

Company number: 3336101
Charity number: 1061568

Action with Communities in Rural England
Report and Financial Statements
31 March 2018

Action with Communities in Rural England

Reference and administrative details

For the year ended 31 March 2018

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| Status | The organisation is a charitable company limited by guarantee, incorporated on 19 March 1997 and registered as a charity on 26 March 1997. | |
| Governing document | The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. | |
| Company number | 3336101 | |
| Charity number | 1061568 | |
| Registered office and operational address | Corinium Suite, Unit 9 Cirencester Office Park Tetbury Road, Cirencester Gloucestershire GL7 6JJ | |
| Honorary officers | David Emerson CBE Jeremy Leggett Janet Thornton | Chair Vice Chair Vice Chair |
| Executive Director | Richard Quallington | |
| Company Secretary | Richard Quallington | |
| Bankers | Lloyds plc 14 Castle Street Cirencester Gloucestershire GL 7 1QJ | |
| Solicitors | Stone King LLP 13 Queen Square Bath BA1 2HJ | |
| Auditors | Godfrey Wilson Limited Chartered accountants and statutory auditors 5 th Floor, Mariner House 62 Prince Street Bristol BS1 4QD | |

Action with Communities in Rural England

Report of the directors

For the year ended 31 March 2018

The directors present their report and the audited financial statements for the year ended 31 March 2018.

Introduction

The reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Mission, objectives and activities

ACRE's objects are *to promote any charitable purpose to improve the conditions of life of people and communities in rural areas in England and Wales. More specifically ACRE's mission is to work with ACRE Network members and other key stakeholders to evidence and address need, to inform and to influence at a national level, speaking up as the voice of rural communities across England. ACRE's beneficiaries are at the heart of all its work specifically; all people living in rural areas of England, but especially those who are at risk of isolation and disadvantage and for whom rurality brings additional challenge and cost to their daily lives.*

ACRE reviews its strategic priorities, aims and objectives on a regular basis as part of the business planning cycle. During the year the Board finalised ACRE's medium term business plan following an iterative engagement with members and stakeholders. The resultant plan, now reflects new priorities, outcomes and ambitions for ACRE based upon feedback from stakeholders and an in depth analysis of need and the organisation's wider operating environment. This new business plan and the associated annual delivery plans will carry the organisation forward for the next few years and will be reviewed on an ongoing basis as part of the organisation's evaluation plan.

Reference has been made to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the aims and objectives and planning future activities. In line with the Charity Guidance, the directors are satisfied that through the support the organisation provides to the 38 Network members ACRE continues to deliver considerable public benefit by pursuing the following objectives and key activities.

Objectives

ACRE's core objective is to promote a healthy, informed, vibrant and sustainable rural community sector that is well equipped to address local need whilst being able also to influence and benefit from, policies and initiatives at national, sub-national and local level.

Underpinning this objective is ACRE's, and the ACRE Network's, commitment to:-

- Improve the lives of people living and working in rural communities;
- Support and encourage community-led action and strong local governance;
- Increase the long-term sustainability of local community life;
- Influence policies and services so as to help address the market failures associated with rurality.

And to our shared principles that together we will:-

- Act as a champion and facilitator for sustainable rural communities and
- Use community development principles to empower people to understand and address the issues that they and their communities face.

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For the year ended 31 March 2018

As the national arm of The ACRE Network, ACRE also provides support for its member organisations to build their capacity in serving and responding to the needs of rural communities.

Grant-making policy

ACRE administers grants on behalf of other charitable trusts and government organisations that further the charity's objectives. The grant-making processes are agreed with the funders from the outset. Grants are paid on respective merits.

ACRE's unrestricted funds are not used for grant-making purposes, unless by resolution by the directors. Arrangements are in place to segregate grant-making decisions ensuring conflicts of interests are avoided in the governance of ACRE.

Fund raising policy

ACRE does not engage in any direct fundraising from members of the public and does not employ fundraisers. However the directors are aware of the new fundraising requirements and the code of fundraising practice and ensure that the charity is compliant with the code in all its fund raising activities.

Activities

Notwithstanding the limited staff capacity during the year ACRE continued to focus broadly on the three key themes of; Sustain, Support and Speak Up which are underpinned by a strong rural intelligence resource provided by ACRE's members.

This year, ACRE has made good progress in the three thematic areas through:

1. **Sustain;** by identifying, shaping and accessing funding opportunities for ACRE and the ACRE Network that support rural communities.
2. **Support;** by developing the collective strength of the ACRE Network and making effective use of its rural intelligence.
3. **Speak Up;** for and representing rural communities at national and European level providing a credible and informed commentary on rural community issues.

How our activities deliver public benefit

ACRE's charitable activities are to alleviate rural disadvantage in the 11,000 rural communities throughout England through its activities and achievements a sample of which are set out below.

Achievements and performance

During 2017-18, ACRE continued to develop its strategy for advocacy on behalf of its end beneficiaries in three major directions:

- Securing ongoing recognition of the value delivered by the ACRE Investment agreement with the Department for Environment, Food and Rural Affairs (Defra) by ensuring effective delivery and by identifying impact;
- Positioning ACRE Network members as primary agents of change in rural communities in the implementation of localism and other Government policies;
- Capitalising on the ACRE Network's reach into rural communities and its expertise in ensuring rural communities and particularly those most disadvantaged by rurality benefit from national policy initiatives.

1. ACRE continued to improve the **monitoring and evidence** gathering that supports and underpins the ACRE Network Agreement with Defra. With enhanced reporting, the continuing development of a bank of case

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Report of the directors

For the year ended 31 March 2018

studies and examples of best practice to evidence impact, ACRE has been able to demonstrate more clearly to Defra the value of the agreement. Throughout the year ACRE has continued to develop closer links with the Defra team to ensure that grass roots intelligence, from The ACRE Network is used to inform decision making within Defra and other government departments. A programme of visits to help Defra officials learn more about the activities of ACRE Network members was organised with ACRE's assistance; including visits to Warwickshire, Cambridgeshire, Humber and Wolds and Kent. This enabled Defra staff to gain a greater understanding of the challenges facing local communities and the support and solutions offered by the ACRE Network.

2. ACRE administers the **Rural Community Buildings Loan Fund** of £700,000, which provides financial support to village hall management committees to improve facilities for their communities. During 2017/18, 58 loans were live during the year, 11 new loans were awarded to a value of £320,000. The total value of the loans outstanding at the end of the year was £466,331. At the year-end 3 further loans were under assessment totalling £50,000.
3. ACRE's **Village Hall Information and Advice Service** provided support for ACRE Network members during the year. ACRE's agreement with BWB, Bates Wells and Braithwaite, solicitors to deliver a legal support service for ACRE Network advisers was reviewed, improved and continued. The annual residential training event took place in Solihull, Birmingham which attracted 34 delegates from the ACRE Network and was supported by Norris & Fisher (insurance Brokers) Limited. The National Village Hall and Community Buildings Network has in excess of 400 halls signed up and receiving regular bulletins to keep them informed of legislative and policy changes and development issues. During the year 7 of the ACRE Information Sheets were reviewed, updated and reissued and a new one on GDPR (general data protection regulation) was issued.
4. In support of rural communities managing village halls and community buildings as well as supporting the ACRE Network, ACRE staff spoke at 4 ACRE Member led conferences in Hertfordshire, Suffolk, Essex and Lincolnshire.
5. During the year ACRE strengthened its presence in relation to **rural housing** and engaged the services of a rural housing specialist, Jo Lavis, to assist in the development of an updated policy position paper, briefing notes for the ACRE Network members and in the coordination of ACRE Network responses to housing related consultations. ACRE has also increased its support to the Rural Housing Enabler network and, with Jo Lavis' assistance, has run training events and facilitated an effective online learning network. As a result of this enhanced profile ACRE has been able to negotiate resources from the Nationwide Foundation to support ACRE members run a series of promotional and awareness raising events across rural England focused on the role and benefits of Community Led Housing. The programme will be delivered during 2018 and developed from a similar programme piloted by Community First, the ACRE member in Yorkshire.
6. ACRE worked with **Sport England** during the year culminating in the development of a pilot project with £160,000 available in grants to support activity with local groups. The one-year pilot, launched in March, aims to increase Leisure Activities and Community Exercise (LACE) in rural communities. Groups are able to access one to one support to develop an application for funding. **LACE UP** will be led locally by ACRE Network members in Wiltshire and Cumbria and focusses support on projects which engage people who are traditionally less likely to participate in sporting activity. This pilot will explore how bespoke support, via a trusted local intermediary, can help a group to develop innovative and sustainable activities which meet

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For the year ended 31 March 2018

genuine local need. The health and wellbeing of rural residents is a national priority and it is hoped that the LACE UP project will result in activities which can be replicated in other rural communities across England.

7. In pursuance of its role of **speaking up for rural communities**, ACRE continued its engagement in a wide range of national advisory and steering groups including: The Rural Housing Network; Princes Countryside Fund recharging Rural Research project; Post Office Advisory Group; Rural England CIC and MHCLG's (Ministry of Housing, Communities and Local Government) Communities Partnership Board.
8. ACRE has also **provided the secretariat for the Age Action Alliance** Transport Working Group and has been an active participant on the Arts Council Stakeholder Group and the Flood and Coastal Erosion Risk Management Stakeholder Group as well as being part of the Plunkett Foundation's frontline advisory group.
9. 2018 saw a more deliberate and focused exercise in **partnership development and collaboration** with key national stakeholders and partners from across the 'rural' and third sectors. In particular, progress has been made on building relationships with the Plunkett Foundation, National Council for Voluntary Organisations (NCVO), National Association of Local Councils (NALC) and the Campaign to Protect Rural England (CPRE) to ensure that we work effectively together to add maximum value to our work with our respective members and end beneficiaries.
10. ACRE continued to provide the secretariat for **the Rural Coalition**, a small group of significant national rural stakeholders, representing private, voluntary and public sector interests. The Coalition's collective aim is to support the delivery of a positive vision for rural communities and consequently influence and bring about action from government departments and parliamentary circles that supports rural communities. In July 2017 the Rural Coalition held an event for MPs and other key rural stakeholders to launch its revised rural statement which identified the key principles, policies and actions which it would encourage the new Government to apply in order to secure a 'living, working countryside' and give rural communities a sustainable future.
11. ACRE continued to strengthen its links with rural organisations based elsewhere in Europe and led the **European Rural Parliament (ERP) project**; Sustaining Rural Services and Infrastructure, aimed at sharing best practice and mutual learning on rural development across the various partner countries. This took the form of a survey across 9 European countries and the delivery of a seminar in Somerset which was attended by representatives from those Countries. Speakers from the European Rural Community Alliance (ERCA), and the ERP joined an EU representative from the SMART Villages project and local rural organisations to discuss the findings from the survey with the intention of improving practice on the ground.
12. ACRE **provided written evidence** for two Select Committee Calls for Evidence and was invited to give verbal evidence regarding the Natural Environment and Rural Communities Act (NERC) 2006. The organisation also responded to four consultations on behalf of the ACRE Network, to the Ministry of Housing Communities and Local Government (MHCLG), The Department for Digital, Culture, Media and Sport (DCMS) and the Department for Business, Energy and Industrial Strategy (BEIS) were submitted.
13. ACRE has worked to promote the collective activity of the ACRE Network via blogs, news items and an increased **social media** presence. Both the ACRE Twitter and Facebook accounts have grown in "followers" during 2017/18. In January 2018, The ACRE Network ran the first ever #VillageHallsWeek, social media campaign which proved extremely successful in achieving its aim of raising the profile and awareness of the

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Report of the directors

For the year ended 31 March 2018

role of community buildings and village halls in the wellbeing of rural communities. This activity will now become an annual event for the ACRE Network.

14. This year's **30th anniversary autumn conference** celebrated the work of The ACRE Network in supporting rural communities to survive and thrive, and focused on profiling examples of best practice and case studies from across rural England. The event proved to be very successful and provided an excellent opportunity to showcase the impact of ACRE and its members' work on rural communities to a range of national stakeholders and government representatives.
15. ACRE continued to support its 38 members with **guidance and advice on policy issues** and provided the secretariat for the Network Steering Group, established to oversee collective change and development within The ACRE Network. Following the previous commitment to a new concordat reaffirming the collective purpose and values of the 39 constituent members, ACRE commissioned the development of a Network Development Plan to drive transformational change across the Network with the aim of improving service delivery, consistency, impact and Network sustainability. At this year's autumn conference members wholeheartedly supported the direction of travel contained within the plan and committed to continue the transformational work started in the previous year.

As the previous overview sets out, 2017/18 has been a year of both opportunities and some notable successes for ACRE. Working with the challenges of limited staff capacity and a growing portfolio of activities and expectations has tested and also confirmed the resilience, creativity and flexibility of the highly motivated staff team, who have worked hard and, despite these challenges, achieved this extensive range of laudable outcomes. However ACRE has continued to feel the impact of the financial constraints imposed within central government and which continues to set a very challenging and uncertain operating environment in England for infrastructure charities such as ACRE.

Despite this uncertainty, engagement with government continues to be good and the future of the agreement, whilst not guaranteed, looks positive. This enables both ACRE and its members to continue to plan for both a longer term future of support to rural communities, and internal transformational change to ensure that the services and support available are more sustainable beyond the current round of public investment.

Financial review

Basis of preparation

- The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities.
- Incoming resources are recognised once the charity has entitlement to the resources, it is certain the resources will be received and the monetary value of the incoming resources can be measured with sufficient reliability.
- Resources expended – liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.
- Grants payable are payments made to third parties in furtherance of the charitable objectives of the charity.

The directors report a net loss in resources of £27,523 (31st March 2017 a net gain of £52,561). Investment income amounted to £99. The closing fund balances at the 31st March 2018 were £438,042.

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Report of the directors

For the year ended 31 March 2018

The statement of financial activities (SOFA) shows that the total incoming resources for the year were £2,240,155 compared with £3,050,082 for the previous year.

During the year ACRE received £1,946,658 restricted income and £293,497 unrestricted income. A list of the restricted funds is included in note 17a. All incoming resources for the year have been secured specifically to advance the charity's strategic objectives.

Reserves policy

The directors consider that the level of unrestricted reserves should be sufficient to allow time for reorganisation in the event of a downturn in income, protect ongoing work programmes and allow ACRE to meet its legal requirements. The target level for unrestricted reserves is the equivalent of three months of the charity's general expenditure budget plus an allocation to allow for longer term liabilities and contingencies and an additional element to pump prime ACRE's research and development objectives and the transformational change, now an expectation of the Defra funding agreement.

The directors can also designate other unrestricted funds to ensure that ACRE can continue to operate effectively, meeting its anticipated liabilities and the development needs of the wider ACRE Network as it continues to focus on enhancing outcomes for end beneficiaries.

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| At 31 March 2018, the total reserves were: | £438,042 |
| Restricted funds: | £8,698 |
| Designated funds: | £17,687 |
| General funds: | £411,657 |

Principal funding sources

The majority of ACRE's funding for 2017-18 came from a strategic grant paid by Defra and from membership fees paid by the ACRE Network members which belong to the ACRE Network. This funding was used to support ACRE's key themes of activity:

- Sustain
- Support
- Speak Up

Plans for future periods

Key objectives for 2018-19

During 2018, ACRE will continue to assess the impact that government policy, following the UK's exit from the European Union, might have on its end beneficiaries in rural communities and how its own role in relation to supporting the work of members might need to evolve and change in order to maximise the sustainability of services into the longer term. It will implement the recently adopted medium-term business plan developed following in-depth consultation with members and stakeholders. In delivering the business plan objectives ACRE's role will continue to be specifically focused on *'all people living in rural areas of England but especially those who are at risk of isolation and disadvantage and for whom rurality brings an additional challenge and cost to their daily lives'*. Over the next few years ACRE's work will be driven by the following strategic priorities:-

- Improve service delivery and to ensure the sustainability of existing and new products and services;
- Strengthen and broaden key relationships at the national level and diversify income streams;
- Maximise and facilitate the strategic use of the ACRE Network information and intelligence;
- Support and progress ACRE Network ambitions providing transparency in terms of ACRE's contribution.

Action with Communities in Rural England

Report of the directors

For the year ended 31 March 2018

Funds held as custodians

Defra investment in the ACRE Network

A further year of investment to enable the ACRE Network to deliver support to rural communities within the key Defra priority themes was secured. The investment in support of rural communities through the Network amounted to £1,919,000 during the year. ACRE, as the national umbrella body of The Network, was the accountable body for these funds.

ANPAC

ACRE has held funds on behalf of the National Parks Residents Association (ANPAC) for use only as designated by them. The Association did not draw down from this fund during 2017/18.

Rural Communities Buildings Loan Fund

ACRE administers the Rural Communities Buildings Loan Fund, previously known as the Village Hall Loan Fund, which has been in existence since the 1930s, on behalf of Defra.

Rural Coalition

ACRE undertakes the secretariat for the Rural Coalition. The funds from the Rural Coalition membership were distributed as agreed by members during 2017/18 and the remnants carried forward to activity planned for 18/19.

Structure, governance and management

Organisational structure

Action with Communities in Rural England (ACRE) is a company limited by guarantee (number 3336101) with a Board of Directors elected at general meetings by its 38 members, and in accordance with the Articles of Association adopted on 18 June 2014 and amended on 29 November 2016.

Governance

The Board of Directors is responsible for the governance and the management of ACRE. The ACRE Board consists of not less than six but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum. The chair is elected at the AGM by the members and up to two vice chairs are appointed annually from amongst the directors by the Board at its first meeting following the AGM.

All directors have an induction into the organisation and receive a Director Induction Pack. No person may serve as a director for more than seven consecutive years. They may then be re-elected after an interval of at least one year.

During the year all directors gave of their time voluntarily and received no benefits from the charity. Any expenses reclaimed from the charity are set out in note 8 to the accounts.

The directors are responsible for setting strategies and policies and for ensuring that these are implemented. During the year, following a period of comprehensive member and stakeholder engagement, the directors adopted a new medium term business plan which will carry the organisation through to 2020. Following its adoption, subsequent delivery and evaluation plans have been put in place which will ensure that the organisation's priorities and progress towards achieving its longer term outcomes are effectively monitored and assessed.

Action with Communities in Rural England

Report of the directors

For the year ended 31 March 2018

Management

Following the adoption of the new business plan during the year the staffing needs of the organisation have been assessed which will lead to modifications and additions to the skills base of the staff team in the coming year. The staffing structure has focused on retaining capacity to support the operational and leadership requirements of the organisation and a flatter more empowering management structure remains in place as is appropriate for a small staff team. The Executive Director retains responsibility for operational decisions and for delivering the organisation's strategic objectives.

Risk management

The directors are committed to a regular review of the major strategic, business and operational risks which ACRE faces, with a view to ensuring that appropriate systems and procedures are in place to minimise these risks. In particular the risk of government reducing or ceasing its funded relationship with the ACRE Network was considered carefully by the ACRE board during the year and mitigating actions including, identifying and exploring alternative sources of funding and developing new partnership arrangements with key stakeholders have been investigated and pursued as part of the organisation's ongoing business plan. This and other risks to the fulfilment of ACRE's strategic priorities are kept under constant review by the directors via the risk register which is reviewed periodically during the year and between board meetings by regular updates provided by the Executive Director.

Register of interests

All Board members complete an annual declaration of interests in compliance with the Conflict of Interest Policy. This is updated as required during the year. Board members are required to declare any related interest in decisions at the start of all Board meetings, or thereafter if relevant topics arise.

Related parties and connected organisations

ACRE receives membership subscriptions from its 38 member Rural Community Councils. In addition, ACRE works with members on joint initiatives. During 2017-18 a total of £1,919,000 was committed to members through the Defra/ACRE Investment Programme.

Although some of the directors elected are also directors or chief executives of ACRE Network members, within an ACRE context they have no influence over business transactions between members and ACRE.

Remuneration Policy

ACRE recognises that the delivery of its mission and strategic priorities is largely dependent upon the skills, knowledge and experience of its staff. It is therefore committed to ensuring that the staff team is provided with appropriate remuneration to encourage and enhance performance and are, in a fair and responsible manner, rewarded for their contributions to the success of the charity. The salaries of ACRE staff are reviewed on an annual basis in the light of inflationary pressures. Directors consider this information alongside the affordability for ACRE to inform and adjust salaries and remuneration accordingly.

Where appropriate, ACRE employs freelance contractors to undertake specific activities for the organisation. These include research, marketing, finance, governance support, relationship management and leadership. Directors ensure that whilst the associated remuneration is sufficient to attract individuals with the skills, experience and competencies required rewards are also benchmarked against sector averages for similar activity and levels of responsibility.

Action with Communities in Rural England

Report of the directors

For the year ended 31 March 2018

ACRE members at 31 March 2018

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| Action with Communities in Cumbria | Community Lincs |
| Action with Communities in Rural Kent | Cornwall Rural Community Charity |
| Action Hampshire | Devon Communities Together |
| Action in rural Sussex | Dorset Community Action |
| Bedfordshire Rural Communities Charity | Durham Community Action |
| Cambridgeshire ACRE | Gloucestershire Rural Community Council |
| Cheshire Community Action | Humber & Wolds Rural Action |
| Community Action Isle of Wight | Northamptonshire ACRE |
| Community Action Norfolk | Rural Community Action Nottinghamshire |
| Community Action Northumberland | Rural Action Derbyshire |
| Community Action Suffolk | Rural Community Council of Essex |
| Community Council for Berkshire | Rural Community Council (Leicestershire & Rutland) |
| Community Council for Somerset | Shropshire Rural Community Council |
| Community Council of Staffordshire | Surrey Community Action |
| Community Development Action Hertfordshire | Tees Valley Rural Community Council |
| Community First in Herefordshire and Worcestershire | Warwickshire Rural Community Council |
| Community First Oxfordshire | West of England Rural Network |
| Community First, Wiltshire | |
| Community First Yorkshire | |
| Community Futures, Lancashire | |
| Community Impact Bucks | |

Statement of Directors' responsibilities

The directors (who are also directors of Action with Communities in Rural England for the purposes of company law) are responsible for preparing the directors' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting 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 in operation.

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

Action with Communities in Rural England

Report of the directors

For the year ended 31 March 2018

In so far as the directors are aware:

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

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

The Directors

Directors, who are also directors under company law, who served during the year and up to the date of this report were as follows:

| | |
|---------------------|-------------------------------------|
| Ivan Annibal | Appointed February 2017 |
| Louise Beaton | Appointed February 2017 |
| Charles Coates | Elected November 2017 |
| Dominic Driver | Elected November 2016 |
| David Emerson CBE | Chair – elected November 2014 |
| Jeremy Leggett | Vice Chair – appointed January 2014 |
| Doff Pollard | Elected November 2015 |
| John Rose | Elected November 2011 |
| Mark Shucksmith OBE | Appointed April 2014 |
| Janet Thornton | Elected November 2016 |

Members of the charitable company guarantee to contribute an amount not exceeding £10 to the assets of the charitable company in the event of winding up. The total number of such guarantees at 31 March 2018 was 38 (2017 - 38). The Directors have no beneficial interest in the charitable company.

Auditors

Following a market testing exercise Godfrey Wilson Ltd was appointed as the charitable company's auditors.

Action with Communities in Rural England

Report of the directors

For the year ended 31 March 2018

The report of the Directors has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the Directors on 17th September 2018 and signed on their behalf by

David Emerson – Chair

Independent auditor's report

To the members of

Action with Communities in Rural England

Opinion

We have audited the financial statements of Action with Communities in Rural England (the 'charity') for the year ended 31 March 2018 which comprise the statement of financial activities, balance sheet, statement of cash flows and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2018 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 United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report

To the members of

Action with Communities in Rural England

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement set out in the trustees' report, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report

To the members of

Action with Communities in Rural England

Use of our report

This report is made solely to the charity'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 charity'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's members as a body, for our audit work, for this report, or for the opinions we have formed.

Date:

Alison Godfrey FCA
(Senior Statutory Auditor)

For and on behalf of:

GODFREY WILSON LIMITED

Chartered accountants and statutory auditors

5th Floor Mariner House

62 Prince Street

Bristol

BS1 4QD

Action with Communities in Rural England

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2018

| | Note | Unrestricted £ | Restricted £ | 2018 Total £ | Unrestricted £ | Restricted £ | 2017 Total £ |
|--|------|-------------------|------------------|--------------------|-------------------|------------------|--------------------|
| Income from: | | | | | | | |
| Donations and legacies | 2 | 14,115 | – | 14,115 | 9,500 | – | 9,500 |
| Charitable activities | | | | | | | |
| Sustain | 3 | 157,333 | 1,932,130 | 2,089,463 | 859,584 | 2,077,014 | 2,936,598 |
| Support | 3 | 67,599 | 11,778 | 79,377 | 47,694 | 8,195 | 55,889 |
| Speak Up | 3 | 52,806 | 2,750 | 55,556 | 44,333 | 2,200 | 46,533 |
| Services and sales | 3 | 1,545 | – | 1,545 | 1,386 | – | 1,386 |
| Investments | 4 | 99 | – | 99 | 176 | – | 176 |
| Total income | | 293,497 | 1,946,658 | 2,240,155 | 962,673 | 2,087,409 | 3,050,082 |
| Expenditure on: | | | | | | | |
| Raising funds | 5 | 11,007 | – | 11,007 | 11,634 | – | 11,634 |
| Charitable activities | | | | | | | |
| Sustain | 5 | 56,416 | 1,923,247 | 1,979,663 | 747,141 | 2,084,209 | 2,831,350 |
| Support | 5 | 152,321 | 19,352 | 171,673 | 91,512 | 10,626 | 102,138 |
| Speak Up | 5 | 94,700 | 9,291 | 103,991 | 50,835 | – | 50,835 |
| Services and sales | 5 | 1,344 | – | 1,344 | 1,564 | – | 1,564 |
| Total expenditure | | 315,788 | 1,951,890 | 2,267,678 | 902,686 | 2,094,835 | 2,997,521 |
| Net income / (expenditure) for the year | 7 | (22,291) | (5,232) | (27,523) | 59,987 | (7,426) | 52,561 |
| Transfers between funds | | – | – | – | – | – | – |
| Net income / (expenditure) before other recognised gains and losses | | (22,291) | (5,232) | (27,523) | 59,987 | (7,426) | 52,561 |
| Net movement in funds | | (22,291) | (5,232) | (27,523) | 59,987 | (7,426) | 52,561 |
| Reconciliation of funds: | | | | | | | |
| Total funds brought forward | | 451,635 | 13,930 | 465,565 | 391,648 | 21,356 | 413,004 |
| Total funds carried forward | | 429,344 | 8,698 | 438,042 | 451,635 | 13,930 | 465,565 |

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 17 to the financial statements.

Action with Communities in Rural England

Balance sheet as at 31 March 2018

Company no. 3336101

| | Note | £ | 2018 £ | £ | 2017 £ |
|---|------|-----------|----------------|-----------|-----------|
| Fixed assets: | | | | | |
| Tangible assets | 12 | | - | | 211 |
| | | | - | | 211 |
| Current assets: | | | | | |
| Debtors | 13 | 477,940 | | 432,062 | |
| Cash at bank and in hand | | 506,577 | | 515,728 | |
| Account for rural community buildings loan fund | | 233,669 | | 280,564 | |
| | | 1,218,186 | | 1,228,354 | |
| Liabilities: | | | | | |
| Creditors: amounts falling due within one year | 14 | (780,144) | | (763,000) | |
| Net current assets | | | 438,042 | | 465,354 |
| Total net assets | | | 438,042 | | 465,565 |
| The funds of the charity: | 17 | | | | |
| Restricted income funds | | | 8,698 | | 13,930 |
| Unrestricted income funds: | | | | | |
| Designated funds | | 17,687 | | 32,142 | |
| General funds | | 411,657 | | 419,493 | |
| Total unrestricted funds | | | 429,344 | | 451,635 |
| Total charity funds | | | 438,042 | | 465,565 |

Approved by the trustees on 17 September 2018 and signed on their behalf by

David Emerson
Chair

Action with Communities in Rural England

Statement of cash flows

For the year ended 31 March 2018

| | Note | 2018 | 2017 |
|--|------|-----------------------|-----------------------|
| | | £ | £ |
| Cash flows from operating activities | 18 | | |
| Net cash provided by / (used in) operating activities | | (9,250) | (18,213) |
| Cash flows from investing activities: | | | |
| Dividends, interest and rents from investments | | <u>99</u> | <u>176</u> |
| Net cash provided by / (used in) investing activities | | <u>99</u> | <u>176</u> |
| Change in cash and cash equivalents in the year | | (9,151) | 63,554 |
| Cash and cash equivalents at the beginning of the year | | <u>515,728</u> | <u>533,765</u> |
| Cash and cash equivalents at the end of the year | 19 | <u><u>506,577</u></u> | <u><u>515,728</u></u> |

Action with Communities in Rural England

Notes to the financial statements

For the year ended 31 March 2018

1 Accounting policies

a) Statutory information

Action with Communities in Rural England is a charitable company limited by guarantee and is incorporated in the United Kingdom. The registered office address is as stated in the Trustees' Annual Report.

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (September 2015) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

g) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

1 Accounting policies (continued)

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

i) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of undertaken to further the purposes of the charity and their associated support costs
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

j) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity

| | |
|-------------------------|-----|
| ● Cost of raising funds | 4% |
| ● Sustain | 20% |
| ● Support | 39% |
| ● Speak Up | 36% |
| ● Services and sales | 1% |

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

k) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

1 Accounting policies (continued)

l) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- Fixtures and fittings 3 years straight line basis

m) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

n) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Cash balances exclude any funds held on behalf of service users.

o) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

p) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

q) Pensions

The charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the charitable company to the fund. The charitable company has no liability under the scheme other than for the payment of those contributions.

2 Income from donations and legacies

| | Unrestricted £ | Restricted £ | 2018 Total £ | 2017 Total £ |
|-------|-------------------|-----------------|--------------------|--------------------|
| Gifts | 14,115 | – | 14,115 | 9,500 |
| | <u>14,115</u> | <u>–</u> | <u>14,115</u> | <u>9,500</u> |

Action with Communities in Rural England

Notes to the financial statements

For the year ended 31 March 2018

3 Income from charitable activities

| | Unrestricted £ | Restricted £ | 2018 Total £ | 2017 Total £ |
|--|-------------------|------------------|--------------------|--------------------|
| Sustain | | | | |
| Defra support to rural communities | 93,000 | 1,919,000 | 2,012,000 | 2,162,000 |
| Rural communities buildings loan fund | 20,000 | - | 20,000 | 19,984 |
| Interest from RCAN account | - | 5 | 5 | 14 |
| Village SOS (Big Lottery) | - | - | - | 630,717 |
| Nationwide Foundation | - | 13,125 | 13,125 | - |
| Smart Energy | - | - | - | 64,550 |
| Esmee Fairburn Foundation | - | - | - | 15,000 |
| Membership | 44,333 | - | 44,333 | 44,333 |
| Sub-total for Sustain | 157,333 | 1,932,130 | 2,089,463 | 2,936,598 |
| Support | | | | |
| Aon | - | - | - | 8,195 |
| Sport England | - | 10,000 | 10,000 | - |
| Conferences | 17,015 | - | 17,015 | 2,110 |
| Norris & Fisher Event sponsorship | 2,500 | - | 2,500 | - |
| Ansvar Insurance | 2,500 | - | 2,500 | - |
| Plunkett Frontline Advisory Group | 1,250 | - | 1,250 | 1,250 |
| Norris & Fisher | - | 1,230 | 1,230 | - |
| National Village Hall Forum transfer | - | 548 | 548 | - |
| Membership | 44,334 | - | 44,334 | 44,334 |
| Sub-total for Support | 67,599 | 11,778 | 79,377 | 55,889 |
| Speak Up | | | | |
| Rural Coalition | - | 2,750 | 2,750 | 2,200 |
| European Rural Parliament | 8,473 | - | 8,473 | - |
| Membership | 44,333 | - | 44,333 | 44,333 |
| Sub-total for Speak UP | 52,806 | 2,750 | 55,556 | 46,533 |
| Sales; publications & furniture | 1,545 | - | 1,545 | 834 |
| Staff fees ACRE Quality Standards | - | - | - | 552 |
| Sub-total for other charitable activity | 1,545 | - | 1,545 | 1,386 |
| Total income from charitable activities | 279,283 | 1,946,658 | 2,225,941 | 3,040,406 |

4 Income from investments

| | Unrestricted £ | Restricted £ | 2018 Total £ | 2017 Total £ |
|-------------------|-------------------|-----------------|--------------------|--------------------|
| Interest received | 99 | - | 99 | 176 |
| | 99 | - | 99 | 176 |

Action with Communities in Rural England

Notes to the financial statements

For the year ended 31 March 2018

5 Analysis of expenditure

| | Cost of raising funds £ | Charitable activities | | | | | Support costs £ | 2018 Total £ | 2017 Total £ |
|-------------------------------|----------------------------|-----------------------|----------------|----------------|-------------------------|-----------------------|--------------------|------------------|------------------|
| | | Sustain £ | Support £ | Speak Up £ | Services and sales £ | Governance costs £ | | | |
| Staff costs (Note 8) | 5,725 | 23,007 | 65,754 | 52,457 | 391 | 18,667 | 37,986 | 203,987 | 195,675 |
| Direct costs | 1,382 | 17,383 | 57,491 | 14,874 | 90 | 11,731 | 8,775 | 111,726 | 716,464 |
| Defra Grant to ACRE Network | - | 1,919,000 | - | - | - | - | - | 1,919,000 | 2,062,000 |
| Norris & Fisher donations | - | 940 | - | - | - | - | - | 940 | - |
| Rural Coalition expenditure | - | - | 9,291 | - | - | - | - | 9,291 | 475 |
| Overheads | 516 | 3,715 | 8,243 | 7,827 | 19 | 563 | 1,851 | 22,734 | 22,908 |
| | 7,623 | 1,964,045 | 140,779 | 75,158 | 500 | 30,961 | 48,612 | 2,267,678 | 2,997,521 |
| Support costs | 1,808 | 9,251 | 18,497 | 17,350 | 510 | 1,196 | (48,612) | - | - |
| Governance costs | 1,576 | 6,367 | 12,397 | 11,483 | 334 | (32,157) | - | - | - |
| Total expenditure 2018 | 11,007 | 1,979,663 | 171,673 | 103,991 | 1,344 | - | - | 2,267,678 | 2,997,521 |
| Total expenditure 2017 | 11,634 | 2,831,350 | 102,138 | 50,835 | 1,564 | - | - | 2,997,521 | |

Of the total expenditure, £315,787 was unrestricted (2017: £902,686) and £1,951,890 was restricted (2017: £2,094,835).

Action with Communities in Rural England

Notes to the financial statements

For the year ended 31 March 2018

6 Grant making

| | Grants to institutions £ | Support costs £ | 2018 £ | 2017 £ |
|--|--------------------------------|--------------------|-------------------------|------------------|
| Cost | | | | |
| Allocation of Defra Grant | 1,919,000 | - | 1,919,000 | 2,062,000 |
| Sport England | 15,000 | 4,352 | 19,352 | - |
| Smart Energy | - | - | - | 64,550 |
| DCLG – Neighbourhood Planning Mobilisation | - | - | - | 6,734 |
| At the end of the year | <u>1,934,000</u> | <u>4,352</u> | <u>1,938,352</u> | <u>2,133,284</u> |

The grant from DEFRA is distributed through ACRE to its 38 members. Please see note 10 for a full breakdown of grants paid.

ACRE was the accountable body for the DCLG Neighbourhood Planning Mobilisation grant and distributed grants to partner organisations

7 Net income / (expenditure) for the year

This is stated after charging / (crediting):

| | 2018 £ | 2017 £ |
|---|--------------|--------------|
| Depreciation | 211 | 513 |
| Operating lease rentals: | | |
| Property | 22,320 | 15,120 |
| Other | 656 | 1,312 |
| Auditors' remuneration (excluding VAT): | | |
| Audit | <u>4,200</u> | <u>4,500</u> |

8 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

| | 2018 £ | 2017 £ |
|---|-----------------------|----------------|
| Salaries and wages | 97,418 | 91,325 |
| Social security costs | 9,041 | 9,858 |
| Employer's contribution to defined contribution pension schemes | 7,306 | 7,182 |
| Other staff costs | 90,222 | 87,310 |
| | <u>203,987</u> | <u>195,675</u> |

No employee earned more than £60,000 during the year (2017: nil).

There were no employee benefits including pension contributions paid to key management personnel during the year as the individuals concerned were self employed. The key management personnel costs totalled £66,379 (2017: £65,870)

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2017: £nil). No charity trustee received payment for professional or other services supplied to the charity (2017: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £2,555 (2017: £1,490) incurred by 10 (2017: 9) members relating to attendance at meetings of the trustees.

Action with Communities in Rural England

Notes to the financial statements

For the year ended 31 March 2018

9 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

| | 2018 No. | 2017 No. |
|---------------|-------------|-------------|
| Raising funds | 0.1 | 0.2 |
| Sustain | 1.1 | 1.5 |
| Support | 0.6 | 0.7 |
| Speak up | 1.1 | 0.5 |
| Governance | 0.1 | 0.1 |
| | <u>3.0</u> | <u>3.0</u> |

10 Related party transactions

During the year, there were related party transactions in the form of DEFRA grants made to members. Details of these grants are as follows:

| | 2018 £ | 2017 £ |
|---|------------------|------------------|
| Action Hampshire | 52,505 | 56,420 |
| Action in rural Sussex | 55,700 | 59,850 |
| Action with Communities in Cumbria | 57,900 | 62,220 |
| Action with Communities in Rural Kent | 58,210 | 62,550 |
| Bedfordshire Rural Communities Charity | 42,010 | 45,135 |
| Cambridgeshire ACRE | 51,920 | 55,790 |
| Cheshire Community Action | 46,420 | 49,880 |
| Community Action Isle of Wight | 39,770 | 42,735 |
| Community Action Norfolk | 59,935 | 64,405 |
| Community Action Northumberland | 49,830 | 53,540 |
| Community Action Suffolk | 53,250 | 57,220 |
| Community Council for Berkshire | 40,940 | 43,990 |
| Community Council for Somerset | 51,780 | 55,640 |
| Community Council of Staffordshire | 49,830 | 53,540 |
| Community Development Action Hertfordshire | 44,730 | 48,065 |
| Community First in Herefordshire and Worcestershire | 51,630 | 55,475 |
| Community First Oxfordshire | 46,585 | 50,060 |
| Community First, Wiltshire | 48,290 | 51,890 |
| Community First Yorkshire | 81,940 | 88,050 |
| Community Futures, Lancashire | 51,995 | 55,870 |
| Community Impact Bucks | 45,830 | 49,240 |
| Community Lincs | 57,620 | 61,915 |
| Cornwall Rural Community Charity | 53,670 | 57,670 |
| Devon Communities Together | 62,460 | 67,110 |
| Dorset Community Action | 48,480 | 52,090 |
| Durham Community Action | 50,045 | 53,775 |
| Gloucestershire Rural Community Council | 46,090 | 49,525 |
| Humber & Wolds Rural Community Council | 49,320 | 52,995 |
| Northamptonshire ACRE | 47,340 | 50,870 |
| Rural Action Derbyshire | 51,940 | 55,810 |
| Rural Community Action Nottinghamshire | 47,685 | 51,240 |
| Rural Community Council (Leicestershire & Rutland) | 48,420 | 52,025 |
| Rural Community Council of Essex | 55,090 | 59,195 |
| Shropshire Rural Community Council | 47,170 | 50,680 |
| Surrey Community Action | 45,520 | 48,915 |
| Tees Valley Rural Community Council | 40,230 | 43,230 |
| Warwickshire Rural Community Council | 44,230 | 47,520 |
| West of England Rural Network | 42,690 | 45,870 |
| | <u>1,919,000</u> | <u>2,062,000</u> |

Action with Communities in Rural England

Notes to the financial statements

For the year ended 31 March 2018

Smart Energy grants to network members were as follows:

| | 2018 £ | 2017 £ |
|---|-----------|-----------|
| Community Action Isle of Wight | – | 1,850 |
| Community Action Norfolk | – | 4,350 |
| Community Action Northumberland | – | 4,150 |
| Community Action Suffolk | – | 4,200 |
| Community Council for Berkshire | – | 1,850 |
| Community Council for Somerset | – | 3,000 |
| Community Council of Staffordshire | – | 1,850 |
| Community First in Herefordshire and Worcestershire | – | 1,850 |
| Community First Oxfordshire | – | 3,350 |
| Community First Wiltshire | – | 3,000 |
| Community Impact Bucks | – | 1,850 |
| Community Lincs | – | 1,850 |
| Devon Communities Together | – | 1,850 |
| Humber & Wolds Rural Community Council | – | 1,850 |
| Northamptonshire ACRE | – | 1,850 |
| Rural Action Derbyshire | – | 3,000 |
| Rural Community Action Nottinghamshire | – | 1,850 |
| Rural Community Council of Essex | – | 1,850 |
| Shropshire Rural Community Council | – | 3,350 |
| Warwickshire Rural Community Council | – | 3,350 |
| | <hr/> | <hr/> |
| | – | 52,100 |

Sport England grants to network members

| | 2018 £ | 2017 £ |
|------------------------------------|-----------|-----------|
| Action with Communities in Cumbria | 7,500 | – |
| Community First Wiltshire | 7,500 | – |
| | <hr/> | <hr/> |
| | 15,000 | 0 |

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

11 Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

Action with Communities in Rural England

Notes to the financial statements

For the year ended 31 March 2018

12 Tangible fixed assets

| | Computer equipment £ | Total £ |
|-------------------------------|----------------------------|---------------|
| Cost or valuation | | |
| At the start of the year | 14,387 | 14,387 |
| Disposals in year | - | - |
| At the end of the year | <u>14,387</u> | <u>14,387</u> |
| Depreciation | | |
| At the start of the year | 14,176 | 14,176 |
| Charge for the year | 211 | 211 |
| Eliminated on disposal | - | - |
| At the end of the year | <u>14,387</u> | <u>14,387</u> |
| Net book value | | |
| At the end of the year | <u>-</u> | <u>-</u> |
| At the start of the year | <u>211</u> | <u>211</u> |

All of the above assets are used for charitable purposes.

13 Debtors

| | 2018 £ | 2017 £ |
|---|----------------|----------------|
| Loans to rural community buildings under loan scheme (Note 14a) | 466,331 | 419,436 |
| Other debtors | 6,525 | 7,060 |
| Prepayments | 5,084 | 5,566 |
| | <u>477,940</u> | <u>432,062</u> |
| Amounts due after more than one year included in: | | |
| Loans to rural community buildings under loan scheme | <u>332,366</u> | <u>319,944</u> |

14 Creditors: amounts falling due within one year

| | 2018 £ | 2017 £ |
|--|----------------|----------------|
| Rural community buildings loan fund (Note 14a) | 700,000 | 700,000 |
| Trade creditors | 37,339 | 3,767 |
| Taxation and social security | 17,291 | 23,558 |
| Other creditors | 11,185 | 23,707 |
| Deferred income | 14,329 | 11,968 |
| | <u>780,144</u> | <u>763,000</u> |

Action with Communities in Rural England

Notes to the financial statements

For the year ended 31 March 2018

14a Rural community buildings loan fund

Rural community building loan fund administered by ACRE on behalf of Defra:

| | 2018 £ | 2017 £ |
|---|------------------|------------------|
| Funds advanced by Defra at 1 April 2017 | <u>700,000</u> | <u>700,000</u> |
| Loans to rural community buildings: | | |
| Outstanding at 1 April 2017 | 419,436 | 409,530 |
| Made during year | 320,000 | 113,000 |
| Repayments during year | <u>(273,105)</u> | <u>(103,094)</u> |
| Outstanding loans at March 2018 (note 13) | <u>466,331</u> | <u>419,436</u> |
| Bank deposit on hand at 31 March 2018 | <u>233,669</u> | <u>280,564</u> |

15 Deferred income

Deferred income comprises:

| | 2018 £ | 2017 £ |
|--|---------------|---------------|
| Balance at the beginning of the year | 11,968 | 229 |
| Amount released to income in the year | (11,968) | (229) |
| Amount deferred in the year | <u>14,329</u> | <u>11,968</u> |
| Balance at the end of the year | <u>14,329</u> | <u>11,968</u> |
| Income deferred to 2018–19 | | |
| Sponsorship for Village Hall Advisors training event April 2018 | 5,000 | |
| Delegate income received for Village Hall Advisors training event April 2018 | 1,250 | |
| Delegate income received for Network Members CEO event May 2018 | 1,516 | |
| Nationwide Foundation grant (Feb 18 – Apr 18) one month | <u>6,563</u> | |
| | <u>14,329</u> | |

16a Analysis of net assets between funds (current year)

| | General unrestricted £ | Designated £ | Restricted £ | Total funds £ |
|------------------------------------|------------------------------|-----------------|-----------------|------------------|
| Tangible fixed assets | – | – | – | – |
| Net current assets | 411,657 | 17,687 | 8,698 | 438,042 |
| Net assets at 31 March 2018 | <u>411,657</u> | <u>17,687</u> | <u>8,698</u> | <u>438,042</u> |

16b Analysis of net assets between funds (prior year)

| | General unrestricted £ | Designated £ | Restricted £ | Total funds £ |
|------------------------------------|------------------------------|-----------------|-----------------|------------------|
| Tangible fixed assets | 211 | – | – | 211 |
| Net current assets | 419,282 | 32,142 | 13,930 | 465,354 |
| Net assets at 31 March 2017 | <u>419,493</u> | <u>32,142</u> | <u>13,930</u> | <u>465,565</u> |

Action with Communities in Rural England

Notes to the financial statements

For the year ended 31 March 2018

17a Movements in funds (current year)

| | At 1 April 2017 £ | Income & gains £ | Expenditure & losses £ | Transfers £ | At 31 March 2018 £ |
|--------------------------------------|-------------------------|------------------------|------------------------------|----------------|--------------------------|
| Restricted funds: | | | | | |
| Nationwide Foundation | - | 13,125 | (3,307) | - | 9,818 |
| LACE UP (Sport England) | - | 10,000 | (19,352) | - | (9,352) |
| Defra rural communities | 88 | 1,919,005 | (1,919,000) | - | 93 |
| National Parks Residents Association | 2,787 | - | - | - | 2,787 |
| Norris & Fisher | - | 1,230 | (940) | - | 290 |
| National Village Halls transfer | - | 548 | - | - | 548 |
| Rural Coalition | 11,055 | 2,750 | (9,291) | - | 4,514 |
| Total restricted funds | 13,930 | 1,946,658 | (1,951,890) | - | 8,698 |
| Unrestricted funds: | | | | | |
| Designated funds: | | | | | |
| ACRE Network Development Fund | 32,142 | - | (14,455) | - | 17,687 |
| Total designated funds | 32,142 | - | (14,455) | - | 17,687 |
| General funds | 419,493 | 293,497 | (301,333) | - | 411,657 |
| Total unrestricted funds | 451,635 | 293,497 | (315,788) | - | 429,344 |
| Total funds | 465,565 | 2,240,155 | (2,267,678) | - | 438,042 |

17b Movements in funds (prior year)

| | At 1 April 2016 £ | Income & gains £ | Expenditure & losses £ | Transfers £ | At 31 March 2017 £ |
|--|-------------------------|------------------------|------------------------------|----------------|--------------------------|
| Restricted funds: | | | | | |
| Aon | - | 8,195 | (8,195) | - | - |
| Rural Infrastructure for England (Big Lottery) | 2,431 | - | (2,431) | - | - |
| Defra rural communities | 74 | 2,062,014 | (2,062,000) | - | 88 |
| National Parks Residents Association (ANPAC) | 2,787 | - | - | - | 2,787 |
| DCLG – Neighbourhood Planning | 6,734 | - | (6,734) | - | - |
| Esmee Fairburn Foundation | - | 15,000 | (15,000) | - | - |
| Rural Coalition | 9,330 | 2,200 | (475) | - | 11,055 |
| Total restricted funds | 21,356 | 2,087,409 | (2,094,835) | - | 13,930 |
| Unrestricted funds: | | | | | |
| Designated funds: | | | | | |
| ACRE Network Development Fund | 48,912 | - | (16,770) | - | 32,142 |
| Total designated funds | 48,912 | - | (16,770) | - | 32,142 |
| General funds | 342,736 | 962,673 | (885,916) | - | 419,493 |
| Total unrestricted funds | 391,648 | 962,673 | (902,686) | - | 451,635 |
| Total funds | 413,004 | 3,050,082 | (2,997,521) | - | 465,565 |

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Notes to the financial statements

For the year ended 31 March 2018

Movements in funds (narrative)

Purposes of restricted funds

Aon

This is a contribution to the training of ACRE Network Village Hall Advisors in April 2016.

LACE UP (Sport England)

A one year, Sport England funded pilot project which is looking to increase participation in Leisure Activities and Community Exercise (LACE) in rural areas. The project is being run by ACRE Network members, Action with Communities in Cumbria and Community First Wiltshire and Swindon, with grants of £7,500 each, accrued for 2017–18. Their role will be to promote, identify and engage potential groups who are eligible to apply for up to £10k from the pilot project, towards their project costs. The aim is that the projects will engage harder to reach demographics in rural areas, and those who are less likely to participating in physical activity at present. ACRE is the accountable body for this project.

Rural Infrastructure for England (Big Lottery)

This five year programme was aimed at achieving sustainable, effective and relevant infrastructure for the 11,000 rural communities across England. The programme commenced in October 2007 and, with the agreement of the Big Lottery, the funds brought forward were utilised in a manner consistent with the original grant during 2016–17. The programme was completed by November 2016.

Nationwide Foundation

ACRE is the accountable body for the project where none ACRE members are being funded by the Nationwide Foundation to run training for intermediaries about Community-led Housing. The aim is the training will increase the knowledge bank of individuals who can advise communities about whether CLH is an option in their local area. This twelve month project commenced February 2018.

Defra rural communities support

The investment delivers support to the end beneficiaries of the ACRE Network, ensuring that rural communities have the technical support and advice needed to survive and thrive. The grant is distributed through ACRE to its 38 members, full details are available on the ACRE website.

National Parks Residents Association (ANPAC)

ACRE holds funds on behalf of the National Parks Residents Association for use only as designated by the Association.

DCLG – Neighbourhood Planning Mobilisation

During the year ACRE provided the accountable body function for a programme of promotion and community engagement delivered through ACRE Network members and CPRE.

Norris and Fisher

Norris and Fisher (insurance Brokers) Limited pay £10 to ACRE for every quotation given to a village hall or similar rural community building. This is paid monthly to ACRE and distributed to the relevant Network members annually.

National Village Halls Forum

The National Village Halls Forum closed and a decision was taken to pay funds remaining in the bank account to ACRE for hosting and support work undertaken by the new Village and Community Halls Network.

Rural Coalition

ACRE undertakes the secretariat for the Rural Coalition. The funds from the membership were distributed as agreed by members during 2017/18 and the remainder carried forward for activity planned in 18/19.

Purpose of designated funds

ACRE Network Development Fund

Formerly known as the Network development fund, this fund provides investment in initiatives and activities to improve outcomes for end beneficiaries and is focused on collaboration, the longer term sustainability and business development of the ACRE Network and to support the change management process. The project has been ongoing since 2015/16 and should completed in 2018/19.

Action with Communities in Rural England

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18 Government grants

The charitable company received government grants during the year, defined as funding from the Department for Environment, Food & Rural Affairs (DEFRA), Sport England and European Rural Parliament to fund charitable activities. The total value of these grants is shown below. There were no unfulfilled conditions or contingencies attaching to these grants in the current or prior year.

| | Restricted £ | Unrestricted £ | 2018 Total £ | 2017 Total £ |
|------------------------------------|-----------------|-------------------|--------------------|--------------------|
| Defra support to rural communities | 93,000 | 1,919,000 | 2,012,000 | 2,162,000 |
| Sport England | - | 10,000 | 10,000 | - |
| European Rural Parliament | 8,473 | - | 8,473 | - |
| Total | 101,473 | 1,929,000 | 2,030,473 | 2,162,000 |

19 Reconciliation of net income / (expenditure) to net cash flow from operating activities

| | 2018 £ | 2017 £ |
|---|-----------------|-----------|
| Net income / (expenditure) for the reporting period (as per the statement of financial activities) | (27,523) | 52,561 |
| Depreciation charges | 211 | 513 |
| (Gains)/losses on investments | | |
| Dividends, interest and rent from investments | (99) | (176) |
| (Increase)/decrease in debtors | (45,878) | (14,621) |
| (Increase)/decrease in loan fund cash | 46,895 | 9,906 |
| Increase/(decrease) in creditors | 17,144 | (66,396) |
| Net cash provided by / (used in) operating activities | (9,250) | (18,213) |

20 Analysis of cash and cash equivalents

| | At 1 April 2017 £ | Cash flows £ | At 31 March 2018 £ |
|--|-------------------------|-----------------|--------------------------|
| Cash at bank and in hand | 515,728 | (9,069) | 506,659 |
| Total cash and cash equivalents | 515,728 | (9,069) | 506,659 |

21 Operating lease commitments

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

| | Property 2018 £ | 2017 £ | Equipment 2018 £ | 2017 £ |
|--------------------|-----------------------|---------------|------------------------|--------------|
| Less than one year | 22,320 | 11,340 | 656 | - |
| One to five years | 18,600 | - | - | 1,632 |
| | 40,920 | 11,340 | 656 | 1,632 |

22 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £10.