

THE AUSTIN BAILEY FOUNDATION

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 5TH APRIL 2020

CHARITY NO. 514912

The Austin Bailey Foundation

Report of the trustees for the year ended 5th April 2020

The trustees present their annual report and financial statements of the charity for the year ended 5th April 2020. The accounts have been prepared in accordance with the accounting policies set out in Note 1 of the attached accounts and comply with the Charity's Trust Deed, applicable laws, accounting standards (United Kingdom Generally Accepted Accountancy Practice) and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the United Kingdom and Republic of Ireland (FRS 102) effective from accounting periods commencing 1st January 2015 or later and Update Bulletin 1.

Grant-making aims and objectives

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

The trustees describe above, the objectives of the Foundation and the range of beneficiaries assisted. They believe that these benefits and those who benefit from the Foundation are clear and identifiable and related to the aims of the Foundation. The Foundation's objectives are delivered by distributing unrestricted income as follows:-

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

A review of the past year on page 4 and the list of grants in note 2 to the accounts, demonstrates that this aim continues to be achieved.

Grant making policy

The Foundation maintains a presence on the internet at www.austinbaileyfoundation.org and grant application forms are available from this website. The trustees aim to keep the application process as simple as possible. Guidelines on how to make a grant application, together with helpful details of the criteria which are taken into consideration when assessing applications and the information which should be submitted with an application are available on our website.

In 2017 after considerable reflection and discussion regarding the 'Future Shape and Direction of the Foundation' a two year strategic plan was formulated with a view to raising the profile of the charity within the local community.

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The trustees are pleased with the progress made since the strategy meeting. The decision to forge closer links with Swansea Council for Voluntary Service (SCVS) and to invite charity representatives to meet with the trustees, has enabled the trustees to become more acutely aware of the needs of the local community. The range of local charities approved for grant funding during the year is testament to this.

In general, it is the Foundation's policy to award grants of up to £1000. However, depending on the strength of an application, this sum may be exceeded, for example, for a previously agreed recurring donation and this year for Faith in Families and Poverty Truth Commission.

The Foundation provides funding to those organisations which demonstrate charitable purpose. In the U.K most grant aid is directed to registered charities with a small amount to CIC's (community interest companies). Overseas projects will usually be with a U.K charity partner. The trustees continue to build relationships with other organisations with similar aims and objectives, in order to establish and maintain donation streams which will be used to best effect.

Funding policy is directed largely at supporting work at a community level and where, through our funding, there is clear evidence of effectiveness and outcomes. The Foundation already focuses on supporting small community-based organisations working to help people in the most deprived parts of Swansea and overseas.

The Trustees meet twice a year, in May/June and December/January, to consider applications for grant funding. The Foundation's grant making policy is entirely discretionary with all recurring grants reviewed annually. The trustees will not consider any funding request made within 12 months (15 months for overseas charities) of the outcome of a previous application. Individual grants are subject to an application process and to eligibility criteria determined by the trustees and the Foundation's objectives. All applications must be submitted by e-mail using the on-line application form.

Following the outbreak of the COVID-19 pandemic, Swansea based charities, especially those dealing mainly with the provision of food for the elderly and vulnerable members of society, have seen a huge increase in the demand for their services whilst at the same time experiencing a drop in supplies and income.

Under normal circumstances the trustees would distribute grant aid only at their twice-yearly meetings. However, recognising that this was an exceptional situation the trustees approved an emergency hardship fund of £5,000, to be distributed by the end of March 2020. The trustees identified four local charities which are either heavily involved with food distribution or cater in other ways to the vulnerable members of the community. Each organisation received £1,250. The trustees will continue to monitor the future needs of local charities with the aim of providing further financial support if appropriate.

The four organisations selected were:-

- * St. Thomas' Church, Swansea who are co-ordinating food deliveries in the eastside of Swansea.
- * LifePoint Foodbank, Swansea, an established foodbank which receives referrals from many agencies dealing with the unemployed and other vulnerable groups.

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* Faith in Families which has three family centres in the deprived communities of Swansea.

* Swansea Council for Voluntary Services being the umbrella charity for the voluntary and community sector in Swansea.

Details of all the grants awarded during the year can be found in note 2 to the accounts.

Public benefit

The trustees confirm that they have complied with section 2(1)(b) of the Charities Act 2011, having due regard for the Charity Commissioner's guidance on public benefit when reviewing the Foundation's aims and objectives, when setting the grant-making policy and in making awards.

A review of our achievements and performance and how our grants programme delivered public benefit.

Grants paid to beneficiaries

In the year to 5 April 2020, one hundred and one individual grants were made totalling £111,520, an increase of £6,668 on the previous year.

Included in this figure were eight overseas flagship awards totalling £32,000 which were covered by donations received specifically to meet this commitment. These donations were treated as 'designated funds' and therefore not taken into account when calculating the distribution ratio outlined above.

After excluding these 'designated funds' the awards for the year agreed by the trustees from unrestricted funds totalled £79,520. This sum was apportioned to the three categories as follows:-

Overseas charities	-	32 awards totalling £19,260 (24.20%)
Local Churches	-	18 awards totalling £16,800 (21.10%)
Local charities	-	43 awards totalling £43,460 (54.70%)

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

Whilst the average award to good causes for the year from unrestricted funds was £855, the trustees have established 'flagship' projects within each category which qualify for additional funding.

Flagship projects are supported by the trustees at each meeting. This support is intended for an initial period of three years and provided the funding is utilised for the purposes stated in the application, the charity can be confident that financial support from the Foundation is assured.

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Flagship Projects

Two longstanding Flagship Projects have, this year, come to an end. The Family Centre Bonymaen, Swansea and St. Teilo's Church, Caereithin, Swansea have both enjoyed Flagship status since 2007. Whilst this year's awards will be the last, both organisations are encouraged to apply for grant funding for future projects.

There is no Local Charity Flagship project at present. St. Mary's Church 'Poor Fund' has been approved as the new church sector Flagship Project for its work with the Swansea homeless and needy.

Church Flagship Project

St. Mary's Church, Swansea 'Poor Fund'

St. Mary's is situated at the heart of Swansea city centre. It is therefore ideally placed to serve the needs of the local community which includes those who are struggling financially and those who are homeless. The coffee shop situated within the church building provides, free of charge, food and drink on a daily basis to those who are homeless. Toilet facilities within the city centre are 'off limits' to the homeless. St. Mary's has therefore, placed its own toilet facilities at the disposal of Swansea's homeless thus enabling them to wash and freshen up. The weekly breakfast club provides, free of charge, a cooked breakfast for around 30 people.

In order to continue to provide these vital amenities and free meals the church relies on financial contributions and the trustees were pleased to support this worthwhile cause with a donation of £1,000 at each meeting.

Overseas Flagship Projects

The four overseas flagship projects presently supported are:-

Send a Cow:

Burundi was recently described as the world's hungriest and unhappiest country. There is widespread poverty with 80% of the population surviving on \$1 a day. Our grant will enable Send a Cow's front line African staff to provide training in sustainable farming, business skills and gender equality so that families can work together to grow nutritious food to eat and sell. Vital income that can be invested in their farms and send their children to school. This is a practical people-focused approach which empowers communities and breaks the cycle of poverty permanently.

Five Talents:

Five Talents is the Anglican Church's microfinance charity, founded as a Christian response to global poverty. Our grant will support Five Talents' work in Northern Uganda where it provides savings schemes and numeracy training through experienced local partners, who understand the needs and aspirations of their members and are trusted within the local community. Because banking facilities are not available to those at the bottom of the economic ladder, the solution employed by Five Talents is the group savings and lending methodology. A group or cell will save regularly and on average after six consecutive months

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of savings will be entitled to borrow from the combined pot, having submitted a business plan and demonstrated the ability to repay the loan. This approach enables families to learn to save and to invest in small businesses in order to generate profits which in turn will support their children, improve their homes and enable them to eat more nutritious food.

Tiyeni

This is a small charity whose aim is to combat hunger and poverty throughout Malawi through soil and water conservation and through using rural farming methods to optimise food production from the land. Tiyeni's system of land husbandry, using the deep bed method of farming prevents:

- * Erosion which results in the loss of topsoil.
- * Falling fertility resulting in reduced crop yields.

The ever increasing soil fertility provides food security in rural villages with any surplus providing farm income which can be used to improve the quality of life.

Pump Aid

For millions of people living in extreme poverty in rural Malawi access to safe water is a life or death challenge. In order to save and change lives, Pump Aid is working with communities to ensure sustainable and secure water supplies and improved hygiene and sanitation practices.

In view of the Foundation's financial commitment totalling £96,000 in respect of the four overseas flagship projects each organisation is expected to provide the trustees with an annual progress report confirming that the projects are meeting the objectives stated in the original applications.

Measuring Impact.

Most of our grant making is reactive and impact is measured against what organisations tell us they are seeking to achieve. Hearing from organisations which the Foundation supports is extremely helpful in determining whether the funding is used for the purpose intended and gives us confidence that our grant is making a difference. Grantees are therefore expected to report back on how grants have been used and what has been achieved. A pro forma report form for grant applicants is available on the website and all beneficiaries in the local charity and church sections are requested to complete and return the form approximately nine months after the donation has been made. If, after the issue of a reminder e-mail, the form is not returned this will influence future decisions regarding requests for grant funding.

To date, the feedback received has been positive, giving the trustees satisfaction in knowing that the Foundation's grants are making a difference to the lives of the disadvantaged communities in Swansea. On occasions the Foundation is part of a funding scheme and only contributes a portion of the overall funding need and cannot take sole credit for the many remarkable outcomes that are achieved by our charity partners.

Organisations who receive an annual award are encouraged to submit a short summary of their activities, together with one or two photographs for inclusion on the Foundation's website. A representative of a charity may also be invited to meet with the Trustees to briefly outline the work undertaken and to explain how it has benefited from the Foundation's financial support.

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Listed Investment Policy

The Foundation's portfolio is on a 'fully managed' basis controlled by Brewin Dolphin's charity team. It was agreed that Risk Category 7 – Income, best matches the Foundation's investment objectives, taking due note of the Trustees' ethical preferences. At 5 April 2020 the portfolio asset allocation compared to the benchmark for Risk Category 7 was:

	Portfolio	Benchmark
Fixed Income	6.3%	7.0%
Equities	83.7%	83.0%
Alternatives	5.9%	7.50%
Cash	2.5%	2.5%
Other	1.7%	0.0%

The trustees are satisfied that a diversification of investments in regulated collective investment funds as listed above is the best method of achieving investment objectives.

Investment performance

In order to comply with the Charities SORP, the Foundation's quoted investment assets are valued at market price as at the balance sheet date. Their value at 5 April 2020 was £1,174,438 (2019 - £1,063,255).

The sale of its investment property plus a donation from Clive Bailey enabled the Foundation to add £460,000 to its share portfolio. However, due to the devastating effect of the Covid-19 virus, which resulted in UK shares dropping in value by 25% in the first three months of 2020, this additional investment is not reflected in the end of year value of the portfolio. However, since the balance sheet date, the market has recovered somewhat and at 1st June the portfolio had increased in value by £136,000 to stand at £1,310,400.

This unforeseen and unprecedented development resulted in a capital depreciation of £341,973 over the year. Consequently, the portfolio return net of fees was -19% and gross of fees -18.4%. The increase in the capital value of the portfolio over the year was 10.4% whereas in normal times, as a result of the capital injection, this would have been over 40%.

Income from investments was £46,604, giving a yield of 4.4% on the opening capital value as at 5th April 2019.

Investment transactions during the year made net realised gains of £1,162 and there were net unrealised gains of £110,020. Both gains were transferred to the SOFA.

The broker's management fees for the year were £7,645 incl. of VAT,

Owing to the effects of the Coronavirus and the large capital injection, it is not possible to compare this year's portfolio performance with that of previous years. The Foundation's portfolio is invested to maximise income and because many businesses are conserving cash by reducing or cancelling dividends, this has led to uncertainty as to future income streams. Of some comfort, is that over the past three recessions dividends have tended to be remarkably stable. In addition, the Foundation's portfolio is not just invested in the UK stock market but is diversified across the world. Fixed interest and alternatives are likely to be less

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affected and may see income growth. The trustees are confident that the existing investment policy continues to be appropriate and that over time the markets will recover sufficiently to restore the capital value of the portfolio to its pre-pandemic level.

Property

The property at 2 Walter Road, Swansea was sold for £245,000 giving a capital gain of £80,000. The entire sale proceeds were then added to the Foundation's share portfolio. Prior to its sale, rental income for the year was £8,061.

Financial Review

Over the past thirty three years the Foundation has benefited considerably from the generous financial support provided by the late Founder and his family. Clive Bailey continues to make both income and capital donations towards the charitable activities of the Foundation which have ensured that the Foundation operates from a sound financial footing.

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

Results for the year

A summary of the year's results can be found on page 13 of this report and accounts.

Income for the year was £367,443 (2019 – 91,348) being income arising from the Foundation's share portfolio, tax relief on the Gift Aid scheme, rental income and donations totalling £304,000 from Clive Bailey and companies controlled by him.

During the year the Foundation's investment property was sold for £245,000 which exceeded its book value by £80,000. The whole of the sale proceeds, plus £215,000 from the donations mentioned above, enabled the Foundation to add £460,000 to its share portfolio.

The Foundation made 101 individual grants totalling £111,520 (2019 - £101,956). This figure is in line with the trustees' ambitions to maintain the total distribution to good causes at a minimum of £100,000 per annum. Portfolio Management fees for the year was £7,646 (2019 - £7,298). Professional fees covering accountancy fees and costs relating to the sale of the investment property totalled £6,102 (2019 - £504) as detailed in note 8 to the accounts. Total expenditure was £125,268 (2019 - £109,758).

Income for the year exceeded expenditure by £242,175 (2019 – deficit of £18,409). The transfer of £215,000 of this surplus to our Investment Managers for the purchase of shares resulted in a net movement of funds of £27,175. The gain of £80,000 from the sale of property and gains of £111,183 on the share portfolio, gave an overall gain on investment assets of £191,183. (2019 – £48,866)

The charity held general unrestricted funds of £38,110 (2019 - £10,934) at the balance sheet date, together with an unrestricted capital fund of £1,174,438 (2019 - £1,228,255)

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Risk Assessment

Following the sale of the investment property the Foundation is now more reliant upon income from dividends than previously. Whilst the trustees consider the variability of investment returns to constitute the Foundation's major financial risk this is mitigated by employing expert investment managers and having a diversified investment portfolio.

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

Reserves Policy

In setting a reserves policy the trustees are mindful of a possible shortfall in funding to cover the May/June distribution to charities as it falls so soon after the end of the financial year. The trustees' aspiration for annual charitable giving of £100,000 or £50,000 per meeting would require an end of year balance or reserve of around £40,000.

The trustees are content however, to allow this figure to fluctuate in the knowledge that if the distribution of £50,000 cannot be achieved in May/June then additional funds in the form of donations will be introduced to cover any shortfall.

The reserves at 5th April 2020 were £38,110 (2019 - £11,830).

Structure, governance and management

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

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

The Chairman of Trustees, Clive Bailey, has the authority to appoint new trustees but the support of the Foundation's existing Trustees is usually sought prior to any appointment. Previously, candidates for the role of Trustee were recommended by one of the existing Trustees, having demonstrated the skills necessary to contribute to the charity's development. In anticipation of a substantial increase in income over the coming years, the Foundation is seeking to appoint three or more new trustees. In a departure from the previous process, a recruitment consultant has been instructed to search for suitable candidates to fill the vacancies. At the year end the process was ongoing.

Each new Trustee will be directed towards guidance for new trustees issued by the Charity Commission.

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Future Plans

- * To continue to make grants and commitments, at a similar or higher level, to the range of beneficiaries listed under objectives.
- * To continue to provide additional support to local charities affected by the Coronavirus Pandemic.
- * The Trustees will continue to work towards the aims set out in the 2017 strategic plan and an annual target of awarding grants totalling a minimum of £100,000.
- * The appointment of three or more new trustees.

Reference and administrative information

Trustees

Mr Clive Vernon Austin Bailey, Chair of Trustees
Mrs Sandra Morton, Vice Chair of Trustees
The Ven. Jonathan Davies, Archdeacon of Gower
Ms Sian Popper
Rev. Ian Rees

Associate trustees

Mr Adam Leach
The Ven. Robert Williams

Honorary Treasurer: Mr Leighton Francis

Principal Office and correspondence address

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

Charity Number: 514912

Website: www.austinbaileyfoundation.org

Independent Examiner

Ashmole & Co.
Chartered Certified Accountants
1st Floor, 1 St. John's Court,
Upper Forrest Way,
Enterprise Park,
Swansea SA6 8QQ

Bankers

Lloyds Banking Group, Market Branch, Oxford Street, Swansea

Investment Managers

Brewin Dolphin Ltd, 2nd Floor, 5 Callaghan Square, Cardiff CF10 5BT

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Trustees' responsibilities in relation to the financial statements

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards. The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- * Select suitable accounting policies and then apply them consistently;
- * To observe the methods and principles of the Charities SORP;
- * To make judgements and estimates that are reasonable and prudent;
- * To state whether applicable accounting standards have been followed, subject to any departures disclosed and explained in the financial statements;
- * To prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity and enable them to ascertain to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website.

Approved by the trustees on 11/06/20 and signed on their behalf by:

Sandra Q Morton

Sandra Morton Vice Chair of Trustees