

TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2018

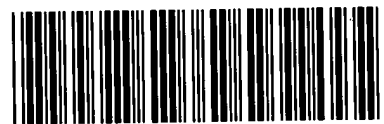
THE ARCHITECTURAL HERITAGE FUND

Charity No. 266780

Company No. 1150304

Scottish Charity No. SCO43840

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Annual Report 2017/18

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1. Who we are and what we do

The AHF is a registered charity, founded in 1976 to promote the conservation and sustainable re-use of historic buildings for the benefit of communities across the UK, particularly in economically disadvantaged areas.

Purpose

AHF exists to help communities finding enterprising ways to revitalise the old buildings they love. We help them with advice, grants and loans. Our support acts as a catalyst for putting sustainable heritage at the heart of vibrant local economies.

For over 40 years, we've been the leading social investor in creating new futures for historic buildings.

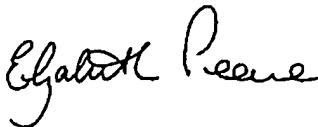
2. Chairman's introduction

It has been a year of change at the AHF: the first full year for our new Chief Executive Matthew Mckeague and the retirement of long standing trustee, Liz Davidson, along with the arrival of three new trustees. Karen Latimer, Eleanor McAllister and Ade Alao each bring a wealth of experience that will be of great benefit to the AHF and also knowledge of Northern Ireland, Scotland and the North West of England.

Demand for the AHF's expertise and for our funding - whether building the capacity of new organisations that are taking ownership of historic buildings or lending to social enterprises to enable expansion - continues to grow. Whilst we take some of our knowledge and expertise for granted, it is clear that an inexperienced community organisation faced with the prospect of finding a sustainable new use for a Grade II* mill complex can be somewhat daunted! Guiding projects with our expertise and helping to provide timely funding is an invaluable role that the organisation can, and will continue, to deliver - and it was a pleasure to see the positive feedback this work received through the interim evaluation of our strategy with many of our stakeholders.

This year we have continued to modernise the organisation's governance. We have created a Credit Panel, chaired by trustee David Hunter, a highly experienced asset and investment manager, to take or recommend decisions to the Board on loan applications. We have also sought to diversify the make-up of both our staff and trustee bodies and this will be an area on which we continue to focus in the coming years.

As ever, I remain deeply impressed with the effort, enterprise and impact of the organisations we work with, not only in terms of what they do to regenerate historic buildings, but also for the benefits they seek to bring to the communities around them. My thanks as always to the range of wonderful funders that support this work, particularly Historic England, Historic Environment Scotland, Cadw, the Department of Communities Northern Ireland, the Pilgrim Trust and the Garfield Weston Foundation.



Elizabeth Peace
Chairman

3. Chief Executive's highlights from the year

It's been a hugely enjoyable and rewarding first year at the AHF, whether learning more about the projects and buildings we are involved with, or seeing the creativity and ambition of the organisations we are supporting. It's been an inspiration.

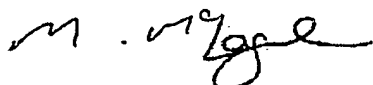
The year has been an incredibly busy one delivering our 'Community Enterprise through Heritage' programme. It saw the biggest ever annual request for funding from the AHF and confirms the scale of demand for our funds. This demand is quite often driven by asset transfer from the public sector - approximately 50% of grant applications in England were for projects involving asset transfers and it is a trend that shows no signs of abating. We will continue to work with government and partners to ensure there is the funding, skills and capacity to successfully and sustainably deliver the transfer of heritage assets to community organisations, work the AHF was recognised for in the UK Government's 'Heritage Statement 2017'.

We made fifteen new loan offers during the year. These offers were not only to start up projects, but also to long-standing clients like The Monastery Manchester. We see the potential to expand the number of loan investments we make and this is why we recruited a new Business Development Officer towards the end of the year. We also believe the 'Heritage Impact Fund' – our new partnership fund developed with partners including Historic England and Historic Environment Scotland – will be a vital source of new finance for the sector.

There have been challenges, too. The demise of both Unity Works in Wakefield and The Hastings Pier Charity has meant a huge loss to those communities as well as a financial one for the AHF - but they have also shone a light on the challenges facing start-up community businesses. We are looking at how we can better support the operational phase of projects, something we see in short supply in many places, but which is very much needed to ensure that they can thrive in the long term.

This year has seen an overall loss. Our income from interest repayments – our key source of unrestricted income and a vital source of core funding - has remained static at a time of rising costs, highlighting the need to develop new opportunities, including fundraising opportunities, in the coming years. Our forthcoming strategy for 2019-22 will set out how we will address these challenges.

I have a superb team here at the AHF and I believe the work that we do is unique in the heritage and community enterprise sectors. This year we are presenting that work – and an updated visual look - in a shorter format Annual Review. Over the next few months we will be moving much of the detail on projects to our website. Our full Annual Report and Accounts will also be available through the website and on request.



Matthew Mckeague
Chief Executive

4. Our impact: Progress against our strategy

Towards the end of this year we commissioned an interim evaluation of our 2016-19 strategy. This has provided us with an external review of progress towards the delivery of our strategic aims and will also help inform the development of our new strategy post 2019.

The main findings of the evaluation were:

- Overall, funders, clients and partners were overwhelmingly positive about our role and work.
- The types of funding we provide e.g. early stage viability grants, risk finance for building acquisition, is seen as unique in the wider funding 'eco-system'.
- Our support acts as a catalyst for many projects; many would not have happened without it, either in terms of advice or grant/loan finance.
- The AHF's early stage support is invaluable, particularly for inexperienced projects. We are seen as an organisation that provides more advice and guidance than is typical of funders.
- Overall, we are seen as a responsive, approachable and flexible funder.

There were a number of areas highlighted where we need to review and develop our approach, to help respond to some of the findings:

- Our overall approach to social impact measurement, including how organisations demonstrate or collect data on impact, could be streamlined or made more focused.
- We could provide greater clarity on some of the details around our funding packages.
- For partners outside of the heritage sector, we need to ensure we continue to emphasise the wider community impact of our projects and work.

We will be incorporating many of the findings into how we deliver our services, as well as helping inform our new strategy.

a. Objective One: To support people, communities and organisations to take ownership, repair and adapt historic buildings and places for new sustainable uses.

This year has seen our Support Officer network reach full capacity and that investment helped generate a significant pipeline of new projects and requests for funding. We know from the evaluation of our strategy that the advice, knowledge and expertise of our team is seen as invaluable, particularly for early stage projects and where they involve organisations new to old buildings. One respondent to our evaluation commented:

"I would say the advice was as important, if not more important at the time, than the actual funding..."

This demonstrates the vital importance of projects having access to expert advice to guide people through the complexities of heritage led regeneration projects. Our evaluation confirmed this was a real need for projects, particularly those with limited or no previous experience of working with historic buildings.

The range of new organisations approaching the AHF, many for the first time, continues to impress. As does the range of innovative, creative uses being proposed for historic buildings. These include Age Concern Southend's proposals for the Art Deco Havens department store in Southend, Annagh Social Farm CIC's proposals for adapting a Georgian farmhouse in County Tyrone Northern Ireland, to Tayside Re-Users proposed repurposing of South Dudhope Mill in Dundee as an environmental workspace.

We made fifteen new loan offers during the year. The investment offers include a number to long-standing AHF clients, including The Monastery Manchester which celebrated its 21st year of operation. The Monastery Manchester is an example of a project we have supported for many years, from project viability through to successive tranches of investment to support their growth and sustainability - we are proud to have supported the team on their long journey in re-establishing the 'Taj Mahal of Manchester'. We have also supported first time clients and those from new sectors, including Community Land Trusts (CLTs) such as Heart of Hastings CLT and Granby 4 Streets. Encouraging applicants from new sectors will continue to be our focus next year and on into our new strategic plan period.

The year has not been without its challenges for some projects. The administration of both Unity Works (Wakefield) Ltd. and The Hastings Pier Charity have been particularly sad to see. As an organisation we want to provide further assistance to struggling social enterprises and community businesses, including helping them to redevelop business and financial plans.

Fig 1. Objective 1: Annual Plan KPIs 2017/18

Annual Plan 2017/18 KPI	Result
New flexible grant criteria introduced.	Achieved
Introduce grant programmes for Wales, Northern Ireland and a new Community Development Fund in Scotland.	Achieved
Publish details of our new loan products	Achieved
Annual loan offers made increased to £2m (£2.4m in 2016/17)	Exceeded: £2.9m of offers made (some offers not taken up).

Fig 2. Loan offers by country 2017/18

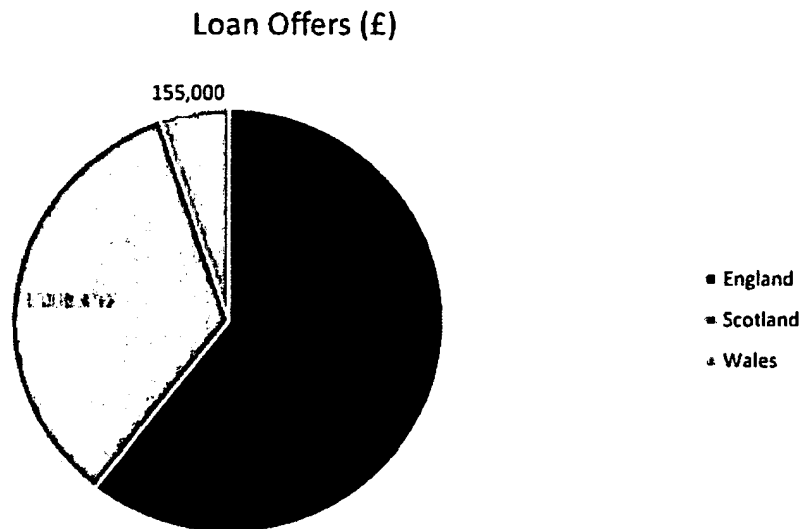


Fig 3. Breakdown of loan offers 2017/18

Organisation	Buildings	Loan Offer (£)	Notes
England			
The Cleveland Pools Trust	Cleveland Pools, Bath	250,000	Withdrawn
Clophill Heritage Trust	St. Mary's Old Church, Clophill, Bedfordshire	162,000	
Eskdale Mill and Heritage Trust	The Mill, Boot, Cumbria	55,000	
Forest of Dean Buildings Preservation Trust	Gunn's Mill, Abenhall	40,000	Withdrawn
Future Wolverton	Old School, Old Wolverton, Milton Keynes	110,000	

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The Hastings Pier Charity	Hastings Pier	800,000	Withdrawn
Heart of Hastings Community Land Trust	39 Cambridge Road & 12 Claremont, Hastings	180,000	
The Monastery of Gorton and St Francis Trust	The Church and Monastery of St Francis, Gorton, Manchester	150,000	
West Midlands Historic Buildings Trust	Lye & Wollescote Cemetery Chapels, Lye	48,000	
Scotland			
Above Adventure	Grange Church, Kilmarnock	59,000	
Knockando Wool Mill Trust	Knockando Wool Mill and Croft, Knockando	250,000	
Gairloch and District Heritage Company Ltd.	Anti-Aircraft operations Room, Achtercairn	200,000	
Four Acres Charitable Trust	93-95 Hyndland Street, Glasgow	499,485	
Wales			
Pembroke Town Walls Trust	Pembroke Town Walls	55,000	Withdrawn
Tywi Gateway Trust	Tywi Gateway, Carmarthen	100,000	
	TOTAL	2,958,485	

b. Objective Two: To attract more investment for the conservation and sustainable reuse of the UK's architectural heritage.

This year's primary focus in attracting new investment has been fundraising for the Heritage Impact Fund (HIF). This is our new loan fund targeting community and social enterprises, and particularly those focused on the delivery of demonstrable social and heritage impact. We have been grateful for the committed investment from Historic England and Historic Environment Scotland and we have been in discussions with a range of other funders this year; we look forward to announcing the launch of the new fund very soon.

In Scotland, we launched the new Community Development Grant thanks to increased funding from Historic Environment Scotland. This provides the AHF with up to £200,000 of additional funding to invest in projects that aim to deliver significant positive social impact and that generate long-term sustainable uses for historic buildings. The first two grants under the new scheme, totalling £39,500, were awarded to Springburn Winter Gardens Trust, funding that will help see the regeneration of these historic glasshouses in North Glasgow; and to the Leith Theatre Trust, to help bring Leith Theatre back to life as a live performance venue.

In Wales we launched the 'Cywaith Legacy Fund' to support projects in the north west of the country. This fund was made possible through a legacy from Cywaith: Gwynedd Buildings Preservation Trust and is now available to community-led organisations operating in Gwynedd, Anglesey and Conwy. Our first grant under the scheme was to Hafod Ceiri to help develop their plans for Capel Isaf / Methodist Chapel in Llithfaen, which the organisation hopes to adapt into office units, café, cinema and cultural centre. The adjoining vestry will be converted into bunkhouse accommodation and education space that will also be used for occasional worship.

We were also grateful for the additional investment made by the Department of Communities in Northern Ireland into our 'Community Enterprise through Heritage' scheme. The £20,000 was able to fund a range of projects, including a conservation management plan for An t'Seaneaglais, 'The Old Church', Derry.

Fig 4. Objective 2: Annual Plan KPIs 2017/18

Annual Plan 2017/18 KPI	Result
Heritage Impact Fund – fundraise £7-7.5m	Partially achieved - half of fund now raised.
Recruit new Business Development Officer.	Achieved.
Endowment Fund increased by 10%.	Not achieved due to focus on fundraising for the Heritage Impact Fund.

Fig 5. Summary of grant spending in 2017/18

Funding source	Annual grant Spend (£)
England (Department for Digital, Culture, Media and Sport)	1,039,269 ¹
England (National Capacity Building)	100,000 ²
England total	1,139,269
Scotland	169,910 ³
Scotland (Community Development Fund)	168,164
Scotland total	338,074
Wales	44,802
Wales (Cywaith Legacy Fund)	34,100
Wales total	78,902
Northern Ireland total	50,000
UK total	1,606,245

¹ Total of £156,543 of grants withdrawn during the financial year 2017/18

² Total of £2,507 of grants withdrawn during the financial year 2017/18

³ Total of £22,897 of grants withdrawn during the financial year 2017/18

c. Objective Three: To inspire the start-up and growth of new community enterprises that utilise historic buildings and places for public benefit

Our 'Community Enterprise through Heritage' programme operates across the UK. Its primary driver is to encourage new or existing community or social enterprises to develop projects that lead to the reuse or ongoing use of a historic building.

This year we awarded 47 grants to new organisations, 30% of the total grant awards. Our project impact survey revealed that 62% of respondents were developing a project involving a historic building for the first time. These figures are a good sign that demand from new organisations and non-heritage organisations remains strong.

We have also invested in a small number of community share issues by newly formed and existing organisations. We remain committed to assisting organisations to utilise newer forms of social investment and to helping them source finance tailored to their needs. In some cases, we have invested alongside other social investors, including with Power to Change at Stretford Public Hall, Manchester and Future Wolverton, Milton Keynes; we continue to explore how we can help projects through increased co-investment alongside other organisations.

Our Support Officer team continues to promote the opportunities presented by historic buildings, including to organisations outside of the heritage world – vital to this are our joint efforts with the Heritage Trust Network and partners such as Locality.

We recognise that particular types of support are needed for start-up organisations or organisations with little experience of historic buildings. Our interim evaluation highlighted the importance of support being available to newly operational projects, support that in many places is lacking or under-resourced. The development of the Heritage Impact Fund includes proposals to pilot a community business support service to help address this need and this is likely to be an area we focus more on in the coming years and in our new strategy.

"AHF support has had a long lasting and positive impact on our organisation through this project. It enabled the organisation to do positive things early in its life and whilst it has taken time to get to a point where the project feels deliverable, there has been a confidence that there will be a success..." Respondent to our project impact survey 2017/18.

Fig 6. Objective 3: Annual Plan KPIs 2017/18

Annual Plan 2017/18 KPI	Result
Recruit new Support Officers for Wales and Northern Ireland.	Achieved.
High quality advice delivered to community enterprises.	Achieved.

d. Objective Four: To demonstrate the value of a well-managed historic environment by championing and showcasing the impact of the projects we have supported

We have collated our annual project impact survey – this collects information on the impact of the projects we invest in and also the services that we deliver – which has once again revealed valuable insights into the schemes we are supporting and the health of organisations operating and managing historic buildings. We will use this information to help refine our advice to projects and to further develop the services we offer.

Our decision to look at how we can better support the sustainability of projects is clearly important. The project impact survey revealed that 81% of responding projects have less than 12 months operating expenses in reserve and 25% of respondents made a loss in the previous year. However, there is relative positivity about the future: 74% either strongly agreed or agreed that they were confident about their financial prospects for the coming year.

The historic buildings we support are also a hive of wider community activity. On average 23 different types of community activities and services are supported once a building becomes operational. The projects we have supported also house a range of other enterprises and voluntary organisations – an average of 3, but up to 55 different creative organisations in the case of Islington Mill, Salford.

As well as the wider community, social and economic impacts we continue to support the delivery of projects with significant heritage outcomes. Over 50% of respondents to our survey were working on projects on the at risk register. This remains a vital focus of the AHF and a rising challenge in many places.

Our interim evaluation recommended a number of changes to the way we approach impact measurement. People are generally very positive about the AHF's work in providing evidence and articulating the social and economic impacts of heritage projects; but for some our approach is, in parts, too complex. We will be incorporating many of the recommendations into the development of our new strategy and it is likely that we will develop our approach to learn from these findings.

However, it remains vital that we continue to make the case for the impact of the regeneration of historic buildings and to do this effectively requires coordination with our partners. This year we have held discussions with a range of partners to ensure the AHF's approach aligns with other organisation's approaches. This is an evolving process of learning and refinement, but better coordination with other organisations will be vital in creating a robust sector-wide approach, one that helps to fully articulate the benefits of investing in heritage.

5 Our portfolio

a. New grant offers – case studies

Granby Four Streets – England

Granby's 'Four Streets', comprising Beaconsfield, Cairns, Jermyn & Ducie Streets, all cross the main Granby Street, is an historic area of 1880s terraced housing in Liverpool L8. Once a thriving cosmopolitan high street of over 90 shops, Granby Street and the surrounding area was under threat of demolition for over 25 years. Granby Four Streets Community Land Trust (CLT) led an inspirational campaign of direct, creative community action which included planting, painting boarded-up houses and holding a monthly street market. This attracted the support of a social investor who provided the financial basis for developing viable alternative re-development proposals. Liverpool City Council responded by reversing the policy of wholesale demolition and transferring 10 houses to the CLT. Working closely with the then newly established architecture and design collective, Assemble, the imaginative refurbishment of these properties led to the practice winning the Turner Prize in 2015.

The CLT is currently developing a portfolio of much needed capital projects, including new affordable housing provision. Together these buildings form one of the few remaining Victorian neighbourhood streetscapes of their kind in Liverpool. The community ownership model aims to preserve the area's built heritage, whilst building a solid foundation for future social and economic renewal.

An AHF grant of £29,150 is supporting the organisation through a critical period in its development, while the CLT is part-way through complex capital projects. The Four Corners will be redeveloped as workspaces and a retail unit; the Winter Garden will provide a truly unique arts and community meeting space, alongside an indoor garden within two houses too damaged to be returned to residential use.

"We can't change the world, we can only change our tiny bit. I look out the window and I'm totally cheered by seeing houses with people living in them. Bearing in mind we're ordinary people, what we've done is magnificent."

Hazel Tilley, long-term resident, community activist, founder member and Board member of Granby Four Streets CLT

www.granby4streetsclt.co.uk

Historic Coventry Trust – England

Historic Coventry Trust is an enterprising charity that merges private sector regeneration expertise with social gain, and has a very long term vision: to preserve the city's heritage for the next 1,000 years. Their ambitious plans for Coventry's heritage were boosted when Coventry City Council approved the transfer of 22 individual properties, and five adjoining sites - the biggest asset transfer of historic buildings from a UK local authority to a not for profit trust. The buildings include some of the city's best historic buildings, including two Grade I Listed 14th Century monasteries and a row of 19th Century shops within a conservation area. The flagship project, the 70-acre Heritage Park, is budgeted at £15m, of which over 70% has already been raised. Work is due to start on site in September 2018.

The Architectural Heritage Fund: Trustees' Annual Report 2017/18

An AHF grant of £25,000 is contributing towards the revenue costs of the HCT. The funding will help them develop and manage the delivery of the projects included in the asset transfer and to develop the capacity of the Trust.

"Despite Coventry's image as a modern post-war city, the best of its medieval buildings actually survived the bombing and were preserved and maintained by the Council, but largely forgotten. These assets offer huge potential today to boost tourism in the city and to change its image – we have found treasure, hidden in plain sight."

Ian Harrabin, Chairman of Historic Coventry Trust

www.historiccoventry.org.uk

Grand Union Gallery & Studios

Junction Works is a two storey terrace of Grade II listed canal offices built between 1840 and 1850 in the heart of Digbeth, once Birmingham's industrial centre. A vibrant contemporary arts scene has developed over the last fifteen years, but now creative communities are being priced out as property prices are pushed up by the anticipated location of the HS2 terminal close by. A major fire in the warehouses over twenty years ago stripped out the buildings, and despite shell refurbishment, all the buildings have been empty and unused for over ten years.

A partnership between the Homes and Communities Agency and Grand Union Art Gallery & Studios will refurbish the former canal offices into light and airy exhibition spaces, affordable studios, offices and a café. The increased floor areas will enable Grand Union to work with a wider range of audiences, including local communities, and to help increase their sustainability. Through the project, Grand Union will also be able to better support emerging talent and enhance their innovative work with international artists and curators.

The AHF's grant of £25,000 is supporting a Project Co-ordinator and the professional team to finalise proposals and secure planning permissions; the funding will also support business planning advice and a heritage activity planner to undertake community consultation.

"We will create a world-class facility that enables us to support many more artists in the city, and a welcoming gallery where you can encounter some of the most interesting contemporary art being created in the UK today. Part of our programme will see renowned artists working alongside local people to find innovative ways of bringing the heritage of this important conservation area to life. We are very grateful to Architectural Heritage Fund and Esmée Fairbairn Foundation for their investment, supporting the development of this ambitious capital project."

Cheryl Jones, Director Grand Union Studios Ltd.

<https://grand-union.org.uk/junction-works/>

Brymbo Heritage Project – Wales

Brymbo Ironworks was built in the late 1790s by prominent industrialist and cast iron pioneer John 'Iron Mad Jack' Wilkinson. Steel production began in 1884 and continued until the works ceased operation in 1990. The Agent's House, an elegant double fronted Georgian sandstone cottage,

overlooking Brymbo Ironworks, is Grade II* listed and is believed to pre-date the start of iron production on the site. In addition to the Agent's House, The Pattern Makers' and Joiners' Workshop form part of the iron and steel works complex, a scheduled ancient monument and listed on the local authority's 'Buildings at Risk' register.

Brymbo Heritage Trust had been campaigning to save the site for over 10 years. A series of surveys and plans were completed between 2013 and 2015, documenting the condition of the site and these two buildings. These have informed the Trust's plans for a phased approach to realise their vision. The first phase, funded by a variety of funders including the Big Lottery and the Heritage Lottery Fund, will lead to the creation of a visitor attraction, learning and skills centre, events space, and a centre for small business development.

An AHF grant of £12,000 will consider the feasibility of options available for the potential re-use of the Agent's House and Pattern Makers' and Joiners' Workshop, as well as the viability of the preferred use. The findings will help refine the Trust's detailed business plan and overall site layout.

"We were delighted to secure support from the AHF; it's allowing us to look deeper at the options available to us for the potential re-use of these fantastic buildings, and its helping us sharpen our plans and prepare for a vibrant future."

Nick Amyes, Chair Brymbo Heritage Trust

<http://www.brymboheritage.co.uk/>

Rosefield Mills – Scotland

Rosefield Mills is the last of a number of large-scale Victorian industrial buildings that lined the banks of the River Nith in Dumfries town centre. The two storey Victorian woollen mill in the decorative Venetian style was the centre-piece of Rosefield Mills complex, built in 1886 for Charteries and Spence & Co, tweed and worsted manufacturers. Since its closure as a woollen mill in 1927 it has experienced a very varied set of uses: a Norwegian army barracks, car body repair businesses, scrap metal dealers and architectural salvage yard. It is now derelict and the site has been gradually divided into multiple ownerships.

Aided by an AHF grant of £5,000 Dumfries Historic Building Trust (DHBT) is now investigating taking ownership of this town landmark and restoring it as a new enterprise centre. As well as bringing the building back into use, its regeneration will help to improve the confidence of local residents due to its prominent and very visible location.

The AHF's grant will allow DHBT to develop its ideas and costings, as well as enabling the team to run a series of community engagement workshops to help local people influence and comment on the proposed scheme and plans.

"AHF support at the outset was crucial in attracting other funders to support the feasibility study, and in creating the confidence that is leading to a significantly improved outlook for historic buildings and heritage townscape in our area."

Luke Moloney, Chair Dumfries Historic Buildings Trust

www.dumfriestrust.org.uk

Thornhill Collective – Scotland

The Old School in Thornhill, Dumfries and Galloway was built in 1904 and is Grade C-listed. It closed in 2010 following the opening of a new school nearby. Having fallen into a state of disrepair it has been added to Historic Environment Scotland's Buildings at Risk register and has negatively impacted on residents' perceptions of the town.

An AHF grant of £4,000 to Thornhill Collective, a group of local artists, designers and entrepreneurs from Thornhill and the surrounding area, is part-funding a feasibility study, business plan and initial architectural designs; these will help the Collective investigate the purchase and development of the Old School as a community resource. The team has also embarked on a process of consultation with the local community, using online postcards to ask for feedback on their plans.

"We feel that the building is ideally placed to serve the economic needs of the town and become an innovative place for collaboration, co-working and community - supporting small businesses, freelancers and creatives who live in the village and the surrounding area. We have a vision for the building, but this will be shaped and influenced by engagement with the community."

David Smith, Chair Thornhill Collective

www.oldschoolthornhill.co.uk

Bangor Court House – Northern Ireland

Built in 1866 as a branch of the Belfast Banking Company, this Italianate building makes for a commanding presence on the Bangor waterfront. It once catered for the expanding population of the town, as it emerged as an attractive Victorian seaside resort following the arrival of the railway. The bank became a Court of Petty Sessions in 1952 and during 'the Troubles' the building was heavily fortified, and retains many security features. The courthouse was decommissioned by the Department of Justice in 2013.

Bangor is the third largest town in Northern Ireland, yet it has no civic theatre, arts centre or dedicated live music venue. Open House Festival, a music and arts charity which runs a month-long festival in Bangor each August, plan to restore, re-imagine and redevelop the courthouse, creating a new cultural platform and year-round performance venue.

Open House Festival is in the process of acquiring the building from the Department of Justice, through the first nil value 'Community Asset Transfer' (CAT), part of the CAT scheme being run by Department for Communities Northern Ireland. An AHF grant of £13,750 to Open House Festival is contributing towards professional team and staffing costs as the organisation prepares its Round 2 Heritage Lottery Fund bid.

"The restoration and re-designation of Bangor Court House as a cultural venue will play a significant role in the regeneration of Bangor town centre. The financial support and technical advice from AHF are both invaluable to our campaign. To save such an iconic listed building, in a prime location on

Bangor seafront, will send out a very positive message about Bangor's future and its potential as a modern seaside town."

Kieran Gilmore, Director Open House Festival

www.openhousefestival.com

b. New loan offers – case studies

Heart of Hastings – England

Heart of Hastings Community Land Trust Ltd (CLT) is a Community Benefit Society established in 2016 to provide and protect "affordable spaces, diverse communities, fabulous neighbourhoods" through community/social investment and ownership. The AHF is particularly interested in how the community land trust model can support the regeneration of historic buildings and neighbourhoods.

Heart of Hastings CLT is currently focused on two properties, 39 Cambridge Road and 12 Claremont. 39 Cambridge Road was constructed between 1848-49, as one of a row of six townhouses, and is spread over five floors. It was used as a private residence until 1933 and then as an insurance company office.

An AHF loan of £100,000 is assisting Heart of Hastings CLT with the restoration and conversion of the property into four self-contained flats for capped and affordable rent. New residents are expected to move in later in 2018.

12 Claremont is currently owned by East Sussex County Council (ESCC), which purchased it as part of its plan to refurbish the adjacent 1870s library. The building proved surplus to requirements and is now the subject of a community asset transfer. In partnership with Project Art Works, the UK's leading visual art organisation working in collaboration with neuro-diverse artists and makers, Heart of Hastings CLT plan to convert the building to workspace, gallery space and live-work studios for local people and organisations. An AHF project development grant of £25,000 has helped the partners to pitch the project to ESCC and a further £80,000 AHF loan has been agreed, currently held as a standby facility awaiting the county council's decision.

"AHF support in grant and loan has helped us make big progress on both our White Rock projects. We look forward to our first tenants moving into 39 Cambridge Road and we're keeping our fingers crossed for the decision on 12 Claremont."

Suzy Tinker, Trustee Heart of Hastings CLT

www.heartofhastings.org.uk

Future Wolverton – England

The Old School was built by the Radcliffe Trust in 1856-7, to benefit the children of the Wolverton Estate tenants and farm labourers. It served the community for over a century but when it closed the future of the Old School was thrown into doubt. Future Wolverton, a Community Benefit Society established in 2013, stepped in to develop a partnership with the adjoining Slated Row School, a community special school for children and young people with moderate to complex special

educational needs. Assisted by the AHF's project viability grant of £3,000, together with funding from local organisations, an emerging concept aimed at reinventing the School's community and educational role was tested.

The capital scheme, now under development, includes the two storey School House being converted to provide a B&B guesthouse, run in term time by the students. An extension will house a café, again run by the students as a social enterprise and serving the adjoining School Hall which will be available for hire to businesses and the community. An AHF project development grant of £5,000 helped with finalising the plans and an AHF loan of £110,000 is providing working capital to this phase of works; this was part of a wider funding package that included £122,000 raised through a successful Community Share offer, boosted by a contribution from Power to Change, which also provided substantial grant funding. The project is an excellent example of a mix of grant and loan investment acting as a catalyst for project development and delivery.

"We are very excited to have finally got to the point of work beginning on site at the Old School, and along with the wider community, can't wait to watch this fantastic listed building come back to life. The loan AHF has been able to offer us is the final piece of a funding jigsaw, which has seen us raise over £800,000 to bring this wonderful building back into community and education use. The AHF has been a continual source of financial support, advice and guidance since we began this project in 2012."

Marie Osborne, CEO of Future Wolverton

<http://futurewolverton.org/projects/old-school/>

Above Adventure – Scotland

Grange Church is a Category B building in very bad condition in Kilmarnock, one of the most economically deprived towns in Scotland. The church and hall are of imposing red sandstone, dating from 1879; the church and hall were linked in the 20th Century and were in continuous use until worship ceased in 2008, since when the buildings have been out of use.

Above Adventure was established in 2013 as a charity, with the objective of improving the health and wellbeing of individuals and communities in the West of Scotland, particularly vulnerable groups such as those with disabilities and people from disadvantaged backgrounds, living in areas of multiple deprivation. Above Adventure is seeking to transform the building into a Mountaineering Scotland approved regional indoor climbing centre and community hub for outdoor activities. It will provide climbing, bouldering and abseiling from novice to expert levels, training facilities for volunteers, staff and modern apprenticeships. It will also include the West of Scotland's first fully wheelchair-accessible abseiling and climbing wall.

The AHF has assisted the project with project viability and project development grants, support officer and Investment Team advice. The AHF loan of £59,000 has assisted the project through a difficult period following initial rejection by a number of funders. However, following the AHF's investment and through the dogged determination of the project team, Above Adventure managed to secure planning permission and a further £430,000 of funding; they are now awaiting decisions on a total of £1.72M of funding bids. It is hoped that a reconfigured project will now move forward over the next year.

"Even the prospect of the further AHF support gave our design team and funding consultants confidence to continue their work and by the time the loan came through so much was in place, its effect has been monumental."

Dean Pastulovic, Chair Above Adventure

<http://aboveadventure.co.uk/>

c. Completed projects and exits– case studies

Plas Kynaston – Wales

Plas Kynaston in Cefn Mawr, Wrexham, was the home of the Kynaston family whose industrial activities led to the development of the Plas Kynaston. The family foundry cast the ironwork for the Pontcysyllte Aqueduct, now a World Heritage Site. The house passed into community ownership in 1938 and served as the local library until the 1970s. It was included in the local 'Buildings at Risk' register and without an identified future, was increasingly vulnerable to increased dereliction.

The Welsh Georgian Trust, working in partnership with Wrexham County Borough Council, established a rescue package. An AHF funded Options Appraisal identified a need for one bedroom properties, which were in short supply locally. AHF advice also assisted with the creation of the Welsh Georgian Trust, with the restoration of Plas Kynaston the Trust's first project.

The Trust secured a major grant from the Cefn Mawr Townscape Heritage scheme, alongside loan finance from the AHF. Six, one bedroom apartments went on sale at a public open day in November 2016; most of the properties were sold in 2017. Following completion, the Trust was able to repay the AHF loan of £322,667; this had provided the Trust with vital working capital and cash flow support.

The project shows the ongoing potential of BPT projects to regenerate complex historic buildings, including for housing use. The AHF's package of finance and support also proved vital in the delivery of a successful project completion.

"The AHF was key to this project getting off the ground - from the first referral, through the feasibility study and project development phases, and with the loan of working capital. They could not have been more helpful."

Andrew Beckett, Chair Welsh Georgian Trust

<http://www.welshgeorgiantrust.org.uk/project1/plas-kynaston/>

Bridport Literary & Scientific Institute – England

The Grade II* listed building was constructed in 1835, initially as a Mechanics Institute for the education and training of Bridport's young men working in the rope and net industries. The building was renamed following the passing of the 1854 Literary and Scientific Institutions Act. In 1865 Bridport School of Art moved into the first floor where it developed to become one of the most successful art schools in the south west of England. The building then became the regional public library, until its closure in 1997. It stood empty for many years and slowly deteriorated to such an extent it was placed on Historic England's 'Buildings at Risk' register.

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Bridport Area Development Trust (BADT), established in 2009, expressed interest in bringing the building back into use. The Trust successfully raised £2.1M, including a £200,000 AHF Challenge Fund for Historic Buildings at Risk grant - funded by the Andrew Lloyd Webber Foundation and Historic England - to restore the building and create a community hub providing training facilities, meeting rooms, and co-working spaces. Capital works commenced in 2016, after BADT secured the freehold of the property, and the works were completed in 2018.

A café on the ground floor caters for users and visitors and also provides public access to the most historically significant space within the building.

"Early advice given by the AHF helped shape the Trust's approach to regenerating a valued part of Bridport's heritage. From a building registered "at risk", the project has delivered a restored asset that will achieve significant social impact, acknowledging and re-establishing links with local industry and education and offering a contemporary environment to support and promote local enterprise and community use."

Mike Carter, Trustee Bridport Area Development Trust

<http://www.lsibridport.co.uk>

Campbeltown Picture House – Scotland

Sitting in a prominent position on Campbeltown's waterfront, the Picture House is one of the earliest purpose-built cinemas in Scotland. This category-A listed building opened in 1913 and was designed by Glasgow cinema architect, Albert V. Gardner, in a Glasgow School Art Nouveau style. Gardner returned in 1934/5 to update the building with an 'atmospheric' interior, one that has survived to the present day and which includes the 'wee houses' either side of the screen. It has been in constant use as a cinema and the Campbeltown Community Business Limited took ownership of it in 1987.

The 'Centenary Project' was completed in December 2017 following a successful 9-year campaign which raised over £3.5M to restore this magnificent building and create a modern cinema destination complete with a second screen, new foyer and café, and spaces for exhibitions, displays, education and community activities.

An AHF grant of £15,000 helped pay for the project organiser to deliver the Picture House's 'Centenary Restoration Project.

"The AHF was very early supporters of the Centenary Project, providing very welcome funds to cover project management and advice during the development phase."

David Mayo, Project Director Campbeltown Community Business Limited

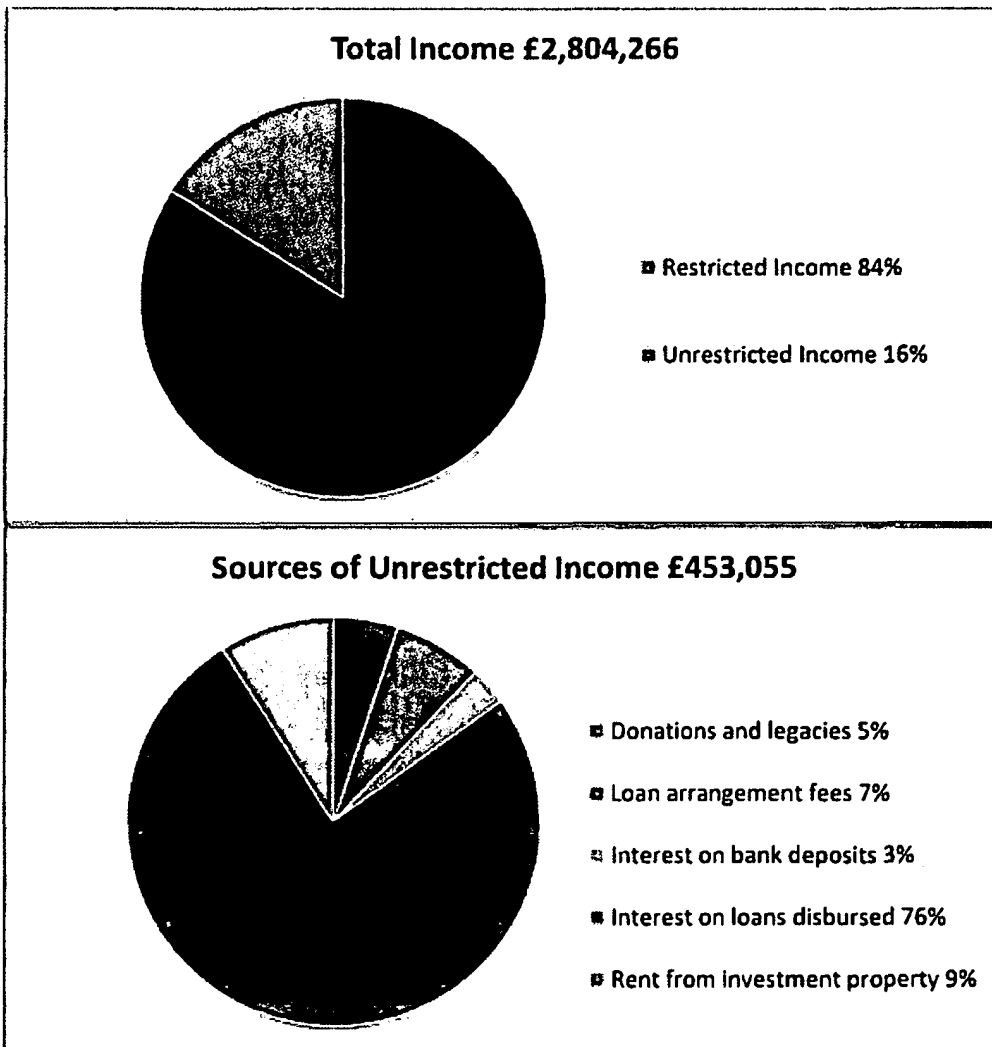
<https://www.campbeltownpicturehouse.co.uk/about/>

6 Financial review

a Financial overview

We saw a significant increase in new restricted funding over the course of the year, funding that enabled us to expand our grants programme, most notably in Scotland. This expansion built on the significant recent investment in England by the Department of Digital, Culture, Media and Sport in the 'Community Enterprise through Heritage' programme, which entered its second year of delivery in 2017/18. This investment in our grant making proved enormously helpful in funding early stage support to projects.

To ensure sustainability in the long term, the organisation has to remain focused on increasing unrestricted income and prudently managing costs, as well as continuing to fundraise for restricted funds. The end of year position in 2016/17 benefited from an unexpected loan repayment, and although this year saw additional funding specifically for the Heritage Impact Fund, and an increase in our investment property's value, this was offset by additional loan bad debt provisions and an unrestricted fund deficit. The unrestricted fund deficit has been driven by an increase in activity and resulting overheads, at a time when unrestricted funding has remained static.



Income

Total income in the year ended 31 March 2018 amounted to £2,804,266 (2017: £1,900,778). This 48% increase was primarily driven by additional restricted income received as a result of several new funding agreements with our partners to support programmes across the UK. No endowment funding was received during the year.

£358,000 income was received from Historic Environment Scotland (HES) (2017: £183,000); this funded the AHF's Support Officer in Scotland and a greatly expanded Scottish grants programme, including £180,000 for the 'Community Development Fund'.

The AHF Grant programmes and Support Officers in both Wales and Northern Ireland started in April 2017; these were assisted by combined income of £189,461 from the Garfield Weston Foundation, The Pilgrim Trust, Department for Communities Northern Ireland and Cadw.

Funding income in Wales was further boosted by an £86,000 transfer of funds from the Gwynedd BPT, which closed in 2017 and as a consequence the trustees of Gwynedd BPT agreed the transfer of funds to support projects in Gwynedd, Anglesey and Conwy. This contribution led to the launch of the Cywaith Legacy Fund.

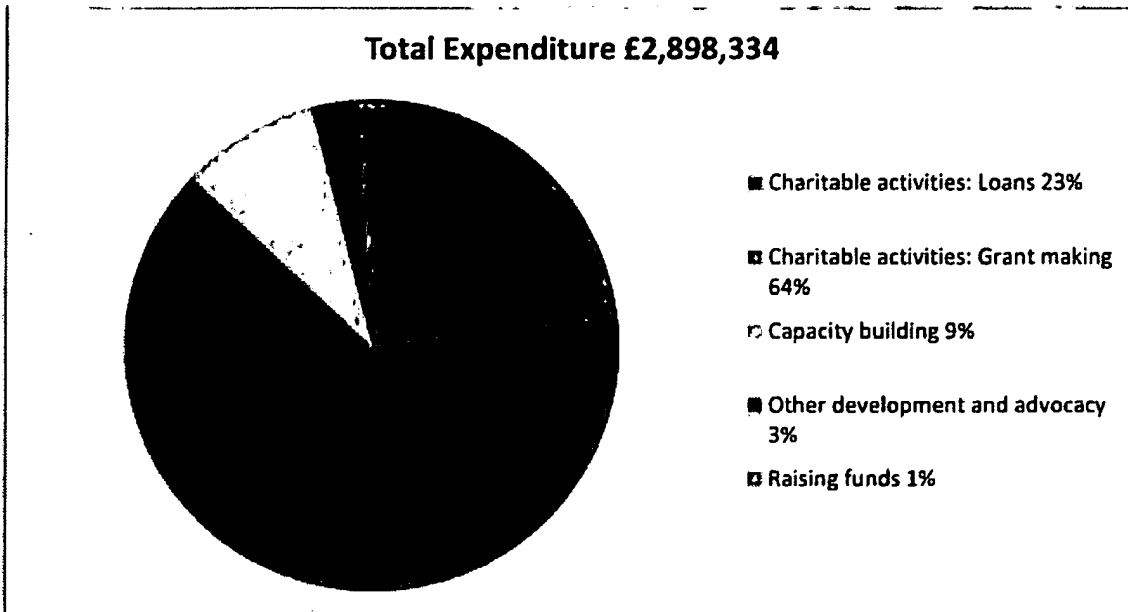
The Department of Digital, Culture, Media and Sport provided over £1million income which funded our 'Community Enterprise through Heritage' grant programme and four freelance Support Officers providing capacity building advice in England. Historic England contributed £145,000 income for grants and overheads (2017: £156,750), this was in addition to the £65,340 (2017: £63,745) funding for four freelance Heritage at Risk Support Officers.

For the Heritage Impact Fund, £475,000 of new restricted income was received from HES (2017: £nil) and Historic England agreed that £450,000 (2017: £nil) originally earmarked for the Challenge Fund could be reallocated to this new Fund. Together these represent most of the increase in restricted funds during the year.

Unrestricted income was stable at £453,055 (2017: £442,603) although donations and legacies saw a modest increase of £12,563. The AHF's most significant source of unrestricted income remained interest on loans disbursed and was unchanged from the previous year at £344,740 (2017: £344,896).

Interest receivable on bank deposits remained low, reflecting continuing low interest rates. A new Investment Policy is currently being finalised in order to address these poor returns and increase the AHF's unrestricted income.

Expenditure



Overall expenditure was £2,898,334 (2017: £1,819,433) which included £1,424,298 grants offered (2017: £1,103,264), a 29% uplift on the previous year.

Expenditure on grant making increased from £1,359,213 to £1,855,861, enabled by the additional grant funding in the year. There was an increase in associated overheads. Another key factor in the expenditure profile for the year was the loan bad debt provision, which saw a net increase of £510,797, primarily due to the demise of Unity Works and The Hastings Pier Charity. In the previous year the net increase was only £44,372 and furthermore a loan of £61,465 was repaid which had previously been provided for.

Expenditure on other loan-related activities amounted to £170,865 (2017: £134,381) and the AHF once again contributed £5,000 towards the Heritage Trust Network's conference.

Programme related investments

Loans outstanding fell by £1m despite 15 new loan offers being made. This was primarily due to the fact that our largest offer of an additional £800,000 to The Hastings Pier Charity was not drawn down. The new Business Development Officer will be essential to increasing capacity within the Investment Team and ensuring sourcing of new loan business and conversion of loan enquiries through to committed offers.

Funds

The AHF's total funds increased by £23,932 (2017: increase of £81,345).

The endowment fund reduced by £827,050 (2017: £28,135 increase) primarily due to the increase in the loan bad debt provision and the reallocation of the HE Challenge Fund Grant to the HIF. The unrestricted fund reduced by £57,355 compared with a £53,210 increase in the prior year. This decrease was largely a result of increased activity and associated overheads but no equivalent

increase in unrestricted income. In addition, last year's unrestricted surplus was boosted by the £61,465 loan repayment previously provided for.

Both these decreases were offset by the £908,337 increase (2017: £119,000) in restricted funds due to the HES contribution to the HIF and the reallocation of the HE Challenge Fund grant to the HIF.

Total funds at 31 March 2018 were £14,128,247 (2017: £14,104,315) of which £12,631,975 (2017: £13,535,315) constituted the AHF's lending resources.

Cash flow

There was a £2,146,198 (2017: £707,214) net inflow of cash during the year primarily due to the receipt of prior year endowment funding, a reduction in loans outstanding and interest and rents from investments. The transfer of cash from short-term deposit investments to more liquid accounts also contributed to the net inflow.

b. Remuneration

Pay

The AHF believes in recruiting high-calibre people. We also believe in rewarding staff fairly for the jobs that they do and fostering a positive working environment, and we believe our salaries and our terms and conditions reflect this.

Salaries, including pay awards, are set and reviewed annually by the AHF's board of trustees. The review takes account of a number of factors when determining the recommended pay award for staff.

In 2017/18 all employees were awarded a single cost of living pay award of 2.5%. In 2017/18 the highest paid member of staff was in the £80,000 - £90,000 band (£80,000 - £90,000 band in 2016/17). The ratio between the highest paid salary and the median AHF salary of £36,174 (£42,146 in 2016/17) was 2.21 (1.98 in 2016/17).

Pensions

The Charity offers employees the opportunity to join its discretionary retirement savings scheme, a Group Personal Pension Plan provided and administered by The Prudential Assurance Company Ltd on behalf of the Architectural Heritage Fund. Contributions made by the AHF to the scheme in the year totalled £20,074.

c. Reserves

The general fund constitutes the free reserves of the charity from which running costs and the payment of non-refundable grants (core initiatives) have to be paid. To meet these needs, the trustees aim to hold reserves of not less than one year's expenditure, based on the average annual expenditure from unrestricted funds over the previous 3 years (£468,935). Compliance with the reserves policy was met by a year-end transfer of £73,783 from the designated lending fund to the general fund (2017: £53,210 transferred the other way from the general fund to the designated lending fund).

The total value of the Endowment Fund can be affected by the failure of some the AHF's borrowers to repay their loan in part or in full. Bad debts are to be expected given the high risk nature of the AHF's loan investments, although the AHF seeks to minimise its potential exposure to loan losses as far as

possible through its assessment and loan monitoring processes. Provision for bad debt is made in the AHF's forward financial planning, and one of our objectives is to replenish and increase the value of the Endowment Fund through fundraising.

d. Investment policy

Money not on loan is kept on deposit, on terms consistent with financial prudence and ready accessibility. This process is managed internally. Net income from bank deposits for the year amounted to £13,303 (2017: £11,996).

The Board has been reviewing the AHF's approach to investment in light of the low level of returns and a proposal for the appointment of an Investment Fund Manager was approved by the Board in March 2018. This is expected to lead to a greater level of investment returns to support the overall running of the charity.

e. Going concern

The Board has reviewed the Charity's financial position, taking account of the satisfactory levels of reserves and cash, amounts receivable, principally from the AHF's lending function, the annual plan and the five-year financial forecasts, and its systems of financial and risk management. As a result of its review, the Board believes that the AHF is well placed to manage operational and financial risks successfully. Accordingly, the Board has a reasonable expectation that the AHF has adequate resources to continue in operational existence for the foreseeable future.

7 Plans for the future

The AHF has embarked on a range of initiatives and plans as we prepare for the launch of our new strategy in 2019. An interim evaluation of the 2016-19 strategy will inform the development of the new strategy and future plans.

The primary focus of next year's activity will be around:

- Preparation for the launch of the Heritage Impact Fund in 2018/19;
- Development and launch of a new business support service to assist enterprises managing heritage assets;
- The development of, and fundraising for, a future programme for the AHF's Support Officer network and grant budget to support early stage project development work;
- Development of the new strategy 2019-22 outlining our priorities, with a supporting performance management framework and organisational structure;
- Creation of a new externally managed Investment Fund to achieve better returns on the AHF's cash deposits.

8 Governance statement

a. The AHF's charitable objectives and public benefit

The Memorandum of Association defines the AHF's charitable objects as:

- to promote the permanent preservation for the benefit of the public generally of buildings monuments or other edifices or structures of whatsoever kind and whether permanent or attaching to land or not and wheresoever in the United Kingdom situate of particular beauty or historical architectural or constructional interest;
- to protect and conserve or promote the protection and conservation of the character and heritage of the cities towns and villages in and around which such buildings monuments or other edifices or structures exist;
- to advance public education of and interest in the history of the United Kingdom and its people and thereby to promote public taste and education in and concerning the conservation of its creative heritage and the encouragement of aesthetic standards attaching to its contemporary environment.

Public benefit

The trustees confirm that they have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit. As a UK-wide charity enabling not-for-private-profit organisations to save and preserve the nation's built heritage - with educational and capacity-building programmes as well as with financial support - the AHF's public impact is significant both locally and nationally.

b. Our values

The organisation is guided in its work and activity by a core set of values.

Equality and diversity

Commitment: We promote equality of opportunity and diversity within the communities in which we work and with all our partners and workforce. We recognise and celebrate the differences and individual contributions that people make. We prioritise support for projects in economically disadvantaged areas, utilising heritage to alleviate poverty and help achieve equality of access for all.

Excellence

Commitment: We strive for excellence in everything we do, and we always seek to improve our services and to manage our resources more effectively. We learn from feedback on our performance to ensure we deliver the best possible service at all times.

Customer-focus

Commitment: We are responsive to the needs and demands of our customers and we are committed to delivering the very best levels of service. We engage directly with the public and community organisations, with support tailored to their needs, whilst communicating and promoting the opportunities and outcomes to strategic partners and stakeholders. Our staff are approachable and personable at all times, and we empathise with the difficulties faced by communities as they seek to deliver successful projects.

Collaboration

Commitment: We work collaboratively within the Fund and with our partners to identify common goals and to ensure we avoid replication and promote the efficient use of resources. We are constantly exploring the opportunities for new partnerships, particularly with the creative and cultural industries, in order to achieve ever greater impact.

Integrity, respect and professionalism

Commitment: We act with honesty and authenticity, we are reliable, transparent and consistent in all that we do, and we always try to provide highly informed expert advice.

Evidence-led decision-making

Commitment: We draw on nearly 40 years of experience of enabling the viable re-use of historic buildings to inform our activities. We continually measure and evaluate the impact of our work to ensure we achieve the best possible outcomes for people.

Pioneering and risk-taking

Commitment: We are a first-stage investor at the point of highest risk, enabling community organisations to test the viability of their proposals and to take the crucial first step in turning their ambition into a reality. We are the leading historic environment organisation in the UK's social investment market.

Maximising leverage

Commitment: We use our own resources and those of our funders to lever in substantial additional investment. We are a seed-funder, investing in the early stages of projects to attract additional start-up funding, but also to take community organisations to the point of accessing substantial capital and revenue investment from other sources.

Legacy

Commitment: We aim to ensure the projects we support deliver significant and long-lasting improvements for people and their communities. Our aim is to ensure all of our interventions move a project forward towards successful delivery.

c. Principal risks and uncertainties

The Board is responsible for ensuring that there are effective and adequate risk management and internal control systems in place to manage the major risks to which the AHF is exposed. It discharges this responsibility through its review of the effectiveness of the AHF's risk management framework. This framework is designed to support informed decision-making regarding the risks that affect the AHF's performance and its ability to achieve its objectives. It also provides for a consistent approach to identifying, assessing and dealing with the risks facing the AHF so as to ensure that they do not exceed the level of risk the AHF is willing to assume.

The AHF operates in a risk environment that is complex and which includes offering loan finance to organisations that cannot raise funds from elsewhere. Therefore, the framework is designed to manage, rather than to eliminate, the risks to the AHF's objectives and to provide reasonable, but not

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absolute, assurance against material misstatement or loss. We aim to manage risk by anticipation and avoidance rather than by handling the consequence after the risk has crystallised.

It should be noted that processes in place regarding risk management and internal control include the following:

- A comprehensive risk management framework which meets the Charity Commission's requirements. This consists of five stages, from understanding the risk environment through risk identification, analysis and evaluation to risk treatment.
- The maintenance of a risk register, which is reviewed regularly by the Senior Management Team and twice a year by the Audit & Risk Committee. Risks are considered in four key areas: external environment, talent, financial, infrastructure. All identified risks are assessed for both the likelihood of occurrence and potential financial and reputational impact, to give a gross risk. Mitigating controls are then considered, giving a net remaining risk. The risk-management strategy forms part of the planning process, against which the Board reviews progress formally every year.

The Board reviews the key risks following the Audit and Risk Committee's bi-annual review. Below is a snapshot of current headline risks and the organisation's approach to management of those risks.

Risk Area	Risk Description	Risk Management
External Environment	The environment for investment in heritage becomes less favourable, thereby reducing the AHF's impact.	Regular monitoring of external environment and meetings between new CEO and key funders and partners to maintain relationships.
	Greater scrutiny of charities and their governance presents an increased in potential reputational risk.	Evaluation of strategic plan commissioned at end of 17/18.
	Non-compliance with Charity SORP, HMRC, FCA regulations and standards, and other legal duties.	Audit recommendations reviewed and actioned.
Talent	Talented staff are not attracted, developed and retained in an increasingly competitive labour market.	Updated data protection (GDPR) policy drafted. Performance management and appraisal processes carried out routinely.
	Staff do not possess the skills to perform their duties.	Salaries and employee benefits bench marked and reviewed adjusted as necessary. New BDO post created.
		Senior Management Team for organisation formalized.
Financial	Falling income as a result of one or more of the following: bad debts; reduced grant income; low interest on bank deposits; reduced borrowing; fraud; financial mismanagement.	Overdue loans policy reviewed and updated.
		Credit Panel established to review new loan applications.

		Fundraising plan to be produced.
		Bank mandates reviewed and updated.
		Regular reviews of internal controls on financial management and anti-fraud and money laundering procedures.
		Regular financial planning including production of monthly management accounts.
		Investment Fund Manager appointed.
Infrastructure	AHF staff cannot perform their tasks efficiently or effectively due to inadequate office premises and/or equipment, poor IT infrastructure, lack of adequate cyber-security measures or other practical impediments.	Regular review of IT infrastructure e.g. new back up drive installed. Back up procedure tests carried out. Creation of a disaster recovery plan.

The Trustees are satisfied that appropriate systems are in place to manage risk.

d. Structure, governance and management

The Architectural Heritage Fund (AHF) is incorporated as a company limited by guarantee (company number 01150304), is registered as a charity in England and Wales (number 266780) and in Scotland (number SC043840), and is governed by its memorandum and articles of association (most recently updated 30 January 2013).

The AHF is regulated by the Financial Conduct Authority and is recorded on the Financial Services Register (number 707421).

The registered office is 3 Spital Yard, Spital Square, London E1 6AQ.

e. Board of Trustees (Council of Management)

The governing body of the AHF is the Council of Management (otherwise known as "the Board"), whose members have legal responsibility as directors of the AHF as a company and as trustees of the AHF as a charity. The Board is responsible for every aspect of the AHF's business and governance, with day to day management being delegated to the AHF's executive. Council members usually serve for renewable terms of three years. Every member of the Council of Management is also a member of the AHF as a company. The AHF has no other members.

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The Board comprises up to 12 appointed Trustees, including the Chairman, who contribute a diverse range of expertise and who represent the whole of the UK.

The AHF recognises that an effective board of trustees is essential if the charity is to be effective in achieving its objects. The Board must seek to represent the people with whom the charity works and must have available to it all of the knowledge and skills required to run the charity.

Some members of the Board are also directors or trustees of, or consultants to, organisations which apply for and receive financial assistance from the AHF, or with which the AHF has an arm's-length business relationship. In this event the member or members are required to disclose the interest at the meeting at which the application is considered or the business is discussed, thereby taking no part in the Board's decision (in accordance with the AHF's Conflict of Interests Policy). A register of trustees' interests is maintained and updated regularly.

The Board meets at least five times a year.

Committees

There are currently five sub-committees, the Audit & Risk Committee, the Credit Panel (established in September 2017), the Grants Panel, the Finance & General Purposes Committee and the Nominations Committee.

Audit and Risk Committee

Composed of up to four Board members, the duty of the Audit and Risk Committee is to consider and report to the Board on matters of financial control and performance, and to help trustees and staff identify and assess risks to the organisation. The Audit and Risk Committee met three times during the year.

Nominations Committee

The Nominations Committee is responsible for establishing protocols for the appointment of trustees and the Chairman, for organising the selection criteria and running the recruitment process and for making recommendations for appointment to the Board. The nominations committee met a number of times during the year to recruit the new CEO and new trustees.

Credit Panel

The Credit Panel was established in September 2017 to make decisions on loans up to £250,000 (which had previously been decided by the full Board). The Panel currently comprises three AHF Board members and will potentially add specialist co-opted members in the future. Loan applications over £250,000 are still decided on by the Board. The Panel met three times during the year.

Grants Panel

At the end of 2017 the Board decided The Grants Panel should now make decisions on grant applications above £7,500 (previously £5,000). The panel comprises four trustees representing England, Northern Ireland, Scotland and Wales, and the Chief Executive. The Operations Manager is its Secretary. It meets quarterly. Terms of appointment are for 3 years but are synchronised with the serving terms of trustee appointments. The Chairman revolves around the four trustees on an annual basis. The Panel met three times during the year.

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Finance & General Purposes Committee

The Finance & General Purposes Committee comprises the Chairman or Deputy Chairman and any two other members of the Board. Responsibility is delegated to this Committee to make some loan and grant offers, and to deal with other matters between Council meetings, either by meeting or by post.

All members of the Council of Management are eligible as members of the Finance and General Purposes Committee.

The Board intends to disband this committee in the forthcoming year as it is no longer required.

Trustees serving during the year and since the year end were:

Board		Board Committees			
Trustees	Year of appointment	Audit & Risk	Credit Panel	Grants Panel	Nominations Committee
Myra Barnes	2013	v	v		
Susan Brown	2017				
Elizabeth Davidson (retired December 2017)	2007			v	v
Kate Dickson	2013			v	v
John Duggan	2010	v	v		
Ade Alao (from 28 March 2018)	2018				
David Hunter (Chair of the Credit Panel)	2017		v		
Roy Hodson (Chair of Audit & Risk Committee)	2016	v			v
Richard Keen (Chair of Grants Panel)	2014			v	
Karen Latimer (from 28 March 2018)	2018			v	
Elizabeth Peace (Chairman)	2014				v
Suzanne Snowden	2017				
Eleanor McAllister (from 28 March 2018)	2018			v	

Trustees

Liz Peace CBE *Chairman*

Liz Peace has more than 35 years' experience in government and the property sector, including as Chief Executive of the British Property Federation. Liz was also a civil servant in the MOD, eventually becoming a key player in the team that created QinetiQ plc. Liz currently holds a range of non-executive, advisory and charity roles, including at Morgan Sindall plc, Redrow plc, and the Churches Conservation Trust. She is the Chairman of LandAid, the property industry's principal charity and is also chairing the shadow board for the Curzon Urban Regeneration Company in Birmingham.

Ade Alao

Ade Alao is Head of Investment and Development at Tameside Council. He brings considerable expertise in regeneration, housing and local economic development having held senior roles in local government for over 20 years. His previous Non-Executive Director appointments include serving as Chair of Northwards Housing and Vice Chair of Salix Homes - both major housing associations in Greater Manchester.

Myra Barnes

Myra has forty years' experience in property and development, involved in both public and private sector regeneration. She is a Chartered Town Planner currently working as a partner in a town planning consultancy. Myra was previously Head of Planning for National Grid Property and worked at Olympia & York and London Docklands Development Corporation. '

Susan Brown

Following a thirty-year career in real estate communications, she joined London First as Executive Director of Planning and Development in August 2016. At London First, Sue leads on policy events and initiatives, managing the business interests of property and development stakeholders, as well as working with the Mayor's office and local government on matters affecting the industry.

Elizabeth Davidson OBE (*Retired December 2017*)

Liz Davidson is the Senior Project Manager for the restoration of the Mackintosh Building at Glasgow School of Art. Liz was previously Director of the Merchant City Townscape Heritage Initiative. Prior to this, she was director of the Glasgow Building Preservation Trust. She is an Honorary Fellow of the Royal Incorporation of Architects in Scotland.

Kate Dickson

Kate heads Creative Heritage Consultants Ltd, a multi-disciplinary practice that offers a range of advisory services to those with responsibilities for listed and historic buildings, especially redundant structures and those 'at risk'. She continues her activities in the heritage building trust sector as Chair of the Heritage Trust Network in the Midlands. Kate is a registered architect and a membership assessor for the Institute of Historic Building Conservation.

John Duggan DL

John Duggan is an experienced businessman with over 35 years in real estate and retail in the UK, the US, Asia and continental Europe. He is currently Chairman of Baytree Logistics Properties, in

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partnership with AXA IM Real Assets and until recently was Chair of Milton Keynes Development Partnership. His previous not for profit appointments include being Chair of Milton Keynes Parks Trust for twenty years and a member of the Investment Committee of the Bridges Ventures Sustainability Fund.

Roy Hodson (Chair of Audit & Risk Committee)

Roy Hodson joined the Board in April 2016. He brings considerable financial expertise to the Board having been a partner at PwC for 26 years, including serving clients in the property, construction and financial services sectors. He is a Chartered Accountant (ICAEW).

David Hunter (Chair of the Credit Panel)

David Hunter is a professional Non-executive Director and Strategic Adviser focused principally on UK and International real estate. He is currently either Chairman or Non-executive Director of various companies, listed and unlisted, overseeing investments in the UK, India, and South Africa. David is an Honorary Professor of Real Estate at Heriot-Watt University and is on the Board of Dundee Design Ltd which is creating the iconic V&A Museum in Dundee.

Richard Keen (Chair of Grants Panel)

Richard Keen is a consultant specialising in working with local communities in developing heritage as an aid to economic and cultural regeneration. He has over forty years' experience working in Welsh heritage including employment with the National Museum of Wales and the National Trust. He is currently the Chair for Wales of the Heritage Trust Network, Trustee of the Welsh Georgian Trust, Director of the Commodum Trust, Trustee of the Land Phil Global Trust and the Pembrey Mountain Trust.

Karen Latimer OBE

Karen is a member of the UK Designing Libraries Advisory Board and the LIBER European Research Libraries Architecture Forum, as well as various other bodies. In parallel with her professional career she has over 35 years' experience in the architectural heritage sector in Northern Ireland and is currently on the Board of Hearth Historic Buildings Trust (previously Hearth Housing Association and Revolving Fund which she chaired 2000-2015) and is Publications Editor for the Ulster Architectural Heritage Society.

Eleanor McAllister OBE

Eleanor McAllister is both an economist and a town planner and has worked for over 25 years in the west of Scotland using both these disciplines in developing and implementing regeneration projects. She was Director of the Glasgow Building's Preservation Trust in the 80's and continued to work on capital delivery projects in local government for the next 15 years, including three years as Deputy Director of the Glasgow 1999 Festival Company. Eleanor was also the Managing Director of Clydebank Re-built, one of six Scottish urban regeneration companies.

Suzanne Snowden

Suzanne is the Director of Message Consulting, a communications consultancy. She was previously Global Director of Thought Leadership at PwC and led the firm's content-marketing activities. She

brings her knowledge around brand, communications and digital marketing, as well as experience in delivering complex international projects.

Executive

The organisation primarily comprises two teams: Operations and Investment. The AHF Operations Team runs our advice service and grants programmes. The AHF Investment Team manages our lending, looks after our cash investments and assists the Chief Executive with attracting new funding.

The Senior Management Team comprises the Chief Executive, the Finance Manager, the Operations Manager and the Investment Manager.

AHF employees

Matthew Mckeague – CEO

Andy Richardson – Investment Manager

Fiona Hollands – Finance Manager and Company Secretary

Gavin Richards – Operations Manager

Gordon Barr - Support Officer (Scotland)

Adam Hitchings - Support Officer (Wales)

Ruth Johnson - Business Administrator – until November 2017

Ian Rice - Investment Officer

Oliver Brodrick-Ward – Team Administrator and Coordinator

Support Officers

The AHF contracts a number of freelance Support Officers that deliver capacity building support to projects across the UK. The Support Officers are:

Josephine Brown Support Officer (South West England)

Rita Harkin Support Officer (Northern Ireland)

Andie Harris Support Officer (North East England) – from 1 May 2017

Tessa Hilder Support Officer (South East and East of England)

Karen Houghton-Slater Support Officer (Yorkshire and Humber)

Lucie Oakley Support Officer (East Midlands and East of England)

Elizabeth Perkins Support Officer (West Midlands)

Daniel Rose Support Officer (London and the South West England)

Jess Steele OBE Support Officer (North West England)

Professional Advisers:

Solicitors:

- Bates, Wells & Braithwaite, 10 Queen Street Place, London EC4R 1BE
- Brechin Tindal Oatts, 48 St Vincent Street, Glasgow G2 5HS
- DWF, Bridgewater Place, Water Lane, Leeds LS11 5DY
- Morton Fraser, Quatermile Two, 2 Lister Square, Edinburgh EH3 9GL
- Russell-Cooke Solicitors, 2 Putney Hill, London SW15 6AB

Auditors:

- Kingston Smith LLP, Devonshire House, 60 Goswell Road, London EC1M 7AD

Insolvency Advisor:

- BM Advisory LLP, 82 St John Street, London EC1M 4JN

Bankers:

- Barclays Bank plc, 167 High Street, Bromley BR1 1NL

Accounts are also held with National Westminster Bank plc.

9 Benefactors, Partners and Friends

We are immensely grateful to our funders and to the trusts and foundations and individuals who gave so generously to the Architectural Heritage Fund during 2017-18.

Benefactors (£20,000 or more)

- UK Government
- Historic England
- Historic Environment Scotland
- Cadw
- Department for Communities Northern Ireland

Charities

- The Garfield Weston Foundation
- The Pilgrim Trust
- Cywaith: Gwynedd BPT

Donors

- John Charlton Brook

10 Statement of Trustees' Responsibilities

The members of the Board (who are the trustees, and also directors of The Architectural Heritage Fund for the purposes of company law), which was formerly known as the Council of Management, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland'.

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of The Architectural Heritage Fund ("the AHF") and of the incoming resources and application of resources, including the income and expenditure, of the AHF for that year.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- 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 AHF will continue in business.

The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the AHF, and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the AHF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

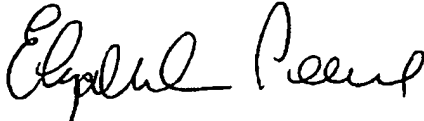
In so far as the trustees are aware:

- there is no relevant audit information of which the AHF's auditor is 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.

The Architectural Heritage Fund: Trustees' Annual Report 2017/18

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the AHF's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. This Report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Signed on behalf of the AHF:

A handwritten signature in black ink, appearing to read 'Liz Peace', written in a cursive style.

Liz Peace
Chairman

Date: 26th September 2018

11. Independent auditors report to the trustees and members of The Architectural Heritage Fund

Opinion

We have audited the financial statements of The Architectural Heritage Fund for the year ended 31 March 2018 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the 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 FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 as amended and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011.

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 charitable company 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 group's and parent charitable company'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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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 trustees and members of the Architectural Heritage Fund (continued)

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' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the trustees' annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011 require us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company's financial statements are not in agreement with the accounting records and returns; or certain disclosures of trustees' remunerations specified by law are not made, or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report and from preparing a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement 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, and for such internal control as the trustees 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 group and parent charitable company'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 group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, the Companies Act 2006 and Section 151 of the Charities Act 2011 and report to you in accordance with regulations made under those Acts.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charitable company's internal control

**Independent auditor's report to the trustees and members of the Architectural Heritage Fund
(continued)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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; and to the charity's trustees, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, and in respect of the consolidated financial statements, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters which 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 any party other than the charitable company, the charitable company's members, as a body, and the charity's trustees, as a body for our audit work, for this report, or for the opinion we have formed.

Kingston Smith LLP

Luke Holt (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor
Devonshire House, 60 Goswell Road, London, EC1M 7AD

Kingston Smith LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

12 Statement of Financial Activities for the year ended 31 March 2018

	Note	Endowment fund £	Restricted fund £	Unrestricted fund £	2018 total £	2017 total £
Income and endowments from:						
Donations and legacies						
Donations and legacies from individuals and corporations		-	-	23,261	23,261	10,698
Government grants	4	-	2,160,813	-	2,160,813	1,458,175
Other grants	5	-	190,398	-	190,398	-
			<u>2,351,211</u>	<u>23,261</u>	<u>2,374,472</u>	<u>1,468,873</u>
Charitable activities		-	-	<u>33,367</u>	<u>33,367</u>	<u>38,833</u>
				<u>33,367</u>	<u>33,367</u>	<u>38,833</u>
Investments						
Interest receivable - on bank deposits		-	-	13,303	13,303	11,996
Interest receivable - on loans disbursed		-	-	344,740	344,740	344,896
Rent receivable		-	-	38,384	38,384	38,180
				<u>396,427</u>	<u>396,427</u>	<u>395,072</u>
Total income		-	<u>2,351,211</u>	<u>453,055</u>	<u>2,804,266</u>	<u>1,900,778</u>
Expenditure on:						
Raising funds						
Generating voluntary income		-	-	6,915	6,915	13,395
Investment management - financial		-	-	2,043	2,043	10,664
Investment management - property		-	-	16,898	16,898	15,776
				<u>25,856</u>	<u>25,856</u>	<u>39,835</u>
Charitable activities						
Loan and grant						
Repayment of loans previously provided for	6	-	-	-	-	(81,465)
Increase in the loan bad debt provision	6	497,557	-	13,240	510,797	44,372
Other loan-related activities		-	2,008	168,859	170,865	134,381
Grantmaking		-	1,787,111	88,750	1,855,861	1,359,213
		<u>497,557</u>	<u>1,769,117</u>	<u>270,849</u>	<u>2,537,523</u>	<u>1,478,501</u>
Development and advocacy						
Capacity building		-	123,757	124,235	247,992	242,319
Impact reporting, evaluation and communications		-	-	81,963	81,963	55,778
Contribution to the Heritage Trust Network		-	-	5,000	5,000	5,000
			<u>123,757</u>	<u>211,198</u>	<u>334,955</u>	<u>303,097</u>
Total expenditure on charitable activities		<u>497,557</u>	<u>1,892,874</u>	<u>482,047</u>	<u>2,872,479</u>	<u>1,779,598</u>
Total expenditure	7	<u>497,557</u>	<u>1,892,874</u>	<u>507,893</u>	<u>2,898,334</u>	<u>1,819,433</u>
Net income/(expenditure)		<u>(497,557)</u>	<u>458,337</u>	<u>(54,848)</u>	<u>(94,068)</u>	<u>81,345</u>
Net gains/(losses) on investment property		<u>118,000</u>	<u>-</u>	<u>-</u>	<u>118,000</u>	<u>-</u>
Transfers between funds	18	<u>(447,493)</u>	<u>450,000</u>	<u>(2,507)</u>	<u>-</u>	<u>-</u>
Net movement in funds	18	<u>(827,050)</u>	<u>908,337</u>	<u>(57,355)</u>	<u>23,932</u>	<u>81,345</u>
Reconciliation of funds						
Balances at 1 April 2017		11,642,096	119,000	2,343,219	14,104,315	14,022,970
Balances at 31 March 2018	18	<u>10,815,046</u>	<u>1,027,337</u>	<u>2,285,864</u>	<u>14,128,247</u>	<u>14,104,315</u>

All amounts relate to continuing activities.

All recognised gains and losses are included in the Statement of Financial Activities.

The notes on pages 48 to 58 form part of these financial statements.

Summary Income and Expenditure account

	2018	2017
	£	£
Income		
Donations and legacies	23,261	10,698
Government grants	2,160,813	1,448,375
Other grants	190,398	-
Interest receivable	358,043	356,892
Rent receivable	38,384	38,180
Other income	33,367	38,833
Total income	2,804,266	1,890,978
Expenditure		
Costs of generating funds	25,656	39,835
Charitable activities	2,374,921	1,749,712
Total expenditure	2,400,777	1,789,547
Net income/(expenditure) before tax for the year	403,489	101,431
Tax payable	-	-
Net income/(expenditure) for the year	403,489	101,431

This income and expenditure account is included in the accounts in compliance with the Companies Act 2006. It excludes receipts on endowment funds, in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (FRS 102).

All amounts relate to continuing activities

The notes on pages 48 to 58 form part of these financial statements

Balance Sheet as at 31 March 2018

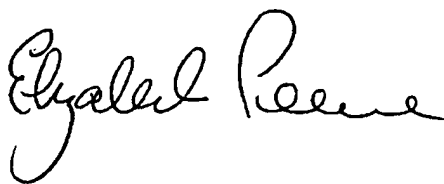
	2018		2017	
	£	£	£	£
Fixed assets				
Investment property	13	618,000		500,000
Other tangible assets	14	-		-
Programme related investments:				
Loans disbursed for preservation projects	16	5,936,209		6,787,905
Total fixed assets		<u>6,554,209</u>		<u>7,267,905</u>
Current assets				
Investments on short-term deposit		-		1,225,866
Debtors:				
Loan interest receivable		270,415		357,095
Government grants receivable		138,836		104,353
Endowment funding receivable		-		240,800
Other accrued income and prepayments		10,545		5,530
		<u>419,796</u>		<u>1,933,644</u>
Cash and cash equivalents		10,251,517		8,105,319
		<u>10,671,313</u>		<u>10,038,963</u>
Creditors, amounts falling due within one year	17	(3,097,275)		(3,202,553)
Net current assets		<u>7,574,038</u>		<u>6,836,410</u>
Net assets		<u>14,128,247</u>		<u>14,104,315</u>
Funds	18			
Endowment fund		10,815,046		11,642,098
Restricted fund		1,027,337		119,000
Unrestricted funds				
Designated lending fund		1,816,929		1,893,219
General fund		468,935		450,000
		<u>2,285,864</u>		<u>2,343,219</u>
Total funds		<u>14,128,247</u>		<u>14,104,315</u>

At the year end, the AHF had commitments in respect of loans offered or contracted but not yet disbursed of £2 185 503 (2017 - £2,294,200), see note 12

Programme related investments include £1 644,595 in loans outstanding which are due for repayment after more than one year (2017 - £4 780,614)

The financial statements were approved by the Members of the Council and authorised for issue on 26 September 2018 and signed on their behalf by

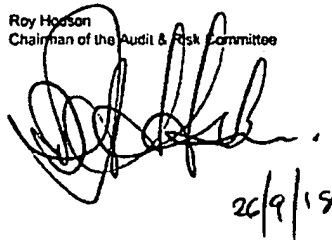
Liz Peace
Chairman



26 September 2018

The Architectural Heritage Fund

Roy Hodson
Chairman of the Audit & Risk Committee



28 September 2018

Company limited by guarantee registration number 01150304

Statement of cash flows

	Note	2018 £	2017 £
Net cash provided by/(used in) operating activities	19	1,663,091	(747,512)
Cash flows from investing activities:			
Interest and rents from investments		483,107	452,241
Net cash provided by investing activities		<u>483,107</u>	<u>452,241</u>
Cash flows from financing activities:			
Receipt of endowment		-	1,002,485
Net cash provided by financing activities		<u>-</u>	<u>1,002,485</u>
Increase in cash and cash equivalents in the year		2,146,198	707,214
Cash and cash equivalents at the beginning of the year		8,105,319	7,398,105
Total cash and cash equivalents at the end of the year	20	<u>10,251,517</u>	<u>8,105,319</u>

Notes forming part of the financial statements for the year ended 31 March 2018

1 Company status

The charity is a company limited by guarantee domiciled and incorporated in England and Wales. The registered office is 3 Spital Yard, Spital Square, London, E1 6AQ. The members of the company are the trustees named in Section 13 'Reference and administrative information'. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

2 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and 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) published on 16 July 2014. The charitable company is a public benefit entity for the purposes of FRS 102 and therefore the charity also prepared its financial statements in accordance with Accounting and Reporting by Charities' Statement of Recommended Practice applicable in the UK and Republic of Ireland effective 1 January 2015 (Charities SORP (FRS 102)), the Companies Act 2006, the Charities Act 2011 and Charities Accounts (Scotland) Regulations 2006 as amended by The Charities Accounts (Scotland) Amendment (No.2) Regulations 2014.

In accordance with the provisions of the Companies Act the charity has adapted the format of the accounts to reflect the special nature of the charity's activities. Additional information has been provided where this increases understanding of the figures.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest pound.

The following accounting policies have been applied consistently during the current and previous year except as defined below:

Going concern

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charity to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. After making enquiries the trustees have concluded that there is a reasonable expectation that the charity 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 as they do not consider there to be any material uncertainties about the charity's ability to continue.

Income

All income is included in the Statement of Financial Activities when the Architectural Heritage Fund is legally entitled to the income and the amount can be quantified with reasonable accuracy and receipt is probable. For legacies, entitlement is the earlier of the charity's being notified of an impending distribution or the legacy being received.

Government grant income is recognised when the AHF is entitled to the grant income, it is probable that the economic benefit associated with the grant will be received and the monetary value can be measured reliably.

Where grant income relates to a period specified by the donor, any of the income not received in the appropriate financial year is accrued, where any of the income is received in advance of the appropriate financial year, it is deferred.

Gifts in kind and donated facilities are included at the value to the Architectural Heritage Fund where this can be quantified and a third party is bearing the cost. No amounts are included for services donated by volunteers.

Income from charitable activities includes loan arrangement fees.

Loans

The Architectural Heritage Fund makes loans in furtherance of its objects. The terms of repayment and the rate of interest are laid down by the Board and embodied in a legal agreement for each loan.

Loans are disbursed and recorded in the financial statements when the borrower fulfils certain conditions. Some loans are disbursed by instalments. The undisbursed balance of contracted loans is recorded with offers of loans for which a contract has not been made as a future commitment (see note 11). The timing of the payment of such amounts depends on the fulfilment of certain conditions by the borrower and cannot be estimated with any reasonable accuracy by the Architectural Heritage Fund.

The financial statements include interest accrued on the outstanding loans at the balance sheet date.

Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

2 Accounting policies (continued)

Bad debt expense

The general bad debt provision is estimated at 4.2% this year as detailed in note 6

4.2% of total loan interest receivable for the year is taken to be the impact on unrestricted revenue reserves from bad debts. Any further bad debt expense required is taken against the endowment fund.

Grants

The Architectural Heritage Fund makes non-refundable grants in furtherance of its objects.

Non-refundable grants offered are accounted for on an accruals basis and are disbursed when the recipient has fulfilled certain conditions that are individual to the particular case. The timing of the disbursement of grants cannot, therefore, be estimated with any reasonable accuracy by the Architectural Heritage Fund. For this reason, all non-refundable grants offered but not yet disbursed at the balance sheet date are included in the balance sheet as *Creditors, amounts falling due within one year*

Resources expended

All expenditure is accounted for on an accruals basis and has been classified in the Statement of Financial Activities under headings that aggregate all relevant costs. Irrecoverable VAT is included with the expense to which it relates.

Charitable activities include all costs relating to the provision of loans and grants in furtherance of the objects of the Architectural Heritage Fund. It also includes costs relating to the support, development and distribution of information relating to the Architectural Heritage Fund.

Costs of raising funds are those incurred in seeking voluntary contributions and managing the investment property. These do not include the costs of disseminating information in support of charitable activities.

Support costs are indirect costs incurred to facilitate the charity's activities. Where such costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources. Support costs including premises, staff and overhead costs are allocated to activities by reference to the time spent by staff.

Governance costs, included within support costs, are those incurred in connection with the governance of the Architectural Heritage Fund and in complying with constitutional and statutory requirements.

Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as at the balance sheet date. The surplus or deficit on revaluation is recognised in the statement of financial activities.

Tangible fixed assets

Expenditure of more than £2,000 on a tangible fixed asset (including any incidental expenses of acquisition) is initially capitalised at cost and subsequently measured at cost, net of depreciation.

Depreciation is calculated to write off the cost, less estimated residual value, of all fixed assets on a straight line basis over their estimated useful lives as follows.

Computer equipment	- 3 years
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Programme related investments

Concessionary loans disbursed for charitable preservation projects of the AHF's beneficiaries are initially recognised and measured at the amount paid. The carrying amount is adjusted in subsequent years to reflect repayments, and a provision is made for any estimated irrecoverable amounts. Provisions are estimated on the basis of the fair value of any amounts pledged to the AHF and are reassessed at each reporting date. Any resulting gains and losses are recognised in the Statement of Financial Activities in the year in which they arise. An additional general provision is made where the trustees consider it appropriate, based on historic bad debt performance.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of 90 days or less.

Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

2 Accounting policies (continued)

Financial instruments

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously

AHF 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 amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest

Taxation

The charitable company is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 to the extent that these are applied to its charitable objects

Employee benefits

The costs of short term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received

Termination benefits are recognised immediately as an expense when the charitable company is demonstrably committed

Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense to the Statement of Financial Activities as they fall due (see note 10).

Leases

Operating lease costs are charged to the Statement of Financial Activities as incurred, on a straight line basis over the term of the lease term

Fund accounting

Endowment fund

Contributions received for lending to preservation projects constituting a capital fund which cannot be expended, other than by loans

Designated lending fund

Resources allocated by the Board from the AHF's unrestricted funds to be available for lending and to constitute a reserve for bad debts on loans and for any loan-related expenditure which cannot be met from annual income

General fund

The general fund constitutes the free reserves of the charity from which running costs and non-refundable grants have to be paid

Restricted funds

Restricted funds represent grants received towards the cost of specific charitable programmes

3 Judgements and key sources of estimation uncertainty

In the application of the charitable company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements

Investment property

The trustees utilise regular valuations performed by independent valuers to assess the fair value of the AHF's investment properties. The valuation is based upon the key assumptions of estimated rental values and market based yields. With regard to redevelopments and refurbishments, future development costs and an appropriate discount rate are also used. In determining fair value the valuers make reference to market evidence and recent transaction prices for similar properties

Bad debt provision

The charitable company makes an estimate of the recoverable value of loan debtor balances. When assessing impairment of these, management considers factors including the current credit rating of the debtor, their financial performance, the payment profile and historical experience. See note 5 for details of the impairment provision made

Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

4 Analysis of government grants receivable	Endowment fund £	Restricted funds £	2018 total £	2017 total £
Historic England	-	1,250,397	1,250,397	1,257,375
Historic Environment Scotland	-	347,910	347,910	183,000
Cadw - Welsh Historic Monuments	-	28,000	28,000	17,800
Dept for Communities Northern Ireland	-	57,500	57,500	-
Historic England - Heritage Impact Fund	-	2,008	2,006	-
Historic Environment Scotland - Heritage Impact Fund	-	475,000	475,000	-
	-	2,160,813	2,160,813	1,458,175

The income from government grants was £2,160,813 (2017: £1,458,175) of which £Nil (2017: £9,800) was attributable to endowment funds and £2,160,813 (2017: £1,448,375) was restricted

5 Other grant income	Endowment fund £	Restricted funds £	2018 total £	2017 total £
Cywailh Legacy	-	86,437	86,437	-
Garfield Weston	-	50,000	50,000	-
The Pilgrim Trust	-	53,961	53,961	-
	-	190,398	190,398	-

The income from other grants was £190,398 (2017: £nil) and was entirely attributable to restricted funds

6 Losses on loans and adjustments to the bad debt provision	Endowment fund £	Unrestricted funds £	2018 total £	2017 total £
Repayment of loans previously provided for	-	-	-	(61,465)
	-	-	-	(61,465)
Increase / (decrease) in the loan bad debt provision:				
Loan capital - endowment - specific	529,527	1,257	530,784	12,014
Loan capital - endowment - general	(31,970)	-	(31,970)	17,872
Loan interest	-	11,983	11,983	14,486
	497,557	13,240	510,797	44,372

In recognition of the increasingly difficult lending environment in which the AHF needs to operate, and the consequent increase in risk that such funds may not be recoverable in full despite the AHF's best efforts, the AHF's trustees decided to create in 2013/14 an additional general bad debt provision of 4% on the balance of loan capital not specifically provided for. The rate of 4% was based on a review of the AHF's bad debt performance over the previous decade. On the basis of updated information, the Trustees consider that a rate of 4.2% is appropriate for 2017/18 as for 2016/17.

Loans disbursed and loan interest receivable are stated after provisions for impairment amounting to £751,952 (2017: £950,440)

Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

7	Analysis of total resources expended	Staff costs (Note 10) £	Grants (Note 8) £	Direct costs £	Publication costs £	Heritage Trust Network £	Support costs			2018 Total £	2017 Total £
							Premises costs £	Depreciation £	Other costs £		
Resources expended											
	Costs of generating funds (unrestricted)	-	-	-	-	-	2,422	-	23,434	25,856	39,835
	Loan-related activities	93,483	-	28,957	-	-	5,410	-	553,812	681,662	117,288
	Grantmaking	110,141	1,495,805	-	-	-	11,972	-	237,943	1,855,861	1,359,213
	Capacity building	137,472	-	-	-	-	10,410	-	100,110	247,992	242,319
	Annual Review and other publications	39,615	-	-	23,107	-	1,036	-	18,205	81,963	55,778
	Net contribution to the Heritage Trust Network	-	-	-	-	5,000	-	-	-	5,000	5,000
	2018 total	380,711	1,495,805	28,957	23,107	5,000	31,250	-	933,505	2,898,334	1,819,433
	2017 total	311,139	1,115,064	13,652	29,548	5,000	31,979	-	313,051	1,819,433	

Loan-related activities include gains on loans of EN1 (2017 £61,475) and a net increase of £510,797 (2017 £44,372) in the provision for bad debts, as detailed in Note 6

Other support costs of £933,505 (2017 £313,051) include:

	2018 £	2017 £
General office and administration	31,550	62,987
Accommodation, travel & subsistence	23,428	20,109
Repayment of loans previously provided for	-	(61,465)
Increase in the provision for bad debts	510,797	44,372
Investment property management (external)	14,855	12,685
Regional support initiative	275,081	162,568
Other costs	48,597	22,358
Governance costs	29,197	49,437
	933,505	313,051

Expenditure on charitable activities was £2,872,479 (2017 £1,779,598) of which £497,557 (2017 £229,325) was attributable to endowment funds. £1,892,874 (2017: £409,935) was restricted and £482,047 (2017: £531,719) was unrestricted

Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

8 Non-refundable grants	Offered	Withdrawn	2018	2017
	£	£	Net charge £	Net charge £
Core initiatives:				
Project viability	371,335	(22,305)	349,030	182,173
Project development	1,234,918	(159,650)	1,075,268	926,583
Special initiatives:				
Cold spots (scheme no longer active)	-	-	-	(2,040)
Challenge fund	-	-	-	(3,452)
	<u>1,606,253</u>	<u>(181,955)</u>	<u>1,424,298</u>	<u>1,103,264</u>
	number	number		
Project viability	84	12		
Project development	71	16		
	<u>155</u>	<u>28</u>		

Restricted Grantmaking expenditure £1 787 111 (2017 £1,327,641) in the Statement of Financial Activities also includes Support Officer costs and grant related overheads

9 Net movement in funds	2018	2017
	£	£
The net movement in funds is arrived at after charging:		
Depreciation	-	-
Auditors' remuneration - current year audit	16,020	15,000
Auditors' remuneration- previous year	-	82
Auditors' remuneration- non-audit services	12,641	22,891
Operating lease charges - land and buildings	19,811	20,000
Operating lease charges- office equipment	1,453	2,762

Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

10	Employees	2018	2017
		number	number
	Average monthly number of employees during the year	8	5
	The number of employees whose remuneration exceeded £60 000 was		
	£80 001-£90 000	-	1

Key management comprises the trustees and the chief executive. Total key management personnel remuneration was £61,385 (2017: £87,248)

Staff costs comprise:	2018	2017
	£	£
Salaries	318,822	255,203
Social security costs	31,482	25,579
Pension contributions	20,074	19,510
Other staff costs	10,333	10,647
	380,711	311,139

The AHF operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the AHF in an independently administered fund. At 31 March 2018 no pension contributions were outstanding (2017: £nil)

11 **Members of the Board**

Some of the Members of the Board are also directors or trustees of, or consultants to, organisations that receive financial assistance from the AHF or with which the AHF has an arm's length business relationship. In those circumstances, the Member is required to disclose his or her interest at the meeting at which the application is considered and takes no part in the Board's decision on the application. Any financial assistance is given in the ordinary course of the AHF's activities. The following Members of the Board are involved with organisations which have received financial assistance from the AHF during the year: Ms Elizabeth Davidson and Mr Richard Keen.

During the year, 2 Members (2017: 7) of the Board incurred expenses for travel and subsistence amounting to £1,390 (2017: £1,145), none received any remuneration from the AHF.

12 **Commitments**

Loan commitments	2018	2017
	£	£
The AHF had the following loan commitments at the year end:		
Contracted but not yet fully disbursed	405,503	265,000
Offered but not yet contracted	1,780,000	2,029,200
Total Commitments	2,185,503	2,294,200

Operating leases

At 31 March 2018 the total of the AHF's future minimum lease payments under non-cancellable operating leases was:

	2018	2017
	£	£
Amounts due within one year	22,762	22,762
Amounts due between two and five years	37,677	60,439
Amounts due after five years	-	-
	60,439	83,201

Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

13	Investment property	2018	2017
		£	£
	Friars Walk, Market Place, Burton upon Trent, Staffordshire:		
	Fair Value		
	At 1 April 2017	500,000	500,000
	Net fair value gains or losses	118,000	-
	At 31 March 2018	<u>618,000</u>	<u>500,000</u>

Friars Walk was acquired by the AMF in April 2009 in full settlement of an overdue loan on the property at a book value of £500,000 with capital and interest losses having been fully provided for in previous years. The fair value of £618,000 at 31 March 2018 is in accordance with a valuation by an independent examiner dated 7th September 2018.

14	Other tangible assets	Computer equipment	Total
		£	£
	Cost		
	At 1 April 2017	17,237	17,237
	At 31 March 2018	<u>17,237</u>	<u>17,237</u>
	Depreciation		
	At 1 April 2017	17,237	17,237
	Charge for the year	-	-
	At 31 March 2018	<u>17,237</u>	<u>17,237</u>
	Net book value		
	At 31 March 2018	-	-
	At 1 April 2017	-	-

The fixed assets are mainly used for direct charitable activities

15	Financial instruments	2018	2017
		£	£
	Carrying amount of financial assets		
	Debt instruments measured at amortised cost	409,251	702,248
		<u>409,251</u>	<u>702,248</u>
	Carrying amount of financial liabilities		
	Measured at amortised cost	2,953,804	3,062,075
		<u>2,953,804</u>	<u>3,062,075</u>

16	Loans disbursed for preservation projects	2018	2017
		£	£
	Loan capital	6,682,666	7,682,653
	Refundable project development grants	12,255	12,255
	Loan capital bad debt provision	(738,712)	(907,003)
		<u>5,936,209</u>	<u>6,767,805</u>

17	Creditors	2018	2017
		£	£
	Outstanding non-refundable grant offers	2,017,632	2,089,282
	Heritage England - Challenge fund advance	800,000	800,000
	Garfield Weston - Support officer and grants programme advance	100,000	150,000
	Trade creditors	11,712	6,393
	Tax and social security	10,477	8,138
	Accruals and deferred income	157,454	148,740
		<u>3,097,275</u>	<u>3,202,553</u>

Deferred income

Deferred income as at 1 April 2017	132,340	106,265
Resources deferred in the year	65,994	-
Resources released in the year	(65,340)	(83,745)
Deferred income as at 31 March 2018	<u>132,994</u>	<u>132,340</u>

Income deferred in the year relates to funding towards setting up the Heritage Impact Fund scheduled to launch in 2018/19 and funding from the Prince's Regeneration Trust to manage their BRICKworks website from April 2018 onwards.

18 Analysis of net assets between funds

	Endowment Funds	Restricted Funds	Unrestricted Funds	Total Funds
	£	£	£	2018
				£
Fund balances at 31 March 2018 represented by:				
Fixed assets - investment property	618,000	-	-	618,000
Fixed assets - investments	5,421,680	-	514,529	5,938,209
Current assets	4,775,366	4,004,481	1,891,486	10,671,313
Current liabilities	-	(2,977,125)	(120,151)	(3,097,275)
Total net assets	<u>10,815,046</u>	<u>1,027,337</u>	<u>2,285,864</u>	<u>14,128,247</u>

Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

16 Funds

	Unrestricted funds				Total £
	Designated lending fund £	General fund £	Restricted fund £	Endowment fund £	
Balance at 1 April 2017	1,893,219	450,000	119,000	11,642,096	14,104,315
Net movement of funds for the year:					
Endowment fund - loan bad debt write-offs and provisions	-	-	-	(497,557)	(497,557)
(Deficit)/Surplus for the year	-	(54,848)	458,337	-	403,489
Net gains/(losses) on investment property				118,000	118,000
Transfers	(78,290)	73,783	450,000	(447,493)	-
Balance at 31 March 2018	1,816,929	468,935	1,027,337	10,815,046	14,128,247

In order to maintain general reserves of not less than one year's expenditure on core costs and initiatives, based on the average annual expenditure from unrestricted funds over the three year period ended 31 March 2018, £73,783 was transferred from the designated lending fund to the general fund

£2,507 was transferred from the general fund to the endowment fund in agreement with Historic England, being the reallocation of certain withdrawn grant offers.

The transfer of £450,000 from the endowment fund to the restricted fund is in agreement with Historic England, being the reallocation of the Challenge Fund grant.

Endowment fund

The balance at 31 March 2018 of £10,815,046 comprises the following:

Source	Geographical area	2018 £	2017 £
<i>Restricted for lending in geographical areas</i>			
Historic England		5,474,443	6,243,483
The Department for Digital Culture, Media & Sport (DCMS)		435,000	435,000
	England	5,909,443	6,678,483
Historic Scotland	Scotland	4,065,675	4,155,875
Cadw: Welsh Historic Monuments	Wales	447,000	447,000
<i>Not geographically restricted</i>			
UK Government	UK-wide	392,928	360,858
		10,815,046	11,642,096

Endowment funds restricted by source. analysis of movement during the year

	England	Scotland	Wales	UK-wide	Total
	£	£	£	£	£
Balance at 1 April 2017	6,678,483	4,155,675	447,000	360,858	11,642,096
Loan capital bad debt provisions	(439,527)	(90,000)	-	31,970	(497,557)
Net gains/(losses) on investment property	118,000				118,000
Transfers	(447,493)	-	-	-	(447,493)
Balance at 31 March 2018	5,909,443	4,065,675	447,000	392,928	10,815,046

Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

18 Funds (continued)

Restricted fund	Balance at	Movement in resources			Balance at
	1st April 2017 £	Income £	Expenditure £	Transfers £	31st March 2018 £
Grants in support of core initiatives					
Historic England	-	1,060,002	(1,060,002)	-	-
Historic Environment Scotland	-	347,910	(347,910)	-	-
Cadw Welsh Historic Monuments	-	28,000	(28,000)	-	-
Dept for Communities Northern Ireland	-	57,500	(57,500)	-	-
Garfield Weston	-	50,000	(50,000)	-	-
The Pilgrim Trust	-	53,961	(53,961)	-	-
Historic England - <i>Heritage Impact Fund</i>	-	2,006	(2,006)	500,000	500,000
Historic Environment Scotland - <i>Heritage Impact Fund</i>	-	475,000	-	-	475,000
	-	2,074,379	(1,599,379)	500,000	875,000
Grants in support of the Regional Support Officers initiative:					
Historic England	-	190,395	(190,395)	-	-
Grants in support of the Cywaith Legacy Fund					
Cywaith:Gwynedd Buildings Preservation Trust	-	86,437	(34,100)	-	52,337
Grants in support of the SBPT Legacy Fund:					
Strathclyde Building Preservation Trust	69,000	-	(69,000)	-	-
Grant in support of the Heritage Enterprise development initiative:					
Historic England	50,000	-	-	(50,000)	-
Restricted fund totals	119,000	2,351,211	(1,892,874)	450,000	1,027,337

Grants in support of core initiatives fall into two categories: match-funding for the AHF's Project Viability Grants and Project Development Grants, and general funding in support of these schemes and related aspects of the AHF's core aims and objectives.

The Heritage Impact Fund is scheduled to launch in late 2018. It is a new revolving fund for the UK, administered by the AHF. It is designed to assist communities to find enterprising new uses for historic buildings they value and to produce socially-beneficial heritage projects. Alongside the fund will be a business support service to assist community and social enterprises to develop stronger governance and business models.

The Support Officer initiative, which was introduced in 2012, is to assist local communities who are seeking to rescue and re-use a historic building which they value. The AHF places particular emphasis on targeting help towards supporting community enterprises that wish to set up and/or grow their businesses in historic buildings, particularly those that are at risk and/or transferred from public ownership. This initiative was expanded during the year ended 31 March 2017 and is now UK wide with 11 Support Officers in post. Funding is in place until 2019.

A new grants fund, the Cywaith Legacy Fund, was launched in Wales in November 2017, established with the sum of £86,436 transferred to the AHF on the winding-up of Cywaith, the Building Preservation Trust for Gwynedd. The Fund is open to applications from charities and social enterprises with eligible projects located in the BPT's former area of operation in north west Wales. The first grant offer was made in December 2017 and was notable for being the first application in the AHF's history to be submitted in the Welsh language (a £5,000 Project Development Grant to Hafod Ceiri for Capel MC, Llithfaen). Two more grants were awarded during 2017-18, to Anglesey Column Trust (£5,000 Project Viability Grant) and Antur Waunfar (£24,100 Project Development Grant for Porth y Aur, Caernarfon).

The SBPT legacy fund was created in November 2015 with an award of £69,000 from Strathclyde Building Preservation Trust. In February 2017, a capital grant offer of £69,000 was made to the Scottish Veterans Garden History Association (trading as 'Houses for Heroes') who have now completed the restoration of Shawmuir Lodge as a home for a veteran.

Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

19 Reconciliation of Net Income to Net Cash Inflow from Operating Activities

	2018 £	2017 £
Net (expenditure)/income for the year	(94,068)	81,345
Adjustments for:		
Depreciation charges	-	-
Interest and rents from investments	(396,427)	(395,072)
Endowment fund income	-	(9,800)
(Increase)/decrease in debtors	2,258,864	(933,702)
Increase/(decrease) in creditors	(105,278)	509,717
Net cash provided by/ (used in) operating activities	<u>1,663,091</u>	<u>(747,512)</u>

20 Analysis of cash and cash equivalents

	2018 £	2017 £
Cash in hand	10,251,517	8,105,319
Total cash and cash equivalents	<u>10,251,517</u>	<u>8,105,319</u>

Appendix 1 Full list of grants awarded

England – Department for Digital, Culture, Media and Sport

Project Viability Grants

Organisation	Building	Grant award (£)
30 Chapel Street Ltd.	30 Chapel Street, Bradford, West Yorkshire	7,500
Acumen Community Buildings	Old Rectory, Houghton le Spring, Sunderland	5,000
Age Concern Southend-on-Sea CIO	Havens Department Store, Westcliff-on-Sea, Essex	4,980
Age UK Sheffield	Old Coach House, Hillsborough Park, Sheffield	6,900
Asylum	Caroline Gardens Chapel, Peckham, London	5,000
Bourne Town Hall Trust	Bourne Town Hall, Lincolnshire	5,000
Broadstairs & St Peter's Town Council	Pierremont Hall, Broadstairs, Kent	2,250
Bursledon Brickworks Museum Trust	Bursledon Brickworks Museum, Southampton	3,200
Canal & River Trust	Bunbury Lock Stables & Warehouse, Cheshire	5,000
Chilli Studios	Byker Art Hub, Newcastle upon Tyne	2,400
Churchill Forge Trust	The Forge, Churchill, Kidderminster, Worcs.	5,000
Crescent Arts	Children's Corner, South Bay, Scarborough	5,000
Exchange Creative Community CIC	Trinity Methodist Church, Morecambe, Lancs.	5,000
Exchange Creative Community CIC	Trinity Methodist Church, Morecambe, Lancs.	2,500
Friends of Hopwood Hall Estate	Hopwood Hall, Rochdale, Greater Manchester	5,000
Friends of Plympton St Maurice Guildhall	Plympton St Maurice Guildhall, Plymouth	5,000
Friends of the Manor House	The Manor House, Ilkley, West Yorkshire	5,000
Friends of the Old Town Hall	Old Town Hall, Sheffield	4,600
Growing Sudley CIC	Sudley Walled Garden, Liverpool	5,000
Heritage Trust of Lincolnshire	2-4 Market Place, Caistor, Lincolnshire	4,000
King's Theatre Trust	King's Theatre & 24-28 Albert Road, Portsmouth	5,000
Minehead Connect CIC	The Old Hospital, Minehead, Somerset	4,500
National Millwrighting Centre CIC	Sutton Mill & Granary, Norfolk	5,000
New Mechanics' Institution Pres. Trust	Cricketers' Arms, Swindon, Wiltshire	3,000
North of England Civic Trust	Warwick Bridge Corn Mill, Cumbria	4,500
Oswestry Community Action	Queen's Buildings, Oswestry, Shropshire	5,000
Our Yard	Clitterhouse Farm, Brent Cross, LB of Barnet	5,000
Ouseburn Trust	Horatio Vaults, Newcastle upon Tyne	5,000
Salford Red Devils Foundation	Buile Hill Park Mansion, Salford, Gtr. Manchester	7,125
Saltash Town Council	Saltash Station Building, Cornwall	5,000
Sessions House CIC	Spilsby Theatre, Lincolnshire	5,000
Shabang Inclusive Learning	Providence Baptist Chapel, Slaithwaite, West Yorks.	7,300

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Shirehampton Public Hall Community Association	Shirehampton Public Hall, Bristol	5,000
South Station CIC	975-7 Stockport Road, Levenshulme, Manchester	5,000
The Station Building, Mytholmroyd	The Station Building, Mytholmroyd, West Yorkshire	5,000
Thornton & Allerton Community Association	South Square, Thornton, Bradford, West Yorks.	5,000
Wandle Valley Regional Park Trust	Culver's Lodge, Wallington, LB of Sutton	5,000
Wath Hall Ltd.	Wath Hall, Wath-upon-Dearne, South Yorks.	5,000
West Midlands HBT	Master's House & St Michael's Chapel, Saltisford, Warks.	5,000
Wigmore Centre CIC	St James' Church, Wigmore, Herefordshire	3,000
Winsford Town Council	Brunner Guildhall, Winsford, Cheshire	7,100
Worcestershire BPT	Willow Court Farmhouse, Droitwich, Worcs.	7,500
	TOTAL PVGs	207,355

Project Development Grants

Organisation	Building	Grant award (£)
Beacon House	Garrison Pharmacy, Colchester, Essex	5,000
Berwick Community Trust	Old Brewery, Berwick-upon-Tweed, Northumberland	20,200
Blackpool Grand Theatre Trust	Grand Theatre, Blackpool, Lancashire	26,948
Borlase Smart John Wells Trust	Anchor Studio, Newlyn, Cornwall	13,800
Bovey Tracey Paradiso Arts Ltd.	King of Prussia, Bovey Tracey, Newton Abbot, Devon	18,500
Brampton Abbots Community Regeneration Group	St Michael's & All Angels Church, Ross-on-Wye, Herefordshire	10,000
Chamberlain Highbury Trust	Highbury, Moseley, Birmingham	25,000
Cleveland Pools Trust	Cleveland Pools, Bath	26,500
Colchester & North East Essex BPT	Balkerne Water Tower, Colchester, Essex	30,000
Derbyshire Historic Buildings Trust	Wingfield Station, South Wingfield, Derbyshire	25,000
Emerson College Trust	Pixton House, Forest Row, East Sussex	19,000
Exchange Creative Community CIC	Trinity Methodist Church, Morecambe, Lancashire	25,000
Godolphin Cross Community Association	Old Chapel, Godolphin Cross, Helston, Cornwall	14,000
Goodwin Development Trust	Avenues Adult Education Centre, Hull	25,000
Granby Four Streets CLT	Granby Four Streets, Liverpool	29,150
Grand Union Studios Ltd.	The Junction Works, Digbeth, Birmingham	25,000
Great Yarmouth Preservation Trust	North West Tower, North Quay, Great Yarmouth, Norfolk	11,750
Heart of Hastings CLT	12 Claremont, Hastings, East Sussex	25,000
Heritage of London Trust Operations	St George's Garrison Church, Woolwich	4,100
Heritage Trust of Lincolnshire	Old King's Head, Kirton, Lincolnshire	20,000
Heritage Trust of Lincolnshire	Old King's Head, Kirton, Lincolnshire	5,000
Historic Coventry Trust	Various buildings in Coventry	25,000
Historical Diving Society	No. 2 Battery, Gosport, Hampshire	20,000
Horfield Common CIC	Ardagh Pavilion, Horfield Common, Bristol	21,000
Jazz Hands CIC	Palace Theatre, Paignton, Devon	6,000

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King Edward VI College Site Foundation	The Mansion, 36 Fore Street, Totnes, Devon	27,760
Laxton Community Group	Laxton Village Hall, Laxton, Newark, Notts.	10,000
Long Live Southbank	Queen Elizabeth Hall Undercroft, South Bank Centre, LB Lambeth	21,000
Luton Culture	Hat Workshop, Luton, Bedfordshire	25,000
Madeley Town Council / Anstice Community Trust	Anstice Memorial Hall, Madeley, Telford, Shropshire	25,000
New Mechanics' Institution PT	New Mechanics' Inst., Swindon, Wiltshire	25,000
	TOTAL PDGs	821,914
	TOTAL PVG & PDG OFFERS	1,029,269
Community Shares		
Friends of Stretford Public Hall	Stretford Public Hall, Manchester	5,000
Future Wolverton Ltd.	The Old School, Old Wolverton, Milton Keynes	5,000
	TOTAL	10,000
	TOTAL COMMITMENTS	1,039,269

England - National Capacity Building

Project Viability Grants

Organisation	Building	Grant award (£)
Alex Moulton Charitable Trust	The Hall Estate, Bradford on Avon, Wiltshire	5,000
Charing Palace Trust	Archbishop's Palace, Charing, Ashford, Kent	5,000
Codnor Castle Heritage Trust	Codnor Castle & Castle Farm, Notts.	2,500
Great Yarmouth Preservation Trust	St John's Church, Great Yarmouth, Norfolk	5,000
Lichfield Waterworks Trust	Sandfields Pumping Station, Lichfield, Staffs.	3,000
Melbourne Parish Council	Cemetery Chapels, Melbourne, Derbyshire	2,100
Norfolk Historic Buildings Trust	Becket's Chapel, Wymondham, Norfolk	5,000
Norwell Parish Heritage Group	Auld Cottage, Norwell, Newark, Notts.	4,500
Old Church Stanmore Working Group	St John the Evangelist, Harrow, London	5,000
St Andrews PCC	Christ Church, Crewe, Cheshire	5,000
Tyne & Wear BPT / Historic Chapels Trust	Westgate Chapel & Schoolroom, Bishop Auckland, Co. Durham	4,750
	TOTAL PVGs	46,850

Project Development Grants

Organisation	Building	Grant award (£)
Allen Valleys Enterprise Ltd.	Barney Craig Mineshop, Hexham, Northumberland	5,000
Auckland Castle Trust	West Mural Tower, Auckland Castle, Bishop Auckland, Co. Durham	5,000
Epiacum Heritage Ltd.	Whitlow 3, Kirkhaugh, Northumberland	3,750
Hinton Martell Village Hall	Hinton Martell Village Hall, Wimborne, Dorset	7,000
North of England Civic Trust	Camp Farm, Maryport, Cumbria	25,000
Sudbury Gasworks Res. Trust	Sudbury Gasworks, Ashbourne, Derbyshire	7,400
	TOTAL PDGs	53,150
	TOTAL PVG & PDG OFFERS	100,000

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Scotland

Project Viability Grants

Organisation	Building	Grant award (£)
Abbot House / Carnegie Dunfermline Trust	Abbot House, Dunfermline, Fife	1,000
Alba Heritage Trust	Dr Black Memorial Hall, Inverness	5,000
Ballachulish Community Association	Boatsheds, East Harbour, Ballachulish, Argyll	700
Birsay Heritage Trust	HMS Tern Control Tower, Twatt, Orkney	3,000
Catrine Community Trust	A M Brown Institute, Catrine, East Ayrshire	5,000
Coldstream Community Trust	Keith House, Coldstream, Scottish Borders	3,000
Dalgalvern Mill Trust	Waulk Mill, Dalgalvern Mill, Kilwinning, Ayrshire	4,000
Dumfries Historic Buildings Trust	Rosefield Mills, Dumfries	5,000
Earlsferry Town Hall Steering Group	Town Hall, Earlsferry, Fife	4,930
Eskdale Foundation	Police Station, Langholm, Dumfries & Galloway	4,950
Friends of the Britannia Panopticon Music Hall Trust	Britannia Panopticon Music Hall, Glasgow	5,000
Gilmerton House Kitchen Garden	Garden Bothy, Gilmerton House, North Berwick	3,000
Glasgow Building Preservation T	Pollok Stables & Courtyard Range, Pollok Park, Glasgow	3,000
North East Scotland Preservation Trust	5-13 Mid Street, Fraserburgh, Aberdeenshire	3,000
Saheliya	St Rollox House, Springburn Road, Glasgow	4,000
Tayside Re-Users	South Dudhope Mill, Dundee	5,000
Thornhill Collective	Old School, Thornhill, Dumfries & Galloway	4,000
TinCat CIC	Lauriston House, Glasgow	5,000
Whithorn Trust	45-7 George St., Whithorn, Dumfries & Galloway	1,300
	TOTAL PVGs	69,880

Project Development Grants

Organisation	Building	Grant award (£)
Deaf Connections	Former Gorbals Library, 100 Norfolk St, Glasgow	23,000
FEAT Trading CIC	Silverburn Flax Mill, Leven, Fife	24,000
Landmark Trust	Fairburn Tower, Muir of Ord, Highland	10,000
North East Scotland Pres. Trust	49-53 Bridge Street, Banff, Aberdeenshire	16,030
Ridge Foundations CIC	Black Bull Close, 72-74 High St, Dunbar, East Lothian	8,000
Shetland Amenity Trust	Halligarth, Unst, Shetland	10,000
Urras Dualchas Shiabost	Old Church, Shawbost, Isle of Lewis	9,000
	TOTAL PDGs	100,030
	TOTAL PVG & PDG OFFERS	169,910

Scotland - Community Development Fund

Project Development Grants

Organisation	Building	Grant award (£)
Action Party	Portobello Old Parish Church & Halls, Edinburgh	25,000
Bannockburn House Trust	Bannockburn House, Stirling	49,464
Coldstream Community Trust	Keith House, Coldstream, Scottish Borders	24,200
Kirkcudbright Development Trust	Johnston School, Kirkcudbright, Dumfries & Galloway	15,000
Leith Theatre Trust	Leith Theatre, Edinburgh	24,500
Oban Communities Trust	Rockfield School, Oban, Argyll & Bute	15,000
Springburn Winter Gardens Trust	Springburn Winter Gardens, Glasgow	15,000
	TOTAL PDGs	168,164

Wales

Project Viability Grants

Organisation	Building	Grant award (£)
Menter Cilycwm	Capel y Groes, Llandovery, Carmarthenshire	2,900
Pembrey Mountain Trust	Pembrey Gunnery Dome, Carmarthenshire	3,600
Welsh Georgian Trust	Gunter Mansion, Abergavenny, Monmouthshire	5,000
Welsh Georgian Trust	Foley House, Haverfordwest, Pembrokeshire	4,500
	TOTAL PVGs	16,000

Project Development Grants

Organisation	Building	Grant award (£)
Brymbo Heritage Trust	Agent's House, Brymbo Iron & Steel Works, Wrexham	12,000
Cardigan Building Preservation Trust	Cardigan Markethall, Ceredigion	4,960
Haverhub CIC	Old Post Office, Haverfordwest, Pembrokeshire	9,950
Llanfyllin Dolydd Preservation Trust	Master's House, Llanfyllin Workhouse, Powys	1,900
	TOTAL PDGs	28,810
	TOTAL PVG & PDG OFFERS	44,810

Wales – Cywaith Legacy Fund

Project Viability Grants

Organisation	Building	Grant award (£)
Anglesey Column Trust	Anglesey Column, Llanfair PG, Anglesey	5,000
	TOTAL PVGs	5,000

Project Development Grants

Organisation	Building	Grant award (£)
Hafod Ceiri	Capel MC, Llithfaen, Pwllheli, Gwynedd	5,000
Antur Waunfawr	Porth y Aur, Caernarfon, Gwynedd	24,100
	TOTAL PDGs	29,100
	TOTAL PVG & PDG OFFERS	34,100

Northern Ireland

Project Viability Grants

Organisation	Building	Grant award (£)
An Gaelaras	Scots Church, Derry	5,000
Annagh Social Farm CIC	Annagh House, Annagh, Aughnacloy, Co. Tyrone	3,500
Ballylough Living History Trust	Ballylough Bell Tower, Bushmills, Co. Antrim	1,500
Causeway Enterprise Agency	Bushmills Courthouse, Co. Antrim	5,000
Clonduff Development Enterprise Ltd.	St John's Parish Church, Hilltown, Co. Down	3,500
Irish Landmark Trust	Palmer's Old Corn Mill, Bushmills, Co. Antrim	2,750
Lagan Navigation Trust	The Stables, Navigation House, Lisburn	3,500
Sticky Fingers Arts	Imaginarium Arts Centre, Newry, Co. Down	1,500
	TOTAL PVGs	26,250

Project Development Grants

Organisation	Building	Grant award (£)
An Gaelaras	Scots Church, Derry	10,000
Open House Festival	Bangor Court House, Co. Down	13,750
	TOTAL PDGs	23,750
	TOTAL PVG & PDG OFFERS	50,000