

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

Trustees' Annual Report and  
Financial Statements

Year ended 31 March 2021

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

### **Trustees**

Sandeep Katwala (Chair)  
Gwen Godfrey  
Tom Hopkins (Hon Treasurer)  
David Dunbar  
Hugh Thornbery

Executive Director Reena Mukherji – resigned 31<sup>st</sup> March 2021  
Sarah Shaw – from 1<sup>st</sup> April 2021

### **Secretary and Registered Office**

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

### **Auditor**

KPMG LLP  
15 Canada Square  
London  
E14 5GL

### **Banker**

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

### **Investment Advisor**

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 2021.

### **Objectives and Activities**

Our mission is to tackle inequality by empowering people to live well and connect.

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 continued to work according to the principles outlined in our strategy, Better Lives 2021, to reach more isolated and lonely people through our activities and supporting other local charities by March 2021. The Foundation has adapted agilely to the varied demands presented by the Coronavirus pandemic, enabling us to reach more people and enact impact through a mixture of remote and in-person working. A new Communities Strategy will be launched in 2021 to guide the Foundation's work up to 2024.

### **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 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 17 to 19.

- Older and isolated people
- Young people and children
- Employment and training
- Community involvement and volunteering

3,246 people have benefitted directly or indirectly from our services during 2020/21, 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 and those living in the local community. These include:

- A gardening and handyperson service helped 364 older and/or disabled Octavia Housing tenants to maintain and improve their gardens and carry out small repairs/improvements to their homes
- An outreach, befriending and activities service helped 878 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 program of creative arts activities for young people at our digital media center Base at the Reed. During the year we have supported 134 children and young people from diverse backgrounds and communities and worked with a wide range of partners supporting young people experiencing poor mental health or young people with learning disabilities for example, and supporting them to explore through digital media, complex societal issues facing young people such as unconscious bias.

### Employment and Training

We have helped 103 unemployed residents with information, advice, guidance, work placement, volunteering opportunities and support to develop their own businesses, across 271 individual 1:1 engagements during the year.

### Volunteering

During the year we have been supported by over 293 volunteers who have given their time freely to support our projects, particularly older, isolated people through our befriending and outreach services.

### 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 162 residents delivered by Westminster Citizens Advice Bureau from April-November 2020. With funding from charities such as Friends of Octavia and Westminster Almshouses Foundation, we also provided 96 small grants to residents in need of essential household items and items to be used for training and educational purposes. We have also continued to refer residents in need to local food banks across London alongside pre-paid food shopping vouchers, on 615 occasions, responding to a far higher level of need than in any previous years.

### Community involvement

The Trustees have provided small grants to local charities tackling loneliness and developing skills amongst young people aged 7-25 through the Better Lives Community Fund. Eight small charities selected by Octavia Foundation supported 763 people in 20/21 using Better Lives funds awarded in 2019/20.

### Covid 19

As a consequence of pandemic, all the direct delivery services were suspended in March 2020 and were moved to remote delivery. Face to face youth provision was recommenced on a limited basis at various points during the year, in accordance with government guidance.

### 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 and individuals.

## Trustees' annual report (continued)

### 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.

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 is registered with the fundraising regulator and adheres 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.

### Financial performance in 2020/21

The Foundation's operating deficit for the year was £0.43m. Total operating expenditure for the year was £0.97m. 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

In July 2021, the Trustees agreed a new *Communities Strategy 2021-2024* which seeks to significantly increase our reach and support more local people in long-term, meaningful ways.

Further, we will bring together services and offers for residents and people in the community, develop diverse community partnerships and sustainably grow projects. We will;

- optimise the impact of the Octavia Foundation by bringing together fundraising, partnering, grant funding (organisation and individual) and monitoring functions into one team.
- grow our fundraising capacity and funds to fully cover the costs of new community projects and increase new funds for existing projects, and support Octavia to increase its reach.

## Trustees' annual report (continued)

### 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 six months and therefore, current unrestricted funds are being utilised to support projects delivery.

As per budgeted activities in 2021/22, The Foundation will require reserves of some £0.5m to cover budgeted expenditure for the year to March 2022 in the event of any temporary interruption to its revenue funding.

Currently unrestricted reserves are £1.3m. During the year, the £53k was utilised in the normal operating activities.

### Investment policy

Surplus cash balances are held in bank deposit accounts. 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.

The investment strategy is not constrained by income requirements but, provided there are no large calls on capital, the trustees would expect to receive a gross income of an amount or percentage to be fixed annually by agreement.

### Pay policy for senior staff

The Executive Director is the key management personnel of the Foundation in charge of directing and controlling, running and operating the Foundation on a day to day basis. Details of the key management personnel remuneration and expenses are disclosed in note 5 to the accounts.

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

## Trustees' annual report (continued)

### 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

### Disclosure of information to auditor

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.



**S Katwala**  
Chair

1 December 2021



## **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. Octavia Foundation website is being merged with Octavia Housing following the rebranding campaign. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Independent auditor's 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 2021 which comprise the Statement of Financial Activities (including Income and Expenditure Account), Statement of Financial Position and related notes, including the accounting policies in note 1.

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 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the charitable company or to cease its operations, and as they have concluded that the charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the trustees' conclusions, we considered the inherent risks to the charitable company's business model and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the trustees' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the charitable company will continue in operation.

## Independent auditor's report to the members of Octavia Foundation (contd.)

### Fraud and breaches of laws and regulations – ability to detect

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Our risk assessment procedures included:

- Enquiring of the Executive team who have delegated responsibility for the day to day management of the Charity, the audit committee and internal audit as to whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board of Trustee’s and Audit Committee meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the nature of the Charitable Company’s material income streams. The Charitable Company is notified from external third parties of income it has been awarded or has earned and income is accounted for when receipt is probable and measurable.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by key management personnel, journals containing specific words or phrases, and those posted to unusual accounts.

#### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Executive team who have delegated responsibility for the day to day management of the charitable company (as required by auditing standards). We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the charitable company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

## Independent auditor's report to the members of Octavia Foundation (contd.)

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Other information**

The trustees are responsible for the other information, which comprises the Report of the Trustees. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Report of the Trustees, which constitutes the strategic report and the directors' report for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- the charitable company has not kept adequate accounting records 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.

We have nothing to report in these respects.

### **Trustees' responsibilities**

As explained more fully in their statement set out on page 7, 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

## **Independent auditor's report to the members of Octavia Foundation (contd.)**

### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.

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

## Statement of Financial Activities for the year ended 31 March 2021

(Incorporating the income and expenditure account)

		2021	2021	2021	2020
	Note	Restricted £	Unrestricted £	Total £	Total £
<b>Income from:</b>					
Donations	2	343,796	52,545	396,341	382,618
Charitable activities	2	39,325	-	39,325	42,056
Government furlough grant	2	38,091	-	38,091	-
Investments	2	-	57,996	57,996	68,615
<b>Total income</b>	2	<u><b>421,212</b></u>	<u><b>110,541</b></u>	<u><b>531,753</b></u>	<u><b>493,289</b></u>
<b>Expenditure on:</b>					
Raising funds		-	(14,050)	(14,050)	(46,531)
Charitable activities	3	(430,198)	(495,767)	(925,965)	(932,454)
Property running costs		(13,816)	-	(13,816)	(18,180)
Investment management costs	6	-	(12,389)	(12,389)	(12,565)
<b>Total expenditure</b>		<u><b>(444,015)</b></u>	<u><b>(522,205)</b></u>	<u><b>(966,220)</b></u>	<u><b>(1,009,730)</b></u>
<b>Net gain on investments</b>	7	-	358,507	358,507	7,028
<b>Net income/(expenditure)</b>		<u><b>(22,803)</b></u>	<u><b>(53,157)</b></u>	<u><b>(75,960)</b></u>	<u><b>(509,413)</b></u>
Transfer between funds		-	-	-	-
<b>Net movement in funds</b>		<u><b>(22,803)</b></u>	<u><b>(53,157)</b></u>	<u><b>(75,960)</b></u>	<u><b>(509,413)</b></u>
<b>Reconciliation of funds:</b>					
Total funds brought forward		771,893	1,401,472	2,173,365	2,682,778
<b>Total funds carried forward</b>		<u><b>749,090</b></u>	<u><b>1,348,315</b></u>	<u><b>2,097,405</b></u>	<u><b>2,173,365</b></u>

All funds relate to continuing activities.

The notes on pages 15 to 24 form part of these financial statements.

## Statement of Financial Position as at 31 March 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	6	599,174	611,976
Investments	7	1,674,059	1,697,941
		2,273,233	2,309,917
<b>Current assets</b>			
Receivables	8	6,651	13,522
Cash at bank and in hand		67,092	36,983
		73,743	50,505
<b>Payables: amounts falling due within one year</b>	9	(249,571)	(187,057)
<b>Net current liabilities</b>		(175,828)	(136,552)
<b>Net assets</b>		<b>2,097,405</b>	<b>2,173,365</b>
<b>Restricted funds</b>	11	749,091	771,893
<b>Unrestricted funds</b>	12	1,348,314	1,401,472
		<b>2,097,405</b>	<b>2,173,365</b>

These financial statements were approved and authorised for issue by the Board of Trustees on 1 December 2021 and were signed on its behalf by:



**S Katwala**  
Chairman

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

The notes on pages 15 to 24 form part of these financial statements.

## Statement of Cash Flows for the year ended 31 March 2021

	Note	2021 £	2020 £
<b>Cash flows from operating activities:</b>			
Net (expenditure)/income for the reporting period (as per the statement of financial activities)		(75,960)	(509,413)
<b>Adjustments for:</b>			
Depreciation charges	7	12,802	12,802
Gains/(losses) on investments	8	(346,118)	5,537
Interest receivable		(57,996)	(68,615)
Movement in debtors	9	6,871	118,757
Movement in creditors	10	62,514	(32,350)
<b>Net cash used in operating activities</b>		<b>(397,887)</b>	<b>(473,282)</b>
<b>Cash flows from investing activities:</b>			
Interest received and other investment income		57,996	68,616
Investment sale proceeds		370,000	410,000
<b>Net cash provided by investing activities</b>		<b>427,996</b>	<b>478,616</b>
<b>Change in cash and cash equivalents in the reporting period</b>			
		30,109	5,334
Cash and cash equivalents at the beginning of the reporting period		36,983	31,649
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>67,092</b>	<b>36,983</b>



## 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 2021 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.

### **Receivables**

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

### **Payables**

Payables 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

	2021 Restricted £	2021 Unrestricted £	2021 Total £	2020 Total £
Outreach and befriending service (Westminster)	121,716	-	121,716	121,852
Payroll Giving Donations over £1,000	-	-	-	65,000
Friends of Octavia	28,054	-	28,054	42,249
Heritage Lottery Fund	(13,211)	-	(13,211)	27,000
Value of donated services from Octavia Housing	-	36,319	36,319	36,160
Outreach and befriending service (RBKC)	25,000	-	25,000	25,000
Bridgepoint Advise	52,000	-	52,000	-
Grants and donations from organisations under £1,000	-	-	-	9,503
Arts Council	-	-	-	8,789
City of London (Covid response)	3,000	-	3,000	-
Cheque donations over £1,000	-	-	-	5,800
HPPEC Civil Trustees Grant	5,000	-	5,000	-
Westminster Almshouses Foundation	14,000	-	14,000	5,500
Grants and donations from individuals under £1,000	-	1,915	1,915	4,804
Grants and donations from unknown over £1,000	2,880	-	2,880	-
John Lyon's Charity	25,000	-	25,000	4,000
The Campden Charities	1,000	-	1,000	3,000
London Youth Grant Funding	5,000	-	5,000	-
Employee Volunteer	3,600	-	3,600	-
Mactaggart Third Fund	-	-	-	3,000
Grosvenor Estate Management	-	-	-	2,400
Turning Point	-	-	-	2,000
Jean-Luc Baroni Ltd	-	-	-	1,700
Kensal Youth Programme	12,309	-	12,309	-
Stitching Polar Lights	-	8,916	8,916	-
Virgin Money Giving donation over £1,000	-	395	395	1,241
Shepherds Bush Housing Group	-	-	-	1,220
Vernon Potter Rapper Partnership	-	-	-	1,200
City Security	-	-	-	1,200
Ground Work	24,948	-	24,948	-
L&Q Place Makers	4,000	-	4,000	-
London Community	15,000	-	15,000	-
Jones Lang LaSalle	-	2,000	2,000	-
Community Fibre	4,500	-	4,500	-
Barclays Charity Donation	-	3,000	3,000	-
Lottery Funding	10,000	-	10,000	10,000
<b>Total Grant and Donations</b>	<b>343,796</b>	<b>52,545</b>	<b>396,341</b>	<b>382,618</b>

## 2 Income (continued)

	2021 Restricted £	2021 Unrestricted £	2021 Total £	2020 Total £
Charitable activity – social housing rents	39,325	-	39,325	42,056
Furlough Grant	38,091	-	38,091	-
Investments	-	57,996	57,996	68,615
	<b>421,212</b>	<b>110,541</b>	<b>531,753</b>	<b>493,289</b>

The income from donations and grants was £396,341 (2020 - £382,618) of which £52,545 was unrestricted (2020 – £131,728) and £343,796 was restricted (2020 - £250,890).

Rental income is restricted income for both 2021 and 2020.

## 3 Charitable activity expenditure

	2021 Activity £	2021 Support Costs £	2021 Total £	2020 Total £
Older peoples' activities	374,723	76,805	451,528	425,592
Young peoples' activities	129,336	26,509	155,845	188,517
Employment & training	176,975	36,274	213,249	168,754
Financial inclusion	81,220	16,649	97,868	99,424
Community Grants	6,203	1,271	7,474	50,167
	<b>768,457</b>	<b>157,508</b>	<b>925,965</b>	<b>932,454</b>

The expenditure on charitable activities was £925,965 (2020: £932,454) of which £495,767 was unrestricted (2020: £698,306) and £430,197 was restricted (2020: £233,851).

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

Support cost	By reference to	2021 Charge £	2020 Charge £
Public Relations	Staff time	-	35,502
Governance	Staff time	40,419	15,727
Admin	Staff time	72,123	31,210
Human Resources	Headcount	1,444	14,403
Office Costs	Floor area	36,269	36,160
General Expenses	Usage	7,253	7,976
Bank Charges		-	10
		<b>157,508</b>	<b>140,988</b>

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

### 3 Charitable activity expenditure (contd.)

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

	Older peoples activities	Young people activities	Employment and Training	Financial Inclusion	Community Grants	Total 2021
	£	£	£	£	£	£
Public Relations	-	-	-	-	-	-
Governance (note 4)	19,710	6,803	9,308	4,272	326	<b>40,419</b>
Admin	35,169	12,139	16,610	7,623	582	<b>72,123</b>
Human Resources	704	243	332	153	12	<b>1,444</b>
Office costs	17,686	6,103	8,354	3,834	293	<b>36,270</b>
General expenses	3,536	1,221	1,670	767	58	<b>7,252</b>
Bank Charges	-	-	-	-	-	-
<b>Total Expenditure</b>	<b><u>76,805</u></b>	<b><u>26,509</u></b>	<b><u>36,274</u></b>	<b><u>16,649</u></b>	<b><u>1,271</u></b>	<b><u>157,508</u></b>

### 4 Governance expenditure

	2021	2020
	£	£
Professional fees – external audit	3,720	6,300
Professional fees - consultancy	526	2,470
Staff time allocation	36,173	6,957
	<b><u>40,419</u></b>	<b><u>15,727</u></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)

### 5 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:

	<b>2021</b>	<b>2020</b>
	<b>Number</b>	<b>Number</b>
Full time equivalent	<u>10</u>	<u>11</u>

The total staff costs during the year were:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Wages and salaries	351,160	395,231
Social security costs	32,457	37,187
Other pensions costs	<u>24,658</u>	<u>28,146</u>
	<b><u>408,275</u></b>	<b><u>460,564</u></b>

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

	<b>2021</b>	<b>2020</b>
£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 £75,269 (2020 - £70,602). Pension contributions of £7,441 (2020 - £7,005) 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 2021 (2020 - nil).

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

### 6 Fixed Assets – Freehold Property

	2021 £	2020 £
<b>Cost</b>		
At the start of the year	779,663	779,663
Additions 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	167,687	154,885
Charge for the year	12,802	12,802
At the end of the year	<u>180,489</u>	<u>167,687</u>
<b>Net book value at 31 March</b>	<u><u>599,174</u></u>	<u><u>611,976</u></u>

Property expenses totalling incurred during the year was £1,014 (2020 – £5,378)

### 7 Fixed Asset – investments

	2021 £	2020 £
<b>Listed investments</b>		
Market value at the start of the year	1,697,941	2,113,478
Sale of investments	(370,000)	(410,000)
Gain / (Loss) on revaluation of investments	358,507	7,028
Investment management fees	(12,389)	(12,565)
<b>Market value at 31 March</b>	<u>1,674,059</u>	<u>1,697,941</u>
<b>Investments</b>		
COIF Charities Investment Fund	1,674,059	1,697,941
	<u>1,674,059</u>	<u>1,697,941</u>
Historic cost of investments at end of year	<u>1,217,960</u>	<u>1,490,610</u>

The investment manager fees and gain are shown together in the cash flow statement.

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

### 8 Receivables

	2021	2020
	£	£
Receivables and prepayments	12,289	19,160
Less provision of doubtful debts	(5,638)	(5,638)
	<u>6,651</u>	<u>13,522</u>

### 9 Payables

	2021	2020
	£	£
Trade Payables	(1,270)	141
Due to Octavia Housing (note 15)	233,614	162,404
Accrued Expenditure	17,227	24,512
	<u>249,571</u>	<u>187,057</u>

### 10 Restricted and unrestricted funds

The following assets comprise the restricted and unrestricted funds as at 31 March 2021.

	Freehold property	Investments	Net current assets / (liabilities)	Total
	£	£	£	£
Unrestricted fund	-	1,674,059	(325,744)	1,348,315
Restricted funds	599,174	-	149,916	749,090
	<u>599,174</u>	<u>1,674,059</u>	<u>(175,828)</u>	<u>2,097,405</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.



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

### 11 Restricted Funds

	Balance 1 April 2020 £	Income £	Expenditure £	Balance 31 March 2021 £
Octavia Hill Housing Trust Gift Fund - asset	611,976	-	(12,802)	599,174
Octavia Hill Housing Trust Gift Fund - surplus	119,741	77,416	(1,015)	196,142
<b>PROJECTS</b>				
Base at The Reed	-	73,947	(4,194)	69,753
NHS Prevent	1,565	-	-	1,565
Welfare and Education (Friends of Octavia)	7,575	25,302	(25,172)	7,705
Gardening (Friends of Octavia)	6,500	2,753	(2,753)	6,500
Tenants Into Work	-	-	(909)	(909)
Older Peoples Christmas Party	-	-	(727)	(727)
Outreach Project	-	189,696	(373,091)	(183,395)
RBKC Befriending	1,361	25,000	-	26,361
Digital Media Project	-	(902)	(10,607)	(11,509)
Campden Charities	1,603	1,000	-	2,603
Volunteer Celebration Event	-	-	(1,249)	(1,249)
Westminster Almshouses Foundation	-	14,000	(11,496)	2,504
Covid Grant	-	13,000	-	13,000
Learn to Earn	21,572	-	-	21,572
<b>TOTAL PROJECTS</b>	<b>40,176</b>	<b>343,796</b>	<b>(430,198)</b>	<b>(46,226)</b>
<b>Total Restricted Funds</b>	<b>771,893</b>	<b>421,212</b>	<b>(444,015)</b>	<b>749,090</b>

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

### 12 Unrestricted Funds

	£
At 1 April 2020	1,401,472
In year movements	(53,157)
<b>At 31 March 2021</b>	<b>1,348,315</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.

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

### 13 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.

### 14 Related Party Transactions

Octavia Foundation is a wholly controlled 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 2021 Octavia Foundation had incurred costs and received revenues from Octavia Housing as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Payables balance at start of year	162,404	184,985
Net movements between Octavia Foundation and Octavia Housing for services	71,210	(22,581)
Donation made by Octavia Housing	-	-
Payables balance at end of year	<u><b>233,614</b></u>	<u><b>162,404</b></u>

In addition, Octavia Housing made a non-cash donation of £36,160 (2020: £36,160) to the Foundation representing the value of donated office services.