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 2017

Peabody Community Foundation
(formerly Trust Thamesmead Limited)

Company number 01267728
Charity number 271731

Annual Report and Financial Statements
For the year ended 31 March 2017

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TRUSTEES AND ADVISORS

The Trustees are also the Directors of the Company

DIRECTORS	Helen Edwards	(Chair, appointed 1 September 2016)
	Stephen Burns	(Resigned 1 April 2016)
	Michael Cleaver	(Chair to 31 August 2016)
	Malcolm Levi	(Appointed 1 April 2016, retired 30 June 2017)
	Kenneth Miller	
	Stephen Rose	
	Sandra Skeete	(Appointed 1 April 2016, resigned 1 August 2016)
EXECUTIVE DIRECTOR: COMMUNITIES	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	

STRATEGIC REPORT

The Trustees of Peabody Community Foundation (the "Charity") present their strategic report for the year ended 31 March 2017. The financial position and results for the year are set out on pages 21 to 42 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 subsidiary of the Peabody Group (the "Group"), that brings together the community development activities across the whole of Peabody. This includes employment, training, volunteering, community engagement, youth programmes, sports programmes, financial advice, healthy living advice, and family support services.

Principal Risks and Uncertainties
The Charity is partly funded from external donations and grants from a mix of statutory/ government, independent and corporate funders. In a trans-Brexit environment there will inevitably be new challenges to face. For example, growth in inflation may impact on the Charity's ability to raise money through the Group's corporate suppliers, as contract costs will rise, thereby squeezing operating and profit margins. Additionally while we don't anticipate Brexit negotiations directly threatening our existing EU-funded contracts, this will be counteracted by not being able to compete for future EU funding, post-Brexit.

The planned merger with Family Mosaic brings specific opportunities around driving social value through procurement. However, the merged Charity's strong financial position will likely present a challenge as it seeks partnerships with independent trusts and foundations due to the perceived wealth of the Charity as expressed by its reserves.

In times of economic difficulty and in a general environment where State intervention is seen as receding, charitable foundations and philanthropists may increase their focus on helping support community infrastructure and social development. We would expect to see new opportunities for the Charity arising from this, both in terms of direct delivery and partnership working.

Overall, the Charity's fundraising strategy aims to mitigate against these risks by (i) strategically positioning itself to seek funding in a highly competitive market; (ii) diversifying sources of fundraising; and, (iii) building a multi-year funding pipeline. 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's Health and Safety current risk is expected to trend downwards as controls are embedded and a monthly steering group will continue to respond to stock condition surveys to drive improvements in the coming months.

Business Objectives, Performance and Forward Look
As a subsidiary of the Peabody Group, the Charity's day to day services and activities are planned and managed within the overall Group Business Plan and performance framework.

Business objectives
Deliver excellent value for money homes and services
Achieve growth through great placemaking
Champion thriving communities
Achieve business excellence

The Charity focuses specifically on contributing to the development of thriving communities.

Key highlights from 2016/17 include:

- Two apprenticeship fairs in 2016/17 at Peabody employment hubs. 700 people attended the fairs, along with 63 providers offering over 1,200 vacancies.
- Supporting 1,517 young people to participate in targeted and specialist programmes including 1-2-1 support, against a target of 1,200. 659 young people have participated in the Children's Community programme in Hackney against a target of 300 and we are working with 357 parents.
- Peabody became the largest social housing provider to be awarded Investing in Volunteers. Investing in Volunteers is a quality kite mark recognising excellence in recruiting and supporting volunteers.
- In 2016/17 a total of 1,112 active volunteers worked in our offices, community centres and on our estates.
- As part of the Winter Warmers campaign, Peabody employees visited over 1,000 residents aged 70+ to check that they were safe, warm and able to manage during the cold weather.
- The Charity delivered a comprehensive programme of socio-economic investment in Thamesmead including supporting local residents into enterprise, employment, education and skills.

The Charity produces an annual impact report for the programmes, which is available on the website – https://www.peabody.org.uk/community-programmes

Forward Look
Communities are an integral part of the Group's mission, and the Charity's vision is to work with people to create communities for the 21st century that are healthier, wealthier and happier. The Charity plans to expand services and provide support for those who need it most. With ambitious plans for the expansion of the Children's Community programme, and a review of the employment programmes to ensure that there is assistance to increase household income and supporting people into well paid sustainable employment.

The Charity will work with more partner organisations that complement the services provided and develop strategic partnerships in key boroughs.

The merger with Family Mosaic will help the Charity influence decision makers, as both organisations have a strong commitment to community investment and each organisation has a community foundation. Family Mosaic's vision is to build thriving communities and its objectives are to improve social mobility, financial mobility and health and wellbeing. The intention is to integrate the two foundations into one, ensuring that we grow the services to support our communities.

FINANCIAL PERFORMANCE
The Charity has reported an overall deficit of £3.1m for the year ending 31 March 2017 (2016: £1.6m deficit). This can be compared to the budgeted deficit of £1m. The principal difference between actual and budget deficit is an impairment adjustment of £2.2m that was processed following an external

valuation of the Charity's Community Properties. As the Charity adapts its operations to ensure that outcomes can be maintained, but within a balanced budget, the Charity is able to use its reserves to enable a safe period of transformation. At 31 March 2017, the Charity had reserves of £29.7 million (2016: £32.8 million).

The year ending 31 March 2017 represents the first year of the Charity' expanded objectives, which brings together the community development activities across the whole of the Group. As a result the Statement of Financial Activities (page 21) shows significant increases within Incoming Resources and Resources Expended. Breakdowns are included within the notes to the Financial Statements (pages 27 to 28).

THE CONTEXT IN WHICH WE OPERATE

The Group has a well-established and successful community programme that has been developed over 20 years. The work has been rooted in tackling poverty; and is expressed through focusing on employment and employment-related activities and community development. The Group support a wide range of initiatives to achieve the aims and works extensively with partners and specialist delivery organisations. Since April 2016 all of the Group's community activities are delivered by the Charity, Peabody Community Foundation.

The Charity operates across London in-line with the Group's geographic spread of housing. However, the Charity focuses most of its resources on a few core areas including Islington, Hackney, Westminster, Southwark, Thamesmead (Greenwich and Bexley) and Waltham Forest. The focus on these areas is due to a combination of history, high levels of deprivation and high concentrations of Peabody Group housing.

Key Mission and Public Benefit

The Charity's mission is to work with people to create 21st century communities that are healthier, wealthier and happier. The Charity is a public benefit entity, established for general charitable purposes relating to the inhabitants of Greater London ("the area of benefit") and will achieve the mission by:

- Enabling people to become financially independent through:
    - good jobs
    - quality apprenticeships
    - enterprise opportunities

- Enabling people in our communities to get the most out of their lives through:
    - active citizenship, volunteering and involvement
    - health and well-being programmes
    - intensive youth support
    - extensive community use of our community buildings
    - small grants via the Peabody Community Fund

The Charity works closely with stakeholders to achieve its vision, particularly residents and service users. There are a few principles that govern the work. The Charity works with communities. The Charity works to ensure that we do not take a paternalistic approach. Core to that approach is a fundamental belief that people have the power to create the change they want to see - in their lives, in their communities and in society.

The Charity's programme of providing opportunities for people in communities to get the most out of their lives is wide-ranging. It includes work to support young people to get the best possible start in life (Children's Community, 21st Century Youth Clubs, homelessness prevention, mental and physical wellbeing, including safety); management of community buildings to support local civic activities; and providing opportunities for residents and the wider community to tell us what they want and need while we take a facilitating role through our community development team and through the Peabody Community Fund.

The Charity operates at four levels, direct delivery, indirect delivery, community mobilisation and working to achieve change at a strategic level. The most prominent example of direct delivery is the employment programme. An example of indirect delivery includes projects that are commissioned, grants via the community fund and apprenticeships through our supply chain. The Charity also works extensively with partner organisations that have their own funding and the Charity supports them through providing local space, assisting with marketing their programmes or through referrals of clients.

The Charity's 10-year Children's Community programme in Hackney aims to bring local services, communities, and systems leaders together to create and then deliver on an ambitious vision for change for children and families. It aims to ensure that local services work together in an integrated way to meet the needs of families and children across all aspects of their lives and all stages of their childhood.

Due to the extensive regeneration plans for Thamesmead, the Charity have developed a social and economic development strategy for the area. It focuses on enterprise, employment, education and skills (EEET), children and young people (including a Children's Community programme on the Moorings estate), wellbeing and older people.

External Operating Environment
Employment - Londoners, including Peabody Group residents, faced a range of challenges in 2016. As employment has increased in recent years, so has the number of people in a working family in poverty – from 700,000 to 1.2 million in the last decade, an increase of 70%. A person (aged 18-64) is considered to be in 'in-work poverty' if their household income (adjusted for household size and composition) is below the poverty threshold, 60% of median household income, and they are in employment.

While overall unemployment has declined, the structure of social housing has changed with increasing numbers of housing benefit claimants being in work. In Hackney, 40% of housing benefit claimants are working, while in Tower Hamlets this figure is 43%.

There is also a gap in the system for low paid self-employment, which is, by its nature, not covered by the living wage. This is a large, invisible, low-paid group, with 28% of self-employed people in the UK also being low paid (earning two-thirds of median hourly employee pay or below), compared with 19% in employment. London has the greatest number of self-employed people - 18% of those in work. It is currently estimated that 55% of London's self-employed are in low monthly pay. A recent court ruling – which found that Uber drivers can no longer be designated as self-employed and must be paid the national living wage – may have wider ramifications for workers in the 'gig economy', potentially providing greater financial stability for this group.

In London 1 in 6 single parents are underemployed (parents who want to increase their hours but cannot because of caring responsibilities). The government is introducing (in September 2017) 30 hours of free childcare per week (up from 15 hours now) – but this only applies where both parents are earning the equivalent of 16 hours per week at national living wage levels, and thereby excludes the lowest income households.

Young people - According to a YMCA survey of over 16-25 year olds, the key challenges for young adults have been identified as: always-on digital communication, widening gaps between rich and poor, increasingly sedentary lifestyles, and the impact of austerity on public services. The overarching themes here are emotional wellbeing and financial status.

The survey also found that lack of affordable housing is the issue most expected to worsen. This will be made more difficult by the introduction of the Local Housing Allowance cap on those under 35, meaning that those without children (who moved in after April 2016) will see a reduction in housing benefit (from April 2018) to the level of a 'shared accommodation rate', based on the cost of renting a room in a shared house or flat.

Forty percent of 10-11 year olds are obese. One in seven children has not visited a green space in the last year. One in ten children has mental health issues. London Funders have identified a particular gap in services for children and young people aged 8-13, particularly in relation to play provision.

Health and wellbeing - While there has been a lot of focus on health issues surrounding obesity, people are actually more likely to die when clinically underweight than overweight. Therefore, a focus on wellbeing is important. *HealthWatch* has identified mental health as the number one health concern in England, citing stigma and awareness as key focus areas. One in four people will experience a mental health problem each year.

KEY PERFORMANCE INDICATORS - 2016/17

Outcome	Activity	Progress measure
• Increased household income	• Deliver our in house employment programme	• 1000 people into employment
• Higher level apprenticeships offered • Increased % of young people accessing apprenticeship opportunities	• Work with organisations to support more young people into apprenticeships	• 200 apprenticeship opportunities created through the supply chain
• Young people make better career decisions	• Delivery of 21C youth offer	• 100 young people receiving accreditation up to level 3
• Young people are involved, active and represented	• Young Leaders Young Ambassadors (YLYA) programmes	• Increased delivery of programme to Thamesmead and Waltham Forest
• New enterprises established • Increased use of community buildings for economic projects	• Deliver enterprise support programmes that include, enterprise training and the provision of low cost space.	• 50 enterprise projects supported • 4 enterprise training programmes delivered • % increase in the number of spaces provided for enterprise
• Active and healthy communities • Reduce isolation of vulnerable residents	• Delivery of programmes at Sporting Club Thamesmead • Delivery of arts programmes in community facilities	• 2,000 people involved in regular sporting activities • 4 arts projects delivered, 100 people supported
• Improved wellbeing for vulnerable young people	• Delivery of transitions programme	• 100 young people at risk of homelessness supported
• Increased use of community buildings • Increased resident and community involvement • Increased community ownership and participation in the delivery of community programmes	• Delivery of programmes supported by management committees and local volunteers • Provision of PCF grant	• 58,000 hours of free to access community activities • 1000 volunteers supported • 22 management committees supported • % increase of the number of small projects delivered by local groups
	• Increased fundraising for community projects	• £1.5M income raised
	• Complete review of existing poverty report • Complete impact report	• Reports completed

FAMILY MOSAIC MERGER

In December 2016, the Peabody Board announced our plans to merge with Family Mosaic Housing Association. The merger was completed at the end of June 2017 and the new Peabody Group now provides 55,000 homes to 110,000 residents across London and the South East.

GOVERNANCE

The Charity began the year under a new name with an enlarged area of benefit. This was part of the wider process of simplifying the Group's corporate governance structure. The expansion of the geographical limits within which the Charity operates followed a decision of the Trustees in 2015. It now covers the same area as that of Peabody, defined as within a thirty mile radius of the Royal Exchange in London. The Intra-Group Agreement, which had originally come into effect between Peabody and the Charity when it joined the Group on 1 April 2014, ring-fenced a certain level of funding for the benefit of Thamesmead.

The Trustees' Report for the year ended 31 March 2017 pages 10 to 17 provide details on the Charity's compliance with regulations and the NHF Governance Code (2015).

By order of the Board

Helen Edwards

Helen Edwards
Director
Date: 11 July 2017

TRUSTEES' ANNUAL REPORT

The Directors of Peabody Community Foundation (the "Charity") 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 2017.

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 Strategic Report (page 3 to 9), which forms part of the Annual Report, outlines the Charity's objectives, activities and also cover performance for the year ended 31 March 2017. 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.

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

The Charity 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 (the "Group") follows good practice drawn from supporting guidance. The Charity has complied with the provisions of the Code. An assessment of compliance by the Group with both Codes is conducted on an annual basis: the last completed reviews were in May 2017.

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 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 was in place to meet the needs of the Charity during its transition to an expanded role in the Group. The Board's composition will be kept under review during the process of merger between the Peabody and Family Mosaic groups.

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: Communities are separate, reflecting their different responsibilities. Each member of the Board is bound by an Agreement for Services, the Group Code of Conduct and other agreed documents. The Secretary keeps a register of Board members' interests which is updated on a regular basis.

Group Structure
In July 2016, the Peabody Board reviewed the factors driving mergers and acquisitions and discussed the potential benefits in terms of both greater efficiency and influence that could be captured for Peabody and its residents, potential future residents and other recipients of its services. The Peabody Board decided that a potential merger with Family Mosaic would provide excellent synergies given the shared values of maintaining commitment to communities, affordable rent, customer service and building and maintaining high quality homes. Following a consultation process (involving residents and other stakeholders), the business case for the merger was approved in February 2017 and Family Mosaic joined the Group on 30 June 2017 Peabody Trust has remained the Charity's ultimate parent.

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. Descriptions of the work of these committees can be found in the 2016/17 Report and Accounts of Peabody Trust.

Trustees'/Directors' Interests
None of the Trustees held any beneficial interest in the shares of the Charity, its parent undertaking or any of its fellow subsidiaries during the year.

Board Evaluation
The Board undertakes regular formal evaluation of its own performance. The Board evaluation process which would ordinarily be scheduled for early 2017 has been postponed to allow for full consideration of the needs of the Board after the planned merger between Peabody and Family Mosaic.

Board Composition
On 1 August 2016, Sandra Skeete resigned from the Board, having decided to leave her role as a Peabody Executive Director after 9 years. On 1 September 2016, Helen Edwards was appointed to the Board, taking over from Michael Cleaver as Chair. This followed a recommendation of the Nominations and Remuneration Committee made on 25 May 2016, and approved by the Peabody Board on 4 July 2016. Michael Cleaver has remained in post as a Trustee.

On 30 June 2017, Peabody merged with Family Mosaic. A review is currently being undertaken to ensure that effective governance arrangements continue across the Group post-merger. As part of the review, the Nominations and Remuneration Committee ("NRC") will consider the retirement of Malcolm Levi as a Trustee at the end of June 2017; the terms of office of existing Trustees; and future board compositions for community foundations within the merged organisation. A Trustee selection process was agreed in May 2017 and a tailored skills matrix has been considered by the existing Trustees. Independent Trustees were invited to submit a formal expression of interest in joining a new Communities Committee which will have the same composition as the Board. An interview process is to be conducted in the autumn of 2017 and the Trustees will subsequently make recommendations regarding required changes to the NRC. This process will ensure that the Board continues to have appropriate balance of skills and experience within its structure and as well as diversity. Newly appointed Trustees undergo an induction programme to ensure that they have the necessary knowledge and understanding of the Group's key policies and the Charity's community investment and community development activities.

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

BOARD ATTENDANCE FINANCIAL YEAR 2016/17	**Jun 16**	**Jul 16**	**Sep 16**	**Nov 16**	**Feb 17**	**Total**	**%**
Helen Edwards (Chair from 1 September 2016)			Y	Y	Y	3	100%
Michael Cleaver (Chair to 31 August 2016)	Y	Y	Y	Y	Y	5	100%
Malcolm Levi	X	X	Y	Y	X	2	40%
Kenneth Miller	Y	Y	Y	Y	Y	5	100%
Stephen Rose	Y	Y	Y	Y	Y	5	100%
Sandra Skeete (to 1 August 2016)	Y	Y				2	100%
BOARD MEMBERSHIP TOTAL	**5**	**5**	**5**	**5**	**5**		
BOARD ATTENDANCE	**4**	**4**	**5**	**5**	**4**		
BOARD %	**80%**	**80%**	**100%**	**100%**	**80%**	**Average: 88%**	

Remuneration of non-executive Board Members
All non-executive members of the Board serve in a voluntary capacity and are not remunerated. During the year the Trustees claimed £63 in expenses for travel, subsistence and incidentals (2016: £Nil).

STAKEHOLDERS, SUSTAINABILITY, TRANSPARENCY AND DIVERSITY
As a charity and social enterprise The Charity is committed to working with all its stakeholders.

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 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.

The 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; The Group'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 the Group to deliver its business objectives and achieve the social purpose expressed through its mission statement.

The Group is committed to being open and transparent in the way we conduct our business and interact with customers. The Charity 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 the Group and the Charity'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 Group is committed to achieving equality through diversity and our policies and strategies reflect this. The Charity 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 the Charity 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 Charity's financial statements.

RESERVES POLICY

The reserves policy set by the Board was reviewed in July 2017 and sets out designated reserves for Deferred Consideration and Fixed Assets together with the Operating Reserve. The Charity's Reserves Policy is to maintain sufficient level of reserves to enable normal operating activities to continue over a period of up to 2 months (the equivalent of approximately £1m - £1.1m) should a shortfall in income occur and to take account of potential risks and contingencies that may arise from time to time. The Charity's free operating reserves, which are defined as those reserves which are not committed, restricted or designated, totalled £1.2m at the year end, slightly higher than the minimum level set by Trustees.

INTERNAL CONTROL AND RISK MANAGEMENT

The Overall Internal Control Process

The Peabody Community Foundation Board (the "Board") is responsible for its 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 the Group's assets and interests.

The Group Audit and Risk Committee (the "Committee") provides oversight of the Charity's system of risk management and internal control on behalf of the Peabody Board (as the parent company for the 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 the Charity.

The Risk Review Process

During the year, the Board and the Committee focused on ensuring that a robust risk management framework was in place across the Group. The Peabody Board approved a revised Group Risk Management Strategy; including a risk appetite statement in July 2016 and in September 2016 approved a further revision to reflect changes in the Group's operating environment. 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 organisation.

The Board, the Committee and Peabody Board's discussion throughout the year recognised the growing complexity of the Group's risks and the possibility of contagion or multiple risks coalescing at the same time. The Committee received good practice models of risk analysis, presentation and reporting, in particular, information to highlight direction of travel of key risks over the short to medium term. The Committee also considered key directorate and principal subsidiary risks at least twice during the year.

The Committee met four times during the year to consider risk, internal audit and other assurance reports along with the fraud register. The Committee also considered progress against the annual plan and encouraged improved implementation of internal audit recommendations during the year. The Committee received compliance monitoring reports and supported proposals to improve compliance. The Committee provides an annual report to the Peabody Board, and its minutes are available to all Peabody Board members following each meeting. The Committee Chair also provides oral updates to the Peabody Board about key issues.

The Group's Risk Review Panel comprising the Executive Team met four times during the year to review organisational and strategic risk registers at a more granular level. Management has clear responsibility for the identification, evaluation and control of significant risks.

The Group's 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, challenge and strengthen corporate risk registers in conjunction with risk leads.

Key Strategic Risks
The four key strategic risks identified and kept under review by the Board are set out below. There is a programme to keep all four risks and the mitigating controls under regular review. During the year all of the Charity's risks were kept under review by the Risk Review Panel, with the Peabody Board and the Committee providing oversight and challenge. The four risks identified below have a medium residual risk score.

1) Failure to respond to the community buildings surveys and meet statutory and health and safety requirements
2) Failure to meet income targets
3) Failures in Health & Safety and Safeguarding management and duty of care towards clients, service users, vulnerable residents and staff
4) Failure to manage contracts and achieve desired performance levels effectively

Other Risks
The Committee also considered the Group's 'data and information', 'IT' and 'health and safety' risks, focussing on culture, data quality, improved IT capabilities and systems, improved resident and gas safety. The Committee also considered 'people' risk and new government initiatives were kept under close review to assess the implications for the Group.

Internal Audit
The Group's internal audit function is outsourced. The outsourced function provides the Group with a wide range of expertise, access to external benchmarking information and insights on good practice. PricewaterhouseCoopers (PwC) has been the outsourced provider for Peabody since 1 April 2015 and has direct access to the Committee. The annual programme of internal audit work approved by the Committee on April 2016 addresses the key risks identified across the Group on a three year cycle. During the year the Committee reviewed the plan and the scope of planned audits to ensure ongoing alignment with key and emerging risks.

PwC completed the annual programme of work and presented the Committee with its annual assurance opinion in respect of the system of internal control for the year ended 31 March 2017 at its April 2017 meeting. PwC's annual assurance opinion highlighted low, medium and high risk findings during the year and highlighted the need for improved compliance with controls. PwC further noted that the Group's recommendation implementation rate indicates that management takes improving compliance seriously. The Committee met with PwC in private sessions at its April 2016 and 2017 meetings. The Committee also considered a report on spend with PwC on non internal audit services.

Monitoring, Control Environment and Control Procedures

Managers (including the Charity's managers) are aware of the requirement to promptly report any suspected breach or weakness of controls via line management or in accordance with the whistle-blowing policy, if necessary. The Group also operates a formal process of regular self-assessment of controls. This self-assessment is tailored to ensure managers (including the Charity's managers) across the Group 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 Executive provides an annual assurance report based on this self-assessment process to the Committee and the Peabody Board. Two control risk self-assessment exercises were undertaken during the year (August 2016 and March 2017) which, along with other evidence, informs the Executive's year end assurance report to the Committee. The findings from the two control risk self assessment exercises were consistent with the findings of internal audit, compliance and other reporting to the Committee.

The Group's Code of Conduct sets out Group'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 was provided to the Health and Safety Committee, the Committee and the Peabody Board as to the quality of the risk management and control processes in respect of health and safety. This assurance in respect of the year ended 31 March 2017 was evidenced through a comprehensive audit programme showing largely satisfactory findings, a five star rating (the highest possible) from the British Safety Council in February 2016, and a gold award from the Royal Society for the Prevention of Accidents in February 2017.

The work of the external auditors provides further independent assurance on the control environment. The Group receives a letter from the external auditors identifying any weaknesses in internal control with recommendations for improvement. This letter was considered by the Committee at its July 2017 meeting along with a detailed action plan to address any issues. No significant weaknesses have been noted.

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. During the year, the Committee received reports on a plan to improve financial accounting and reporting. The Committee will continue to monitor delivery against this plan.

The Committee also received reports on the Group information systems and information risks and noted progress on the Group's data quality improvement plan. Progress against milestones in the plan is also monitored by a data quality improvement board and the Group's Information Management Group. The plan met a number of year end goals as at end March 2017 and aims to deliver continued improvement in the quality of the Group's business critical data and its information governance.

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 Group's Executive Team and to the Committee. During the period there were a small number of minor financial frauds reported.

The Peabody Board receive an annual report in respect of fraud annually. All cases of fraud are reported to the Peabody Board and the Committee.

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 2017 in accordance with its terms of reference.

The Group Code of Conduct makes it clear that we have zero tolerance for any form of bribery.

Statement on Internal Controls Assurance Statement – The Charity

The Peabody Board acknowledges its ultimate responsibility for ensuring that the Group 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 the Group are on-going and have been in place throughout the period commencing 1 April 2016 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 the Charity.

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

- Board approved terms of reference and delegated authorities for the Group's Committees;
- a review of regulatory compliance arrangements at least twice a year to the Board;
- clearly defined management responsibilities for the identification, evaluation and control of significant risks;
- 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;
- 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;
- Executive's assurance report to the Committee and the Board;
- policies and arrangements to reduce the risk of fraud, bribery and money laundering;
- reporting to the Committee of instances of fraud, whistleblowing, 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.

The Peabody Board has delegated to the Committee the regular review of the effectiveness of the Group (including the Charity) 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 in the Group (including the Charity) for the period commencing 1 April 2016 up to the date of approval of the financial statements, the Executive's annual review of the effectiveness of the Group system of internal control, and the annual report of the internal auditor and reported to the Peabody Board and the Board that it found no significant weaknesses in the system of internal control.

Disclosure of Information to Auditor
The Trustees who held office at the date of approval of this report confirm that, in so far as each of the Trustees is aware:

- there is no relevant audit information of which the Charity's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the Board

Helen Edwards

Helen Edwards
Chair
Date: 11 July 2017

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

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

Helen Edwards

Helen Edwards
Chair
Date: 11 July 2017

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 2017 set out on pages 21 to 42. 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 charity 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 18, 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.

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. Our responsibility is to audit 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 2017 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 given in the Trustees' Annual Report, which constitutes the Strategic Report and the Directors' Report, for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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

Harry Mears (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

31 July 2017

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
for the year ended 31 March 2017

	Note	Unrestricted Funds	Restricted Funds	Total 2017	Total 2016
		£	£	£	£
Incoming resources					
Donations and Legacies	3a	3,722,436	-	3,722,436	-
Incoming resources from charitable activities	3b	803,835	514,275	1,318,110	1,101,795
Total incoming resources		**4,526,271**	**514,275**	**5,040,546**	**1,101,795**
Resources expended					
Cost of charitable activities		(6,658,633)	(514,275)	(7,172,908)	(3,743,610)
Total resources expended	7a	**(6,658,633)**	**(514,275)**	**(7,172,908)**	**(3,743,610)**
Investment income	4	1,043,302	-	1,043,302	1,103,477
Interest payable	5	(13,000)	-	(13,000)	(4,000)
Loss of disposal of Fixed Assets		(14,490)		(14,490)	-
Loss on revaluation of Fixed Assets	11	(2,158,291)	-	(2,158,291)	-
Net income for the year before gains & losses		**(3,274,841)**	-	**(3,274,841)**	**(1,542,338)**
Tax on charitable activities		-	-	-	-
Actuarial gain/(loss) on defined benefit schemes	19	128,000		128,000	(58,000)
Net expenditure for the year		**(3,146,841)**	-	**(3,146,841)**	**(1,600,338)**
Net movements in funds		**(3,146,841)**		**(3,146,841)**	**(1,600,338)**
Fund balances brought forward	15	32,834,858	-	32,834,858	34,435,196
Fund balances carried forward		**29,688,017**	-	**29,688,017**	**32,834,858**

All amounts relate to continuing activities.
There were no recognised gains or losses other than those dealt with in the Statement of Financial Activities.

Peabody Community Foundation
(formerly Trust Thamesmead Limited)

Company number 01267728
Charity number 271731

STATEMENT OF FINANCIAL POSITION
As at 31 March 2017

	Note	2017	2016
		£	£
Fixed assets			
Intangible assets	10	21,193	34,680
Tangible assets	11	9,300,035	11,677,337
Investments	12	-	1
		9,321,228	**11,712,018**
Current assets			
Stock		6,946	7,988
Debtors (including £19,184,369 (2016: £20,251,067) due after more than a year)	13	19,629,268	20,624,923
Cash at bank and in hand		2,058,546	1,462,883
		21,694,760	**22,095,794**
Creditors: amounts falling due within one year	14	(937,134)	(442,117)
Net current assets		**20,757,626**	**21,653,677**
Defined benefit pension scheme liability	19	(390,837)	(530,837)
Net assets		**29,688,017**	**32,834,858**
Unrestricted income funds	15	29,688,017	32,834,858
Total funds		**29,688,017**	**32,834,858**

The financial statements were approved by the Board and authorised for issue on 11 July 2017 and signed on its behalf by:

Helen Edwards

Helen Edwards
Chair

NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

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 the 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 as an individual undertaking and not as a 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	3 years
Office equipment	5-10 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.

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

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. Basic financial instruments

a) Trade and other debtors

Trade and other debtors are measured at transaction price, less any impairment. A provision for bad debt arises when the debtor balance is 90 days or greater. The initial provision is a charge against the statement of financial activities but is then carried forward to a subsequent period. The debtors figure in the statement of financial position is adjusted to be presented 'net of the provision'. Any increase or decrease in the provision in a subsequent period is debited or credited to the statement of financial activities. The write off of a specific bad debt is made in accordance with the Group Financial Regulations.

b) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits.

c) Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

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.

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 Charity. 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

d) 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.

e) Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Charity 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.

f) Defined Benefit Pension Scheme

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Charity'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.

g) 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 Charity has made an offer of voluntary redundancy, it is probably 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.

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. Incoming Resources

a) Donations and Legacies	2017	2016
	£	£
Intra group donations - Peabody	3,531,084	-
Other donations	191,352	-
	3,722,436	-

b) Charitable activities	Unrestricted	Restricted	Total 2017	Total 2016
	£	£	£	£
Wates Family Enterprise Trust (Transitions)	-	14,000	14,000	-
LB of Southwark (High St Challenge)	-	12,500	12,500	-
Big Lottery/ESF (Create Your Future)	-	2,036	2,036	-
GLA/ESF (project no.23S15P00278/PT)	-	46,408	46,408	-
Other grant income	-	439,331	439,331	181,612
Trading income	803,835	-	803,835	920,183
	803,835	514,275	1,318,110	1,101,795

4. Investment Income

	2017	2016
	£	£
Interest from parent undertaking	1,043,302	1,103,477

NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

5. Interest Payable

	2017	2016
	£	£
Interest cost on pension scheme	13,000	4,000

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

	2017	2016
	£	£
Net incoming resources for the year are arrived at after charging:		
Auditor's remuneration		
current year audit fee	9,000	4,800
in respect of subsidiary audit fee	-	1,200
in respect of non-audit services	-	2,400
Pension costs	226,270	102,053
Depreciation of owned fixed assets	292,771	299,529
Operating lease charge - land and buildings	38,309	32,000
Operating lease charge – non land and buildings	1,245	1,875

7. Analysis of Total Resources Expended

a) Resources Expended

	Direct costs	Support costs	Total 2017	Total 2016
	£	£	£	£
Charitable activities				
Building capacity of group and individuals	1,076,741	319,252	1,395,993	557,785
Children, young people & families	1,707,038	506,133	2,213,171	1,103,169
Employment and employability	1,031,157	305,736	1,336,893	399,321
Improving sports	711,763	211,036	922,799	1,275,641
Community cohesion	739,135	219,152	958,287	389,534
Other charitable activities	246,094	72,966	319,060	-
	5,511,928	1,634,275	7,146,203	3,725,450
Governance				
Staff costs	7,789	-	7,789	6,250
External audit and legal fees	18,916	-	18,916	11,910
	26,705	-	26,705	18,160
Total Resources Expended	**5,538,633**	**1,634,275**	**7,172,908**	3,743,610
Total resources expended - 2016	2,633,205	1,110,405	3,743,610	

NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

7. Analysis of Total Resources Expended (continued)

b) Support Costs	**2017**	**2016**
	£	**£**
Administration costs	504,523	371,523
Staff costs	1,088,849	362,555
CARE Pension remeasurement (note 19)	-	319,000
Premises costs	40,903	57,327
	1,634,275	1,110,405

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.

8. Staff Costs and Emoluments	**2017**	**2016**
	£	**£**
Wages and salaries	3,476,328	1,379,057
Social security costs	349,837	111,786
Pension contributions	226,270	102,053
CARE Pension remeasurement (note 19)	-	319,000
Other staff costs	28,048	-
Redundancy or termination payments	401,437	8,960
	4,481,920	1,920,856

	2017	**2016**
The average number of employees during the year was as follows:	**No.**	**No.**
Charitable activities	93	57
Management, administration and support services	5	5
	98	62

In April 2016, the Charity's staff transferred to being directly employed by Peabody Trust. The salary costs of staff working directly for the Charity are recharged under an intra Group service level agreement.

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:

NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

8. Staff Costs and Emoluments (continued)

	2017 No.	2016 No.
Emoluments of higher paid staff within the following scales were:		
£60,001 - £70,000	2	2
£70,001 - £80,000	2	-
£80,001 - £90,000	-	1
£100,001 - £110,000	1	-
£130,001 - £140,000	1	-

The earnings for the Charity's key management personnel (including the Executive Director) for 2016/17 were £517,670, with pension contributions of £47,642, (2015/16: £216,894, with pension contributions of £26,368). There were no benefits in kind.

9. Trustees Remuneration and Expenses

No remuneration was paid to any Trustee in the year

During the year one Trustee claimed reasonable expenses for travel, subsistence and incidentals, this totalled £63 (2016: £Nil).

During the year the Charity paid £40 (2016: £50) for Trustees' indemnity insurance via a Group Insurance policy.

10. Intangible Fixed Assets

	Computer Software £
Cost or Market Value	
At 1 April 2016	46,240
Additions	-
At 31 March 2017	46,240
Amortisation	
At 1 April 2016	11,560
Charge for the year	13,487
At 31 March 2017	25,047
Net Book Value	
At 31 March 2017	21,193
At 31 March 2016	34,680

NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

11. Tangible Fixed Assets

	Freehold land and buildings	Leasehold land and buildings	IT and office equipment	Total
Cost or Market Value	£	£	£	£
At 1 April 2016	13,072,091	87,638	186,222	13,345,951
Re-class	(62,076)	(12,620)	74,696	-
Additions	65,845	-	8,918	74,763
Disposals	-	(75,018)	-	(75,018)
Impairment	(2,158,291)	-	-	(2,158,291)
At 31 March 2017	10,917,569	-	269,836	11,187,405
Depreciation				
At 1 April 2016	1,464,528	55,789	148,297	1,668,614
Re-class	(18,000)	-	18,000	-
Charge for the year	259,342	4,739	15,203	279,284
Disposals	-	(60,528)	-	(60,528)
At March 2017	1,705,870	-	181,500	1,887,370
Net Book Value				
At 31 March 2017	9,211,699	-	88,336	9,300,035
At 31 March 2016	11,607,563	31,849	37,925	11,677,337

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.

During the year the Charity commissioned a Stock Condition Survey of the Freehold Community Buildings. As part of the outcomes the Sporting Club's depreciated replacement cost was reassessed, resulting in an impairment adjustment of £2.16m, included above and charged to the SOFA in the year.

12. Fixed Asset Investments

	2017	2016
	£	£
Sporting Club Thamesmead Limited	-	1

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

13. Debtors

	2017	2016
	£	£
Amounts falling due after one year		
Deferred consideration	19,184,369	20,251,067

The deferred consideration has arisen on the sale of the 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.

Amounts due within one year

	2017	2016
	£	£
Trade debtors	243,631	263,388
Amounts owed by related parties	10,000	-
Other debtors	181,920	78,859
Prepayments	9,348	31,609
	444,899	373,856
Total Debtors	**19,629,268**	**20,624,923**

14. Creditors

	2017	2016
	£	£
Trade creditors	83,983	29,393
Amounts owed to parent undertaking	70,372	115,968
Amounts owed to related parties	66,974	-
Other creditors	148,713	93,634
Accruals	567,092	203,122
	937,134	442,117

15. Movement on Reserves

	1 April 2016	Incoming Resources	Outgoing Resources	Gains & (Losses)	Fund Transfer	31 March 2017
	£	£	£	£	£	£
Unrestricted Funds:						
Unrestricted general funds	32,834,858	6,083,848	(7,185,908)	(2,044,781)	-	29,688,017

Included within unrestricted funds are designated funds of:

Designated Funds:						
Pitch resurfacing	30,648	-	-	-	-	30,648
Fixed asset	11,681,369	74,763	(307,261)	(2,158,291)	-	9,290,580
Deferred consideration	20,251,067	-	(1,066,698)	-	-	19,184,369
Total Designated Funds	31,963,084	74,763	(1,373,959)	(2,158,291)	-	28,505,597

	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	-	-	-	-	30,648	30,648
Fixed asset	11,960,348	51,198	(299,529)	-	(30,648)	11,681,369
Deferred consideration	21,419,090	-	(1,168,023)	-	-	20,251,067
Total Designated Funds	33,379,438	51,198	(1,467,552)	-	-	31,963,084

Designated Funds

The Fixed Asset Reserve represents 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.

The Deferred Consideration Reserve represents funds tied up in the long term Deferred Consideration Debtor. The Deferred Consideration Asset arose on the sale of the Charity's Fixed Asset investment in Tilfen Land Limited, which was sold to the Charity's parent company, Peabody Trust on 1 April 2014.

NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

16. Analysis of Net Assets between Funds at 31 March 2017

	Unrestricted Fund £	Designated Fund £	Restricted Fund £	2017 Total £	2016 Total £
Fixed assets	-	9,321,228	-	9,321,228	11,712,017
Investments	-	-	-	-	1
Current assets	2,510,391	19,184,369	-	21,694,760	22,095,794
Current liabilities	(937,134)	-	-	(937,134)	(442,117)
Provisions	(390,837)	-	-	(390,837)	(530,837)
	1,182,420	28,505,597	-	29,688,017	32,834,858

17. 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 £332,650 (2016: £339,691), plus recharged £4,453,872 (2016 Nil) of salary costs relating to Peabody staff working directly for the Charity. At the year end £70,372 was outstanding (note 14) (2016: £115,968).
- Peabody paid £12,000 (2016: £24,000) to the Charity for room hire services.
- Peabody paid the Charity £2,110,000 (2016: £2,271,500) as the year 3 payment in respect of the sale of Tilfen Land Ltd. £1,066,698 was charged against the deferred consideration debtor (note 13) with £1,043,302 being recognised as interest (note 5).
- The Charity paid rent of £27,635 (2016: £32,000) to Tilfen Land Ltd (a subsidiary of Peabody Trust) in respect of 19a Joyce Dawson Way.
- During the year Peabody Group Maintenance Ltd (a subsidiary of Peabody Trust), completed maintenance works costing £10,000 at one of the Charity's Community Properties. At the year end £10,000 was outstanding and included in creditors (note 14).

18. Operating Lease Commitments

Operating leases which expire:	Land and Buildings 2017 £	Land and Buildings 2016 £
Within one year	32,000	32,000
In the second to fifth years inclusive	128,000	128,000
Over five years	26,667	58,667
	186,667	218,667

19. 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.

	2017 £'000	2016 £'000
LPFA	83	214
CARE	308	317
	391	531

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 2016.

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 2017 is estimated to be 21%. The actual return on Fund assets over the year may be different.

The estimated asset allocation for the Scheme as at 31 March is as follows:

	2017 £'000	2016 £'000
Equities	896	708
LDI/Cashflow matching	-	155
Target return Portfolio	320	324
Infrastructure	80	84
Commodities	-	7
Property	77	54
Cash	140	193
	1,513	1,525

The demographic assumptions are consistent with those used for the formal funding valuation as at 31 March 2016. The post retirement mortality tables adopted were based on the Club Vita mortality analysis.

The assumed life expectations are	2017	2016
Retiring today – male	87.3	87.8
Retiring today – female	89.3	90.6
Retiring in 20 years – male	89.6	90.2
Retiring in 20 years – female	91.5	92.9

19. Pension commitments (continued)

The major assumptions used by the actuary to value the liabilities of the scheme at 31 March 2017 under FRS 102 are:

	2017	2016
	%	%
	per annum	per annum
RPI increases	3.6%	3.2%
CPI increases	2.7%	2.3%
Salary increases	4.2%	3.3%
Pension increases	2.7%	2.3%
Discount rate	2.7%	3.5%

Statement of Financial Position as at 31 March:	**2017**	**2016**
	£'000	**£'000**
Net pension asset as at		
Present value of the defined benefit obligation	1,596	1,739
Fair value of Fund assets (bid value)	(1,513)	(1,525)
Net defined benefit liability	83	214

The amounts recognised in the statement of Financial Activities are:	**2017**	**2016**
	£'000	**£'000**
Service cost	-	16
Net interest on the defined liability	7	4
Administration expenses	2	2
Total loss	9	22

Reconciliation of opening and closing balances of the present value of the defined benefit obligation	**2017**	**2016**
	£'000	**£'000**
Opening defined benefit obligation	1,739	1,694
Current Service cost	-	16
Interest on obligation	56	54
Change in financial assumptions	239	7
Change in demographic assumption	(25)	-
Experience gain on defined benefit obligation	(134)	-
Estimated benefits paid net of transfers in	(279)	(35)
Contribution by Scheme participants and other employers	-	3
Closing defined benefit obligation	1,596	1,739

19. Pension commitments (continued)

Reconciliation of opening and closing balances of the present value of the defined benefit obligation	**2017 £'000**	**2016 £'000**
Opening fair value of Scheme assets	1,525	1,564
Interest on assets	49	50
Return on assets less interest	237	(62)
Other actuarial losses	(17)	-
Administration expenses	(2)	(2)
Contribution by employer including unfunded	-	7
Contribution by fund participants	-	3
Estimated benefits paid including unfunded benefits	(279)	(35)
Closing fair value of Fund assets	1,513	1,525
Actual return on plan assets	286	(12)

Sensitivity analysis	**2017 £'000**	**2017 £'000**	**2017 £'000**
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	1,572	1,596	1,620
Projected service cost	-	-	-
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	1,597	1,596	1,595
Projected service cost	-	-	-
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	1,619	1,596	1,574
Projected service cost	-	-	-
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present value of total obligation	1,659	1,596	1,536
Projected service cost	-	-	-

Reconciliation of opening and closing balances of the present value of the defined benefit obligation	**2017 £'000**	**2016 £'000**
Return on Fund assets in excess of interest	237	(62)
Other actuarial losses on assets	(17)	-
Change in financial assumptions	(239)	(7)
Change in demographic assumptions	25	-
Experience gain on defined benefit obligation	134	-
Re-measurement of the net defined liability	140	(69)

19. Pension commitments (continued)

Projected pension expense for the year to 31 March	**2018** **£000s**
Service cost	-
Net interest on the defined liability (asset)	2
Administration expenses	2
Total loss (profit)	4
Employers contributions	-

Friends Life Defined Contribution 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.

During the year ended 31 March 2017 employer contributions totalling £132,976 (2016: £13,342) were made into the scheme.

Career Average Revalued Earnings Pension Scheme

The Charity participated in The Career Average Revalued Earnings (CARE) Pension Scheme (the 'Scheme'), which is a funded multi-employer defined benefit scheme. This scheme was closed on 31st March 2016. All Charity staff were transfer to the Peabody Group Personal Pension scheme.

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 from 1 July 2015

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.

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.

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).

19. Pension commitments (continued)

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.

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.

As at the Statement of Financial Position date there were no active members of the defined benefit scheme of the Scheme employed by the Charity. The annual pensionable payroll in respect of these members was £nil (2016: £500,402). There were also no active members of the defined contribution scheme of the Scheme employed by the Charity. The annual pensionable payroll in respect of these members was £nil (2016: 372,545). All the Charity staff transferred to Peabody Group contracts in April 2016.

Actuarial valuation

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.

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.

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%.

19. Pension commitments (continued)

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

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.

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.

Employer Debt on Withdrawal
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.

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.

19. Pension commitments (continued)

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

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 2014. At this date the estimated employer debt for The Charity was £1,600,000.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation	**2017 £'000**	**2016 £'000**
Present value of provision	308	317

Reconciliation of opening and closing provisions	**2017 £'000**	**2016 £'000**
Provision at start of period	317	31
Unwinding of the discount factor (interest expense)	6	-
Deficit contribution paid	(27)	(22)
Remeasurement - impact of any changes in assumptions	12	(11)
Remeasurement - amendments to the contribution schedule	-	319
Provision at end of period	308	317

Income and expenditure impact	**2017 £'000**	**2016 £'000**
Interest expense	6	-
Remeasurement – impact of any change in assumptions	12	(11)
Remeasurement – amendments to the contribution schedule	-	319
Costs recognised in income and expenditure account	29	121

Assumptions	**2017 % per annum**	**2016 % per annum**
Rate of discount	1.47	2.24

19. Pension commitments (continued)

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.

20. Ultimate Parent Company

Peabody Community Foundation is a wholly owned subsidiary of Peabody Trust ("Peabody"), which is the ultimate parent and ultimate controlling entity. Peabody is the only entity in the Group that produces Consolidated Financial Statements. Peabody is a charitable Community Benefit Society formed under the Co-operative and Community Benefit Societies Act 2014. Consolidated financial statements of Peabody can be obtained from the Company Secretary at 45 Westminster Bridge Road, London, SE1 7JB.

Ownership of Peabody Community Foundation was transferred from The Governors of the Peabody Trust (renamed George Peabody Donation Fund) to Peabody on 9 November 2016.