalling £35,995 includes £13,373 attributable to the Foundation Managers cost; legal costs £9,316 together with the audit fee £13,306 (2014: £10,500). These costs have been split across the two programmes on a 50:50 basis. All costs relate to the governance of the Charity.

7 Staff numbers and costs

The charity incurred costs of £102,686 (2015: £48,337) in respect to re-charged costs from the Co-operative Group Limited for 2 staff (2015: 3) who spent time working for the charity during the year. No employees have received employee benefits excluding employer pension costs, of more than £60,000. No defined contribution plan expenses were incurred by the charity. The charity does not directly employ any staff. Trustees of the board were reimbursed for their travel and hotel expenses £3,860 (2015: £nil).

Notes (continued)

8 Accrued Income

	2016 £	2015 £
Donation income	77,764	31,101
Interest	34,346	129,697
Bank proportion of Volunteering programme	-	111,699
	<u>112,110</u>	<u>272,497</u>

9 Intercompany debtor

	2016 £	2015 £
Salvation army donation	-	32,861
	<u>-</u>	<u>32,861</u>

10 Creditors: amounts falling due within one year

	2016 £	2015 £
Accruals	41,897	13,255
	<u>41,897</u>	<u>13,255</u>

11 Movement in funds

Fund name	Fund balances b/f £	Income £	Expenditure £	Gains and losses £	Fund balances c/f £
Restricted funds	1,051,798	448,792	(1,794)	-	1,498,796
<i>Unrestricted Funds</i>					
General Funds	860,558	842,670	(433,597)	-	1,269,631
Designated funds	211,538	250,000	(155,604)	-	305,934
<i>Endowment fund</i>					
Environmental	2,819,020	-	-	265,067	3,084,087
Main endowment	9,256,593	-	-	870,378	10,126,971
Total funds	14,199,507	1,541,462	(590,995)	1,135,445	16,285,419

The Environment Fund was a scheme set up following the merger of United Co-operatives Ltd and the Co-operative Group in 2007. In 2007, £2,000,000 was granted to the Co-operative Foundation by United Co-operatives, to be "ring fenced" with the annual return being used to fund environmental projects within the United Region'.

Notes (continued)

11 Movement in funds (continued)

The investment is shown as Endowment funds and income from the investment is shown as Restricted, £82,268 (2015: £94,648). In 2016 the Trustees received legal advice suggesting that this fund is permanent endowment.

The Main Endowment fund of £10,126,971 (2015: £9,256,593) is held to generate investment income to be distributed in line with the objects of the charity. These funds were shown as designated funds last year and held to generate investment income to be distributed in line with the objects of the charity. The Trustees received legal advice during 2016 suggesting that this fund is an expendable endowment, and it is now shown in the accounts within the Endowment Fund. Both endowment funds made investment gains during the year.

The Community Fund, Britannia and Environment Fund income balanced are shown as Restricted Funds. Movement in the funds relates to investment income received from the Environment Fund and a Gift Aid reclaim on Community Fund donations, minus the cost of administering the Gift Aid claim.

The Co-op Group Chair's donation has continued to be treated as a designated fund for with further donations received being partly offset by expenditure on Youth Projects during the year.

All other income and expenditure is shown as movement in unrestricted funds.

Analysis of Restricted Funds

Name of Fund	Fund balances b/f	Income	Expenditure	Fund balances c/f
	£	£	£	£
Environmental Fund	253,541	82,268	-	335,809
Community Fund	399,098	333,024	(1,794)	730,328
Britannia Fund	399,159	-	-	399,159
Other	-	33,500	-	33,500
Total funds	1,051,798	448,792	(1,794)	1,498,796

The Environment Fund was a scheme set up following the merger of United Co-operatives Ltd and the Co-operative Group in 2007. The Environmental Fund has received annual income relating to interest in the year totalling £82,268. Such income is deemed to be spent on Environmental projects.

The Community Fund has received gift aid income, and associated resource costs in the year totalling £331,230. In previous years, the Community Fund was the sole project of CCIF and hence its funds were reported as unrestricted. Since the merger of the Co-operative Foundation, the Community Fund has been restricted as any funds raised for the Community Fund are ring fenced and cannot be spent on CCIF's other objects.

The Britannia Building Society set up the Foundation, to focus its charitable giving on making a difference in local communities. Donations ceased in 2012, with the funds transferring to the Foundation 31st July 2012. The Britannia Fund has remained static throughout the year and since 2014.

Other Restricted items – income received in the sum of £33,500 transferred from the Co-op Group for programmes relating to tackling Loneliness and Isolation within the Community.

Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds £
Investments			13,211,058	13,211,058
Current assets	1,617,462	1,498,796	-	3,116,258
Current liabilities	(41,897)	-	-	(41,897)
Net assets as 31 December 2016	1,575,565	1,498,796	13,211,058	16,285,419

Notes (continued)

12 Investments

	Market value £	Historic cost £
Balance at 1 January 2016	12,075,613	8,567,241
Unrealised gain on investment assets	1,135,445	-
	<hr/>	<hr/>
Balance at 31 December 2016	13,211,058	8,567,241
	<hr/>	<hr/>
Revaluation reserve		Investment £
Balance at 1 January 2016		3,508,372
Unrealised gain on investment assets		1,135,445
		<hr/>
Balance at 31 December 2016		4,643,817
		<hr/>

The revaluation reserve appears within the endowment fund on the balance sheet. All investments are held in a diversified Trust.

13 Related party transactions

The Co-operative Group seeks re-imbursement for the payroll costs of Foundation staff and other costs directly attributable to Foundation activities. The charge for the year was £102,686 (2015: £48,337). At the 2015 year end there was a balance held in the Shared Service Centre bank account relating to a November payment received from the Salvation Army, totalling £32,861. However in 2016, there were no balances held in the Shared Service Centre bank account, therefore there are no intercompany debtors within these 2016 statutory accounts. At the year end £nil (2015: £nil) was owed to the Co-operative Group Limited.

The Charity receives donations from Allan Leighton, Co-op Group Chair, totalling £250,000 in the year (2015: £211,538).

The Trustees consider that the administrative support provided by The Co-operative Group represents the best value for money for the charitable company, and that it would not be financially beneficial to employ staff directly.

The cash at bank is held with The Co-operative Bank.

During the financial year, the Trustees of the board have not received either remuneration or benefits, however the Trustees were reimbursed for both their travel and hotel expenses totalling £3,860 (2015: £nil).