



# Localgiving

## Foundation

**Trustees' report and audited financial statements**

**For the period ended 31 March 2014**

Registered Charity Number: 1132411

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## Trustees' Report

The trustees present their report with the financial statements of the charity for the 15 month period ended 31 March 2014. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

## Reference and administrative details

### Registered Charity number

1132411

### Principal address

6<sup>th</sup> Floor  
233 High Holborn  
London  
WC1V 7DN

### Trustees

Marcelle Speller (Chairman)

Sylvia Brown

Richard Coundley

Kathrin Dunn

Hamish Mackenzie

Tracey Reddings

David Robinson

Catherine Zennstrom

Appointed 25th June 2013

Appointed 8<sup>th</sup> May 2014

Appointed 16th April 2013; Resigned 7th May 2013

Appointed 29th October 2013

Resigned 29th October 2013

### Auditors

Goodman Jones LLP  
Statutory Auditors  
29/30 Fitzroy Square  
London  
W1T 6LQ

### Bankers

CAF Bank  
25 Kings Hill Avenue  
Kings Hill  
West Malling  
Kent  
ME19 4JQ

### Solicitors

Latham and Watkins  
99 Bishopsgate  
London  
EC2M 3XF

# Structure, governance and management

## Governing document

The charity is constituted and managed in accordance with the trust deed of 20 October 2009.

## Trustee appointments and training

New trustees of the charity are appointed by the existing trustees. Trustees have the power to appoint new trustees at any time by passing an ordinary resolution at a trustee meeting or by written resolution. The minimum number of trustees is 3 and there is no maximum.

The trustees offer a wide range of skills and experience essential for good governance of the charity. New trustees are given an induction pack containing key information on the charity and its subsidiary.

Trustees are encouraged to take part in an away day where they will be able to engage with one or more of the beneficiaries that the charity supports. Trustees also spend time at the office of the subsidiary (Localgiving) in order to familiarise themselves with the direct activities of the group and meet members of staff.

## Organisational structure and decision making

The charity is governed by a Board of Trustees including a chair and four other trustees as the date of approval of the trustee's report. The trustees are ultimately responsible for the charity's strategic direction, upholding the charity's values and ensuring that it achieves its objectives. Trustees are involved in and approve key strategic decisions, including major funder projects and activities affecting the charity's reputation, finances or ability to support local charities and community organisations. The trustees hold trustee meetings quarterly. In addition, they also take part in ad hoc consultations on stewardship issues and act as ambassadors for the charity in public.

Planning and major operational decisions are taken by the board of directors of the subsidiary, which carries out many of the charity's activities directly and facilitates its online grant-making. This includes reviewing risk management, key activities or projects and performance against objectives. At least one representative from the subsidiary's other charity shareholder and partner, UK Community

Foundations is present at all Board of Director meetings. The directors of the subsidiary meet regularly (6 times per year).

The staff of the subsidiary, which include a Senior Management Team are responsible for the day-to-day management of the subsidiary and implementing plans and activities. The CEO of the subsidiary who sits on the Board of Directors and Senior Management Team has regular 1:1 meetings with the Chairman of the charity at which he/she has the opportunity to raise any immediate issues that require strategic guidance. The Senior Management Team maintains regular weekly management meetings to track success, manage issues and assess new opportunities. The staff is structured around 4 key functions: Technology Development, Charity Engagement, Marketing & Communications and Finance & Operations. The staff will also work in flexible cross-functional teams to deliver new projects and technology.

Consulting with local charities and community groups is core to the charity's approach. Along with extensive quantitative management information, which is shared throughout the group, feedback from visits by members of staff, managers, directors and trustees inform decisions about the strategic objectives and activities of the group.

The group looks to collaborate with and build partnerships with other organisations in the sector through joint funding programmes, cross-member benefits, advocacy, shared services and research. It has strong ties with regional community foundations that form the UK Community Foundations' network.

## Related parties

As of 4th June 2013 the charity owns 80% (previously 50%) of the called up share capital in Localgiving.com Limited (the subsidiary).

The Chairman of the charity, Marcelle Speller, and one of the trustees, Richard Coundley, are also directors of the subsidiary.

The subsidiary acts as an agent for the charity to receive online donations and match grants, claim Gift Aid and pay grants to local charities. The transaction costs of this income and expenditure are recharged to the charity by the subsidiary.

The charity also makes grants to the subsidiary to cover costs of running capacity building programmes.

# Objectives and activities

Localgiving Foundation is dedicated to providing funding opportunities and advocacy for local charities and community groups in the UK. Its mission is to safeguard the sustainability of the local voluntary sector by empowering charitable organisations to connect with supporters, fundraise online and take control of their future.

Localgiving Foundation delivers this through the following main types of activities:

## (1) Grant-making to beneficiary local charities and community organisations in the UK

Donations made on the Localgiving fundraising platform are forwarded onto member charities and community groups. Match funding of online donations is distributed. The voluntary income from online donations and match funding is designated by the trustees for grant-making and automated through the Localgiving online donations platform.

## (2) Activities directly undertaken by Localgiving which fall into 5 core areas:

- i. *Technology* - providing an online fundraising website, devoted to local charities and community organisations. The website enables charitable organisations to receive online donations, whether direct or as a monthly direct debit. It provides automated Gift Aid processing and enables unregistered charities to accept Gift Aid. It provides access to donation reporting and enables charities to send messages to supporters.
- ii. *Support* - delivering support and training to small local charities across the country. It secures funding from major donors to run capacity building programmes where local field workers provide free face-to-face training for charities, focused on developing digital and fundraising skills. It runs a national helpdesk, which provides customer support, as well as digital fundraising training and tips, via phone, email and social media.
- iii. *Regulation* - providing a thorough validation process, ensuring that all groups on the website meet charitable criteria.
- iv. *Funding* - securing funding from government bodies, philanthropists and corporate sponsors for local and national match fund campaigns, which match public donations made to local charities through the website.
- v. *Advocacy* - running PR, marketing and advertising campaigns to support match funds, capacity building programmes and charity fundraising initiatives. It works to secure coverage, both locally and nationally. It also conducts research to quantify the impact of local charitable organisations and report on the current state of the sector.

## Public benefit

The trustees confirm that they have referred to the Charity's Commission guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities and setting policies.

# Achievements and performance

## Grow Your Tenner 2013 match fund

The Office of Civil Society provided a grant of £500,000 to be used to match one-time and monthly donations in the second consecutive Grow Your Tenner match fund campaign. One-time monthly donations made through the fundraising platform would be matched up to £10 and monthly donations signed-up during the campaign would be matched by up to £10 for six months. The campaign ran from October 2013 to January 2014. The programme:

- Enabled the £500,000 grant to make a 3.2 times return and directly provide unrestricted funding to over 1,300 hard-to-reach small local charities and community groups.
- Raised awareness of local charities and community organisations. Over 13,000 individuals made donations, proving that the public do care about local charities – and that they are prepared to donate to them online via Localgiving.
- Attracted 35,125 one-time online donations. The average donation amount was nearly £16, up £2 from the previous year's average and despite a limit to matching up to £10. Including Gift Aid, the one-time donations generated 2.8 times the match fund for local charities and community groups – a total of £938,520 distributed to local charities and community organisations across England.

- Signed up 2,900 monthly Direct Debit donations, nearly tripling the previous year's campaign. Again, the average donation value was more than £10, at £11.35. We estimate that 50% of these Direct Debits will continue past the end of 2014, this means that £160,000 of the fund that matched Direct Debits will generate £614,072, which is a staggering return of 3.8 times the investment.
- Processed Gift Aid on behalf of 1,050 charities, saving an estimated 22 days' worth of administration time. Gift Aid adds 25% to the value of an individual's donation, but requires administration in order to collect the tax declaration from the donor and claim the tax relief. We are proud to automate this process and help maximise giving.

### Learnings

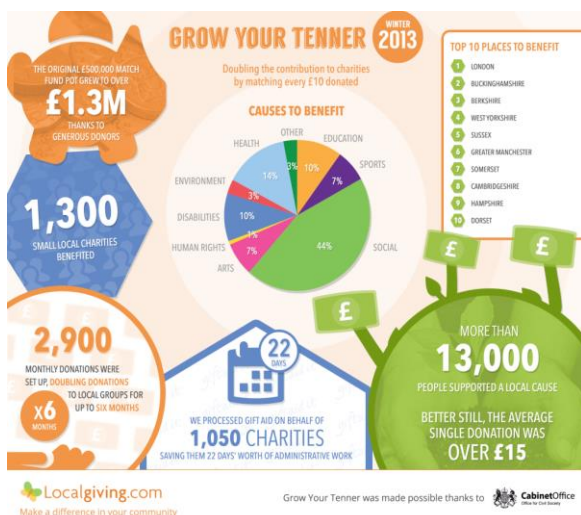
We found monthly Direct Debit donations harder to encourage and did not reach to target of £250,000 of matching allocated to monthly donations. However, with over 50% of monthly donations continuing for more than 12 months, Direct Debits provide valuable ongoing income for charities and community groups.

We also wanted to attract additional funding to supplement the £500,000 from the Office of Civil Society. To receive £500,000 for such a fantastic project is a great chance to reach out to other interested funders and attract more match funding to extend the campaign in size.

The promotion only match funded charities and community groups in England. We feel that charities and community groups we support in Scotland, Wales and Northern Ireland should also benefit from Grow Your Tenner.

### Future plans

We want to repeat the Grow Your Tenner promotion for a third consecutive year. We want to increase the number of monthly Direct Debit donations signed-up to over 4,000 monthly donations and over £250,000 matched. We have found these harder to encourage – however, with over 50% of monthly donations continuing for more than 12 months, they provide valuable ongoing income for charities and community groups.



## Capacity building in North Yorkshire

The Peter Sowerby Foundation provided £82,000 in grant funding for a project to register 125 local charities and community groups in North Yorkshire to our online fundraising platform and equip them with the digital skills to enable them to raise funds and awareness online. The project ran from March 2013 to March 2014 and generated the following results:

- Over £8,000 more than the initial grant has been received through online donations to North Yorkshire charities. The legacy of the project is to ensure the future sustainability of these and other groups. Additionally, the evidence that this project has provided has enabled Localgiving to obtain funding to extend the model across the UK.
  - Built productive relationships with 20 infrastructure organisations across North Yorkshire. We have developed strong relationships with the CVS in Scarborough and Whitby, Ryedale and York; 70% of the charities registered through the programme are located within these districts, showing the positive impact these partnerships have had. We have also engaged with local sports networks and they have helped us to recruit 22 local community groups onto Localgiving.
  - Registered 105 charities onto the platform. Although we haven't achieved our target of 125 yet, we will have them online in the near future. We have charities online from every district and covering every cause that Localgiving works with. In addition, we have 35 charities in Ryedale, Craven and Richmond, which are three of the six least densely populated districts in England, showing that we have reached charities in the most rural environments.
  - Delivered 14 training workshops to 136 charities; a workshop has been delivered in every district in North Yorkshire. In total, 5 different workshops have been delivered and we have provided 1:1 support on 6 different topics.
  - Raised a total of £90,614.63 in North Yorkshire during the project through 1,539 donations to 71 different organisations. 73% of charities that have been online for over two weeks have received donations, with 25% raising over £1,000. In addition, 20% of the charities now have a regular monthly donation set-up to them through Direct Debit.
- In addition, charities in North Yorkshire have had the opportunity to benefit from three match fund campaigns. Two campaigns were funded through the grant from The Peter Sowerby Foundation, which were exclusive to charities in North Yorkshire, and the other was funded by The Office for Civil Society and available to all charities in England. In total, 67 groups have benefited from match funding through one or more of the campaigns.

The project has provided a great opportunity for charities in North Yorkshire and we are confident that the model is sustainable after 12 months. 71% of the charities have stated that they wouldn't have registered if they hadn't had their membership covered by the grant funding; however, 89% are now planning on renewing their membership. The training provided has had a positive impact on the confidence of the charities, with 59% feeling unconfident with online fundraising at the beginning of the project and only 4% feeling unconfident at the end of the project.

We would like to thank The Peter Sowerby Foundation for the vision that it showed in initiating this project.

### Future plans

The success of this pilot capacity building programme has paved the way for both extension of the programme in North Yorkshire as well as release into other areas of the UK.

We intend to renew the programme in North Yorkshire and to secure funding for programmes in two other regions of the UK.

*'Localgiving and the Peter Sowerby Foundation have saved us from closure. The members are now in much greater spirits than when they thought it was the end, and, of course, this reflects in all aspects. If performers don't believe in themselves, certainly no one else will!'*

*Charity*

## Online fundraising technology

Localgiving has invested in developing its online fundraising platform and committed to improving the functionality and providing new online fundraising tools to help charities and community groups raise more public support. This includes:

- Developed fundraiser pages to enable members of the public to raise support for charities when they take part in a fundraising event, such as a marathon. Initial results have been promising with over 500 fundraiser pages set-up in the first 6 months. Physical activity events appear to be the most popular.
- Provided a mobile-friendly website experience making it easier to make donations on a mobile device. More and more people use their mobile phone or tablet to make online transactions so it was vital to provide a mobile offering to make this donation channel smoother for the online donor. This also complemented our addition of fundraiser pages onto the main website, which found increased numbers of users making donations with their mobile phone.

*'It's a great way to find new causes to support, donating online is uncomplicated and the money that you give directly benefits those that live in the local area.'*

*Donor*

- Upgraded the charity administration tools. Real time and historical reporting for charities on their supporters and donations are designed to help them assess their impact and effectiveness of fundraising. Supporter messaging has given the charities the opportunity to develop stronger relationships with supporters, with the goal of encouraging continued support.

- Improved the website user experience and interoperability with updated front end redesigns, sharing tools and API development. Sharing tools mean that supporters can share their donations and the charities they support on social networks such as Facebook, Twitter and Google+. These tools reflect a high percentage of the charities we support using Facebook and social media to promote themselves. The API means that the functionality on our platform can be shared with partners in the sector. So far interest has been shown by two organisations and one has used it to connect for a campaign.

*'Just set up my Direct Debit - very quick, simple and easy. No excuse guys!'*

*Donor*

### Future plans

We will continue to invest in technology and look to respond to customer and website user needs. This includes new ways of making online payments and investigating a specific crowdfunding initiative for our charity members.



## Financial review

### Supporters and beneficiaries

Localgiving Foundation is grateful to every one of its supporters. Without such vision and continued involvement it would not be possible to provide these valuable services to charities and community organisations across the UK.

The charity received £2,240,456 in voluntary income during the year. This was made up of donations of £1,649,528 and grants of £590,928.

Donations and grants were received from the following sources:

Donor / Funder	£
Office of Civil Society	500,000
Peter Sowerby Foundation	82,000
Online donors	852,028
Individuals	806,428
	2,240,456

From this income grants of £1,273,328 were awarded. The charity had support costs related to grant payments of £18,020.

Grants made supported beneficiary charities and community organisations by the following causes:

Cause	Grants
Community Support & Development	20%
Health & Wellbeing	14%
Sports & Recreation	12%
Education & Training	12%
Social Welfare	8%
Other	7%
Disability	7%
Counselling, Advice & Mentoring	5%
Arts, Culture & Heritage	4%
Housing / Homelessness	4%
After school clubs	2%
Human Rights	2%
Environment	2%
Hospices	1%

### Reserves policy

The trustees maintain a reserves policy to build up the charity's unrestricted reserves to a level that will provide appropriate protection against normal and economic risks and which will also provide a stable financial foundation to meet current financial commitments, planned activities and to invest for future growth.

Reserves of £295,391 were carried forward at the end of the year end, represented by £76,241 restricted funds for future grant awards, £96,342 designated funds for future grants awards and £122,808 in general funds.

Voluntary income via online donations is designated to fund local charities represented on Localgiving's online fundraising platform. 2% of this income is redirected to the general fund reserves to cover any future support costs. The charity is also generously funded by large donations from individuals.

At 31st March 2014 the charity had free reserves of £122,808.

Localgiving Foundation's level of free reserves is under continuous review by the trustees, in line with the charity's strategic plans.

### Risk management

The trustees have assessed the major risks to which the charity is exposed and have in place systems to mitigate its exposure to major risks.

The charity depends on the subsidiary's technology to receive donations and to operate grant programmes. The subsidiary provides quarterly operations risk review related to the processing of grants to local charities and community groups; the validation of these groups to be able to receive funds and the website infrastructure to deliver the fundraising platform. The subsidiary is required to have an internal controls audit and confirm its processing of Gift Aid with HMRC once per year.

## Trustees' responsibility statement

The trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales, the Charities Act 2011, Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed requires the trustees to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them 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.

**On behalf of the board:**

**M Speller**

Chair of Trustees

Date: 29<sup>th</sup> January 2015

## Independent auditor's report

We have audited the financial statements of the Localgiving Foundation for the period 1 January 2013 to 31 March 2014 on pages eleven to twenty-one. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the charity's trustees, as a body, in accordance with Section 144 of the Charities Act 2011 and regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of trustees and auditors

As explained more fully in the Trustees Responsibility Statement set out on page eight, the trustees are responsible for the preparation of the financial statements which give a true and fair view.

We have been appointed as auditors under Section 144 of the Charities Act 2011 and report in accordance with regulations made under Section 154 of that Act.

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 charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements. 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 charity's affairs as at 31 March 2014 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements ; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### **Goodman Jones LLP**

Statutory Auditors

29/30 Fitzroy Square

London

W1T 6LQ

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

Date: 30<sup>th</sup> January 2015

# Consolidated statement of financial activities

(Incorporating income and expenditure)

	Notes	General Funds £	Designated Funds £	Restricted Funds £	Total funds	
					15 months ended 31/03/14 £	Year ended 31/12/12 £
<b>Incoming resources</b>						
<b>Incoming resources from generated funds</b>						
Voluntary income	2	806,428	852,028	582,000	<b>2,240,456</b>	625,188
Investment income	3	415	-	-	<b>415</b>	88
<b>Incoming resources from charitable activities</b>	4	118,617	-	-	<b>118,617</b>	-
<b>Total incoming resources</b>		925,460	852,028	582,000	<b>2,359,488</b>	625,276
<b>Resources expended</b>						
<b>Charitable activities</b>						
Grants awarded	5	-	736,630	554,718	<b>1,291,348</b>	456,907
Localgiving website		639,420	-	-	<b>639,420</b>	-
<b>Governance costs</b>	6	6,900	-	-	<b>6,900</b>	3,600
<b>Total Resources Expended</b>		646,320	736,630	554,718	<b>1,937,668</b>	460,507
<b>Net Incoming Resources Before Transfers</b>		279,140	115,398	27,282	<b>421,820</b>	164,769
<b>Transfers</b>						
Transfers between funds		76,095	(41,619)	(34,476)	-	-
<b>Other recognised gains/losses</b>						
Waiver of loan		2,627,309	-	-	<b>2,627,309</b>	-
Goodwill write off		(875,553)	-	-	<b>(875,553)</b>	-
<b>Net movements in funds</b>		2,106,991	73,779	(7,194)	<b>2,173,576</b>	164,769
<b>Reconciliation of funds</b>						
Total funds brought forward		58,772	22,563	83,435	<b>164,770</b>	1
Share of deficit of subsidiary		(2,042,955)	-	-	<b>(2,042,955)</b>	
<b>Total funds carried forward</b>		122,808	96,342	76,241	<b>295,391</b>	164,770

## Consolidated balance sheet

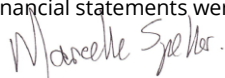
					Total funds	
	Notes	General Fund £	Designated Fund £	Restricted Fund £	15 months ended 31/03/14 £	Year ended 31/12/12 £
<b>Fixed Assets</b>						
Tangible fixed assets	9	4,894	-	-	<b>4,894</b>	-
Investments	10	-	-	-	-	1
<b>Current assets</b>						
Debtors	11	134,651	96,342	80,741	<b>311,734</b>	107,095
Cash at bank		91,877	-	(4,500)	<b>87,377</b>	61,955
		226,528	96,342	76,241	<b>399,111</b>	169,050
<b>Creditors:</b> amounts falling due within one year	12	(108,614)	-	-	<b>(108,614)</b>	(4,280)
<b>Net Current Assets</b>		117,914	96,342	76,241	<b>290,497</b>	164,770
<b>Total assets less total liabilities</b>		122,808	96,342	76,241	<b>295,391</b>	164,770
<b>Creditors:</b> amounts falling due after more than one year		-	-	-	-	-
<b>Net assets</b>		122,808	96,342	76,241	<b>295,391</b>	164,770
<b>Funds</b>	13					
General funds					<b>122,808</b>	58,772
Designated funds					<b>96,342</b>	22,563
Restricted funds					<b>76,241</b>	83,435
<b>Total funds</b>					<b>295,391</b>	164,770

The Trustees consider that the Charity is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the Charity to obtain an audit for the year in question in accordance with section 476 of the Act. However, an audit is required in accordance with section 151 of the Charities Act 2011.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and for preparing financial statements which give a true and fair view of the state of affairs of the Charity as at 31 March 2014 and of its net resources expended for the year in accordance with the requirements of sections 394 and 395 of the Act and which otherwise comply with the requirements of the Act relating to the financial statements, so far as applicable to the Charity.

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Trustees on 29<sup>th</sup> January 2015 and were signed on its behalf by:



M Speller  
Chair of Trustees

## Charity balance sheet

					Total funds	
	Notes	General Fund £	Designated Fund £	Restricted Fund £	15 months ended 31/03/14 £	Year ended 31/12/12 £
<b>Fixed Assets</b>						
Investments	10	4	-	-	4	1
<b>Current assets</b>						
Debtors	11	93,751	99,721	80,741	274,213	107,095
Cash at bank		91,855	-	(4,500)	87,355	61,955
		185,606	99,721	76,241	361,568	169,050
<b>Creditors:</b> amounts falling due within one year	12	(10,500)	(3,379)	-	(13,879)	(4,280)
<b>Net Current Assets</b>		175,106	96,342	76,241	347,689	164,770
<b>Total assets less total liabilities</b>		175,110	96,342	76,241	347,693	164,770
<b>Creditors:</b> amounts falling due after more than one year		-	-	-	-	-
<b>Net assets</b>		175,110	96,342	76,241	347,693	164,770
<b>Funds</b>						
General funds	13				175,110	58,772
Designated funds					96,342	22,563
Restricted funds					76,241	83,435
<b>Total funds</b>					347,693	164,770

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M Speller  
Chair of Trustees

# Notes to the financial statements

## 1. Accounting Policies

### **Basis of preparation of the financial statements**

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Charities Act 2011, Statement of Recommended Practice, Accounting and Reporting by Charities (revised 2005), the Financial Reporting Standard for Smaller Entities (April 2008), and in accordance with applicable accounting standards.

### **Basis of consolidation**

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the Charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the Charity alone as permitted by section 408 of the Companies Act 2006 and paragraph 397 of the SORP. Intragroup transactions are eliminated fully on consolidation.

### **Incoming resources**

All incoming resources are included in the SOFA when the charity has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Voluntary income by way of donations and grants are credited in the period in which the charity becomes entitled to them, and include related taxation recoverable.

### **Investment income**

Interest on cash deposits is accounted for when receivable.

### **Resources expended**

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Grants offered subject to conditions which have not been met at the period end date are noted as a commitment but not accrued as expenditure.

Support costs are those costs incurred directly in support of expenditure on the objects of the Charity and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the Charity and compliance with constitutional and statutory requirements.

All resources expended are inclusive of irrecoverable VAT.

Costs incurred in respect of the following accounting period are carried forward at the balance sheet date. Where the costs are met by restricted income funds they are carried forward as restricted funds balances. Where the costs are met by unrestricted income funds they are carried forward as costs in advance. Similarly any income or grants received in advance are also carried forwards, as either restricted income funds balances or deferred income if unrestricted income.

### **Governance costs**

Governance costs are those associated with the governing of the charity not relating to fundraising, charitable activities or day to day management.



# Notes to the financial statements

## 1. Accounting policies (continued)

### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at the following annual rates calculated in order to write off the cost of fixed assets, less their estimated residual value, over their expected useful life.

Business Systems – 20% on cost

Office Equipment – 30% on cost

### **Taxation**

The charity is exempt from Income Tax and Capital Gains Tax on its charitable activities.

### **Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds are held by the charity for a purpose designated by the Trustees. The designated funds represent online donations that have been set aside to pay out as grants to local charities.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

## Notes to the financial statements

### 2. Voluntary income

	<b>15 months ended 31/03/14 £</b>	Year ended 31/12/12 £
Donations	<b>1,649,528</b>	125,188
Grants	<b>590,928</b>	500,000
	<b>2,240,456</b>	625,188

### 3. Investment income

	<b>15 months ended 31/03/14 £</b>	Year ended 31/12/12 £
Deposit account interest	<b>415</b>	88
	<b>415</b>	88

### 4. Incoming resources from charitable activities

	<b>15 months ended 31/03/14 £</b>	Year ended 31/12/12 £
Localgiving website income	<b>118,617</b>	-
	<b>118,617</b>	-

### 5. Charitable activities

	Activities undertaken directly 31/03/14 £	Grant funding of activities 31/03/14 £	Support costs 31/03/14 £	<b>Total 15 months ended 31/03/14 £</b>	Total Year ended 31/12/12 £
Grants awarded to organisations	-	1,273,328	18,020	<b>1,291,348</b>	453,584
Localgiving website	639,420	-	-	<b>639,420</b>	-
				<b>1,930,768</b>	453,584

Grants were awarded to a total of 1,152 (2012 - 1,084) organisations. The average grant made during the year was £1,105 (2012 - £381). A full list of grants awarded in the year is available from the Foundation's registered office.

## Notes to the financial statements

### 6. Governance costs

	<b>15 months ended 31/03/14 £</b>	Year ended 31/12/12 £
Auditors' remuneration	6,900	3,600
	<b>6,900</b>	<b>3,600</b>

### 7. Staff costs and trustee's remuneration

	Group		Charity	
	<b>15 months ended 31/03/14 £</b>	Year ended 31/12/12 £	<b>15 months ended 31/03/14 £</b>	Year ended 31/12/12 £
<b>Staff costs</b>				
Wages & salaries	<b>363,512</b>	-	-	-
Social security costs	<b>36,477</b>	-	-	-
	<b>399,989</b>	-	-	-
<b>Number of employees</b>				
Charitable activities	<b>18</b>	-	-	-
	<b>18</b>	-	-	-

No employees earned in excess of £60,000 during the current or prior year.

#### Trustees' remuneration and expenses

There were no trustees' remuneration or other benefits for the 15 month period ended 31 March 2014 nor for the year ended 31 December 2012. In addition, there were no trustees' expenses paid for the 15 month period ended 31 March 2014 nor for the year ended 31 December 2012.

## Notes to the financial statements

### 8. Goodwill

	Total £
<b>Cost</b>	
At 01/01/2013	-
Additions	875,553
Written off	(875,553)
At 31/03/2014	-

This represents goodwill on the acquisition of 30% of the issued ordinary share capital of Localgiving.com Limited.

### 9. Tangible fixed assets

	Business systems £	Office equipment £	Total £
<b>Cost</b>			
At 01/01/2013	673,020	13,008	686,028
Additions	62,980	6,263	69,243
Disposals	(267,238)	-	(267,238)
At 31/03/2014	468,762	19,271	488,033
<b>Depreciation</b>			
At 01/03/2014	673,020	10,382	683,402
Charge for period	5,909	3,995	9,904
Eliminated on disposal	(66,898)	-	(66,898)
Impairments	57,071	-	57,071
Reversal of impairments	(200,340)	-	(200,340)
At 31/03/2014	468,762	14,377	483,139
<b>Net book value</b>			
At 31/03/2014	-	4,894	4,894
At 31/12/2012	-	2,626	2,626

## Notes to the financial statements

### 10. Fixed asset investments

The Localgiving Foundation owns 80% of the issued ordinary share capital of £5 of Localgiving.com Limited, a company registered in England and Wales (company number 07111208). Localgiving.com Limited operates a website allowing charitable donations to small charities and community groups.

This shareholding was increased from 50% to 80% on 4 June 2013 by the issue of 3 ordinary shares of £1 each to the Localgiving Foundation.

The loss after taxation of Localgiving.com Limited was:

	£
Period 01/04/2013 to 04/06/2013	89,452
<b>Year ended 31/03/2014</b>	<b>2,077,693</b>

The book value and fair value of the assets and liabilities of Localgiving.com Limited at the date of acquisition was:

	£
<b>Fixed assets</b>	<b>2,626</b>
<b>Current assets</b>	<b>26,341</b>
Debtors	76,881
Cash at bank	
<b>Current liabilities</b>	
Trade creditors	(2,926)
Other creditors	(22,128)
Deferred income	(102,971)
<b>Long term liabilities</b>	
Loan from Localgiving Foundation	(270,000)
Loan from director	(2,626,332)
	<b>(2,918,509)</b>
30% purchased	<b>(875,553)</b>
Goodwill	<b>875,556</b>
<b>Cost of acquisition</b>	<b>3</b>

The summarised profit and loss account of Localgiving.com Limited for the period 01/04/2013 to 04/06/2013 was:

	£
Turnover	30,169
Operating (loss)	(90,983)
(Loss) before taxation	(89,452)

The results of the subsidiary are included in the consolidated accounts.

## Notes to the financial statements

### 11. Debtors: amounts falling due within one year

	Group		Charity	
	15 months ended 31/03/14 £	Year ended 31/12/12 £	15 months ended 31/03/14 £	Year ended 31/12/12 £
Trade debtors	2,602	-	-	-
Other debtors	21,121	-	-	-
Localgiving.com Limited Client's account	121,777	98,115	121,777	98,115
VAT recoverable	3,749	-	-	-
Accrued income	162,485	8,980	152,436	8,980
	<b>311,734</b>	107,095	<b>274,213</b>	107,095

### 12. Creditors: amounts falling due within one year

	Group		Charity	
	15 months ended 31/03/14 £	Year ended 31/12/12 £	15 months ended 31/03/14 £	Year ended 31/12/12 £
Bank loans and overdrafts	276	-	-	-
Trade creditors	14,268	-	3,600	-
Social Security and other taxes	11,002	-	-	-
Other creditors	300	-	-	-
Accrued expenses	21,428	4,280	10,279	4,280
Deferred income	61,340	-	-	-
	<b>108,614</b>	4,280	<b>13,879</b>	4,280

## Notes to the financial statements

### 13. Movement in funds

	At 01/01/13	Incoming resources / other gains/losses	Resources expended	Transfers	At 31/03/14
	£	£	£	£	£
<b>Unrestricted funds</b>					
General fund	(2,859,739)	3,552,772	(646,320)	76,095	<b>122,808</b>
Designated fund – online donations	22,563	852,028	(736,630)	(41,619)	<b>96,342</b>
<b>Restricted funds</b>					
Office of Civil Society Matching Fund	83,435	500,000	(533,239)	3,024	<b>53,220</b>
Sowerby Foundation Grant	0	82,000	(21,479)	(37,500)	<b>23,021</b>
	83,435	582,000	(554,718)	(34,476)	<b>76,241</b>
<b>Total funds</b>	<b>(2,753,741)</b>	<b>4,986,800</b>	<b>(1,937,668)</b>	<b>(7,194)</b>	<b>295,391</b>

### 14. Operating lease commitments

At 31 March 2014 the Group was committed to making annual payments of £33,500 (2013 - £-) under non-cancellable operating leases in respect of land and buildings which expire with in one to two years (2013 - n/a).

### 15. Related party disclosures

The Localgiving Foundation owns 80% of the called up share capital of Localgiving.com Limited. The Chairman of the Localgiving Foundation, Marcelle Speller, is also a director of Localgiving.com Limited.

Localgiving.com Limited acts as an agent for the Localgiving Foundation to receive online donations and grant funding, and to pay grants to local charities on behalf of the Localgiving Foundation. The transaction costs of this income and expenditure are recharged to the Localgiving Foundation by Localgiving.com Limited.

During the year, £852,028 (2012 - £55,208) in online donations and £525,000 (2012 - £500,000) in grant funding was received by Localgiving.com Limited on behalf of Localgiving Foundation. Localgiving.com Limited paid out £718,610 (2012 - £453,583) in grants to local charities and recharged £18,020 (2012 - £2,643) in transaction fees. At 31 March 2014 Localgiving.com Limited owed £121,777 (2012 - £98,115) to the Localgiving Foundation, representing online donations and grants received not yet awarded as grants to local charities.

During the period the Chairman waived a loan of £2,627,309 she had made to Localgiving.com Limited.

### 16. Controlling party

The group is controlled by the Trustees as disclosed in the Trustees' Report.