

FAIRWOOD TRUST
(A company limited by guarantee)
Report and Financial Statements
For the year ended 31st October 2012

Charity No: 518759
Company No: 894742

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FAIRWOOD TRUST
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2012

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FAIRWOOD TRUST

Company No 0894742
Charity No 518759

Report of the Board of Trustees – Directors

Period ending 31st October 2012

Legal and Administrative Information

Background

Fairwood Trust is an independent learning and educational trust, a registered charity and a company limited by guarantee

The Trust was born out of funds generated through the operations of a successful social enterprise, Training Services Wales Limited, incorporated in 1966 and its parent organisation, Training Trust Wales, registered as a charity in 1978

The Fairwood Trust is effectively a continuation of the charity, which was renamed in 2008

The key difference now and in the future is that the Trust is a pure philanthropic organisation with no trading arm and no fundraising intention

Fairwood Trust is governed by its Memorandum and Articles of Association Its purpose is

To improve the quality of life for people in the South Wales communities, which we aim to achieve through our grant making programme This is focused supporting the education and learning development of individuals wishing to enter Higher Education, coupled with those who intend to be employed/self employed in industry, commerce, business and other voluntary sectors

Fairwood Trust is governed by a Board of Directors who are the Trustees of the Charity They make an invaluable contribution to the strategic direction of the organisation and in establishing policy and reporting standards for the charity

The Trustees meet a minimum of 4 times a year at 3 monthly periods Combined with this the current part-time Director has monthly meetings with the Chair

The Board consists of business people from a variety of commercial and public backgrounds

Board of Trustees – Fairwood Trust

- Mr Brian Lakin (Chair) re-elected 2013
- Mr John Bevan OBE re-elected 2006
- Mr Richard Partridge re-elected 2013
- Mr Barry Hitchcock re-elected 2012
- Mrs Kath Durbin elected 2008
- Mr Andrew Walker elected 2012
- Mrs Ruth Rowe appointed June 2010
- Secretary Mr Charles Middleton

Registered Office and Operations Address

24 Talbot Close
Talbot Green
Pontyclun
CF72 8AS

Auditors

Curtis Bowden and Thomas Limited
101 Dunraven Street
Tonypany
Rhondda Cynon Taff
CF40 1AR

Bankers

Barclays Bank Plc
Dunraven Place
Bridgend
South Wales

Solicitors

Morgan Cole Cardiff

Review of the past year

The financial year 2011-2012 was effectively the fourth full year of operation for the Trust. The strategic focus is as follows:

- a) Maintain a low cost base (protect investments)
- b) Build up knowledge and relationships with other charities in the sector
- c) Identify 3-4 appropriate charities to work with in identifying suitable projects/beneficiaries to be supported by the Trust

To support the education learning and skills development of individuals, this, in turn, will provide wider benefits to communities in South Wales.

Beneficiary Focus

- Bursaries for those in most need to enter a Higher Education Programme
- Young micro-business (growth/development)
- Young people not in education, employment or training (NEETS)
- Social enterprises, project support funding
- Appropriate capital projects

In the context of delivering the above this will be achieved through partnering with 4-5 specialist organisations/charities in South Wales. This not only helps the Trust in effectively reaching appropriate beneficiaries, but also simplifies the Trust's operations and helps maintain a low cost base, which maximises grant giving capacity.

Beneficiary Organisations – Projects 2011 - 2012

During the year the Trust has supported the following organisations and initiatives:

1 English Speaking Union

The Trust provides both in-kind and financial support to schools in preparation for public speaking/debating. It also provides financial support for the Wales heats and Final of the Welsh region Competition, held annually in the month of March. This in turn feeds into the UK Final, held annually in the month of July.

2 Unlimited Wales *Future Leaders Programme* (2011-2012)

Grant of £40k approved to support young people through mentoring and training to set up social enterprises in their communities.

3. UWIC School of Management Cardiff (September 2010-2013)

Grant approved of £25k per annum over 3 years. The aim of the award is to support 25 of the neediest students with £1k each over the 3 year period. The grant will help individuals towards paying accommodation costs, books etc.

4. Lifemap Planners *Stepping Stones Project* (March 2010-2013)

Grant approved of £30k to facilitate mentoring the most marginalised and disadvantaged young people within the Newport (Gwent) area. The age group is between 11-17 years and the project aims to reach 40 of these young people with the focus being to enable re-entry into the education system, coupled with the promotion of positive aspirations for their future.

5. Dark Sky Wales 2011-12

Grant approved £12.5k. The project is centred on 30 primary schools in the Rhondda Valley, focusing on years 5 and 6 (10-11 year olds). It introduces them to robotics linked to expanding their knowledge and interest in science technology. The project has reached over 600 pupils during its 9 month duration.

6. Buttle UK (£12.5k paid 2011-2012)

Grant approved £25k. Through Buttle the project aimed to support 20 seriously disadvantaged 18-25 year olds to re-enter the job market or further education.

7. TABS (paid £10k 2011-12)

Grant approved £20k. The project was aimed at providing NVQ qualification to 15 individuals to start a new business venture. In addition, it aimed to help raise their levels of personal confidence, motivation and employability.

8 ICE Centre *Centre for innovation and enterprise* (£15k paid 2011-2012)

Grant approved £30k. Over a 12 month period and through the support of the ICE centre, the project aimed to support 10 young entrepreneurs (20-30 years old) to expand and grow their business idea. The Trust classified these as "Enterprise Bursaries".

9. University College of Wales Newport (UCWN)

Following a successful pilot, the Trust approved a grant of £30k (£15k paid 2011-12) to support 6 alumni graduates in developing their business ideas. The graduates received operational space, mentoring and coaching from UWCN.

10 Bursaries

During the year the Trust has extended its allocation of bursary awards with a further 5 individuals receiving between £3-5k over 3 years. This brought the total of bursary students being supported to 43. The Trust intends to grow this support over the next 3 years.

Summary

Over the past 12 months the Trust has committed grant awards of £240k, which is in line with our annual targeted grant giving programme of £200-250k per annum. Relative to this it has worked with 7 charitable organisations who are delivering a broad range of programmes, which matches our focus of beneficiary support. It has also directly/indirectly provided support to 250 individuals through its various programmes.

Future Focus

Operational Area

South East Wales and the Valleys aiming where possible to support those communities designated as the most deprived.

Life Span of Trust

It was agreed that the Trust would be classed as a spend out charity with a lifespan of 5-7 years.

Annual Grants

In the region of £200-£250k per annum.

Finance/Investment

Other than rental income the only other source of revenue comes from the Trust's capital investment. Due to market conditions the return on investment over the past 12-18 months continues to be low.

The Trustees fully recognise this and have taken appropriate advice from financial experts. Taking account of risk, and attempting to improve investment returns, the Trust has through Barclays Wealth invested in a range of low risk bonds over a 12-month period, maturing in 2012. It is envisaged that this should increase returns on investment for the forthcoming September 2012 by 2.5%.

Results

The company has achieved deficit during the period in the sum of £286,225 (2011 deficit £142,260), after accounting for the revaluation of the property.

Income amounted to £75,743 (2011 £87,697). Expenditure amounted to £304,296 (2011 £225,382) and there were other losses relating to revaluation on the property and investments of £57,672 (2011 £4,575) leaving net outgoing resources of £286,225 (2011 £142,260).

The company paid out £248,770 donations which relate to the Trustees policy of making donations. The fund balance now stands at £1,489,672 compared with £1,775,897 at the previous year end.

Reserves policy

1 Origin and Need for Reserves

1.1 The charity's Reserves have been built up from surpluses in charitable trading activities

1.2 At 31st October 2012 the reserves were as follows

	31/10/2012	31/10/2011
Total Funds	£ 1,489,672	£ 1,775,897
Free Reserves (net current assets)	£ 1,129,672	£ 1,203,408

(i.e. those assets not tied up in fixed assets or designated or restricted funds)

1.3 The trustees have previously resolved to hold free reserves in the Charity to approximately £450K. The current situation is that free reserves are in the excess of these aims but in line with the new strategic plan these will be reduced significantly over the next few years

2 Maintenance of the Reserves at the agreed level

2.1 After the sale of the trading arm of the charity in 2008 the group is in a period of transition and the reserve policy is currently under discussion by the Trustees

However, in the early years the intention of the trustees is to donate, as a minimum, an amount equal to investment income less operating costs for the charitable purposes

3 Review and Monitoring Process

3.1 The trustees review the reserves policy at least annually but in addition when substantial income is added to the level of Reserves or when substantial expenditure is made from the Reserves

Investment Policy – Charity

The Trustees have conducted their own review of the major risks to which the charity is exposed and systems have been established to mitigate these risks. Internal risks are minimised by the implementation of procedures of authorisation of transactions and projects to ensure consistent quality of delivery for operation aspects of the charitable company

Responsibilities of the management committee

Charity and company law requires the management committee to prepare financial statements for each year which give a true and fair view of the statement of the affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources including income and expenditure, for the financial year. In preparing those financial statements, the management committee should follow best practice and

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent, and
- Prepare the financial statement on the going concern basis unless it is inappropriate to assume that the company will continue on that basis

The management committee is responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. The management committee is also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Members of the management committee

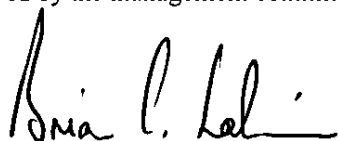
Members of the management committee who are directors, for the purpose of the company law and Trustees for the purpose of charity law, who served during the year and up to the date of this report are set out on page 1.

Auditors

Curtis Bowden and Thomas Limited were re-appointed as the charitable company's auditors during the year and have expressed their willingness to continue in that capacity.

This report has been prepared in accordance with the Statement of Recommended Practice Accounting and Reporting by charities issued in March 2005 and in accordance with the special provision of Part VII of the Companies Act 2006 relating to small entities.

Approved by the management committee on 4th June 2013 and signed on its behalf by



(Trustee)
Mr B Lakin

INDEPENDENT AUDITORS REPORT TO THE TRUSTEES OF FAIRWOOD TRUST

We have audited the financial statements of Fairwood Trust for the year ended 31st October 2012 which comprise the Statements of Financial Activities and the Balance Sheet and related notes. The financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of trustees and auditors

The trustees' (who are also the directors of the company for the purpose of company law) responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statements of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether, in our opinion, the information given to the Trustees' Annual Report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration by law are not made.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- The statements give a true and fair view of the state of the charity's affairs as at 31st October 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- The financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- The financial statements have been prepared in accordance with the Companies Act 2006, and
- The information given in the Trustees' Annual Report is consistent with the financial statements

Mr Robert Lloyd Senior Statutory Auditor
for and on behalf of

Curtis Bowden & Thomas Limited
Chartered Certified Accountants
101 Dunraven Street
Tonypandy
Rhondda Cynon Taff
CF40 1AR



Date 4th June 2013

FAIRWOOD TRUST
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST OCTOBER 2012

	Notes	Unrestricted Funds	Restricted Funds	Total Funds 31/10/2012	Total Funds 31/10/2011
		£	£	£	£
Incoming Resources from Generated Funds					
Investment Income	5	75,743	-	75,743	87,697
		-----	-----	-----	-----
Total Incoming Resources		75,743	-	75,743	87,697
		=====	=====	=====	=====
Resources Expended					
Costs of generating funds					
Investment management	6	16,201	-	16,201	15,561
Charitable Activities					
- Charitable Donations	7	248,770	-	248,770	174,060
- Publicity and Advertising	6	22,546	-	22,546	19,702
Governance	6	16,779	-	16,779	16,059
		-----	-----	-----	-----
		304,296	-	304,296	225,382
		=====	=====	=====	=====
Net outgoing resources for the year					
Before other recognised gains		(228,553)	-	(228,553)	(137,685)
Other recognised gains/losses					
- Profit on Revaluation of investments		5,567	-	5,567	(4,575)
- Loss on Revaluation of Property		(63,239)	-	(63,239)	-
		-----	-----	-----	-----
Net movement of Funds		(286,225)	-	(286,225)	(142,260)
Balance brought forward 1 st November 2011		1,775,897	-	1,775,897	1,918,157
		-----	-----	-----	-----
Balance carried forward 31 st October 2012		1,489,672	-	1,489,672	1,775,897
		=====	=====	=====	=====

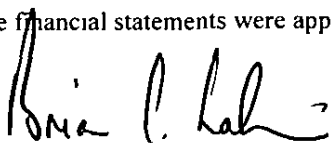
The statements of Financial Activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activity.

The notes on pages 3 to 19 form part of these financial accounts

FAIRWOOD TRUST
BALANCE SHEET AS AT 31ST OCTOBER 2012

	Notes	31/10/12	31/10/11
		£	£
Fixed Assets			
Tangible Assets	11	360,000	423,239
Investments	12	-	149,250
		<u>360,000</u>	<u>572,489</u>
Current Assets			
Cash at Bank		1,131,908	1,206,944
Liabilities Amounts falling due Within one year	13	(2,236)	(3,536)
		<u>1,129,672</u>	<u>1,203,408</u>
Net Current Assets		<u>1,489,672</u>	<u>1,775,897</u>
Net Assets		<u><u>1,489,672</u></u>	<u><u>1,775,897</u></u>
Funds			
Unrestricted		1,489,672	1,775,897
Restricted		-	-
		<u>1,489,672</u>	<u>1,775,897</u>

The financial statements were approved by the Board on 4th June 2013 and signed on its behalf



Trustee
Mr Brian Lakin

FAIRWOOD TRUST
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2012

1 ACCOUNTING POLICIES

a. Basis of Accounting

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the statements of Recommended Practice – Accounting and Reporting by charities (SORP 2005) issued in March 2005, applicable UK Accounting Standards and the Companies Act 2006. The principal accounting policies adopted in the preparation of the Financial Statements are set out below.

b. Fund Accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.

Restricted funds are subjected to restrictions on their expenditure imposed by the donor.

c. Incoming Resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Investment income is included when receivable.

d. Resources Expended

Expenditure is recognised on an accrual basis as a liability is incurred.

- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Publicity and advertising expenditure relate to marketing and sales services.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and includes the audit fees and costs linked to the strategic management of the charity.
- All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis.

e. Fixed Assets

Freehold property was revalued at market value in the year ended 31st October 2012 and is stated at this value.

Depreciation was provided at a rate of 2% per annum on a straight line basis up to 28th February 2005. However, the trustees have now opted to operate a nil % depreciation rate.

FAIRWOOD TRUST
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2012

2. STATUS

The Trust is a Company Limited by guarantee and has no share capital

3. TAXATION

The association is a registered charity and accordingly is exempt from taxation on its income and gains where they are applied for charitable purposes

4. DONATIONS

No gift aid donations were received during the year (year ended 31st October 2011 – Nil)

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES AND GENERATED FUNDS

	Unrestricted	Restricted	31/10/2012 Total	31/10/2011 Total
	£	£	£	£
Investment Income				
Rent	45,000	-	45,000	45,000
Interest receivable	30,743	-	30,743	42,697
	<u>75,743</u>	<u>-</u>	<u>75,743</u>	<u>87,697</u>

6. TOTAL RESOURCES EXPENDED

		Fund Raising & Governance				Total 31/10/12	Total 31/10/11
Basis of Allocation	Investment Income	Charitable Expenditure	Publicity				
	£	£	£	£	£	£	£
Legal & Professional	Direct	-	-	-	-	-	-
Property Costs	Direct	2,115	-	-	-	2,115	2,851
Bank Charges	Direct	145	-	-	-	145	243
Website Fees	Direct	-	-	888	-	888	647
Advertising	Direct	-	-	-	-	-	285
Public Relations	Direct	-	-	8,186	-	8,186	6,244
Administration Fees	Time	13,472	-	13,472	13,473	40,417	37,402
Audit Fees	Direct	-	-	-	1,585	1,585	1,680
Subscriptions	Direct	-	-	-	-	-	59
Entertainment	Direct	-	-	-	1,721	1,721	1,911
Charitable Donations	Direct	-	248,770	-	-	248,770	174,060
Legal & Professional	Direct	469	-	-	-	469	-
		<u>16,201</u>	<u>248,770</u>	<u>22,546</u>	<u>16,779</u>	<u>304,296</u>	<u>225,382</u>

FAIRWOOD TRUST
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2012

7. ANALYSIS OF CHARITABLE DONATIONS

	31/10/12	31/10/11
	£	£
Bursaries to Students	58,704	23,917
Fairbridge Cymru	-	34,143
UWIC Foundation Bursary	-	25,000
Unlimited Young Achievers Award	30,000	20,000
Pear Tree	-	3,500
Life Map Planner	40,000	25,000
South Wales Police Trust	-	500
Newport University	15,000	15,000
A Leap	-	25,000
Social Fixtures Project	-	2,000
Dark Sky Project	25,000	-
ESU South Wales	1,566	-
Leading Wales Awards	5,000	-
TABS	15,000	-
Buttle UK	12,500	-
Cardiff Met	25,000	-
Ice Project	15,000	-
Ins Education Project	6,000	-
	-----	-----
	248,770	174,060
	=====	=====

8. NET INCOMING RESOURCES FOR THE YEAR

This is stated after charging

	31/10/12	31/10/11
	£	£
Audit Services	1,585	1,680
	=====	=====

9. STAFF COSTS AND NUMBERS

There are no longer any employees of the organisation. The charity is controlled by the trustees who meet at regular intervals. They are assisted by a self-employed consultant who is responsible for the administration of the charity.

10. TAXATION

The charitable company is exempt from corporation tax on its charitable activities.

FAIRWOOD TRUST
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2012

11 TANGIBLE FIXED ASSETS

	Freehold Land and Buildings
	£
Cost	
At 1 st November 2011	561,376
Additions	-
Revaluation	(201,376)

At 31 st October 2012	£ 360,000
	=====
Depreciation	
At 1 st November 2011	138,137
Charge for period	-
Revaluation	(138,137)

At 31 st October 2012	-
	=====
Net book value	
At 31 st October 2012	£ 360,000
	=====
At 31 st October 2011	£ 423,239
	=====

The freehold property known as Fairwood House was revalued during the year by Watts & Morgan on the basis of open market value at £360,000 and included in the accounts at valuation

The historical cost of the freehold property was £561,376 and aggregated depreciation thereon would have been £138,137

The trustees are not aware of any material changes to the value of the property since the last valuation

12 INVESTMENTS	2012 £	2011 £
At 1 st November 2011	149,250	153,825
Unrealised gain on investments	5,566	(4,575)
Investment realised	(154,816)	-
	-----	-----
At 31 st October 2012	-	149,250
	=====	=====
13. CREDITORS: Amounts falling due within one year		
Accruals and other creditors	2,236	3,536
	=====	=====

FAIRWOOD TRUST
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2012

14 CAPITAL COMMITMENT

The following grant donations have been approved and are due to be paid within the financial year ending 31st October as follows

	2013 £	2014 £	2015 £	2016 £	Total £
Dark Sky Project	25,000	-	-	-	25,000
TABS	20,000	-	-	-	20,000
Life Map Planner	30,000	-	-	-	30,000
Unlimited	40,000	-	-	-	40,000
UWIC Bursaries	-	-	-	-	-
General Bursaries	54,000	120,000	90,000	80,000	344,000
Peartree Languages	-	-	-	-	-
Buttle UK	-	-	-	-	-
Ice Centre	30,000	-	-	-	30,000
Newport University	30,000	-	-	-	30,000
	<u>229,000</u>	<u>120,000</u>	<u>90,000</u>	<u>80,000</u>	<u>519,000</u>

15 ANALYSIS OF NET BETWEEN FUNDS

	General Funds £	Designated Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	360,000	-	-	360,000
Investments	-	-	-	-
Current assets	1,131,908	-	-	1,131,908
Current liabilities	(2,236)	-	-	(2,236)
	<u>1,489,672</u>	<u>-</u>	<u>-</u>	<u>1,489,672</u>
Net assets at 31 st October 2012	<u>1,489,672</u>	<u>-</u>	<u>-</u>	<u>1,489,672</u>

FAIRWOOD TRUST
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2012

16 MOVEMENTS IN FUNDS

	At 1st November 2011	Incoming Resources	Outgoing Resources	Other Recognised Gains & Losses	At 31st October 2012
	£	£	£	£	£
Restricted Funds	-	-	-	-	-
Unrestricted funds					
Designated funds	-	-	-	-	-
General funds	1,775,897	75,743	(304,296)	(57,672)	1,489,672
Total unrestricted funds	1,775,897	75,743	(304,296)	(57,672)	1,489,672
Total funds	1,775,897	75,743	(304,296)	(57,672)	1,489,672

17 TRUSTEES REMUNERATION

No trustees received any remuneration or re-imbursements of expenses during the year