

**Company registered no: 03436993**  
**Registered charity no: 1065817**

**Octavia Foundation**  
(a charitable company limited by guarantee)

**Trustees' Annual Report and  
Financial Statements**

**Year ended 31 March 2019**

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## Trustees, Auditors, Bankers, Investment Advisors & Registered office

### Trustees

|                    |                        |
|--------------------|------------------------|
| G Godfrey          | (Chair)                |
| T Hopkins          | (Hon Treasurer)        |
| D Dunbar           |                        |
| I Amlak            |                        |
| L Cooper           | (Resigned 13/12/2018)  |
| R Stephens         | (Resigned 13/12/2018)  |
| Sandeep Katwala    | (Appointed 18/03/2019) |
| Executive Director | Reena Mukherji         |

### Secretary and Registered Office

Colin Hughes  
Secretary  
Emily House  
202-208 Kensal Road  
London W10 5BN

### Auditors

BDO LLP  
2 City Place  
Beehive Ring Road  
Gatwick, West Sussex  
RH6 OPA

### Bankers

HSBC  
Notting Hill Gate Branch  
25 Notting Hill Gate  
London  
W11 3JJ

### Investment Advisors

CCLA  
85 Queen Victoria Street  
London  
EC4V 4ET

### Company registered number

03436993

### Registered Charity number

1065817

## **Trustees' annual report**

The Trustees, who act as directors for the purposes of company law, present their annual report and financial statements of Octavia Foundation ('the Foundation') for the year ended 31 March 2019.

### **Objectives and Activities**

Our mission is to connect people affected by unemployment, ill health, social isolation or low incomes with opportunities for positive personal change.

We achieve this by supporting individuals living in Central and West London - primarily in the boroughs of Westminster, Kensington and Chelsea, Hammersmith and Fulham and Brent.

During the year, the Trustees continued to deliver projects and activities to support the achievement of our objectives. The Foundation has launched a new strategy, Better Lives 2021, to reach more isolated and lonely people through our activities and supporting other local charities by 2021.

### **Public benefit**

While developing and aligning our objectives and action plan for the year, the Trustees have taken into consideration the Charity Commission's public benefit requirements and guidance and are satisfied that the aims and objectives of Octavia Foundation fall within its charitable objectives, some of which are highlighted below, and are delivered for the public benefit.

### **Significant activities contributing to the achievement of our objectives**

The following five themes classify the variety of activities that we actively engage in to further our charitable objectives and purposes for public benefit. A breakdown of the income and expenditure is included within notes 2 and 3 on pages 16 and 17.

- Older and isolated people
- Young people and children
- Employment and training
- Financial inclusion
- Community involvement

Over 7,000 people have benefitted directly or indirectly from our services during 2018/19, which demonstrates our interest in and commitment to extending our services to meeting growing needs.

#### Older and isolated people

We have provided a wide range of activities that have supported older, isolated and vulnerable residents. These include:

- A gardening and handyman service that helped 467 older and disabled Octavia Housing tenants to maintain and improve their gardens and carry out small repairs to their homes
- An outreach and befriending service that helped 624 older and isolated people in Westminster and Kensington and Chelsea

## **Trustees' annual report (continued)**

### Young people and children

We have continued to provide a comprehensive programme of creative arts activities for young people at our digital media centre Base at the Reed. During the year we have supported 224 children and young people from diverse backgrounds and communities and worked with a wide range of partners supporting young people with learning and physical disabilities, or experiencing poor mental health.

### Employment and Training

In addition to continuing to help unemployed residents with information, advice, guidance, work placement and volunteering opportunities, we have also worked with other agencies to support residents who are interested in starting their own business. We have continued to work with Blenheim/CDP, a drugs and alcohol support agency to deliver Learn2Earn, a 12 week employability course. As a result we have directly and indirectly supported over 500 residents through this programme of work.

### Financial inclusion

Financial hardship continues to affect local residents on low incomes. We have continued to support residents by funding dedicated debt and welfare benefits advice sessions for residents delivered by Westminster Citizens Advice Bureau and with funding from the Friends of Octavia charity provided 107 small grants to residents in need of essential items. We have also continued to refer residents in need to local food banks in Westminster, Kensington and Chelsea and Brent.

### Community involvement

During the year the Trustees have provided small grants to local charities tackling loneliness and isolation through the Better Lives grants programme. The fund has distributed over £130,000 to 26 organisations reaching over 4,800 local people.

### Fundraising

The Trustees have continued to fundraise for our existing work and our planned expansion of activities to meet growing needs. This has included fundraising from trusts and foundations, companies, individuals involved in the Octavia Circle and other community activities.

## **Governance**

Octavia Foundation is a registered charity, incorporated as a company limited by guarantee operating under a Memorandum and Articles of Association. It was established to further the charitable purposes of Octavia Housing (a Registered Provider of social housing) including the provision of housing and amenities, services and associated facilities for the poor, the disabled and the elderly.

Under a 'uniting direction' scheme authorised by the Charity Commission for England and Wales, the assets and liabilities of the Octavia Hill Housing Trust Gift Fund were transferred to the Foundation on 1 October 2007. One freehold property and two long leasehold properties in West London were included in the assets transferred. Under the terms of the direction, these properties (and any surplus they generate) are to be used to provide accommodation for persons, preferably women, who are either greater than 50 years old and in necessitous circumstances or less than 50 years old and in necessitous circumstances by reason of disability, illness or accident.

## **Trustees' annual report (continued)**

The Trustees meet four times a year and are responsible for the overall strategy and policy of the Foundation. They monitor the activities of the Foundation ensuring that these fall within its charitable objectives and are delivered for the public benefit.

Day to day management of operations is led by the Executive Director and specific activities and projects are delivered by paid staff and supported by volunteers

The Foundation are registered with the fundraising regulator and adhere to their fundraising promise to make sure that our fundraising is legal, honest, open and respectful.

### **Connected undertakings**

The Foundation is a subsidiary of Octavia Housing, a Co-operative and Community Benefit Society and Registered Provider of Social Housing, and an exempt charity.

Octavia Housing provided the Foundation with £388k of unrestricted grant funding during the year and £32k of restricted grant funding, and additionally provides administrative and accounting services. Other major sources of funding are set out in note 2.

### **Financial performance in 2018/19**

The Foundation's operating income for the year was £0.9m. Total operating expenditure for the year was £1m. This is broadly in line with income and expenditure for the previous year and demonstrates the commitment of the Trustees to utilise some of the Foundation's unrestricted reserves in a planned and considered way to meet growing needs.

The Trustees set annual budgets and regularly review performance against budget on both income and expenditure.

### **Our future plans**

During the year, the Trustees have agreed a new strategy, Better Lives 2021, which seeks to significantly increase our reach and support more local people.

The experiences of the last year demonstrate that there continues to be a significant number of local people seeking our assistance. Over the last year we have significantly increased our reach. We have helped older and vulnerable people, increased our provision for young people and those seeking employment opportunities. As well as directly delivering activities and projects we have supported local charities with small grants to tackle loneliness and isolation in our communities. The Trustees expect this situation to continue for the foreseeable future and for our services to be needed more than ever in the coming year and beyond.

### **Reserves policy**

It is the policy of Octavia Foundation to maintain unrestricted funds at a sufficient level to cover management and administration costs for at least one year.

## **Trustees' annual report (continued)**

Due to increased activities in 2019/20, The Foundation will require reserves of some £1.2m to cover budgeted expenditure for the year to March 2020 in the event of any temporary interruption to its revenue funding.

Currently unrestricted reserves are £1.9m. The Trustees have agreed to use reserves of £0.7m during 2019/20 to fund planned expansion activities.

### **Investment policy**

Surplus cash balances are held in bank deposit accounts. No more than £85k is held in any one account so as to ensure that we are covered by the Financial Services scheme. The interest earned is used to support the Foundation's charitable projects.

The Foundation also has an investment portfolio. The Foundation's objective is to achieve capital growth, which over the long term will maintain the real value of the assets, and additionally to generate a reasonable level of income to be utilised on projects which further the objects of the Foundation.

Investment funds are managed by CCLA and the funds are invested in the COIF Charities Investment Fund which is a managed fund.

A summary of its objectives are:

- Over the long term to achieve a total return in excess of inflation.
- To provide as part of this return a reliable income stream that maintains its real value over time.
- Control volatility to 75% of the UK equity market.

The investments should be suitable for charities and, inter alia, exclude companies that have any involvement in the production of landmines or cluster bombs including critical parts, companies that have considerable involvement in tobacco, the production of pornography and online gambling.

### **Pay policy for senior staff**

The Trustees and the Executive Director comprise the key management personnel of the Foundation. The Trustees are responsible for the overall strategy and policy of the Foundation and oversee and monitor activities. The Executive Director is responsible for directing and controlling, running and operating the Foundation on a day to day basis. All Trustees give of their time freely. Details of the key management personnel remuneration and expenses are disclosed in note 6 to the accounts.

The pay of the senior staff is reviewed annually by the Group's Corporate Services Committee and normally increased in accordance with inflation.

### **Risk management**

The Executive Director works with the Trustees to identify the key risks facing the charity which are included in the Octavia Group's risk map and reviewed by its Audit and Risk committee

## Trustees' annual report (continued)

### Our fundraising practices

Our fundraising is carried out by staff members of the Octavia Foundation and volunteers. We also work with a fundraising consultant, who submits applications for funding to trusts and foundations on our behalf. The fundraising helps us to achieve our strategic objective of creating happier and healthier lives for more people through our projects and activities. There have been no complaints about fundraising activity this year. Our fundraising activities form part of the Directors report to the Trustees and are reviewed at Board meetings held throughout the year.

When undertaking fundraising practices, we follow relevant legislation as set out in the Charities Act, other relevant legislation and local government by-laws. We are registered with the Fundraising Regulator, which means that we adhere to their rules and regulations and abide by the Code of Fundraising Practice, to ensure that our fundraising is legal, open, honest and respectful. We operate the Charity Commission's "Know your donor" principle and make reasonable and appropriate attempts to identify any individual or organisation that gives us financial support, particularly where significant sums are donated. We are not aware of any breaches or failure to comply with these schemes or standards during the year.

We accept donations from a range of organisations, trusts, foundations, companies, commercial organisations and statutory bodies without compromising our mission, independence and credibility. Where appropriate, applications for funding are submitted to the relevant body. No direct marketing activities are undertaken. We do not accept donations from supporters who may be in vulnerable circumstances and ensure that due diligence checks are undertaken where significant funds are donated.

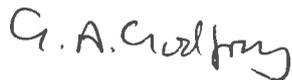
### Auditors

The Trustees will recommend the re-appointment of BDO LLP at the next Annual General Meeting.

### Disclosure of information to auditors

The Trustees who held office at the date of approval of this Trustees' report confirm that, so far as they are each aware, there is no relevant audit information of which the Foundation's auditors are unaware; and each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the Foundation's auditors are aware of that information.

This report has been prepared in accordance with the special provisions of Part 415 A of the Companies Act 2006 relating to small companies.



**G Godfrey**  
Chair

22 July 2019

## **Statement of Trustees' responsibilities in respect of the Trustees' annual report and the financial statements**

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

Company law requires the Trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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

In preparing these financial statements, the Trustees are required to:

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

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

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

## **Independent auditors' report to the members of Octavia Foundation**

### **Opinion**

We have audited the financial statements of Octavia Foundation (“the Charitable Company”) for the year ended 31 March 2019 which comprise the statement of financial activities (incorporating the income and expenditure account), the 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 2019 and of its’ incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard and the provisions available for small entities, in the circumstances set out in note 1 to the financial statements 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 related 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 Annual Report, other than the financial statements and our auditor’s report thereon. The other information comprises: the Annual Report and Statement of Trustees’ Responsibilities. 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.

## **Independent auditors' report to the members of Octavia Foundation (continued)**

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' Report, which includes the Directors' Report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report, which are included in the Trustees' 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 Strategic report or the Trustee's 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 Directors' remuneration 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' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

### **Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' responsibilities, 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Independent auditors' report to the members of Octavia Foundation (continued)

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

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

### 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. 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.



Paula Willock, (Senior Statutory Auditor)  
for and on behalf of BDO LLP, Statutory Auditor  
Gatwick

Date: 20 August 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

## Statement of Financial Activities for the year ended 31 March 2019

(Incorporating the income and expenditure account)

|                                    |      | 2019             | 2019              | 2019               | 2018               |
|------------------------------------|------|------------------|-------------------|--------------------|--------------------|
|                                    | Note | Restricted<br>£  | Unrestricted<br>£ | Total<br>£         | Total<br>£         |
| <b>Income from:</b>                |      |                  |                   |                    |                    |
| Donations                          | 2    | 359,276          | 475,767           | 835,043            | 841,472            |
| Charitable activities              | 2    | 42,898           | -                 | 42,898             | 43,131             |
| Investments                        | 2    | -                | 69,999            | 69,999             | 68,135             |
| <b>Total income</b>                | 2    | <u>402,174</u>   | <u>545,766</u>    | <u>947,940</u>     | <u>952,738</u>     |
| <b>Expenditure on:</b>             |      |                  |                   |                    |                    |
| Raising funds                      |      | -                | (37,497)          | (37,497)           | (65,266)           |
| Charitable activities              | 3    | (359,269)        | (607,987)         | (967,256)          | (985,748)          |
| Property running costs             | 7    | (12,802)         | -                 | (12,802)           | (15,768)           |
| Investment management costs        | 8    | -                | (12,681)          | (12,681)           | (11,782)           |
| <b>Total expenditure</b>           |      | <u>(372,071)</u> | <u>(658,165)</u>  | <u>(1,030,236)</u> | <u>(1,078,564)</u> |
| <b>Net gain on investments</b>     | 8    | -                | 162,521           | 162,521            | 46,208             |
| <b>Net income/(expenditure)</b>    |      | <u>30,103</u>    | <u>50,122</u>     | <u>80,225</u>      | <u>(79,618)</u>    |
| Transfer between funds             |      | -                | -                 | -                  | -                  |
| <b>Net movement in funds</b>       |      | <u>30,103</u>    | <u>50,122</u>     | <u>80,225</u>      | <u>(79,618)</u>    |
| <b>Reconciliation of funds:</b>    |      |                  |                   |                    |                    |
| Total funds brought forward        |      | 700,875          | 1,901,678         | 2,602,553          | 2,682,171          |
| <b>Total funds carried forward</b> |      | <u>730,978</u>   | <u>1,951,800</u>  | <u>2,682,778</u>   | <u>2,602,553</u>   |

All funds relate to continuing activities.

The notes on pages 14 to 22 form part of these financial statements.

**Statement of Financial Position as at 31 March 2019**

|   | Note | 2019<br>£        | 2018<br>£        |
|---|------|------------------|------------------|
| <b>Fixed assets</b>                                   |      |                  |                  |
| Tangible assets                                       | 7    | 624,778          | 637,580          |
| Investments   | 8    | 2,113,478        | 1,963,638        |
|   |      | 2,738,256        | 2,601,218        |
| <b>Current assets</b>                                 |      |                  |                  |
| Debtors   | 9    | 132,280          | 37,233           |
| Cash at bank and in hand                              |      | 31,649           | 70,770           |
|   |      | 163,929          | 108,003          |
| <b>Creditors: amounts falling due within one year</b> | 10   | (219,407)        | (106,668)        |
|   |      | (55,478)         | 1,335            |
| <b>Net current assets</b>                             |      | (55,478)         | 1,335            |
| <b>Net assets</b>                                     |      | <b>2,682,778</b> | <b>2,602,553</b> |
| <br>  |      |                  |                  |
| <b>Restricted funds</b>                               | 12   | 730,978          | 700,875          |
| <b>Unrestricted funds</b>                             | 13   | 1,951,800        | 1,901,678        |
|   |      | <b>2,682,778</b> | <b>2,602,553</b> |

These financial statements were approved and authorised for issue by the Board of Trustees on 22 July 2019 and were signed on its behalf by:



**G Godfrey**  
**Chair**

**Company Registration No: 03436993**  
**Registered Charity No: 1065817**

The notes on pages 14 to 22 form part of these financial statements.

## Statement of Cash Flows for the year ended 31 March 2019

|   | Note | 2019<br>£            | 2018<br>£            |
|---|------|----------------------|----------------------|
| <b>Cash flows from operating activities:</b>  |      |                      |                      |
| <i>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</i> |      | 80,225               | (79,618)             |
| <b>Adjustments for:</b>   |      |                      |                      |
| Depreciation charges  | 7    | 12,802               | 12,802               |
| (Gains)/losses on investments   | 8    | (149,840)            | (34,426)             |
| Interest receivable   |      | (69,999)             | (68,135)             |
| Movement in debtors   | 9    | (95,047)             | 92,968               |
| Movement in creditors   | 10   | 112,739              | 14,744               |
| <b>Net cash provided by (used in) operating activities</b>  |      | <u>(109,120)</u>     | <u>(61,665)</u>      |
| <b>Cash flows from investing activities:</b>  |      |                      |                      |
| Interest received and other investment income   |      | 69,999               | 68,135               |
| <b>Net cash provided by (used in) investing activities</b>  |      | <u>69,999</u>        | <u>68,135</u>        |
| <i>Change in cash and cash equivalents in the reporting period</i>                                      |      | (39,121)             | 6,470                |
| <b>Cash and cash equivalents at the beginning of the reporting period</b>                               |      | <u>70,770</u>        | <u>64,300</u>        |
| <b>Cash and cash equivalents at the end of the reporting period</b>                                     |      | <u><u>31,649</u></u> | <u><u>70,770</u></u> |

## Notes forming part of the financial statements

### 1 Principal accounting policies

The company is a private charity limited by guarantee in England (Company registration number: 03436993, registered charity number: 1065817). The registered office of the company is Emily House, 202 – 208 Kensal Road, London W10 5BN.

#### *Accounting convention*

The financial statements are prepared on a going concern basis in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (Charities SORP (FRS 102)), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Octavia Foundation meets the definition of a public benefit entity under FRS 102.

#### *Going concern*

The Trustees have a reasonable expectation that the Foundation has adequate resources to continue in operational existence for the foreseeable future. In forming this opinion the Trustees have had regard to the risks identified, to the controls in place as set out in the Trustees report and to the level of unrestricted reserves which are in excess of requirements for the next year. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

#### *Incoming resources*

Incoming resources consist of government grants, other grants, donations and investment income. Where there is no contractual obligation on the part of a donor or grant awarding organisation incoming resources are accounted for in the period in which the funds are received. Where there is a contractual obligation they are accounted for on an accrual basis over the financial year to which the funds relate.

Investment income consists of dividends on listed investments and interest receivable on bank deposits and is recognised on the date they fall due.

Legacy income is accounted for on the earlier of cash receipt or notification of estate accounts being finalised.

#### *Resources expended*

Expenditure is included on an accruals basis. Items of capital expenditure in excess of £500 are included as fixed assets.

#### *Fixed assets - freehold property*

Freehold property is included at cost less depreciation and impairment.

Depreciation is charged at 2% per annum on the estimated cost of freehold buildings. Land is included in the cost of the freehold property and is not depreciated.

#### *Fixed assets - investment*

Listed investments are included at closing mid-market value at the balance sheet date. Any gain or loss on revaluation is recognised in the Statement of Financial Activities.

## **Notes forming part of the financial statements (continued)**

### ***Restricted funds***

These comprise freehold property for the provision of housing to persons meeting the aims and objects of the Octavia Hill Housing Trust Gift Fund. In addition grants received from outside donors to fund specific projects together with expenditure not exceeding the grant received are included in restricted income and expenditure.

### ***Unrestricted funds***

These comprise funds that the Trustees are free to use in accordance with the charitable objects of the Foundation. The Trustees consider that the Foundation would require £1.2m of its liquid assets to be available to continue its charitable activities until 31 March 2020 in the event of any temporary interruption to its revenue funding.

### ***Donated services and facilities***

The estimated value of services and facilities provided free of charge to the Foundation by Octavia Housing is included in the Statement of Financial Activities as an amount of incoming resource and as an equivalent amount of resources expended. This amount represents an estimate of the costs incurred by Octavia Housing in providing the services and facilities donated to the Foundation.

### ***Debtors***

Trade and other debtors are recognised at the settlement amount due after any trade discount.

### ***Creditors***

Creditors are recognised where the charity has a present obligation resulting from a past event which 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.

### ***Key Judgements and estimates***

- ***Apportionment of costs between activities***

Support costs consisting of staff and direct costs have been allocated to the Foundation's charitable activities based on the expenditure incurred by the activity. Staff costs are allocated based on time spent by the employees on the projects whereas costs specifically incurred by the projects are charged directly.

- ***Categorisation of housing properties***

The Foundation has undertaken a detailed review of the intended use of its housing properties. In determining the intended use, the Foundation has considered if the asset is held for social benefit. The Foundation has determined that all properties are held for social benefit and the properties are held at historic cost rather than as investment properties and carried at fair value.

## Notes forming part of the financial statements (continued)

### 2 Income

|  | 2019           | 2019           | 2019           | 2018           |
|--|----------------|----------------|----------------|----------------|
|  | Restricted     | Unrestricted   | Total          | Total          |
|  | £              | £              | £              | £              |
| Donation from Octavia Housing                          | 32,143         | 387,857        | 420,000        | 420,000        |
| Outreach and befriending service (Westminster council) | 179,138        | -              | 179,138        | 211,638        |
| Blenheim CDP   | 44,052         | -              | 44,052         | 44,052         |
| Value of donated services from Octavia Housing         | -              | 40,641         | 40,641         | 36,270         |
| Friends of Octavia                                     | 38,288         | -              | 38,288         | 12,994         |
| Heritage Lottery Fund                                  | 33,750         | -              | 33,750         | -              |
| Outreach and befriending service (RBKC)                | 25,000         | -              | 25,000         | 5,000          |
| Legacy   | -              | 10,000         | 10,000         | 10,000         |
| Co-Operative Loneliness Fund                           | -              | 9,950          | 9,950          | -              |
| Hyde Park Place  | 5,300          | -              | 5,300          | 3,500          |
| Westway Trust  | -              | 2,500          | 2,500          | 2,500          |
| Mears Ltd  | -              | 2,000          | 2,000          | -              |
| Jean-Luc Baroni Ltd                                    | -              | 1,600          | 1,600          | 2,500          |
| Potter Rapper Partnership                              | 200            | 1,000          | 1,200          | -              |
| St Giles   | -              | -              | -              | 15,000         |
| NHS West London  | -              | -              | -              | 15,000         |
| John Lewis Partnership                                 | -              | -              | -              | 7,000          |
| John Lyon's Charity                                    | -              | -              | -              | 5,000          |
| London Funders   | -              | -              | -              | 4,673          |
| Sainsbury's Local – Brompton Road                      | -              | -              | -              | 4,356          |
| Marks and Spencer – Brompton Road                      | -              | -              | -              | 2,024          |
| Harper Ri and Lee                                      | -              | -              | -              | 713            |
| Grants and donations from individuals, incl            |                |                |                |                |
| Octavia Circle members and donations under £1,000      | 55             | 12,903         | 12,958         | 34,270         |
| Grants and donations from organisations under £1,000   | 1,350          | 7,316          | 8,666          | 4,982          |
| <b>Total Grant and Donations</b>                       | <b>359,276</b> | <b>475,767</b> | <b>835,043</b> | <b>841,472</b> |
| Charitable activity – social housing rents             | 42,898         | -              | 42,898         | 43,131         |
| Investments  | -              | 69,999         | 69,999         | 68,135         |
|  | <b>402,174</b> | <b>545,766</b> | <b>947,940</b> | <b>952,738</b> |

The income from donations and grants was £835,043 (2018 - £841,472) of which £475,767 was unrestricted (2018 – £477,650) and £359,276 was restricted (2018 - £363,822).

Rental income is restricted income for both 2019 and 2018.

## Notes forming part of the financial statements (continued)

### 3 Charitable activity expenditure

|                               | 2019           | 2019           | 2019           | 2018           |
|-------------------------------|----------------|----------------|----------------|----------------|
|                               | Activity       | Support Costs  | Total          | Total          |
|                               | £              | £              | £              | £              |
| Older peoples' activities     | 300,440        | 79,609         | 380,049        | 305,188        |
| Young peoples' activities     | 165,844        | 43,945         | 209,789        | 307,236        |
| Employment & training         | 68,287         | 18,095         | 86,382         | 116,902        |
| Financial inclusion           | 95,751         | 25,372         | 121,123        | 88,170         |
| Kensal Green Cemetery Project | -              | -              | -              | 19,243         |
| Grenfell Residents Grants     | 484            | 128            | 612            | 33,611         |
| Community Grants (note 4)     | 133,837        | 35,464         | 169,301        | 115,398        |
|                               | <b>764,643</b> | <b>202,613</b> | <b>967,256</b> | <b>985,748</b> |

The expenditure on charitable activities was £967,256 (2018: £985,748) of which £607,987 was unrestricted (2018: £609,471) and £359,269 was restricted (2018: £376,277).

The total support costs are calculated using varying methods of allocation:

| Support cost     | By reference to | 2019           | 2018           |
|------------------|-----------------|----------------|----------------|
|                  |                 | Charge         | Charge         |
|                  |                 | £              | £              |
| Public Relations | Staff time      | 62,816         | 73,812         |
| Governance       | Staff time      | 13,442         | 18,923         |
| Admin            | Staff time      | 35,106         | 40,210         |
| Human Resources  | Headcount       | 38,763         | 55,578         |
| Office Costs     | Floor area      | 40,641         | 36,269         |
| General Expenses | Usage           | 11,845         | 5,397          |
| Bank Charges     |                 | -              | 11             |
|                  |                 | <b>202,613</b> | <b>230,200</b> |

The table below sets out how these support costs have been apportioned to the various charitable activities:

|                          | Older peoples<br>activities | Young people<br>activities | Employment<br>and Training | Financial<br>Inclusion | Grenfell   | Community<br>Grants | Total 2019     |
|--------------------------|-----------------------------|----------------------------|----------------------------|------------------------|------------|---------------------|----------------|
|                          | £                           | £                          | £                          | £                      | £          | £                   | £              |
| Public Relations         | 24,681                      | 13,624                     | 5,610                      | 7,866                  | 40         | 10,995              | 62,816         |
| Governance (note 5)      | 5,282                       | 2,915                      | 1,200                      | 1,683                  | 9          | 2,353               | 13,442         |
| Admin                    | 13,794                      | 7,614                      | 3,135                      | 4,396                  | 22         | 6,145               | 35,106         |
| Human Resources          | 15,230                      | 8,407                      | 3,462                      | 4,854                  | 25         | 6,785               | 38,763         |
| Office costs             | 15,968                      | 8,815                      | 3,629                      | 5,089                  | 26         | 7,114               | 40,641         |
| General expenses         | 4,654                       | 2,570                      | 1,059                      | 1,484                  | 6          | 2,072               | 11,845         |
| Bank Charges             | -                           | -                          | -                          | -                      | -          | -                   | -              |
| <b>Total Expenditure</b> | <b>79,609</b>               | <b>43,945</b>              | <b>18,095</b>              | <b>25,372</b>          | <b>128</b> | <b>35,464</b>       | <b>202,613</b> |

## Notes forming part of the financial statements (continued)

### 4 Analysis of community grants

The grants programme was introduced in 2018/19 to increase our reach into local communities and to support projects delivered by small charities that supported a wide range of community needs.

The Foundation Trustees awarded grants to 26 organisations as follows:

| Organisation Receiving Grant Funding        | Category     | Number of people reached | Grant awarded<br>£ |
|---|--------------|--------------------------|--------------------|
| Action Disability Kensington and Chelsea    | Community    | N/A                      | 4,515              |
| Age UK Westminster                          | Older people | 60                       | 5,000              |
| Al-Hasaniya Moroccan Women's Project Ltd    | Community    | 24                       | 4,000              |
| All Stars Youth Club limited                | Young people | 900                      | 14,000             |
| Avenues Youth Project                       | Young people | 33                       | 4,369              |
| Dads House                                  | Community    | 35                       | 4,800              |
| Dalgarno Neighbourhood Trust                | Community    | 75                       | 4,800              |
| Dance West                                  | Community    | 20                       | 4,700              |
| Dutch Pot Lunch Social Club                 | Older people | N/A                      | 5,000              |
| Encouragement through the Arts and Talking  | Older people | N/A                      | 2,000              |
| French African Welfare Association          | Community    | 25                       | 5,000              |
| Henna Asian Women's Group                   | Community    | 20                       | 4,725              |
| Kensington Dragons                          | Young people | 150                      | 2,500              |
| Congolese Centre for Information and Advice | Community    | 90                       | 5,000              |
| Latymer Christian Church                    | Young people | 100                      | 5,000              |
| Meanwhile Gardens Community Association     | Community    | N/A                      | 4,928              |
| One Westminster                             | Older people | N/A                      | 10,000             |
| Persian Care Centre                         | Community    | 30                       | 5,000              |
| S.P.I.D Theatre Company Ltd                 | Community    | 120                      | 3,000              |
| Solidarity Sports                           | Young people | 8                        | 10,000             |
| South Westminster Community Festival        | Community    | 3,000                    | 5,000              |
| St Andrew's Club                            | Young people | 10                       | 2,000              |
| St John's Wood Adventure Playground         | Young people | 50                       | 5,000              |
| Tell It Parents Network                     | Community    | 20                       | 4,000              |
| The Clement James Centre                    | Community    | 25                       | 5,000              |
| Third Age Counselling                       | Older people | 100                      | 4,500              |
| <b>Total</b>                                |              | <b>4,895</b>             | <b>133,837</b>     |

| Client Group | Number of organisations awarded | Total amount awarded<br>£ |
|--------------|---------------------------------|---------------------------|
| Older People | 4                               | 17,000                    |
| Young People | 8                               | 45,869                    |
| Community    | 14                              | 70,968                    |
|              | <b>26</b>                       | <b>133,837</b>            |

### 5 Governance expenditure

|                                     | 2019<br>£     | 2018<br>£     |
|-------------------------------------|---------------|---------------|
| Audit of these financial statements | 6,000         | 3,720         |
| Staff time allocation               | 7,442         | 15,203        |
|                                     | <b>13,442</b> | <b>18,923</b> |

Governance costs are included within support costs expenses as part of the charitable activity expenditure in note 3.

## Notes forming part of the financial statements (continued)

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

The average weekly number of persons employed during the year was:

|                      | 2019<br>Number | 2018<br>Number |
|----------------------|----------------|----------------|
| Full time equivalent | <u>12</u>      | <u>15</u>      |

The total staff costs during the year were:

|                       | 2019<br>£      | 2018<br>£      |
|-----------------------|----------------|----------------|
| Wages and salaries    | 392,554        | 492,885        |
| Social security costs | 34,871         | 46,865         |
| Other pensions costs  | 21,291         | 20,763         |
|                       | <u>448,716</u> | <u>560,513</u> |

The remuneration paid to higher paid staff fell into the following band:

|                    | 2019 | 2018 |
|--------------------|------|------|
| £70,001 to £80,000 | 1    | 1    |

The total amount payable to the Executive Director, who was the highest paid key management personnel in respect of emoluments was £70,844 (2018 - £72,082). Pension contributions of £6,867 (2018 - £6,733) were also made to a defined benefit scheme on her behalf.

The Trustees received no remuneration in either year for membership on the Foundation board; no expenses were paid to Trustees in 2019 (2018 - £48).

### 7 Fixed Assets – Freehold Property

|                                   | 2019<br>£      | 2018<br>£      |
|-----------------------------------|----------------|----------------|
| <b>Cost</b>                       |                |                |
| At the start of the year          | 779,663        | 779,663        |
| Costs during the year             | -              | -              |
| At the end of the year            | <u>779,663</u> | <u>779,663</u> |
| <b>Depreciation</b>               |                |                |
| At the start of the year          | 142,083        | 129,281        |
| Charge for the year               | 12,802         | 12,802         |
| At the end of the year            | <u>154,885</u> | <u>142,083</u> |
| <b>Net book value at 31 March</b> | <u>624,778</u> | <u>637,580</u> |

No property maintenance costs were incurred during the year (2018 - £2,966)

## Notes forming part of the financial statements (continued)

### 8 Fixed Asset – investments

|   | 2019             | 2018             |
|---|------------------|------------------|
|   | £                | £                |
| <b>Listed investments</b>                   |                  |                  |
| Market value at the start of the year       | 1,963,638        | 1,929,212        |
| Revaluation gain                            | 162,521          | 46,208           |
| Investment management fees                  | (12,681)         | (11,782)         |
| <b>Market value at 31 March</b>             | <b>2,113,478</b> | <b>1,963,638</b> |
| <b>Investments</b>                          |                  |                  |
| COIF Charities Investment Fund              | 2,113,478        | 1,963,638        |
|   | <b>2,113,478</b> | <b>1,963,638</b> |
| Historic cost of investments at end of year | <b>1,801,000</b> | <b>1,801,000</b> |

The revaluation gain is now shown gross of the investment management fees.

### 9 Debtors

|                                  | 2019           | 2018          |
|----------------------------------|----------------|---------------|
|                                  | £              | £             |
| Sundry debtors and prepayments   | 137,918        | 42,871        |
| Less provision of doubtful debts | (5,638)        | (5,638)       |
|                                  | <b>132,280</b> | <b>37,233</b> |

The sundry debtors includes a balance of £96k due from Westminster City Council.

### 10 Creditors

|                                  | 2019           | 2018           |
|----------------------------------|----------------|----------------|
|                                  | £              | £              |
| Trade Creditors                  | 15,631         | 4,381          |
| Due to Octavia Housing (note 15) | 184,985        | 70,366         |
| Accrued Expenditure              | 18,791         | 31,921         |
|                                  | <b>219,407</b> | <b>106,668</b> |

## Notes forming part of the financial statements (continued)

### 11 Restricted and unrestricted funds

The following assets comprise the restricted and unrestricted funds as at 31 March 2019.

|                   | Freehold<br>property<br>£ | Investments<br>£ | Net current<br>assets<br>£ | Total<br>£       |
|-------------------|---------------------------|------------------|----------------------------|------------------|
| Unrestricted fund | -                         | 2,113,478        | (161,678)                  | 1,951,800        |
| Restricted funds  | 624,778                   | -                | 106,200                    | 730,978          |
|                   | <u>624,778</u>            | <u>2,113,478</u> | <u>(55,478)</u>            | <u>2,682,778</u> |

The liability of members of the Foundation to contribute to a deficit in the event of winding up is limited to £10 per member.

### 12 Restricted Funds

|  | Balance<br>1 April<br>2018<br>£ | Income<br>£    | Expenditure<br>£ | Balance<br>31 March<br>2019<br>£ |
|--|---------------------------------|----------------|------------------|----------------------------------|
| Octavia Hill Housing Trust Gift Fund - asset   | 637,580                         | -              | (12,802)         | 624,778                          |
| Octavia Hill Housing Trust Gift Fund - surplus | 40,165                          | 42,898         | -                | 83,063                           |
| <b>PROJECTS</b>                                |                                 |                |                  |                                  |
| Base at The River                              | -                               | 5,300          | (5,300)          | -                                |
| NHS Prevent                                    | 1,565                           | -              | -                | 1,565                            |
| Welfare and Education                          | 722                             | 38,288         | (39,010)         | -                                |
| Tenants Into Work                              | -                               | 32,143         | (32,143)         | -                                |
| Older Peoples Christmas                        | 1,522                           | 1,605          | (3,127)          | -                                |
| Outreach Project                               | 3,140                           | 179,138        | (182,278)        | -                                |
| RBKC Befriending                               | 2,589                           | 25,000         | (27,589)         | -                                |
| Digital Media Project                          | -                               | 33,750         | (33,750)         | -                                |
| Learn to Earn                                  | 13,592                          | 44,052         | (36,072)         | 21,572                           |
| <b>TOTAL PROJECTS</b>                          | <u>23,130</u>                   | <u>359,276</u> | <u>(359,269)</u> | <u>23,137</u>                    |
| <b>Total Restricted Funds</b>                  | <u>700,875</u>                  | <u>402,174</u> | <u>(372,071)</u> | <u>730,978</u>                   |

The surplus on the Octavia Housing Trust Gift Fund has been distributed to other projects in accordance with the Governing Document.

## Notes forming part of the financial statements (continued)

### 13 Unrestricted Funds

|  | <b>£</b>                |
|--|-------------------------|
| At 1 April 2018                                      | 1,901,678               |
| Incoming resources for the year before fund transfer | 50,122                  |
| <b>At 31 March 2019</b>                              | <b><u>1,951,800</u></b> |

It is the policy of Octavia Foundation to maintain unrestricted funds at a sufficient level to cover management and administration costs for at least one year.

### 14 Pensions

Octavia Foundation operates a defined contribution pension scheme with the Social Housing Pension Scheme. Octavia Foundation has no liability beyond its regular contributions on behalf of employees in respect of these schemes.

### 15 Related Party Transactions

Octavia Foundation is a wholly owned subsidiary of Octavia Housing (the parent), an exempt charity incorporated under the Co-operative and Community Benefit Societies Act 2014 and a Registered Provider of Social Housing. Octavia Housing is a member and has the power to appoint or remove the majority of Trustees, meaning that the Foundation is a subsidiary of the Group. A copy of the group financial statements can be obtained from Octavia Housing, Emily House, 202-208 Kensal Road, London, W10 5BN. This represents the smallest and largest group for which consolidated accounts are prepared.

During the year ended 31 March 2019 Octavia Foundation had incurred costs and received revenues from Octavia Housing as follows:

|   | <b>2019</b>           | <b>2018</b>          |
|---|-----------------------|----------------------|
|   | <b>£</b>              | <b>£</b>             |
| Creditor balance at start of year   | 70,366                | 64,513               |
| Net payments made on behalf of Octavia Foundation less amounts reimbursed | 534,619               | 425,853              |
| Donation made by Octavia Housing  | (420,000)             | (420,000)            |
| Creditor balance at end of year   | <b><u>184,985</u></b> | <b><u>70,366</u></b> |

In addition, Octavia Housing made a non-cash donation of £40,641 (2018: £36,270) to the Foundation representing the value of donated office services.