

Company Number 01267728
Charity Number 271731

PEABODY COMMUNITY FOUNDATION
(Formerly TRUST THAMESMEAD LIMITED)
A company limited by guarantee

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2016

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TRUSTEES AND ADVISORS

The Trustees are also the Directors of the Company

DIRECTORS

Michael Cleaver	(Chair)
Stephen Burns	(Resigned 1 April 2016)
Robert Elliott	(Resigned 24 March 2016)
Victor Grimes	(Resigned 16 April 2015)
Malcolm Levi	(Appointed 1 April 2016)
Kenneth Miller	
Linda Portis	(Resigned 24 March 2016)
Stephen Rose	(Appointed 25 February 2016)
Sandra Skeete	(Appointed 1 April 2016)

EXECUTIVE DIRECTOR: COMMUNITY INVESTMENT

Stephen Burns

SECRETARY

Sarah Cameron

COMPANY NUMBER

01267728
(Registered in England and Wales)

REGISTERED OFFICE

45 Westminster Bridge Road
London
SE1 7JB

BANKERS

National Westminster Bank plc.
Woolwich Branch
1-7 Powis Street
London
SE18 6LE

AUDITOR

KPMG LLP
15 Canada Square
Canary Wharf
London E14 5GL

SOLICITORS

Trowers & Hamlins
3 Bunhill Row
London
EC1Y 8YZ

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STRATEGIC REPORT

The Trustees of Peabody Community Foundation (formerly Trust Thamesmead Limited) (the "Charity") present their strategic report for the year ended 31 March 2016. The financial position and results for the year are set out on pages 23 to 45 of these statements.

The financial statements have been prepared in accordance with FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (September 2015) ("FRS 102"), the Charities SORP (FRS 102): Accounting and Reporting by Charities Statement of Recommended Practice ("the SORP"), the Companies Act 2006 and the Charities Act 2011.

PRINCIPAL ACTIVITIES

The Charity is a leading community development organisation across London. On 1 April 2016, the Charity's name changed to Peabody Community Foundation. This was as part of the wider process to simplify the Peabody Group's corporate governance structure. The Peabody Community Foundation Board (the "Board") decided to amend the objects so as to extend the geographical region in which the Charity carries out its purposes from Thamesmead and the surrounding area to "Greater London" which is defined as the area within a 30 mile radius of the Royal Exchange in the City of London including and in particular Thamesmead and the surrounding areas.

The Charity will deliver the Group's community investment activities and brings together all of Trust Thamesmead's, Peabody's and CBHA's community programmes. Whilst the Charity's legal name has changed to Peabody Community Foundation, services will still be delivered locally under the Trust Thamesmead name to help distinguish the work in the Thamesmead area.

The Board's decision to amend the Charity's objects was contingent upon a guarantee that the original Trust Thamesmead Assets and the funding commitment from Peabody (as agreed in the Inaugural Business Plan) would be applied in the direct furtherance of its charitable purposes within Thamesmead.

KEY MISSION AND PUBLIC BENEFIT

The Charity is established for general charitable purposes for the benefit of the inhabitants of London ("the area of benefit") and it has the following specific objectives related to the residents of the area:-

- To advance education
- To relieve financial need
- To promote health
- To promote amateur sport
- To promote for the public benefit; community safety and the prevention of crime
- To relieve unemployment for the public benefit in such ways as may be thought fit including assistance to find employment
- To develop the capacity and skills of members of the community in such a way that they are better able to identify and help meet their needs and to participate more fully in society; and
- To provide or assist in the provision of facilities in the interests of social welfare for recreation or other leisure time occupation of members of the community who have need of such facilities by reason of their youth, age, infirmity or disability, financial hardship or social circumstances with the object of improving their conditions of life.

We aim to achieve this by:

- Working closely with Peabody colleagues to deliver the Group's wider ambitions for Thamesmead

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- Advocating for change to benefit Thamesmead residents and supporting local people to find local solutions to their own problems
- Forming partnerships with those who share our vision and acting as a gateway to bring services and funding to Thamesmead
- Using our income to deliver direct services of very high quality.

In setting our objectives, planning our activities and monitoring our services, the Board of Trustees has given careful consideration to the Charity Commission's general guidance on public benefit and we can confirm that we have met this criterion.

THE CONTEXT IN WHICH WE OPERATE

Thamesmead was originally developed in the 1960s on Plumstead and Erith marshes with the aim of providing 25,000 homes to address the shortage of quality housing for Londoners. It is sited across the two London Boroughs of Greenwich and Bexley which has implications for the management and delivery of services. Since April 2014, the organisations responsible for housing stock (Gallions Housing Association), land ownership (Tilfen Land Limited) and community development (Trust Thamesmead Limited) have been brought together into the Peabody Group as part of a single well-resourced organisation.

Peabody has ambitious plans for the regeneration of Thamesmead. With the right support and investment, Thamesmead has the potential to deliver as many as 20,000 new homes for London, as well as the creation of a significant number of new jobs for local residents through the economic development of Thamesmead. New homes will include a mix of tenure and will be connected to social infrastructure making them great places to live.

The regeneration of Thamesmead is underpinned by a strategic framework which was approved by the Peabody board (the "Peabody Board") in 2015. This gives direction to the various activities which will take place as part of the longer term regeneration programme. It is underpinned by a number of sub-strategies, relating to both physical infrastructure (e.g. housing development and transport) and social infrastructure (e.g. cultural and socio-economic). The Charity has fed into the development of this framework and will be taking a particular lead on the implementation of the socio-economic strategy.

Thamesmead is affected by the wider socio-economic forces which shape the growth of London, as well as its own unique history and challenges. Nearly 65,000 people currently live in Thamesmead.¹ It has a younger population profile compared with local, regional and national averages – 25% of the population is under 16.² Thamesmead is also more ethnically diverse, with 49% of its residents from BME backgrounds. Employment rates in Thamesmead are proportionately lower than for London as a whole, and both the Bexley and Greenwich averages.

The housing market in Thamesmead also differs from the rest of London. House prices are lower across Thamesmead than across Bexley and Greenwich. Tenure patterns in Thamesmead are more reflective of Greenwich and inner London, than they are of the more outer London profile of Bexley. For instance, 35% of households in Thamesmead are social rented, compared with 24% across London, 34% in Greenwich, and just 14% in Bexley.³

¹ GLA population estimates (2015) based on the Lesnes Abbey, Thamesmead East, Glyndon, and Moorings wards.

² GLA population estimates (2015).

³ Census 2011

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Thamesmead also faces some specific challenges in terms of health deprivation. Male and female life expectancy (78 and 81 years of age respectively) are both slightly below the two boroughs average and London as a whole.⁴ Over a quarter of children that enter secondary school are classified as obese.⁵ Such health deprivation and the lower employment rate across Thamesmead continue to shape the nature of demand for the Charity's services.

BUSINESS PLAN PRIORITIES

Our Business Plan is structured under five priority headings agreed with Peabody. These are:

- Getting more people into jobs and volunteering
- Improving the life chances of young people (up to the age of 24)
- Improving health, wellbeing and social contact
- Improving parenting and family cohesion
- Developing an independent and cohesive society

BUSINESS REVIEW AND PERFORMANCE

Key achievements against our business plan for the year include:

Getting more people into work and into volunteering

- 342 residents were supported into employment including apprenticeships of which 116 were Peabody/GHA residents. 107 found sustained employment of at least six months whilst 57 found 52 week sustained employment.
- 701 new job vacancies were made available on our job vacancy database.
- 185 adults were supported to achieve an accredited qualification to improve their skills and employability. We also supported a further 304 young people to achieve an accredited qualification.
- 667 residents registered with our 'Building Futures' employment project, of which one third were Gallions Housing Association residents.
- We now have 638 registered volunteers on our database of which 129 were active volunteers at the end of the financial year. This year we referred 238 potential volunteers to 248 volunteering opportunities in Thamesmead. We are currently re-aligning our volunteering programme with the aim of achieving the Investors in Volunteering standard.

Assisting the life chances for young people

- 562 young people received direct support from the Charity and the local organisations we partner in the 12 month period to 31 March 2016.
- 134 young people received support from the Charity's One Stop Shop for young people.
- Constructive initial work has begun to develop a 'theory of change' for our proposed 'Children's Community' pilot on the Moorings Estate.

Improve health and wellbeing

- Of the local residents accessing our services, 5,788 took part in sport and physical activity in our community buildings.
- We refurbished and reopened Birchmere Community Hall as a 'Health and Wellbeing' hub. A steering group has been constituted to take work at the hub forward.

⁴ GLA/ONS (2015)

⁵ Department of Health (2015)

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- We achieved all the targets set for us in year 2 of our Sport England funded 'Now's the Time' project aimed at increasing participation in sport any physical activity to improve wellbeing. In 2015/16, over 700 sessions were delivered to just over 11,500 participants. This means that over 2,000 residents have now taken part in this project between March 2014 and March 2016.
- Our Sports Development team also delivered 10 weekly sports schools to 142 children aged 4-12 and weekly football sessions for 60 young people over the age of 12.
- Over 900 children were taught basic swimming through our 'Make a Splash' programme.
- Through the services of the Charity and the local groups, we supported 519 older people.
- We supported 536 people to address debt and poverty issues mainly through our highly successful Positive Steps programme and through our partnership with Fair Finance.
- In its first year of operation, Positive Steps supported 666 individuals, 24% of which were Peabody residents. Successful outcomes included preventing four families from being evicted from their homes.
- During the year, we ran two Health and Wellbeing campaigns in partnership with local agencies. The first, with Public Health Greenwich, was aimed at recruiting Health Champions. 32 local residents participated and achieved accreditation in Understanding Health Improvement Level 2. These individuals subsequently constituted themselves as Thamesmead Health Champions group. As THC they led our second campaign around promoting improved awareness around Mental Health issues on World Mental Health Day.

Supporting parenting and family cohesion

- 396 under 5s received a pre-school education in our community settings of which 166 received Ofsted accredited excellent provision in our own Acorn and Arnott provisions.
- We provided holiday places to 212 children aged 5-12. The total attendance at our holiday schemes this year was 1,238.
- The Board agreed a strategy around the future delivery of our childcare provision and we have made the case for new, purpose built, high quality childcare to be built into forthcoming Regeneration planning proposal.
- In addition we supported 62 families with advice around parenting and improving the quality of life for their families. 31 families took part in our Strengthening Families, Strengthening Communities course.

Developing an independent and cohesive society

- 18,677 residents participated in our services of which 8,805 were young people.
- 808 residents contributed to our annual Thamesmead Health and Wellbeing survey and this was slightly above the target we set for ourselves of 800 respondents.
- Using our 'Together We Can' model we achieved partnership agreements with 23 organisations this year of which 15 are grass roots, local community groups. These groups contributed for the first time to our performance reporting around our 20 priority KPI's (page 7). We also supported them to deliver over 3,000 hours of community activity in our facilities to more than 2000 residents.
- We successfully delivered the Thamesmead Arts Festival in May 2015 and assisted the Regeneration team to write a Thamesmead Arts and Cultural Strategy which received Peabody Board approval.
- We developed our Economic and Social Strategy for Thamesmead to underpin the physical regeneration proposals. This was also subsequently approved by the Peabody Board.
- We established a successful Thamesmead Community Safety Forum between the Police, the two Local Authorities and all parts of the Peabody Group active in Thamesmead.

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Key Performance Indicators

	2015/16 Result	2015/16 Target
Getting More People into Work including Volunteering		
Number of people into jobs	342	360
Number of Peabody Group residents into jobs	116	83
People over 21 placed into Training	185	400
Job vacancies advertised on job club database	701	600
Total number of Active Volunteers	129	125
Assisting Life Chances for Young People		
Directly support children and young people	562	425
Young People benefitting from Trust/Partner services	8,805	5,000
Young People supported by One Stop Shop	134	250
Improving Health and Wellbeing		
People supported into regular Sport and Physical Activity	5,788	2,500
Residents supported to address Debt & Poverty Issues	536	500
Older People benefitting from Services	519	500
Campaigns delivered by Health & Wellbeing Partnerships	2	2
Supporting Parenting and Family Cohesion		
Children 2-5 receiving Pre School Education in Trust Facilities	396	300
Children 2-5 Educated in Trust Provision	166	80
Families accessing Information Advice and Guidance	62	60
Children taking part in Holiday Programmes	212	150
Developing an Independent & Cohesive Society		
Residents Participating in our Services	18,677	10,000
Partnerships with Community Groups	23	20
External Funding Secured for Community Groups	£42,877	£100,000
Wellbeing Surveys Completed	808	800

FINANCIAL PERFORMANCE

The Foundation has reported an overall deficit of £1.6m for the year ending 31 March 2016 (2015 surplus of £3.99m). This can be compared to the expected budget deficit of £1.1m). The principal difference between actual and budget is a pension adjustment of £308k that was received during the course of the year-end audit. As the Foundation adapts its operations to ensure that outcomes can be maintained, but within a balanced budget, the Foundation is able to use its reserves to enable a safe period of transformation. At 31 March 2016, the Foundation had reserves of £32.8 million (2015: £34.5 million).

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This is the first year that the company has presented its results under FRS 102. The last financial statements under the UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 102 was 1 April 2014. For the Foundation, the principal changes were around employee benefits and pensions. This has the effect of restating the surplus position for the year ending 31 March 2015 from £3.98m to £3.99m and restating opening reserve balance from £30.49m to £30.44m as at 31 March 2014 and £34.48 to £34.43m as at 31 March 2015.

PRINCIPAL RISKS AND UNCERTAINTIES

The Charity will continue to focus on increasing income and growth in all areas, reducing expenditure where possible and improving the quality of services to address risks and uncertainties to achieving its strategic priorities. The Charity has several new initiatives in place to generate new income streams running alongside a plan to reduce expenditure and ultimately the level of operating subsidy the Charity receives from Peabody. The programme of review and reporting of financial and performance information to the senior management team and the Board has also been strengthened.

The Charity has also strengthened its corporate governance arrangements to further address the risks and uncertainties to achieving its strategic priorities. The composition of the Board was reviewed following the Charity joining the Peabody Group in 2014. Revised Articles of Association were adopted in April 2016, as part of the Group's corporate restructuring plans the Charity agreed to enter into various legal agreements. The Trustees have also received training on the structure of the Peabody Group and their health and safety responsibilities.

GOVERNANCE

A Governance statement has been provided within the Trustees Report on page 9.

During the year the Peabody Board and executives continued discussions with the Trustees in relation to the Peabody Group's corporate simplification proposals and the a plan for bringing together all Peabody's community investment activities right across London was formulated. In July 2015, the Board conditionally approved the proposal to expand the Charity's area of operation to Greater London. The Charity Commission's consent was subsequently given and as a result, the Charity became the principal community investment vehicle within the Peabody Group with a geographic remit of 30 miles from the Royal Exchange with effect from 1 April 2016.

As part of a Group wide governance review conducted in late 2015, the Group Nominations and Remunerations Committee considered strategic plans for the Charity and reviewed the size and composition of the Board of Trustees. Following the Committee's and the Board's own assessment of the Board's effectiveness and particular focus on its range of experience and expertise required for the expansion of its role, the composition of the Board was changed in early 2016. The key findings of the Board's self-assessment conducted in September 2015 are disclosed within the governance section on page 11.

The Trustees' Report for the year ended 31 March 2016 pages 9 to 19 also provides more detail on compliance with regulation and the NHF Governance Code (2015).

By order of the Board



Michael Cleaver

Chair

Date: 12 July 2016

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TRUSTEES' ANNUAL REPORT

The directors of Peabody Community Foundation are also the trustees of the Charity (the "Trustees"). The Trustees present their report, together with the audited financial statements for the year ended 31 March 2016.

OBJECTIVES AND PRINCIPAL ACTIVITIES

The Charity is a community development organisation located in London. Focus on sector-leading community programmes which make a real difference to Peabody's residents and their communities is set to continue with the Charity's area of operation expanding across Greater London during 2016 and beyond. Peabody is committed to continued investment in community programmes and plans are included within the Group Strategy 2016-2020 which will potentially benefit an increasing number of Londoners. The Charity's objectives are outlined in the Strategic Report which forms part of the Annual Report, page 3.

TRUSTEES

Particulars of the Trustees who served on the Board during the year and subsequently are set out on page 2.

The directors are covered by the Peabody Group's directors' and officers' indemnity insurance policy.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Regulatory Framework

Peabody Community Foundation is a wholly owned subsidiary of Peabody Trust ("Peabody"). Peabody and its registered provider subsidiaries have adopted the principles and provisions of the NHF Code of Governance - Promoting board excellence for housing associations (2015 edition) (the "Code") and the NHF Code of Conduct (2012 edition). In fulfilling its obligations under the Code, the Peabody Group follows good practice drawn from supporting guidance. The Charity has complied with the provisions of the Code. An assessment of compliance by the Peabody Group with both Codes is conducted on an annual basis: the last completed reviews were in May 2016.

During the year the Peabody Board on behalf of the Group has been kept updated on, and provided oversight and challenge in relation to, the Group's compliance with the Homes and Communities Agency ("HCA") Regulatory Framework (the "Regulatory Framework"), including the Governance and Financial Viability Standard. The Peabody Board and the Board take their respective responsibilities under regulation and relevant good practice guidance very seriously and the Peabody Board has taken appropriate steps to ensure compliance across the Group with the requirements set out in the Regulatory Framework. Any issues relevant to the Charity are specifically brought to the attention of the Board, which provides scrutiny and challenge, as appropriate. The Peabody Group retained the strongest ratings for governance (G1) and financial strength (V1) throughout the year.

The Board composition was refreshed in early 2016 to ensure that the requisite skills and experience is in place to provide scrutiny and monitoring of the delivery of ambitious plans for community development. The organisation's enhanced governance framework and required changes to structure and regulations are presented in this report together with the key findings of the board evaluation.

The Board has delegated responsibility for the day-to-day management to the Executive. The roles of Chair of the Board and the Executive Director Community Investment are separate, reflecting their different responsibilities. Each member of the Board is bound by an Agreement for Services, the Peabody Group Code of Conduct and other agreed documents. The Secretary keeps a register of Board members' Interests which is updated on a regular basis.

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Role of the Board

The Peabody Board has overall responsibility for Group strategy and management. The Charity is governed by its Board of Trustees which is responsible for the overall governance, strategic direction, financial health and probity of the organisation whilst ensuring that its aims and objectives are applied and developed in accordance with its governing documents, regulatory guidance and the law.

There are currently four Group committees: Audit and Risk Committee; Nominations and Remuneration Committee; Development Committee and Treasury Committee. All these committees are accountable to and report to the Peabody Board and provide support to the Group's subsidiary boards.

The Audit and Risk Committee oversees the work of both the external and internal audit function and the system of risk management and internal control framework. This includes monitoring, reviewing and challenging, where necessary in relation to external audit, internal audit, internal controls, risk management systems, compliance, whistleblowing, fraud, financial viability, financial reporting, narrative reporting, risk management, risk appetite, risk tolerance and risk strategy and any other related matters which the Board requests support from, or scrutiny by, the Committee. The Audit and Risk Committee also reviews the audited Group financial statements and recommends them to the Board for approval.

The Nominations and Remuneration Committee oversees the composition and membership of the Group's boards and board committees, reviews the effectiveness of those boards and committees, overseeing the appraisal of the skills and contribution of the directors, and advising on succession, recruitment and training and development needs. The Committee also considers; remuneration, recruitment and severance policies and practice, in order to enable the Group to recruit and retain the employees it needs at all levels, at a cost that is reasonable in terms of its overall budget and market conditions, and which complies with prevailing legislation and regulatory Guidance.

The Development Committee considers the approval of certain development sales and commercial activities; including activities relating to Thamesmead regeneration, and monitors the performance of Group's investment in new homes and development; advise on major proposals relating to property and land transactions; monitor internal controls and cumulative development risks.

The Treasury Committee is responsible for advising the Peabody Board and the boards of its subsidiaries on treasury matters, the budget and the long term financial plan. These matters continue to be overseen by the Peabody Board but the Treasury Committee provides scrutiny and support to the Peabody Board and the boards of Peabody's subsidiaries concerning the Group's treasury management policy and formulation of treasury strategy.

Trustees'/Directors' Interests

None of the Trustees held any beneficial interest in the shares of the Company, its parent undertaking or any of its fellow subsidiaries during the year.

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Board Evaluation

The Board undertakes a regular formal evaluation of its own performance. An evaluation of the Board's collective performance was undertaken in August 2015. Areas included in the self-assessment were:

- Board process;
- Role, composition, decision-making and relationships;
- Board Development and support; and
- Performance – setting strategic framework, setting objectives and monitoring performance against them, effectiveness of governance, oversight of risk and setting risk appetite, monitoring customer and stakeholder satisfaction, health and safety.

In addition, the Trustees were asked to complete a self-appraisal of their individual skills and competencies. These exercises enabled the Board to:

- assess the value that each Board member and the Board as a whole add to business performance; and
- make recommendations to the Peabody Nominations and Remuneration Committee for consideration as part of the review of governance arrangements.

In November 2015, the Nominations and Remunerations Committee reviewed the size and composition of the Board of Peabody Community Foundation and made its recommendations to the Peabody Board. The focus of the review was on ensuring that the Board of Trustees has the range of experience and expertise required to fulfil the Charity's wider remit. The outcome of the board evaluation was used to inform the process in line with governance best practice.

The key findings of the evaluation and self-appraisals included the following:

- The Trustees agreed that although the overall performance of the Board was good; it could be enhanced by widening the range of diversity and expertise within its structure.
- Key strengths included the consideration of beneficiary interests and effective stakeholder management.
- To ensure that the Board could smoothly manage the transition to the Charity's expanded remit recruitment for new board members should commence before the end of the financial year.

Trustees highlighted the following key skills and characteristics as desirable for new trustees and these included:

- Leadership in the charitable and/or leisure sectors;
- Legal experience;
- Knowledge of marketing and income generation, including fundraising;
- Previous involvement in regeneration activity, particularly the regeneration of Thamesmead;
- Experience of working with Local Authorities, particularly Bexley or Greenwich;
- Experience of supporting training and employment (including enterprise);
- Knowledge of working with youth, including through education; and
- Experience of promoting community health.

Board Composition

Stephen Burns, Executive Director, Community Investment stepped down from the Board on 1 April 2016, given his executive and operational responsibility for the Group's community activities.

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Following recommendations made by the Nominations and Remuneration Committee, Sandra Skeete, Peabody Executive Director, Housing joined the Board to replace Stephen Burns on the same date. Steve Rose, Peabody Director, IT was invited to join the Board on 25 February 2016 following the resignation of Rob Elliott to provide additional operational and financial expertise. On 24 February 2016, the Peabody Board also approved the appointment of Malcolm Levi, a Governor and Vice-Chair of Peabody as a trustee with effect from 1 April 2016, so as to strengthen the links between Peabody and the Board.

The Nominations and Remuneration Committee, with the approval of the Peabody Board and the support of the chair of the Board, also commenced a recruitment process for a new independent Chair of the Board to take office during the financial year 2016/2017 and support and lead Peabody Community Foundation in its next stage and also serve on the Board of Peabody. The recruitment for the new non-executive Chair was carried out by an independent search firm, Saxton Bampfylde, with no other connection to Peabody. Advertisements were placed in a national newspaper and on-line. A detailed specification was produced for the role, including the experience, attributes and skills sought. Following a rigorous interview process involving the Chair and Voice-Chair of the Peabody Board, the Nominations and Remuneration Committee carefully considered the interview panel's proposals and recommended to the Peabody Board the appointment of Helen Edwards with effect from September 2016.

Attendance by former and existing Board members at board meetings is shown in the table below:

BOARD ATTENDANCE FINANCIAL YEAR 2015-	Apr 15	Jul 15	Jul 15	Sep 15	Nov 15	Feb 16	Total	%
Michael Cleaver (Chair)	Y	Y	Y	Y	Y	Y	6	100%
Kenneth Miller	Y	Y	Y	Y	X	Y	5	83%
Victor Grimes (To 16 April 2016)	Y						1	100%
Linda Portis (To 26 March 2016)	Y	Y	X	X	Y	Y	4	67%
Stephen Burns	Y	Y	Y	Y	Y	Y	6	100%
Robert Elliott (To 24 March 2015)	Y	Y	Y	Y	Y	X	5	83%
BOARD MEMBERSHIP	6	5	5	5	5	5		
BOARD ATTENDANCE	6	5	4	4	4	4		
BOARD %	100%	100%	80%	80%	80%	80%	Average: 87%	

Remuneration of non-executive Board Members

All non-executive members of the Board serve in a voluntary capacity and are not remunerated and the Trustees did not claim any expenses during the year ended 31 March 2016.

STAKEHOLDERS, SUSTAINABILITY, TRANSPARENCY AND DIVERSITY

As a charity and social enterprise Peabody Community Foundation is committed to working with all of its stakeholders. During the year the Charity worked hard to build effective relationships with our local MP, both Bexley and Greenwich Councils and other key agencies.

During the year the Peabody Group has continued to establish and develop strategic and operational relationships with a range of stakeholders. These included representatives of local, regional and national government, funders and regulators and delivery partners from a number of sectors. This has helped the organisation to deliver on Peabody Community Foundation's business objectives and achieve the social purpose expressed through our mission statement.

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As a social business the Charity believes corporate responsibility and sustainability should be embedded across our organisation. This includes working with suppliers to embed sustainable practices and includes the charity's commitment to openness and transparency in the way we conduct our business and interact with our customers. Information about the Peabody Group's compliance with new legislation which seeks to curb slavery and human trafficking (the Modern Slavery Act) is set out on the Peabody website www.peabody.org.uk.

Peabody Group continues to establish and develop strategic approach to influencing, by building strategic and operational relationships with a range of stakeholders and policymakers. These include: representatives of local, regional and national government; Peabody's funders and regulators; delivery partners from a number of sectors; and will feed into work of representative bodies like G15 Group, the National Housing Federation and Charter Institute of Housing, to influence policy decision in the sector. This has helped Peabody to deliver its business objectives and achieve the social purpose expressed through its mission statement.

The Peabody Group is committed to being open and transparent in the way we conduct our business and interact with customers. The organisation believes in being accountable for its actions, spending and performance, by demonstrating how it delivers value for money. Information about priorities, strategy, performance and use of resources is published on the Peabody's website. Information about Peabody and Peabody Community Foundation's work is provided on request, unless there are good reasons not to, for example, for legal reasons or on the grounds of data protection, personal confidentiality, commercial confidentiality or practicality.

The Peabody Group is committed to achieving equality through diversity and our policies and strategies reflect this. Peabody Community Foundation recognises its ability to meet the diverse needs of both individuals and communities through its diverse workforce which generally reflects the local populations and has the necessary skills to enable the Charity to achieve its service objectives.

STATEMENT OF GOING CONCERN

After making enquiries, the Board has a reasonable expectation that Peabody Community Foundation has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason the Board continues to adopt the going concern basis in preparing the Group and Peabody financial statements.

RESERVES POLICY

The reserves policy set by the Charity's Board for Trust Thamesmead prior to joining the Peabody Group on 1 April 2014 was that "the company will maintain for the time being a General Reserve of between £1.5m and £1.8m to cover any shortfalls in Gift Aid or dividends and additional reserves to allow them to develop new community projects and community assets." Trust free reserves, which are defined as those reserves which are not committed, restricted or designated and which specifically exclude fixed assets, totalled £21,122,841 at the year end. This is higher than the level set in the Charity's Reserves Policy and is due to the sale of the Charity's fixed asset investment in Tilfen Land Limited on 1 April 2014.

The Charity wishes to maximise the returns achieved from the deployment of surplus cash resources whilst seeking to access funding from external sources including Charitable Trusts and Foundations, where there is clear benefit to the residents of Thamesmead.

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INTERNAL CONTROL AND RISK MANAGEMENT

The overall internal control and risk review process

The Board is responsible for Peabody Community Foundation's system of risk management and the internal control framework and for reviewing their effectiveness. The system of risk management and internal control is designed to manage and reduce, rather than eliminate, the risk of failing to achieve business objectives. It can only provide reasonable, not absolute assurance against material misstatement or loss. The system of risk management and internal control also exists to give reasonable assurance about the reliability of financial and operational information and the safeguarding of Peabody Community Foundation's assets and interests.

The Group Audit and Risk Committee ('the Committee') provides oversight of the Peabody Community Foundation system of risk management and internal control on behalf of the Board of Peabody (as the parent company for the Peabody Group) and the Board and regularly reviews its effectiveness.

The Group's arrangements in respect of the system of risk management and internal control cover Peabody Community Foundation.

Risk review process

Over the last two years the Group has grown in scale and ambition and is now larger and more complex. Given that this growth is against the backdrop of increased regulation and an increasingly demanding external environment the Peabody Board, the Board and the Committee have focused on ensuring that there is a robust risk management framework.

There was increased discussion of risk during the year by the Peabody Board and the Board, which recognised the complexity of the Group's and Peabody Community Foundation's risks. In particular, the Peabody Board considered the possibility of contagion or multiple risks coalescing at the same time. The Peabody Board and the Committee also requested and received further good practice models of risk analysis, presentation and reporting, in particular information to highlight direction of travel of key risks.

The Peabody Board also kept the aggregate risk profile of the Group under regular review. More and better stress testing information was provided to the Committee and the Peabody Board. The linkages between the key risks were also been made clearer and modelled via stress testing.

The Group's increased focus on risk management, mitigation strategies and stress testing business models was also captured in the risk management and treasury management workplans.

During the year the Peabody Board considered and revised the Group's Risk Management Strategy, including the risk appetite in May 2015 and February 2016. The Group's risk appetite statement recognises that the Group is not averse to taking risks based on a considered judgment of the circumstances of each potential situation and appropriate appraisal of the anticipated return. It sets thresholds for types of risk to inform decision making by the board and the business.

An externally facilitated risk workshop was held in March 2016 with the Peabody Board, the Chair of the boards of CBHA and Gallions (who is a co-optee to the Committee) and the direct reports to the Chief Executive of Peabody ("the Peabody Executive Team"), led by Housing Quality Network (HQN), which is an independent consultancy with no other connection to the Group. The workshop, which involved consideration of a number of hypothetical scenarios relevant to the Group's risks, enabled the Peabody Board to have an in-depth discussion about the Group's key risks, consider how they would crystalize and

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For the year ended 31 March 2016**

what action it would take. The follow-up report noted that the attendees had a good grasp of all relevant issues and impacts, including strategy, organisational dynamics, financial resilience, risk profile and mitigation and governance.

The Committee met three times during the year to review the effectiveness of the system of risk management and internal control. The Committee considered internal audit and other assurance reports at every meeting along with the fraud register.

The Risk Review Panel comprising the Peabody Executive Team met three times during the year to review organisational and strategic risk registers at a more granular level. The managers with responsibility for the activities of Peabody Community Foundation have clear responsibility for the identification, evaluation and control of significant risks.

The Group Risk Assurance team provides support and guidance to better enable management to fulfil their responsibility. During the year risk leads were put in place within directorates to provide an agreed nominated point of contact between each service area and the Risk Assurance team. Work was also undertaken to review and challenge the corporate risk registers including controls, mitigations and actions. Further work is being taken to strengthen operational risk registers in conjunction with risk leads.

The Group plan to simplify its legal structure to enhance governance has been the subject of on-going discussions between the boards of Peabody, Gallions, CBHA and Peabody Community Foundation to ensure risk management actions continue to be appropriate, particularly after the simplification of the Group. The Peabody Community Foundation will bring the community programmes of Trust Thamesmead, Peabody and CBHA into one subsidiary. However, Trust Thamesmead will continue to operate locally under the same name under the umbrella of the Peabody Community Foundation.

Key strategic risks

The Charity, in a robust comprehensive risk identification process, has identified nineteen risks: strategic and operational. These nineteen risks are kept under review by the Board. There are mitigating controls in place for all risks, and a programme of actions to manage these risks and keep them and the mitigating actions under review. Sixteen of these nineteen risks have a medium residual risk score (i.e. after mitigation) whilst three risks have a low residual risk score.

Three of these nineteen risks are strategic and these are set out below. All three have a medium residual risk score:

1. Sporting Club Thamesmead (SCT) income and expenditure budget

The risk for Sporting Club Thamesmead is around controlling the budget. In terms of income it needs to meet its income target this year from external and internal hire of space and bar and catering income. It is currently under achieving on bar income. In terms of expenditure the Club needs to control staff costs, maintenance, utilities and cleaning costs. There will be a cheaper cleaning contract from July and the Club is now on the Peabody Procurement contract for utilities.

Repayment of the grant received from the Football Foundation to build the Club is dependent on the Club continuing to provide significant opportunities for junior football for local residents at affordable prices. Given the recent successful monitoring agreement and the fact that future plans are supported by the London Football Association this risk is considered to be managed.

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2. Failure of the Foundation to meet new external income targets by not adapting its fundraising strategy, programme and delivery model

Fundraising plays an important and strategic role in helping to realise the Foundation's business plan. It will allow the Foundation to increase investment in community programmes, scale successful projects and leverage Peabody's core funding / endowment. It also encourages the Foundation to be open to external funders' motivations leading to a more outward looking and innovative approach.

However, the external funding environment in which we compete is highly responsive to economic, political and regulatory changes. In a tough fundraising environment, PCF has set ambitious KPI targets that rise from £1m in 2016/17 to £2.5m in 2019/20.

Going forward it will be critical that the Foundation's fundraising strategy positions the delivery model and community programme of the Foundation competitively with a range of funders and identifies and responds to actual and anticipated changes in the external fundraising environment. The fundraising team will also seek to develop planned exit strategies for programmes and projects that may become vulnerable to changes in the external environment.

3. Failure to respond to the stock condition surveys for community buildings and adequately manage this through the asset management programme

The Foundation is currently working to address legacy issues in relation to 54 community buildings and to ensure this is adequately managed through the asset management programme. Stock condition surveys have been undertaken and the issues identified will be addressed over the next 12 months.

Internal Audit

The Group's internal audit function is outsourced. On 1 April 2015 PricewaterhouseCoopers became the new provider; previously the provider was KPMG who are now the Group's external auditors, with appropriate safeguards put in place in relation to segregation and transfer of responsibilities. The outsourced function reports directly to the Director, Legal, Governance and Assurance and has direct access to the Committee. The outsourced function provides the Group with a wide range of expertise, access to external benchmarking information and insights on good practice.

The internal audit annual programme of work is aligned to the Group's (including Peabody Community Foundation's) strategic objectives and risks. The 2015-16 programme of work by PwC was approved by the Committee. The programme did not address all risks as it aims to address the key risks identified across the Group on a three year cycle.

PwC also performed an additional exercise to validate implementation of recommendations and assess the impact on the control environment. This concluded that good progress had been made across a number of areas but there remained work to do to strengthen the control environment, particularly in relation to data quality. The Group has in place a data quality improvement plan: progress against milestones in the plan is monitored by a data quality improvement board and the Group's Information Management Group. The plan has met a number of year end goals as at end March 2016 and aims to deliver further improvement in the quality of the Group's business critical data and its information governance by 31 March 2017.

The Committee considers internal audit reports (in particular high risk recommendations and high risk opinion reports) and progress against the annual plan at each meeting. The Committee provides an annual report to the Peabody Board, and its minutes are available to all Peabody Board members

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following each meeting. The Committee Chair also provides oral updates to the Peabody Board about key issues.

During the year the Committee in its oversight role encouraged timelier implementation of internal audit recommendations, in particular high risk recommendations. The Committee also took a particular interest in ensuring improved risk reporting to the Committee and the Peabody Board, in particular reporting of direction of travel, anticipated trajectory and proximity.

External Audit

The work of the external auditors provides further independent assurance on the control environment. Peabody on behalf of the Group receives a letter from the external auditors with a summary of the work performed. This letter was considered by the Committee at its July 2016 meeting along with a detailed action plan to address any issues. As stated above, KPMG previously the Group's internal auditors were appointed as external auditors on 1 April 2015

Monitoring, control environment and control procedures

The Group operates a process of regular self-assessment of controls. This self-assessment is tailored to ensure managers across the Group including Peabody Community Foundation escalate potential risks and weaknesses in the control environment. This enables corrective action to be taken and provides assurances to senior management and the Committee on the control environment. The Group Chief Executive provides an annual assurance report based on this self-assessment process to the Committee and the Peabody Board.

The control risk self-assessment form was redesigned and consulted on with the Peabody Executive Team, their direct reports and senior staff across the Group including Peabody Community Foundation in May 2015. It was agreed that these self-assessments would be conducted at least twice annually instead of quarterly. Self-assessments were undertaken twice during the year. Managers were also reminded that any suspected breach or weakness of controls should be promptly reported via line management (or in accordance with the whistle-blowing policy, if necessary) rather than wait until the next submission date for a control risk self-assessment.

The Group Code of Conduct sets out Peabody's expectation of employees with regard to quality of service, business disciplines, honesty and integrity. It is supported by a framework of policies and procedures with which employees must comply. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection. Policies are periodically reviewed in accordance with a prescribed timetable or more frequently if a weakness or other issue necessitating change is identified.

Key health and safety issues are reported to the Group Health and Safety Committee and the Committee. A programme of health and safety audits approved by the Health and Safety Committee is undertaken by specialist auditors. Annual assurance in respect of health and safety is reported to the Group Health and Safety Committee, the Committee and the Peabody Board.

The Group received a five star rating (the highest category) from the British Safety Council in February 2016 following a comprehensive health and safety audit which looked at policy and organisation, strategy and planning, implementation and operation, performance measurement and evaluation and review.

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Information and financial reporting systems

The Group's long term financial and corporate business plan is monitored continuously by management and the Peabody Board to ensure that the business remains financially healthy and that targets for financial growth and other objectives are met in order to enable the delivery of our social objectives. The long term financial and business plans are tested against a range of challenging scenarios and emerging external factors, the most significant of which has been the 1% rent reduction and future rent indexation beyond the current four year regime.

Fraud

The Group has a fraud policy that covers the prevention, detection, investigation, and reporting of fraud, including remedial action if a fraud has occurred, to learn lessons and prevent a recurrence. The policy is reviewed by the Committee every three years unless there is an earlier change in legislation or organisational approach. The policy was revised and approved by the Committee in January 2016.

All cases of fraud and attempted fraud are also reported to the Peabody Executive Team and to the Committee. During the period there were a small number of minor financial frauds reported.

The Group has appointed a Money Laundering officer as part of its compliance with anti-money laundering legislation.

Anti-bribery and whistle blowing

The Group values its reputation and is committed to maintaining the highest possible ethical standards in all its business activities. The Group has a Whistle Blowing Policy that encourages employees and others to express any serious concerns regarding suspected misconduct or malpractice within the organisation. This Policy was revised and reissued in January 2015. The Committee considered the use of the Whistle blowing policy during the year ended 31 March 2016 at its meeting in July 2016. Peabody's Anti-Bribery requirements are set out in the Peabody Code of Conduct and make clear that the Group has zero tolerance of any form of bribery.

Statement on Internal Controls Assurance Statement

The Board acknowledges its ultimate responsibility for ensuring that Peabody Community Foundation has in place a system of internal control that is appropriate to the various business environments in which it operates. This is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide the Board with reasonable and not absolute assurance against material misstatement or loss.

The processes in place for identifying, evaluating, and managing the significant risks faced by Peabody Community Foundation are on-going and have been in place throughout the period commencing 1 April 2015 up to the date of approval of the financial statements.

The Group's arrangements in respect of the system of risk management and internal control cover Peabody Community Foundation.

Key elements of the system of risk management and internal control throughout the period included:

- terms of reference and delegated authorities for the Group's committees approved by the Peabody Board;
- a review of regulatory compliance arrangements at least twice a year to the Peabody Board;
- clearly defined management responsibilities for the identification, evaluation and control of significant risks;

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- robust strategic and business planning processes, with detailed financial budgets and forecasts;
- formal recruitment, retention, training and development policies for all staff;
- formal Board evaluation and appraisal procedures and an annual review of compliance with the NHF Code of Governance;
- established authorisation and appraisal procedures for significant new initiatives and commitments;
- Committee approved internal audit plan and internal audit reporting at Committee meetings;
- regular review by the appropriate committee of key policies;
- regular reporting to the Committee and Board of risk information;
- health and safety key issues reporting to the Health and Safety Committee and to the Committee;
- a detailed Group approach to treasury management;
- regular updates and reporting to the Committee by external auditors;
- regular reporting to the appropriate committee on key business issues, objectives, targets and outcomes;
- regular monitoring of loan covenants and requirements for loan facilities;
- twice yearly control risk self-assessment exercise tailored to evidence key control status;
- Group Chief Executive's assurance report to the Committee and the Peabody Board;
- policies and arrangements to reduce the risk of fraud, bribery and money laundering;
- regular updates of key legislation changes to senior managers;
- periodic review and assessment of compliance with the regulatory standards;
- clearly defined responsibilities for compliance with regulatory standards;
- reporting to the Committee of instance of fraud.

The Peabody Board has delegated to the Committee the regular review of the effectiveness of the Group (including Peabody Community Foundation) system of internal control, whilst maintaining ultimate responsibility for the system of internal control.

The Committee reviewed the effectiveness of the system of internal control in existence for the Group (including Peabody Community Foundation) for the period commencing 1 April 2015 up to the date of approval of the financial statements, having regard to the annual review of the effectiveness of the Group system of internal control by the Group Chief Executive and the annual report of the internal auditor and reported to the Boards of Peabody and Peabody Community Foundation that it found no significant weaknesses in the system of internal control.

By order of the Board

Michael Cleaver
Chair

Date: 12 July 2016



Annual Report and Financial Statements
For the year ended 31 March 2016

STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue its activities.

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

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board



Michael Cleaver
Chair
Date: 12 July 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEABODY COMMUNITY FOUNDATION

We have audited the financial statements of Peabody Community Foundation for the year ended 31 March 2016 set out on pages 23 to 45. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 20, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information in the Trustees' Annual Report, which constitutes the Strategic Report and the Directors' Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit



Chris Wilson (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

Canary Wharf

London

E14 5GL

19 July 2016

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
for the year ended 31 March 2016

	Note	Unrestricted Funds	Restricted Funds	Total 2016	Total 2015 Restated
		£	£	£	£
Incoming resources					
Incoming resources from charitable activities		917,846	183,949	1,101,795	840,608
Total incoming resources		917,846	183,949	1,101,795	840,608
Resources expended					
Cost of charitable activities		(3,559,661)	(183,949)	(3,743,610)	(3,295,961)
Total resources expended	6a	(3,559,661)	(183,949)	(3,743,610)	(3,295,961)
Investment income	3	1,103,477	-	1,103,477	1,193,594
Interest payable	4	(4,000)	-	(4,000)	-
Surplus on sale of fixed asset investment		-	-	-	5,363,423
Net (expenditure)/income for the year before gains & losses		(1,542,338)	-	(1,542,338)	4,101,664
Tax on charitable activities		-	-	-	-
Actuarial loss on defined benefit schemes	18	(58,000)	-	(58,000)	(111,882)
Net (expenditure)/income for the year		(1,600,338)	-	(1,600,338)	3,989,782
Net movements in funds		(1,600,338)	-	(1,600,338)	3,989,782
Fund balances brought forward	14	34,435,196	-	34,435,196	30,445,414
Fund balances carried forward		32,834,858	-	32,834,858	34,435,196

All amounts relate to continuing activities.

There were no recognised gains or losses other than those dealt with in the Statement of Financial Activities.

The notes on pages 25 to 45 form part of the financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 March 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	9	34,680	46,240
Tangible assets	10	11,677,337	11,914,108
Investments	11	1	1
		<u>11,712,018</u>	<u>11,960,349</u>
Current assets			
Stock		7,988	7,148
Debtors (including £20,251,067 (2015:£21,419,090) due after more than one year)	12	20,624,923	21,963,016
Cash at bank and in hand		1,462,883	890,656
		<u>22,095,794</u>	<u>22,860,820</u>
Creditors: amounts falling due within one year	13	(442,117)	(225,136)
Net current assets		<u>21,653,677</u>	<u>22,635,684</u>
 Defined benefit pension scheme liability	18	 (530,837)	 (160,837)
Net assets		<u>32,834,858</u>	<u>34,435,196</u>
 Unrestricted income funds	14	 32,834,858	 34,435,196
Total funds		<u>32,834,858</u>	<u>34,435,196</u>

The financial statements were approved by the Board and authorised for issue on 12 July 2016 and signed on its behalf by:



Michael Cleaver
Chair

The notes on pages 25 to 45 form part of the financial statements.

NOTES TO THE ACCOUNTS
For the year ended 31 March 2016

1. Accounting policies

1.1. Basis of Preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The financial statements have been prepared in accordance with FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (September 2015) ("FRS 102"), the Charities SORP (FRS 102): Accounting and Reporting by Charities Statement of Recommended Practice ("the SORP"), the Companies Act 2006 and the Charities Act 2011. It also requires Group management to exercise judgement in applying the Group's accounting policies and requires the use of certain critical accounting estimates.

1.2. Going Concern

After reviewing the Charity's forecasts and projections the trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The Charity therefore continues to adopt the going concern basis in preparing its financial statements.

1.3. Cash Flow Statement

The Charity is exempt from the requirements of FRS 102 to prepare a cash flow statement as its results are included in the consolidated financial statements of Peabody Group which includes a cash flow statement.

1.4. Basis of Non-Consolidation

The Charity is exempt from the obligation to prepare group accounts by virtue of the Companies Act 2006. Group accounts are prepared by the immediate parent, Peabody Trust. The Charity's financial statements present information about it as an individual undertaking and not about its group.

1.5. Tangible and Other Fixed Assets and Depreciation

Freehold land and buildings represent properties acquired from Thamesmead Town on its demerger in April 2000, which were professionally valued by Chartered Surveyors on an existing use open market value basis at this date. The assets were subsequently transferred to Trust Thamesmead from its subsidiary during 2009 at their net book value. The Trustees have adopted the policy of holding freehold buildings at cost less accumulated depreciation and any accumulated impairment losses under FRS 102.

Tangible and other fixed assets are stated at cost less accumulated depreciation.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

IT equipment	4 years
Office equipment	10 years
Freehold land & buildings	50 years
Leasehold land and buildings	over the length of the lease

Depreciation is charged on the above assets from the month of purchase until the month of disposal.

NOTES TO THE ACCOUNTS

For the year ended 31 March 2016

1.6. Intangible Assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Software development costs

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

Software development costs	5 years
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If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

1.7. Fixed Asset Investments

Investments in subsidiary undertakings are shown at cost less any provision for impairment.

1.8. Stock

Stock is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

1.9. Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits.

1.10. Incoming Resources

All incoming resources are accounted for in the Statement of Financial Activities (SOFA) when the Charity is legally entitled to the income and the amount can be quantified with reasonable certainty. Income from charitable activities is accounted for on a receivable basis.

In accordance with the Charity SORP 2015, grants received in advance and specified by the donor as relating to specific accounting periods or alternatively which are subject to conditions which are still to be met, and which are outside the control of the Charity or where it is uncertain whether the conditions can or will be met, are deferred on an accruals basis to the period to which they relate. Such deferrals are shown in the notes to the accounts and the sums involved are shown as creditors in the accounts.

NOTES TO THE ACCOUNTS
For the year ended 31 March 2016

1.11. Revenue Grant

Grants in respect of revenue expenditure are credited to the SOFA in the same period as the expenditure to which they relate.

1.12. Resources Expended

Expenditure is accounted for on an accruals basis, inclusive of any VAT which cannot be recovered, and classified under headings in the accounts that aggregate all costs related to the category.

Charitable activities - some resources expended, including staff costs, are apportioned across different categories of expenses, where appropriate, on the basis of time incurred on the projects.

Grants and donations payable are taken into account the earlier of when they were paid or become enforceable.

Provisions are only provided for on contractual liabilities which exist at the balance sheet date.

1.13. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the SOFA on a straight-line basis over the lease term.

1.14. Fund Accounting

Unrestricted funds - these are accumulated surpluses and deficits on general funds which can be used in furtherance of the general objectives of the Charity at the discretion of the trustees.

Designated funds - these are unrestricted funds which have been set aside by trustees for specific future purposes or projects.

Restricted funds - these are funds that have restrictions imposed by donors and can only be applied for the particular purposes specified by donors. The construction and purchase of fixed assets with restricted funds are deemed to be satisfied once the construction or purchase has taken place and therefore these restricted fund balances are released to unrestricted general funds once the construction or purchase is complete unless the restriction is deemed to be on a permanent basis.

1.15. Employee Benefits

a) Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

b) Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income in the periods during which services are rendered by employees.

NOTES TO THE ACCOUNTS
For the year ended 31 March 2016

c) Defined Benefit Pension Scheme

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The entity's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted.

Regular valuations are prepared by independent professionally qualified actuaries. These determine the level of contributions required to fund the benefits set out in the rules of the fund and allow for the periodic increase of pensions in payment. The current service cost of providing retirement benefits to employees during the year, together with the cost of any benefits relating to past service, cost of curtailments and settlements are charged against the operating surplus in the year. Actuarial gains and losses are recognised in the SOFA.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in the SOFA.

d) Termination Benefits

Termination benefits are recognised as an expense when the entity is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the entity has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

1.16. Related Party Transactions

Related party transactions include the company transaction with the parent entities, with fellow subsidiaries, associates, joint venture and compensation paid to key management personnel. Key management personnel are senior management team, board members and their close family. Compensation includes all employee benefits in exchange for services and consideration paid on behalf of Peabody in respect of goods or services provided to the entity.

1.17. Value Added Tax

Value Added Tax is accounted for on an accruals basis. For business supplies chargeable to tax, or where special dispensations have been agreed, input tax directly relating to goods and services that have enabled the supply, and relating to a fair proportion of the cost of central services in support of these, are recovered from HM Revenue & Customs.

1.18. Taxation

As a registered charity, the Charity is exempt from income and corporation tax to the extent that its income and gains are applicable for charitable purposes only.

NOTES TO THE ACCOUNTS
For the year ended 31 March 2016

2. Winding up or Dissolution of the Charity

If upon winding up or dissolution of the charity there remain any assets, after satisfaction of all debts and liabilities, the assets represented by the accumulated fund shall be transferred to some other charitable body or bodies having similar objects to the charity.

3. Investment Income

	2016	2015
	£	£
Interest from parent undertaking	1,103,477	1,167,444
Interest from pension scheme	-	26,000
Bank deposit interest	-	150
	<u>1,103,477</u>	<u>1,193,594</u>

4. Interest Payable

	2016	2015
	£	£
Interest cost on pension scheme	<u>4,000</u>	<u>-</u>

5. Net Incoming Resources for the Year are after Charging:

	2016	2015
	£	£
Net incoming resources for the year are arrived at after charging:		
Auditor's remuneration		
current year audit fee	4,800	4,800
in respect of subsidiary audit fee	1,200	1,200
in respect of non-audit services	2,400	-
Pension costs	102,052	66,185
Depreciation of owned fixed assets	299,529	287,013
Operating lease charge - land and buildings	32,000	32,000
Operating lease charge – non land and buildings	<u>1,875</u>	<u>-</u>

NOTES TO THE ACCOUNTS
For the year ended 31 March 2016

6. Analysis of Total Resources Expended

a) Resources Expended	Direct costs £	Support costs £	Total 2016 £	Total 2015 £
<i>Charitable activities</i>				
Building capacity of group and individuals	391,532	166,253	557,785	616,159
Children, young people & families	774,359	328,810	1,103,169	976,211
Employment and employability	280,300	119,021	399,321	630,581
Improving sports	895,424	380,217	1,275,641	828,376
Community cohesion	273,430	116,104	389,534	224,237
Other charitable activities	-	-	-	3,085
	<u>2,615,045</u>	<u>1,110,405</u>	<u>3,725,450</u>	<u>3,278,649</u>
<i>Governance</i>				
Staff costs	6,250	-	6,250	5,000
External audit and legal fees	11,910	-	11,910	11,984
Board costs	-	-	-	328
	<u>18,160</u>	<u>-</u>	<u>18,160</u>	<u>17,312</u>
Total Resources Expended	<u><u>2,633,205</u></u>	<u><u>1,110,405</u></u>	<u><u>3,743,610</u></u>	<u><u>3,295,961</u></u>
b) Support Costs			2016 £	2015 £
Administration costs			371,523	551,384
Staff costs			362,555	168,745
CARE Pension remeasurement (note 18)			319,000	-
Premises costs			<u>57,327</u>	<u>71,678</u>
			<u><u>1,110,405</u></u>	<u><u>791,807</u></u>

Costs directly attributable to charitable activities are allocated to direct costs. Those costs not directly attributable are included in support costs. Support costs are then apportioned based on the staff time incurred on each charitable activity.

NOTES TO THE ACCOUNTS
For the year ended 31 March 2016

7. Staff Costs and Emoluments

	2016	2015
	£	£
Wages and salaries	1,379,057	1,395,216
Social security costs	111,786	90,531
Pension contributions	102,053	66,148
CARE Pension remeasurement (note 18)	319,000	-
Other staff costs	8,960	-
	<u>1,920,856</u>	<u>1,551,895</u>

	2016	2015
	No.	No.
The average number of employees during the year was as follows:		
Charitable activities	57	60
Management, administration and support services	5	8
	<u>62</u>	<u>68</u>

The numbers of employees who received remuneration (excluding pension contributions) in excess of £60,000 per annum are stated below in bandings of £10,000:

	2016	2015
	No.	No.
Emoluments of higher paid staff within the following scales were:		
£60,001 - £70,000	2	2
£70,001 - £80,000	-	-
£80,001 - £90,000	<u>1</u>	<u>1</u>

Pensions paid to higher paid staff amounted to £26,368 (2015: £22,993). There were no benefits in kind.

8. Trustees Remuneration and Expenses

No remuneration was paid to any trustee in the year.

Reasonable expenses for travel, subsistence and incidentals reimbursed to trustees during the year totalled £Nil (2015: £104).

NOTES TO THE ACCOUNTS
For the year ended 31 March 2016

9. Intangible Fixed Assets

	Computer Software £
Cost or Market Value	
At 1 April 2015	46,240
Additions	-
At 31 March 2016	<u>46,240</u>
Amortisation	
At 1 April 2015	-
Charge for the year	11,560
At 31 March 2016	<u>11,560</u>
Net Book Value	
At 31 March 2016	<u>34,680</u>
At 31 March 2015	<u>46,240</u>

10. Tangible Fixed Assets

	Freehold land and buildings £	Leasehold land and buildings £	IT and office equipment £	Total £
Cost or Market Value				
At 1 April 2015	13,065,622	87,638	141,493	13,294,753
Additions	6,469	-	44,729	51,198
At 31 March 2016	<u>13,072,091</u>	<u>87,638</u>	<u>186,222</u>	<u>13,345,951</u>
Depreciation				
At 1 April 2015	1,204,322	47,664	128,659	1,380,645
Charge for the year	260,206	8,125	19,638	287,969
At 31 March 2016	<u>1,464,528</u>	<u>55,789</u>	<u>148,297</u>	<u>1,668,614</u>
Net Book Value				
At 31 March 2016	<u>11,607,563</u>	<u>31,849</u>	<u>37,925</u>	<u>11,677,337</u>
At 31 March 2015	<u>11,861,300</u>	<u>39,974</u>	<u>12,834</u>	<u>11,914,108</u>

All assets are held for charitable purposes.

There is a charge held with the Big Lottery Fund for £5m over Harrow Manor Way, and a second charge with The Football Foundation for £1m over the land at Thamesmead Football Club

NOTES TO THE ACCOUNTS
For the year ended 31 March 2016

11. Fixed Asset Investments

	2016 £	2015 £
Sporting Club Thamesmead Limited	<u>1</u>	<u>1</u>

As Sporting Club Thamesmead Ltd has not traded since 28 February 2015, the Company was dissolved on 5 July 2016.

12. Debtors

	2016 £	2015 £
Amounts falling due after one year		
Deferred consideration	<u>20,251,067</u>	<u>21,419,090</u>

The deferred consideration has arisen on the sale of the Trust's Fixed Asset investment in Tilfen Land Limited, which was sold to the Charity's parent company, Peabody Trust on 1 April 2014. The amount is payable in quarterly instalments over 30 years.

	2016 £	2015 £
Amounts due within one year		
Trade debtors	263,388	148,948
Amounts owned by subsidiary undertaking	-	212,868
Other debtors	78,859	163,799
Prepayments	<u>31,609</u>	<u>18,311</u>
	<u>373,856</u>	<u>543,926</u>
Total Debtors	<u>20,624,923</u>	<u>21,963,016</u>

13. Creditors

	2016 £	2015 £
Trade creditors	29,393	22,100
Amounts owed to parent undertaking	115,968	-
Social security and other taxes	-	31,782
Other creditors	93,634	89,154
Accruals	<u>203,122</u>	<u>82,100</u>
	<u>442,117</u>	<u>225,136</u>

NOTES TO THE ACCOUNTS
For the year ended 31 March 2016

14. Movement on Reserves

	1 April 2015 £	Incoming Resources £	Outgoing Resources £	Gains & (Losses) £	Fund Transfers £	31 March 2016 £
Unrestricted Funds:						
Unrestricted general funds	34,435,196	2,205,272	(3,428,610)	(377,000)	-	32,834,858

Included within unrestricted funds are designated funds of:

Designated Funds:

Pitch resurfacing reserve	-	-	-	-	30,648	30,648
Fixed asset reserve	11,960,348	51,198	(299,529)	-	(30,648)	11,681,369
Total Designated Funds	11,960,348	51,198	(299,529)	-	-	11,712,017

	1 April 2014 £	Incoming Resources £	Outgoing Resources £	Gains & (Losses) £	Fund Transfers £	31 March 2015 £
Funds:						
Restricted funds	200,410	100,003	(100,003)	-	(200,410)	-
Unrestricted general funds	30,245,004	7,297,622	(3,195,958)	(111,882)	200,410	34,435,196
Total Funds	30,445,414	7,397,625	(3,295,961)	(111,882)	-	34,435,196

Included within unrestricted funds are designated funds of:

Designated Funds:

Capital reserve	17,297,227	-	(17,297,227)	-	-	-
Fixed asset reserve	12,154,483	92,878	(287,013)	-	-	11,960,348
Total Designated Funds	29,451,710	92,878	(17,584,240)	-	-	11,960,348

Designated Funds

The fixed asset reserve represent funds tied up in fixed assets. During the year the Trustees agreed to set up a separate designated fund to cover the potential cost of resurfacing the pitches at the Sporting Club.

NOTES TO THE ACCOUNTS

For the year ended 31 March 2016

15. Analysis of Net Assets between Funds at 31 March 2016

	Unrestricted Fund £	Designated Fund £	Restricted Fund £	2016 Total £	2015 Total £
Fixed assets	-	11,712,017	-	11,712,017	11,960,348
Investments	1	-	-	1	1
Current assets	22,095,794	-	-	22,095,794	22,860,820
Current liabilities	(442,117)	-	-	(442,117)	(225,136)
Provisions	(530,837)	-	-	(530,837)	(160,837)
	<u>21,122,841</u>	<u>11,712,017</u>	<u>-</u>	<u>32,834,858</u>	<u>34,435,196</u>

16. Related Party Transactions

During the year the following transactions took place between the Charity and its Parent company, Peabody Trust:

- Peabody provided support services, finance, governance, IT, HR totalling £339,691 (2015: £305,052). At the year end £115,968 was outstanding (note 13) (2015: £Nil).
- Peabody paid £24,000 (2015: £24,000) to the Charity for room hire services.
- Peabody paid the Charity £2,271,500 (2015: 2,409,000) as the year 2 payment in respect of the sale of Tilfen Land Ltd in April 2014. £1,168,023 was charged against the deferred consideration debtor (note 12) with £1,103,477 being recognised as interest (note 3).
- The Charity paid rent of £32,000 (2015: £32,000) to Tilfen Land Ltd (a subsidiary of Peabody Trust) in respect of 19a Joyce Dawson Way.

17. Operating Lease Commitments

Operating leases which expire:

	Land and Buildings	
	2016 £	2015 £
Within one year	32,000	32,000
In the second to fifth years inclusive	128,000	128,000
Over five years	58,667	90,667
	<u>218,667</u>	<u>250,667</u>

NOTES TO THE ACCOUNTS

For the year ended 31 March 2016

18. Pension Commitments

The pensions of employees of the Charity are administered through four schemes, one which provides defined benefits relating to pay and service (LPFA) and one scheme which provides a defined contribution scheme (Friends Life). A further defined benefit scheme (Career Average Revalued Earnings) was closed to new entrants 30 June 2015. A defined contribution scheme (Career Average Revalued Earnings) was opened to entrants 1 July 2015 and closed to new entrants 31 October 2015.

Net Pension Liability

	2016 £000s	2015 £000s
LPFA	214	130
CARE	317	31
	<u>531</u>	<u>161</u>

The London Pension Fund Authority

Some employees of the Charity who are former employees of Thamesmead Town may participate in the London Pensions Fund Authority (LPFA) Pension Fund, part of the Local Government Pension Scheme, which is a defined benefit statutory scheme. The fund is administered by London Pensions Authority in accordance with the Local Government Pensions Scheme Regulations 1997 as amended.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 31 March 2013.

These figures are prepared in accordance with our understanding of Financial Reporting Standard 102 (FRS102).

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2016 is estimated to be -1%. The actual return on Fund assets over the year may be different.

	2016 £000s	2015 £000s
Equities	708	679
LDI/Cashflow matching	155	117
Target return portfolio	324	452
Infrastructure	84	77
Commodities	7	15
Property	54	44
Cash	193	180
Total	<u>1,525</u>	<u>1,564</u>

NOTES TO THE ACCOUNTS
For the year ended 31 March 2016

18. Pension Commitments (continued)
The London Pension Fund Authority

The demographic assumptions are consistent with those used for the formal funding valuation as at 31 March 2013. The post retirement mortality tables adopted were based on the Club Vita mortality analysis.

	2016	2015
Retiring today – male	87.8	87.7
Retiring today – female	90.6	90.5
Retiring in 20 years – male	90.2	90.0
Retiring in 20 years – female	92.9	92.8

The major assumptions used by the actuary to value the liabilities of the scheme at 31 March 2016 under FRS 102 are:

	2016 % p.a.	2015 % p.a.
RPI increase rate	3.2	3.0
CPI increase rate	2.3	2.0
Salary increase rate	3.3	3.0
Pension increases	2.3	2.0
Discount rate	3.5	3.2

Statement of Financial Position as at 31 March:

Net pension asset as at

	2016 £000s	2015 £000s
Present value of the defined benefit obligation	1,739	1,694
Fair value of Fund assets (bid value)	1,525	1,564
Net defined benefit liability (SOF)	214	130

The amounts recognised in the statement of financial activity income are:

	2016 £000s	2015 £000s
Service cost	16	15
Net interest on the defined benefit liability	4	2
Administration expenses	2	2
Total loss	22	19

NOTES TO THE ACCOUNTS
For the year ended 31 March 2016

18. Pension Commitments (continued)
The London Pension Fund Authority

Reconciliation of defined benefit obligation

	2016	2015
	£000s	£000s
Opening defined benefit obligation	1,694	1,529
Service cost	16	15
Interest on obligation	54	67
Contribution by Scheme participants	7	3
Change in financial assumptions	7	114
Estimated benefits paid (not of transfers in)	(35)	(34)
Closing defined benefit obligation	<u>1,739</u>	<u>1,694</u>

Reconciliation of fair value of scheme assets

	2016	2015
	£000s	£000s
Opening fair value of Scheme assets	1,564	1,491
Interest on assets	50	65
Return on assets less interest	(62)	34
Contribution by Scheme participants	3	3
Contribution by employer in respect of unfunded benefits	7	7
Administration expenses	(2)	(2)
Estimated benefits paid including unfunded benefits	(35)	(34)
Fair value of scheme assets at end of year	<u>1,525</u>	<u>1,564</u>

	2016	2015
	£000s	£000s
Total return on the fund assets	<u>(12)</u>	<u>99</u>

NOTES TO THE ACCOUNTS

For the year ended 31 March 2016

18. Pension Commitments (continued)
The London Pension Fund Authority

Sensitivity Analysis

	2016 £000s	2016 £000s	2016 £000s
Adjustment to discount rate	+ 0.1%	0.0%	(0.1%)
Present value of total obligation	1,711	1,739	1,767
Projected service cost	16	16	16
Adjustment to long term salary increase	+ 0.1%	0.0%	(0.1%)
Present value of total obligation	1,740	1,739	1,738
Projected service cost	16	16	16
Adjustment to pension increases and deferred revaluation	+ 0.1%	0.0%	(0.1%)
Present value of total obligation	1,766	1,739	1,712
Projected service cost	16	16	16
Adjustment to mortality age rating assumption	+ 1 year	None	- 1 year
Present value of total obligation	1,791	1,739	1,689
Projected service cost	16	16	16

Re-measurement of the net defined benefit liability

	2016 £000s	2015 £000s
Return on Fund assets in excess of interest	(62)	34
Change in financial assumptions	(7)	(114)
Re-measurement of the net defined benefit liability	(69)	(80)

Projected Pension Expense for the year to 31 March 2017

	2017 £000s
Service cost	16
Interest cost	7
Administrative expenses	2
Total	25
Employer Contributions	7

NOTES TO THE ACCOUNTS
For the year ended 31 March 2016

18. Pension Commitments (continued)
Friends Life Pension Scheme

Current employees are able to join the open group pension scheme which is a defined contribution scheme operated by Friends Life. This scheme was opened 1 November 2015. The assets of this scheme are held separately from those of the Group.

Employer contributions in respect of this scheme are charged to the income and expenditure account as incurred. During the year ended 31 March 2016 employer contributions totalling £13,342 (2015: £Nil) were made into the scheme.

Career Average Revalued Earnings (CARE) Scheme

The Charity participates in The Career Average Revalued Earnings (CARE) Pension Scheme (the 'Scheme'), which is a funded multi-employer defined benefit scheme.

- a) The main benefits provided by the Scheme are:
- A pension of one-eightieth of the member's CARE for each year (and months proportionately) of pensionable service if contracted-out of the State scheme; or
 - A pension of one-hundredth of the member's CARE for each year (and months proportionately) of pensionable service if contracted-in to the State scheme.

Contributions prior to 1 July 2015

- b) For members in the one-eightieth structure of the Scheme, employers pay contributions at the rate of 10.6% per annum of member's earnings and members pay contributions based on an age related scale (equal to age divided by ten, plus 0.5).
- c) For members in the one-hundredth structure of the Scheme, employers pay contributions at the rate of 8.8% per annum of member's earnings and members pay contributions based on an age related scale (equal to age divided by ten, minus 0.5).
- d) In addition, employers may choose to pay any Future Service Contribution Rate (FSCR) combination that is shared between members and employers, as long as the maximum member contribution rates are $[(\text{age} / 10) + 0.5] \%$ (one-eightieth structure) and $[(\text{age} / 10) - 0.5] \%$ (one-hundredth structure). For reference, the total FSCRs prior to 1 July 2015 are 15.5% (one-eightieth structure) and 12.7% (one-hundredth structure).
- e) Employers that have closed the one-eightieth structure of the Scheme to new entrants are required to pay an additional employer contribution loading of 2.0% to reflect the higher costs of a closed arrangement.
- f) Employers that have closed the one-hundredth structure of the Scheme to new entrants are required to pay an additional employer contribution loading of 1.6% to reflect the higher costs of a closed arrangement.

NOTES TO THE ACCOUNTS

For the year ended 31 March 2016

18. Pension Commitments (continued)

Career Average Revalued Earnings (CARE) Scheme

Contributions from 1 July 2015

- g) For members in the one-eightieth structure of the Scheme, employers pay contributions at the rate of 22.8% per annum of member's earnings less member contributions.
- h) For members in the one-hundredth structure of the Scheme, employers pay contributions at the rate of 18.9% per annum of member's earnings less member contributions.
- i) In addition, employers may choose to pay any Future Service Contribution Rate (FSCR) combination that is shared between members and employers, as long as the maximum member contribution rates are $[(age / 10) + 3.5] \%$ (one-eightieth structure) and $[(age / 10) + 2.5] \%$ (one-hundredth structure). For reference, the total FSCRs from 1 July 2015 are 22.8% (one-eightieth structure) and 18.9% (one-hundredth structure).
- j) Employers that have closed the one-eightieth structure of the Scheme to new entrants are required to pay an additional employer contribution loading of 1.3% to reflect the higher costs of a closed arrangement.
- k) Employers that have closed the one-hundredth structure of the Scheme to new entrants are required to pay an additional employer contribution loading of 0.8% to reflect the higher costs of a closed arrangement. A defined contribution (DC) structure of the Scheme has been available since 1 April 2011. From 1 April 2013, employers have had the freedom to set both the employer and member contribution rates for their organisation in the DC structure.
- l) As at the balance sheet date there were 14 active members of the Scheme employed by the Charity. The annual pensionable payroll in respect of these members was £500,402 (2015: £502,524).
- m) The Charity has closed the Scheme to new entrants.
- n) During the accounting period the employer paid contributions at the rate of 10.6% for members in the one-eightieth structure.

Actuarial Valuation

- o) The Trustee commissions an actuarial valuation of the Scheme every three years. The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.
- p) It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Scheme is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of total scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS102 represents the employer contribution payable.
- q) The last formal valuation of the Scheme was performed as at 30 September 2013 by a professionally qualified actuary using the 'projected unit' method. The market value of the Scheme's assets at the valuation date was £35.6 million. The valuation revealed a deficit of assets compared to liabilities of £16.4 million, equivalent to a past service funding level of 68%.

NOTES TO THE ACCOUNTS
For the year ended 31 March 2016

18. Pension Commitments (continued)
Career Average Revalued Earnings (CARE) Scheme

- r) The financial assumptions underlying the valuation as at 30 September 2013 were as follows:

	% p.a.
Rate of return pre retirement (non-orphans)	4.7
Rate of return post retirement (non-orphans)	3.7
Rate of return pre retirement (orphans)	3.4
Rate of return post retirement (orphans)	3.4
Rate of pension increases pre 5 April 2005	2.5
Rate of pension increases post 5 April 2005	2.0
Rate of price inflation (RPI)	3.2
Rate of price inflation (CPI)	2.5

- s) If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a Recovery Plan setting out the steps to be taken to make up the shortfall.
- t) Following consideration of the results of the actuarial valuation, it was agreed that the shortfall of £16.4 million would be dealt with by the payment of deficit contributions. The existing Recovery Plan, put into place following the 2010 valuation, has been replaced by a new Recovery Plan, effective from 1 July 2015.

1 April 2012 – 30 June 2015

An amount of £208,000 per annum, increasing each year by 3% is required. The Charity's share of these deficit contributions is £4,137.48 per annum, payable in monthly instalments of £344.79. These deficit contributions are in addition to the contribution rates set out above.

1 July 2015 – 30 April 2027

An amount of £1,152,000 per annum, increasing on 1 July each year by 3% is required. The Charity's share of these deficit contributions is £27,290 per annum, payable in monthly instalments of £2,274.17. These deficit contributions are in addition to the contribution rates set out above.

In addition to the above, an amount of £176,586 per annum, increasing on 1 July each year by 3% is required for Scheme expenses. The Charity's share of these Scheme expenses is £4,183 per annum, payable in monthly instalments of £348.58.

Defined Contribution Scheme

- u) There were also 22 active members of the defined contribution scheme of the Scheme employed by the Charity. The annual pensionable payroll in respect of these members was £372,545 (2015: £Nil).

Employer 'Debt on Withdrawal'

- v) As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

NOTES TO THE ACCOUNTS
For the year ended 31 March 2016

18. Pension Commitments (continued)

Career Average Revalued Earnings (CARE) Scheme

- w) The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.
- x) The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore, includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can be volatile over time.

Potential employer debt is treated as a contingent liability

- y) The Charity has been notified by The Pensions Trust of the estimated employer debt on withdrawal from The CARE Scheme, based on the financial position of the Scheme as at 30 September 2015. At this date the estimated employer debt for the Charity was £2,137,000.

	2016 £000s	2015 £000s
Present Value of Provision		
Present Value of Provision	<u>317</u>	<u>31</u>

	2016 £000s	2015 £000s
Reconciliation of opening and closing provisions		
Provision at the start of the period	31	33
Unwinding of the discount factor (interest expense)	-	1
Deficit contribution paid	(22)	(4)
Remeasurement- impact of any changes in assumptions	(11)	1
Remeasurement- amendments to the contribution schedule	319	-
Provision at end of period (SOFPI)	<u>317</u>	<u>31</u>

	2016 £000s	2015 £000s
Income and expenditure impact		
Interest expense	-	1
Remeasurement – impact of any change in assumptions	(11)	1
Remeasurement – amendments to the contribution schedule	319	-
Costs recognised in income and expenditure account	<u>121</u>	<u>63</u>

NOTES TO THE ACCOUNTS

For the year ended 31 March 2016

18. Pension Commitments (continued) Career Average Revalued Earnings (CARE) Scheme

Assumptions

	2016 % p.a.	2015 % p.a.
Rate of Discount	2.24	1.61

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

19. Ultimate Parent Company

Peabody Community Foundation is a wholly owned subsidiary of Peabody Trust, which is the ultimate parent and ultimate controlling entity. Peabody Trust is the only entity in the Group that produces Consolidated Financial Statements. Peabody Trust is a registered charity formed under an Act of Parliament. Consolidated financial statements for the Peabody Group can be obtained from the Company Secretary at 45 Westminster Bridge Road, London, SE1 7JB.

20. Transition to FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under the UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 102 was 1 April 2014. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 March 2015 and the total equity as at 1 April 2014 and 31 March 2015 between UK GAAP as previously reported and FRS 102.

a) Employee benefits

Section 28 of FRS 102 requires that an entity shall recognise the cost of all employee benefits to which its employees have become entitled as a result of service rendered to the entity during the reporting period, this includes leave that has not been taken at the end of the reporting period

b) Pension

The main changes that affect the statement of comprehensive are:

Removal of the expected return on assets, to be replaced by a net interest cost comprising interest income on the assets and interest expense on the defined benefit obligation, which are both calculated with reference to the discount rate; and minor labelling changes to the statement of financial activities.

The administration expenses have been account for within the statement of financial activities, previously a deduction to the actual and expected return on assets was made.

NOTES TO THE ACCOUNTS
For the year ended 31 March 2016

20. Transition to FRS 102

Summary of changes due to adoption of FRS 102

	2015	2014
	£	£
Restated statement of financial position		
Original reserves	34,478,690	30,493,478
Employee Benefits (holiday pay accrual)	(12,637)	(14,952)
Pension adjustment	(30,857)	(33,112)
	<u>34,435,196</u>	<u>30,445,414</u>

Restated total comprehensive income for the year ended 31 March 2015

	2015
	£
Total recognised surpluses per UK GAAP	3,985,212
Pension interest	(1,000)
Pension loss adjustment	(882)
Holiday pay accrual	2,315
Pension deficit payment	4,137
Restated total comprehensive income for the financial year	<u>3,989,782</u>