

Company number: 3336101

Charity Number: 1061568

Action with Communities in Rural England

Report and financial statements
For the year ended 31 March 2017

Action with Communities in Rural England

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For the year ended 31 March 2017

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Action with Communities in Rural England

Reference and administrative information

For the year ended 31 March 2017

Status	The organisation is a charitable company limited by guarantee, incorporated on 19 March 1997 and registered as a charity on 26 March 1997.	
Governing document	The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association.	
Company number	3336101	
Charity number	1061568	
Registered office and operational address	Suite 109, Unit 9 Cirencester Office Park Tetbury Road, Cirencester Gloucestershire GL7 6JJ	
Country of registration	England & Wales	
Country of incorporation	United Kingdom	
Honorary officers	David Emerson CBE	Chairman
	Jeremy Leggett	Vice Chair
	Janet Thornton	Vice Chair
Principal staff	Richard Quallington	Interim Chief Executive (to 1 August 2017) Executive Director (from 1 August 2017) Company Secretary
Bankers	Lloyds plc 14 Castle Street Cirencester Gloucestershire GL 7 1QJ	
Solicitors	Stone King LLP 13 Queen Square Bath BA1 2HJ	
Auditor	Sayer Vincent LLP Chartered Accountants and Statutory Auditor Invicta House 108-114 Golden Lane LONDON EC1Y 0TL	

Action with Communities in Rural England

Directors' annual report

For the year ended 31 March 2017

The directors present their report and the audited financial statements for the year ended 31 March 2017.

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

Introduction

In preparing this report, the directors complied with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice – Accounting and Reporting by Charities (effective from January 2015).

Mission, objectives and activities

Purposes and aims

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

ACRE reviews its strategic priorities, aims and objectives on a regular basis as part of the annual business planning cycle. This year the board commissioned a more in depth assessment to inform ACRE's medium term business plan. This included an iterative engagement with members and stakeholders. The result, a substantially recast business plan, now reflects new priorities and ambitions for ACRE based upon feedback from stakeholders and an in depth analysis of need and the organisation's wider operating environment. This new business plan will carry the organisation forward for the next few years and will be reviewed on an ongoing basis as part of the organisation's evaluation plan.

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

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Directors' annual report

For the year ended 31 March 2017

Objectives

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

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

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

And our shared principles that together we will:-

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

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

Grant-making policy

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

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

Activities

Notwithstanding the reduced staff capacity during the year ACRE continued to focus broadly on the three key themes contained in the corporate plan; Sustain, Support and Speak Up which are underpinned by a strong rural intelligence resources provided by ACRE's members.

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

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

How our activities deliver public benefit

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

Achievements and performance

- 1 During 2016–17, ACRE continued to develop its strategy for advocacy on behalf of its end beneficiaries in three major directions:
 - Securing ongoing recognition of the value delivered by the ACRE Investment Agreement with the Department for Environment, Food and Rural Affairs (Defra) by ensuring effective delivery and by identifying impact;
 - Positioning ACRE Network members as primary agents of change in the implementation of localism and other government policies;
 - Capitalising on the ACRE Network's reach into rural communities and expertise in ensuring rural communities and particularly those most disadvantaged by rurality benefit from national policy initiatives.

- 2 ACRE continued to work hard to improve the monitoring and evidence gathering that supports and underpins the ACRE Network Agreement with Defra. With enhanced reporting, the development of a bank of case studies and examples of best practice to evidence impact, ACRE has been able to demonstrate more clearly to Defra the value of the agreement. This led the department to confirm its intention to extend the agreement for the lifetime of the parliament. Following the referendum and the decision to leave the European Union ACRE has developed closer links with the Defra team to ensure that grass roots intelligence, from The ACRE Network, on the implications of an exit from the EU on rural communities is effectively garnered to inform decision making within Defra and other government departments.

- 3 ACRE administers the Rural Community Buildings Loan Fund of £700,000, which offers financial support to village hall management committees to improve their facilities for their communities. During 2016–17, 51 loans were supported throughout the year, 8 new loans were approved at a value of £113,000. The total value of the loans outstanding at the end of the year was £419,436. At the year-end 4 further loans were under assessment totalling £144,000. An evaluation of the Rural Community Buildings Loan fund was completed and accepted by Defra.

- 4 The final year of the Village SOS campaign, a £1.4m Big Lottery funded 18 month project to stimulate and support enterprising projects in rural communities across the UK, concluded in February 2017. Over the lifetime of the programme the campaign has promoted the support available and cascaded messages of good practice through the ACRE Network and other partners to rural communities throughout the UK. Over 2800 people have attended training and networking sessions with over 450 grass roots projects being supported to progress their ambition to become more sustainable. The flexibility of the campaign has

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Directors' annual report

For the year ended 31 March 2017

ensured that Village SOS activity has dovetailed with and added value to, other local programmes and sources of support. Projects have been able to access expert advice relating to funding and investment, business planning, community consultation, legal structures/governance and promotion and marketing. The campaign piloted a new approach to community support and development by marrying the expertise available through a locally trusted intermediary with a national hub to ensure effective diagnostics and consistency of delivery. The independent evaluators concluded that the campaign had delivered a very positive contribution to promoting and supporting innovative rural action which had resulted in the retention, reintroduction and sustaining of many local facilities and services within rural communities. Following the conclusion of the campaign, ACRE and other partners continue to investigate how best to build on and expand the work and impact of Village SOS <http://acre.org.uk/news/2017-03-20-village-sos-successful-in-supporting-over-450-community-projects> so that this kind of one-to-one support for enterprising projects in rural communities can be continued in future.

- 5 ACRE concluded the Department for Communities and Local Government funded Neighbourhood Planning Mobilisation Project in May 2016. The project was jointly delivered by ACRE and the Campaign to Protect Rural England (CPRE) and involved running a series of Neighbourhood Plan roadshows in the spring of 2016 to promote the benefits of Neighbourhood Planning to communities that hadn't engaged with the process. A total of 783 attendees participated in the 10 events, with case studies produced to support each event.
- 6 ACRE's Village Hall Information and Advice Service provided support for the ACRE Network members during the year. ACRE's Honorary Legal Adviser, Jonathan Dawson, retired in September 2016 so ACRE ensured that the Model documents were reviewed before that date. ACRE entered into an agreement with BWB, Solicitors to deliver a legal support service for ACRE Network advisers. The annual residential training event took place in Stratford upon Avon which attracted 34 delegates from the ACRE Network. The National Village Hall and Community Buildings Network was established during the year to replace the National Village Halls Forum. Over 300 halls have signed up and received 5 Bulletins to keep them informed of legislative and policy development issues. In January 2017 ACRE organised a dedicated training day for 33 ACRE Network Advisers to learn about the process of changing a village hall trust into a Charitable Incorporated Organisation (CIO).
- 7 In pursuance of its role of speaking up for rural communities, ACRE continued its engagement in a wide range of national advisory and steering groups including The Rural Housing Network. ACRE has also provided the secretariat for the Age Action Alliance Transport Working Group run by the Department for Work and Pensions and has been an active participant on the Arts Council Stakeholder Group and the Flood and Coastal Erosion Risk Management Stakeholder Group as well as being part of the Plunkett Foundation's frontline advisory group. ACRE has also been represented at workshops to consider successor programmes to the EU Structural Funds, Defra's LEP roundtable and the EU RDPE Programme Monitoring Committee meetings.

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For the year ended 31 March 2017

- 8 In support of rural communities and supporting the ACRE Network, ACRE staff spoke at 4 National and Network Conferences. These included:- Community Development Action Hertfordshire and East Hertfordshire District Council's Community Buildings Conference; Suffolk Community Action's Community Buildings Conference; Community Action Dorset's Youth, Village Hall & Community Conference as well as the Causeway Coast and Glens Borough Council – Community Centres Conference in Northern Ireland.
- 9 ACRE provided evidence on 3 Select Committee Calls for Evidence and 1 Enquiry as well as responding to 7 Government, 1 Charity Commission and 1 Performing Right Society consultation. ACRE provided evidence and responded to consultations on behalf of the ACRE Network to The Law Commission on technical issues in charity law, and DECC on changes to Feed in Tariff Accreditation and to HM Treasury on changes to the Landfill Tax (Amendment) Regulations 2016.
- 10 ACRE continued to engage in initiatives that affect rural residents in relation to energy issues. The organisation attended the DECC Ministerial Round table on heating oil and LPG supply and OFGEM Consumer group forum during the year and continued to support a number of major campaigns focusing on rural energy issues. These included Big Energy Saving Week, Big Energy Saving Network and national 'buy heating oil and LPG early' campaigns.
- 11 During the autumn ACRE delivered a campaign, funded by Smart Energy GB on behalf of the government, to promote smart meters to members of the ACRE Network oil buying groups and other off mains gas residents. ACRE coordinated the programme of activity and organised two training sessions for 22 staff from The ACRE Network. This training was then cascaded to 204 individuals. Regular briefings and resources were produced by ACRE with over 10,000 rural residents receiving information about smart meters.
- 12 Throughout the year ACRE continued to research and share best practice through the production of case studies utilising the skills and experience of the ACRE Network to highlight what works. Examples include:-
- | | |
|--|-----------------------------|
| Community Energy Plus | Humber & Wolds RCC |
| Community Centre Services | Durham Community Action |
| In Touch Digital Inclusion | Gloucestershire RCC |
| Community Rail Partnership | Bedfordshire RCC |
| CIL Workshops | CC Somerset |
| Penwith CDT | Cornwall RCC |
| Rural Network Initiative | Community Impact Bucks |
| Pilsley Village Hall (Asset Transfer) | Derbyshire Community Action |
| NDO Woodborough PC | Community First Wiltshire |
| Enabling Community Led Housing | Community First Yorkshire |
| Family Home Energy & Education Programme | CC Berkshire |
| Elwick PC Community Transport | Tees Valley RCC |
| Functional Fitness | Shropshire RCC |

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- 13 ACRE has continued to provide the secretariat for the Rural Coalition, a group of twelve significant national rural stakeholders representing private and non-statutory interests. They collectively subscribe to a vision for a living and working countryside in England. Given many shared values the Rural Coalition aims to support the delivery of a positive image of rural communities and to influence government policy and legislation for the benefit of all people who live and work in rural England. During 2016–17 the Rural Coalition appointed a new Chair and President and continued to develop positive relationships with Defra, with the minister responsible for rural issues, Lord Gardiner, Parliamentary Under Secretary of State for Rural Affairs and Biosecurity regularly attending meetings. Work was also started on future priorities including determining The Coalition's role following the result of the referendum to leave the European Union.
- 14 ACRE continued to strengthen its links with rural organisations based in Europe and was a member of the European Rural Community Alliance (ERCA). As the England lead partner for the European Rural Parliament ACRE also commenced preparations for one of 6 projects, Sustaining Rural Services & Infrastructure. This will involve working with a number of European Countries to produce a report and organise an international event in preparation for the European Rural Parliament gathering in Netherlands in late 2017.
- 15 ACRE continued to support its 38 members with guidance and advice on policy issues and provided the secretariat for the Network Steering Group, established to oversee collective change and development within The ACRE Network. Following the successful AGM and Autumn Conference in November 2016, the whole ACRE Network committed to a new concordat reaffirming the collective purpose and values of the 39 constituent members. ACRE subsequently commissioned further work to develop a Network Development Plan to drive transformational change across the Network with the aim of improving service delivery, consistency, impact and Network sustainability.

As the previous overview sets out, 2016/2017 has been a year of both opportunities and some notable successes for ACRE. Working with the challenges of limited staff capacity and a growing portfolio of activities and expectations has tested and also confirmed the resilience, creativity and flexibility of the highly motivated staff team, who have worked hard and, despite these challenges, achieved this extensive range of laudable outcomes. However, ACRE has continued to feel the impact of the financial constraints imposed within central government and which continues to set a very challenging and uncertain operating environment in England for infrastructure charities such as ACRE.

One consequence of the financial constraints imposed by central government has been the ongoing uncertainty surrounding the future of government investment in the work of the ACRE Network in supporting rural communities to survive and thrive. However, following prolonged negotiations, the future of the agreement with government is looking more assured which enables both ACRE and its members to continue to plan for both a longer-term future of support to rural communities, and internal transformational change to ensure that the services and support available are more sustainable beyond the current round of public investment.

Financial review

Basis of preparation

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

The directors report net incoming resources of £52,561 (31st March 2016 incoming £6,866). Income from investments amounted to £176. The closing fund balances at the 31st March 2017 were £465,565.

The statement of financial activities (SOFA) shows that the total incoming resources for the year were £3,050,082 compared with £3,011,695 for the previous year.

During the year ACRE received £2,087,409 restricted income and £962,673 unrestricted income. A list of the restricted funds is included in note 17a. All incoming resources for the year have been secured specifically to advance the charity's strategic objectives.

Reserves policy

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

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

At 31 March 2017, the total reserves were:	£465,565
Restricted funds:	£13,930
Designated funds:	£32,142
Unrestricted funds:	£419,493

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With the exception of the remnants of the ACRE Network Development Fund the directors agreed to reassign unused designated reserves at the end of the financial year to the general unrestricted reserves to enable the organisation to maximise future opportunities.

Principal funding sources

The majority of ACRE's funding for 2016–17 came from a strategic grant paid by Defra, Big Lottery Village SOS programme and from membership fees paid by the ACRE Network members (Rural Community Councils) which belong to the ACRE Network. This funding was used to support ACRE's key themes of activity:

- Sustain
- Support
- Speak Up

Plans for future periods

Key objectives for 2017–18

During 2017, ACRE will continue to assess the impact that the government, post referendum, might have on its end beneficiaries in rural communities and how its own role in relation to supporting the work of Members might need to evolve and change in order to maximise the sustainability of services into the longer term. It will adopt and start to implement a new medium-term business plan developed following in-depth consultation with members and stakeholders. In delivering the business plan objectives ACRE's role will be specifically focused on all people living in rural areas of England but especially those who are at risk of isolation and disadvantage and for whom rurality brings an additional challenge and cost to their daily lives. Over the next few years ACRE's work will be driven by the following strategic priorities:-

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

Funds held as custodian

Defra investment in the ACRE Network

A further year of investment to enable the ACRE Network deliver support to rural communities within the key Defra priority themes was secured pending future funding decisions of the incoming government. The investment in support of rural communities through the Network amounted to £2,062,000 during the year. ACRE, as the national umbrella body of The Network, was the accountable body for these funds.

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ANPAC

ACRE has held funds on behalf of the National Parks Residents Association (ANPAC) for use only as designated by them. The Association did not draw down from this fund during 2016–17.

Rural Communities Buildings Loan Fund

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

Rural Coalition

ACRE undertakes the secretariat for the Rural Coalition. The funds from the membership were distributed as agreed by members during 2016/17 and the remnants carried forward to activity planned for 17/18.

Structure, governance and management

Organisational structure

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

Governance

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

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

During the year all directors gave of their time voluntarily and received no benefits from the charity. Any expenses reclaimed from the charity are set out in note 8 to the accounts. The directors are responsible for setting strategies and policies and for ensuring that these are implemented. In September 2016, following a period of considerable change, the directors decided to undertake a wholesale review of ACRE's Business Plan and instituted a comprehensive programme of member and stakeholder engagement prior to finalising the new three business plan which will carry the organisation through to 2020.

Management

The changes instituted and reported in the previous director's report have been consolidated during the financial year. The staffing structure has focused on retaining capacity to support the operational and leadership requirements of the organisation and a flatter more empowering management structure remains in place as is appropriate for a small staff team. The Executive Director (formerly Interim Chief Executive) retains responsibility for operational decisions and for delivering the organisation's strategic objectives.

Risk management

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

Register of interests

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

Related parties and connected organisations

ACRE receives membership subscriptions from its 38-member Rural Community Councils. In addition, ACRE works with members on joint initiatives. During 2016-17 a total of £2,062,000 was committed to members through the Defra/ ACRE Investment Programme.

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

Remuneration Policy

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

Action with Communities in Rural England

Directors' annual report

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pressures. Directors consider this information alongside the affordability for ACRE to inform and adjust salaries and remuneration accordingly.

Where appropriate ACRE employ's freelance personnel to undertake specific activities for the organisation including research, marketing, finance and management and leadership. Directors ensure that whilst the associated remuneration is sufficient to attract individuals with the skills, experience and competencies required, rewards are also benchmarked against sector averages for similar activity and levels of responsibility.

Member Community Councils at 31 March 2017

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

Statement of responsibilities of the directors

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

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

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For the year ended 31 March 2017

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

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

In so far as the directors are aware:

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

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

The Directors

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

Ivan Annibal	Appointed February 2017
Louise Beaton	Appointed February 2017
Dominic Driver	Elected November 2016
David Emerson CBE	Chair – elected November 2015
Jeremy Leggett	Vice Chair – elected 2015 (leave of absence December 2016 – August 2017)
Doff Pollard	Elected November 2016
John Rose	Elected November 2015
Janet Thornton	Vice Chair – elected November 2016
Mark Shucksmith OBE	Elected November 2015

Members of the charitable company guarantee to contribute an amount not exceeding £10 to the assets of the charitable company in the event of winding up. The total number of such guarantees at 31 March 2017 was 38 (2016 – 38). The Directors have no beneficial interest in the charitable company.

The directors' annual report has been approved by the directors on 6 November 2017 and signed on their behalf by

David Emerson
Chair

Independent auditor's report

To the members of

Action with Communities in Rural England

Opinion

We have audited the financial statements of Action with Communities in Rural England (the 'charitable company') for the year ended 31 March 2017 which comprise the statement of financial activities, balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 March 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 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 trustees' annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for

Independent auditor's report

To the members of

Action with Communities in Rural England

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.

Opinions 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
- The trustees' annual report has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, 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.

Independent auditor's report

To the members of

Action with Communities in Rural England

In preparing the financial statements, the trustees are responsible for assessing the 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 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

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

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment 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 purpose of expressing an opinion on the effectiveness of the entity's internal control.
- 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 entity'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

Independent auditor's report

To the members of

Action with Communities in Rural England

are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity 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.

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.

Jonathan Orchard (Senior statutory auditor)

14 November 2017

for and on behalf of Sayer Vincent LLP, Statutory Auditor
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Action with Communities in Rural England

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

For the year ended 31 March 2017

	Note	Unrestricted £	Restricted £	2017 Total £	Unrestricted £	Restricted £	2016 Total £
Income from:							
Donations and legacies	2	9,500	-	9,500	30,944	-	30,944
Charitable activities							
Sustain	3	859,584	2,077,014	2,936,598	522,165	2,331,055	2,853,220
Support	3	47,694	8,195	55,889	57,500	8,424	65,924
Speak Up	3	44,333	2,200	46,533	52,243	2,400	54,643
Services and sales	3	1,386	-	1,386	6,750	-	6,750
Investments	4	176	-	176	214	-	214
Total income		962,673	2,087,409	3,050,082	669,816	2,341,879	3,011,695
Expenditure on:							
Raising funds	5	11,634	-	11,634	30,278	-	30,278
Charitable activities							
Sustain	5	747,141	2,084,209	2,831,350	426,251	2,324,278	2,750,529
Support	5	91,512	10,626	102,138	105,743	8,424	114,167
Speak Up	5	50,835	-	50,835	101,239	323	101,562
Services and sales	5	1,564	-	1,564	8,293	-	8,293
Total expenditure		902,686	2,094,835	2,997,521	671,804	2,333,025	3,004,829
Net income / (expenditure) for the year	7	59,987	(7,426)	52,561	(1,988)	8,854	6,866
Transfers between funds		-	-	-	-	-	-
Net income / (expenditure) before other recognised gains and losses		59,987	(7,426)	52,561	(1,988)	8,854	6,866
Net movement in funds		59,987	(7,426)	52,561	(1,988)	8,854	6,866
Reconciliation of funds:							
Total funds brought forward		391,648	21,356	413,004	393,636	12,502	406,138
Total funds carried forward		451,635	13,930	465,565	391,648	21,356	413,004

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 21 to the financial statements.

Action with Communities in Rural England

Balance sheet

Company no. 3336101

As at 31 March 2017

	Note	£	2017 £	£	2016 £
Fixed assets:					
Tangible assets	12		211		724
			<u>211</u>		<u>724</u>
Current assets:					
Debtors	13	432,062		417,441	
Cash at bank and in hand		515,728		533,765	
Account for rural community buildings loan fund		280,564		290,470	
		<u>1,228,354</u>		<u>1,241,676</u>	
Liabilities:					
Creditors: amounts falling due within one year	14	(763,000)		(829,396)	
				<u>(829,396)</u>	
Net current assets / (liabilities)			<u>465,354</u>		<u>412,280</u>
Total net assets / (liabilities)			<u>465,565</u>		<u>413,004</u>
The funds of the charity:					
Restricted income funds	17		13,930		21,356
Unrestricted income funds:					
Designated funds		32,142		48,912	
General funds		419,493		342,736	
		<u>451,635</u>		<u>391,648</u>	
Total unrestricted funds			<u>451,635</u>		<u>391,648</u>
Total charity funds			<u>465,565</u>		<u>413,004</u>

Approved by the trustees on 6 November 2017 and signed on their behalf by

David Emerson
Chair

Action with Communities in Rural England

Statement of cash flows

For the year ended 31 March 2017

	Note	2017		2016	
		£	£	£	£
Cash flows from operating activities	18				
Net cash provided by / (used in) operating activities			(18,213)		62,840
Cash flows from investing activities:					
Dividends, interest and rents from investments		176		214	
Proceeds from the sale of fixed assets		–		500	
Net cash provided by / (used in) investing activities			176		714
Change in cash and cash equivalents in the year			(18,037)		63,554
Cash and cash equivalents at the beginning of the year			533,765		470,211
Cash and cash equivalents at the end of the year	19		515,728		533,765

1 Accounting policies

a) Statutory information

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

b) Basis of preparation

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

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

c) Public benefit entity

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

d) Going concern

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

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

e) Income

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

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

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

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

1 Accounting policies (continued)

f) Donations of gifts, services and facilities

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

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

g) Interest receivable

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

h) Fund accounting

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

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

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

i) Expenditure and irrecoverable VAT

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

Expenditure is classified under the following activity headings:

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

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

1 Accounting policies (continued)

j) Allocation of support costs

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

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

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

● Cost of raising funds	8%
● Sustain	50%
● Support	23%
● Speak Up	18%
● Services and sales	1%

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

k) Operating leases

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

l) Tangible fixed assets

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

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

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

● Fixtures and fittings	3 years straight line basis
-------------------------	-----------------------------

m) Debtors

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

n) Cash at bank and in hand

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

1 Accounting policies (continued)

o) Creditors and provisions

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

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

p) Financial instruments

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

q) Pensions

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

2 Income from donations and legacies

	Unrestricted £	Restricted £	2017 Total £	2016 Total £
Gifts	9,500	–	9,500	30,944
	<u>9,500</u>	<u>–</u>	<u>9,500</u>	<u>30,944</u>

Action with Communities in Rural England

Notes to the financial statements

For the year ended 31 March 2017

3 Income from charitable activities

	Unrestricted £	Restricted £	2017 Total £	2016 Total £
Sustain				
Defra support to rural communities	100,000	2,062,000	2,162,000	2,312,000
Rural communities buildings loan fund	19,984	-	19,984	19,078
Interest from RCAN account	-	14	14	55
Village SOS (Big Lottery)	630,717	-	630,717	369,104
NESTA – Good Neighbours Accelerating Ideas	-	-	-	2,315
DCLG – Neighbourhood Planning Mobilisation	-	-	-	100,000
Smart Energy	64,550	-	64,550	-
Esmee Fairburn Foundation	-	15,000	15,000	-
Membership	44,333	-	44,333	50,667
	<hr/>	<hr/>	<hr/>	<hr/>
Sub-total for Sustain	859,584	2,077,014	2,936,598	2,853,220
Support				
Aon	-	8,195	8,195	8,424
Calor gas	-	-	-	-
Conferences	2,110	-	2,110	1,833
Ecology Building Society	-	-	-	-
Enzygo	-	-	-	-
Plunkett Frontline Advisory Group	1,250	-	1,250	-
CHK Charities	-	-	-	5,000
Membership	44,334	-	44,334	50,667
	<hr/>	<hr/>	<hr/>	<hr/>
Sub-total for Support	47,694	8,195	55,889	65,924
Speak Up				
Rural Coalition	-	2,200	2,200	2,400
European Rural Parliament	-	-	-	1,577
Membership	44,333	-	44,333	50,666
	<hr/>	<hr/>	<hr/>	<hr/>
Sub-total for Speak UP	44,333	2,200	46,533	54,643
Sales; publications & furniture	834	-	834	1,000
Staff fees ACRE Quality Standards	552	-	552	5,750
	<hr/>	<hr/>	<hr/>	<hr/>
Sub-total for other charitable activity	1,386	-	1,386	6,750
	<hr/>	<hr/>	<hr/>	<hr/>
Total income from charitable activities	952,997	2,087,409	3,040,406	2,980,537

4 Income from investments

	Unrestricted £	Restricted £	2017 Total £	2016 Total £
Interest received	176	-	176	214
	<hr/>	<hr/>	<hr/>	<hr/>
	176	-	176	214
	<hr/>	<hr/>	<hr/>	<hr/>

Action with Communities in Rural England

Notes to the financial statements

For the year ended 31 March 2017

5 Analysis of expenditure

	Cost of raising funds £	Charitable activities					Governance costs £	Support costs £	2017 Total £	2016 Total £
		Sustain £	Support £	Speak Up £	Services and sales £					
Staff costs (Note 8)	6,433	68,077	38,737	27,020	624	11,331	43,453	195,675	316,499	
Direct costs	124	654,395	41,190	7,761	138	9,466	3,390	716,464	405,076	
Defra Grant to ACRE Network	-	2,062,000	-	-	-	-	-	2,062,000	2,231,012	
Rural Coalition expenditure	-	475	-	-	-	-	-	475	323	
Overheads	1,145	11,823	5,311	3,794	48	294	493	22,908	51,920	
	7,702	2,796,770	85,238	38,575	810	21,091	47,336	2,997,521	3,004,829	
Support costs	2,689	23,564	11,512	8,355	492	723	(47,336)	-	-	
Governance costs	1,243	11,016	5,388	3,905	262	(21,814)	-	-	-	
Total expenditure 2017	11,634	2,831,350	102,138	50,835	1,564	-	-	2,997,521	3,004,829	
Total expenditure 2016	30,278	2,750,529	114,167	101,562	8,293	-	-	3,004,830		

Of the total expenditure, £902,686 was unrestricted (2016: £671,804) and £2,094,836 was restricted (2016: £2,333,025).

Action with Communities in Rural England

Notes to the financial statements

For the year ended 31 March 2017

6 Grant making

	Grants to institutions £	Support costs £	2017 £	2016 £
Cost				
Allocation of Defra Grant	2,062,000	–	2,062,000	2,231,012
Smart Energy	52,100	12,450	64,550	–
DCLG – Neighbourhood Planning Mobilisation	–	6,734	6,734	93,266
At the end of the year	<u>2,114,100</u>	<u>19,184</u>	<u>2,133,284</u>	<u>2,324,278</u>

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

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

7 Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2017 £	2016 £
Depreciation	513	1,576
Operating lease rentals:		
Property	15,120	18,621
Other	1,312	2,267
Auditors' remuneration (excluding VAT):		
Audit	<u>4,500</u>	<u>4,500</u>

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

Staff costs were as follows:

	2017 £	2016 £
Salaries and wages	91,325	165,603
Redundancy and termination costs	–	32,763
Social security costs	9,858	13,905
Employer's contribution to defined contribution pension schemes	7,182	10,038
Other staff costs	<u>87,309</u>	<u>94,190</u>
	<u>195,674</u>	<u>316,499</u>

No employee earned more than £60,000 during the year (2016: nil).

Redundancy and termination costs comprises redundancy payments made in the prior year. There were no redundancies or termination costs in the current year.

There were no employee benefits including pension contributions paid to key management personnel during the year as the individuals concerned were self employed. The key management personnel costs totalled £65,870 (2016: £78,180)

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2016: £nil). No charity trustee received payment for professional or other services supplied to the charity (2016: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £1,490 (2016: £3,279) incurred by 9 (2016: 6) members relating to attendance at meetings of the trustees.

Action with Communities in Rural England

Notes to the financial statements

For the year ended 31 March 2017

9 Staff numbers

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

	2017 No.	2016 No.
Raising funds	0.2	0.3
Sustain	1.5	2.0
Support	0.7	1.0
Speak up	0.5	0.8
Governance	0.1	0.1
	3.0	4.2
	3.0	4.2

10 Related party transactions

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

	2017 £	2016 £
Action Hampshire	56,420	61,043
Action in rural Sussex	59,850	64,757
Action with Communities in Cumbria	62,220	67,314
Action with Communities in Rural Kent	62,550	67,677
Bedfordshire Rural Communities Charity	45,135	48,834
Cambridgeshire ACRE	55,790	60,363
Cheshire Community Action	49,880	53,963
Community Action Isle of Wight	42,735	46,237
Community Action Norfolk	64,405	69,684
Community Action Northumberland	53,540	57,932
Community Action Suffolk	57,220	61,913
Community Council for Berkshire	43,990	47,591
Community Council for Somerset	55,640	60,200
Community Council of Staffordshire	53,540	57,926
Community Development Action Hertfordshire	48,065	52,003
Community First in Herefordshire and Worcestershire	55,475	60,022
Community First Oxfordshire	50,060	54,164
Community First, Wiltshire	51,890	56,141
Community First Yorkshire	88,050	95,267
Community Futures, Lancashire	55,870	60,450
Community Impact Bucks	49,240	53,279
Community Lincs	61,915	66,990
Cornwall Rural Community Charity	57,670	62,394
Devon Communities Together	67,110	72,612
Dorset Community Action	52,090	56,360
Durham Community Action	53,775	58,184
Gloucestershire Rural Community Council	49,525	53,585
Humber & Wolds Rural Community Council	52,995	57,341
Northamptonshire ACRE	50,870	55,042
Rural Action Derbyshire	55,810	60,381
Rural Community Action Nottinghamshire	51,240	55,441
Rural Community Council (Leicestershire & Rutland)	52,025	56,291
Rural Community Council of Essex	59,195	64,048
Shropshire Rural Community Council	50,680	54,835
Surrey Community Action	48,915	52,925
Tees Valley Rural Community Council	43,230	46,768
Warwickshire Rural Community Council	47,520	51,416
West of England Rural Network	45,870	49,627
	2,062,000	2,231,000
	2,062,000	2,231,000

Action with Communities in Rural England

Notes to the financial statements

For the year ended 31 March 2017

Smart Energy grants to network members were as follows:

	2017	2016
	£	£
Community Action Isle of Wight	1,850	-
Community Action Norfolk	4,350	-
Community Action Northumberland	4,150	-
Community Action Suffolk	4,200	-
Community Council for Berkshire	1,850	-
Community Council for Somerset	3,000	-
Community Council of Staffordshire	1,850	-
Community First in Herefordshire and Worcestershire	1,850	-
Community First Oxfordshire	3,350	-
Community First Wiltshire	3,000	-
Community Impact Bucks	1,850	-
Community Lincs	1,850	-
Devon Communities Together	1,850	-
Humber & Wolds Rural Community Council	1,850	-
Northamptonshire ACRE	1,850	-
Rural Action Derbyshire	3,000	-
Rural Community Action Nottinghamshire	1,850	-
Rural Community Council of Essex	1,850	-
Shropshire Rural Community Council	3,350	-
Warwickshire Rural Community Council	3,350	-
	<u>52,100</u>	<u>0</u>

DCLG grants to network members were as follows:

	2017	2016
	£	£
Action with Rural Sussex	-	32,100
Cambridgeshire ACRE	-	4,120
Community First Oxfordshire	-	4,200
Community First Wiltshire	-	3,930
Community Lincs	-	3,990
Durham Community Action	-	3,800
Rural Action Derbyshire	-	3,800
Shropshire Rural Community Council	-	4,080
	<u>-</u>	<u>60,020</u>

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

11 Taxation

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

12 Tangible fixed assets

	Computer equipment £	Total £
Cost or valuation		
At the start of the year	14,387	14,387
Disposals in year	-	-
At the end of the year	<u>14,387</u>	<u>14,387</u>
Depreciation		
At the start of the year	13,663	13,663
Charge for the year	513	513
Eliminated on disposal	-	-
At the end of the year	<u>14,176</u>	<u>14,176</u>
Net book value		
At the end of the year	<u>211</u>	<u>211</u>
At the start of the year	<u>724</u>	<u>724</u>

All of the above assets are used for charitable purposes.

13 Debtors

	2017 £	2016 £
Loans to rural community buildings under loan scheme	419,436	409,530
Other debtors	7,060	1,480
Prepayments	5,566	4,116
Accrued income	-	2,315
	<u>432,062</u>	<u>417,441</u>

14 Creditors: amounts falling due within one year

	2017 £	2016 £
Rural community buildings loan fund (Note 14a)	700,000	700,000
Trade creditors	3,767	30,506
Taxation and social security	23,558	25,231
Other creditors	23,707	73,430
Deferred income	11,968	229
	<u>763,000</u>	<u>829,396</u>

Action with Communities in Rural England

Notes to the financial statements

For the year ended 31 March 2017

14a Rural community buildings loan fund

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

	2017 £	2016 £
Funds advanced by Defra at 1 April 2016	<u>700,000</u>	<u>700,000</u>
Loans to rural community buildings:		
Outstanding at 1 April 2016	409,530	463,123
Made during year	113,000	107,500
Repayments during year	<u>(103,094)</u>	<u>(161,093)</u>
Outstanding loans at March 2017 (note 13)	<u>419,436</u>	<u>409,530</u>
Bank deposit on hand at 31 March 2017	<u><u>280,564</u></u>	<u><u>290,470</u></u>

15 Deferred income

Deferred income comprises:

	2017 £	2016 £
Balance at the beginning of the year	229	1,292
Amount released to income in the year	(229)	(1,292)
Amount deferred in the year	<u>11,968</u>	<u>229</u>
Balance at the end of the year	<u><u>11,968</u></u>	<u><u>229</u></u>

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

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

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

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	724	-	-	724
Net current assets	379,276	48,912	(15,908)	<u>412,280</u>
Net assets at 31 March 2016	<u><u>380,000</u></u>	<u><u>48,912</u></u>	<u><u>(15,908)</u></u>	<u><u>413,004</u></u>

Action with Communities in Rural England

Notes to the financial statements

For the year ended 31 March 2017

17a Movements in funds (current year)

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

17b Movements in funds (prior year)

	At 1 April 2015 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2016 £
Restricted funds:					
Aon	-	8,424	(8,424)	-	-
Rural Infrastructure for England (Big Lottery)	2,431	-	-	-	2,431
Defra rural communities	31	2,231,055	(2,231,012)	-	74
National Parks Residents Association (ANPAC)	2,787	-	-	-	2,787
DCLG – Neighbourhood Planning	-	100,000	(93,266)	-	6,734
Rural Coalition	7,253	2,400	(323)	-	9,330
Total restricted funds	12,502	2,341,879	(2,333,025)	-	21,356
Unrestricted funds:					
Designated funds:					
Contingency	20,000	-	-	(20,000)	-
ACRE Network Development Fund	79,129	-	(30,217)	-	48,912
Transitional costs 2015–2016	110,000	-	(95,877)	(14,123)	-
Total designated funds	209,129	-	(126,094)	(34,123)	48,912
General funds	184,507	669,815	(545,710)	34,123	342,735
Total unrestricted funds	393,636	669,815	(671,804)	-	391,647
Total funds including pension fund	406,138	3,011,694	(3,004,829)	-	413,004

Movements in funds (narrative)

Purposes of restricted funds

Aon

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

Rural Infrastructure for England (Big Lottery)

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

Defra rural communities support

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

National Parks Residents Association (ANPAC)

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

DCLG – Neighbourhood Planning Mobilisation

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

Rural Coalition

ACRE undertakes the secretariat for the Rural Coalition. The funds from the membership were distributed as agreed by members during 2016/17 and the remainder carried forward for activity planned in 17/18.

Purpose of designated funds

Contingency

The risk of unexpected expenditure which had driven the establishment of this fund in July 2014 did not materialise and the resource was therefore subsequently released back into the general reserve during the financial year 2015/16.

ACRE Network Development Fund

Formerly known as the Network development fund, this fund provides investment in initiatives and activities to improve outcomes for end beneficiaries and is focused on collaboration, the longer term sustainability and business development of the ACRE Network and to support the change management process. The project has been ongoing since 2015/16 and should be completed in 2017/18.

Transitional costs 2015/16

The ACRE Board agreed to set aside funds to complete the restructure and change management of ACRE during the financial year 2015/16.

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

	2017 £	2016 £
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	52,561	6,866
Depreciation charges	513	1,576
(Gains)/losses on investments		
Dividends, interest and rent from investments	(176)	(214)
(Profit)/loss on the disposal of fixed assets	–	(500)
(Increase)/decrease in debtors	(14,621)	73,916
(Increase)/decrease in loan fund cash	9,906	(53,593)
Increase/(decrease) in creditors	(66,396)	34,789
Net cash provided by / (used in) operating activities	(18,213)	62,840

19 Analysis of cash and cash equivalents

	At 1 April 2016 £	Cash flows £	At 31 March 2017 £
Cash at bank and in hand	533,765	(18,037)	515,728
Total cash and cash equivalents	533,765	(18,037)	515,728

20 Operating lease commitments

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

	Property		Equipment	
	2017 £	2016 £	2017 £	2016 £
Less than one year	11,340	2,400	–	657
One to five years	–	–	1,632	1,314
	11,340	2,400	1,632	1,971

21 Legal status of the charity

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