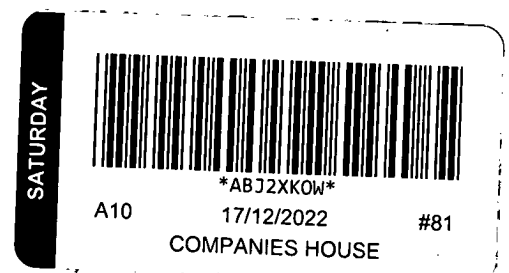


Company registered no: 03436993
Registered charity no: 1065817

Octavia Foundation
(A charitable company limited by guarantee)

**Trustees' Annual Report and
Financial Statements**

Year ended 31 March 2022



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Trustees, Auditors, Bankers, Investment Advisors & Registered office

Trustees

Sandeep Katwala (Chair)
Gwen Godfrey (Resigned 21 July 2021)
Tom Hopkins (Hon Treasurer)
David Dunbar
Hugh Thornbery

Executive Director Denize McGregor (Joined 4 January 2022)
Sarah Shaw (Resigned 2 December 2021)

Secretary and Registered Office

Colin Hughes = resigned 30 November 2021

Iain Bacon – from 13 December 2021

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 2022.

Objectives and Activities

Our community projects tackle inequality by empowering people to live well and connect.

We have built a unique offer that puts people and communities first, harnessing the skills and commitment of our colleagues, partners and stakeholders to build and sustain thriving and diverse communities that enrich the lives of everyone who lives in them. With the pandemic laying bare pre-existing inequalities and triggering long overdue conversations about community, opportunity, housing and health, that offer is just as relevant today – perhaps even more so – as it was when we were founded in 1865.

Octavia works with a diverse range of people living in central and west London who are experiencing inequality, younger and older people, those finding it hard to access work or experiencing financial difficulty through an inclusive approach. We build capacity within individuals, empowering them to feel more confident, resilient, less lonely, that they belong and are able to connect with others and live well. We raise awareness of opportunities, enabling people to access them, building on their skills and using their talents, so they achieve the outcomes they want, improving their wellbeing and financial resilience.

Our face-to-face activities were suspended for certain periods of the year due to Covid restrictions, but the trustees continued to deliver projects and still met our ambition in many areas: reaching 3,495 people through employment and training advice; outreach, befriending and activities for older people; volunteering; support grants and food provision; and creative youth activities.

The Foundation continued to work according to the principles outlined in our Communities Strategy 2021-24, Building on our Legacy, to reach more isolated and lonely people through our activities and supporting other local charities by March 2022.

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

3,495 people have benefitted directly or indirectly from our services during 2021/22, which demonstrates our interest in and commitment to extending our services to meeting growing needs.

Trustees' annual report (continued)

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:

- Our outreach, befriending and activities service helped 874 older and isolated people in Westminster and Kensington and Chelsea
- Our gardening and handyperson service helped 463 older and/or disabled Octavia tenants to maintain and improve their gardens and carry out small repairs/improvements to their homes

Young people and children

We have continued to provide a comprehensive program of creative arts activities for young people at our digital media centre Base at the Reed. In 21/22, our youth team enabled 242 young people to be connected, creatively engaged and supported to grow through a mixture of after school and school holiday activities and creative skills development projects. These young people attended our activities at total of 1981 times, across 1044 hours of youth work activities which included a free, healthy hot cooked meal at every session.

Our work expanded this year to introduce: a new specialist SEND focused provision; running our first 4 day youth residential in Essex; joint film projects with partners including The Avenues, Chelsea Physic Garden, The Childhood Trust and WAC Arts; screenings at The Childhood Poverty Summit, London Screen Academy and the Everyman Cinema; and a greater focus on supporting older young people into further education and employment in the creative arts industry.

Employment and Training

We have supported 105 people with with information, advice, guidance, volunteering opportunities and support to develop their own businesses during 21/22, with a record 36 people helped into paid work and work progression into better paid roles. There were a total of 295 1:1 engagements across the year. As part of the Government's Kick-start Scheme we also created three high-quality, six-month placements for young people aged 16-24 as Digital Content Creators and all are still in paid employment.

Volunteering

During the year we have been supported by 406 volunteers who have given their time freely to support our projects, particularly older, isolated people through our befriending and outreach services as well as raising valuable funds in our shops. 49 of these volunteers were through our corporate partnerships, who were involved with befriending, virtual activities at our extra care schemes, and our employment and training programmes.

Hardship support

Financial hardship continues to affect local residents on low incomes. With funding from charities such as Friends of Octavia and Westminster Almshouses Foundation, we have provided 106 small grants to residents in need of essential household items and items to be used for training and educational purposes. These were used to purchase essential household items such as fridges, cookers,

flooring or computer equipment for education, training or work. We have also continued to refer residents in need to local food banks across London alongside pre-paid food shopping vouchers, on 261 occasions.

Community involvement

Octavia's Better Lives Community Fund supported a further 696 younger people this year (aged 7-25) through grants to small local charities. Ten local charities benefitted from a total of £47,692 grant funding across a range of areas: from the purchase of a new bus to transport young people safely between projects at The Avenues Youth Club, to a football and education after-school project run by Kinetic Foundation for young people aged 14-16.

Trustees' annual report (continued)

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. The changing economic climate, such as the war in Ukraine and the cost of living crisis, have had an impact on our fundraising capacity and will continue to do so during 22/23, but trustees continue to respond and adapt their approach to meet the needs of our local community through our projects.

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 2021/22

The Foundation reported a deficit of £0.22m (total operating expenditure for the year of £0.91m offset by £0.64m in income and £0.16m gain on investments). This is broadly in line with income and expenditure for the previous year and demonstrates the commitment of the Trustees to utilise the Foundation's unrestricted reserves in a planned and considered way to meet growing needs.

Total reserves for the year was £1.88m of which £0.69m related to restricted and £1.19m unrestricted reserves.

Outstanding liabilities due to OH as at 31st March 2022 was £0.57m.

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

Events after the date of reporting

CCLA investment worth £0.98m was sold on 2nd August 2022 to defray the outstanding liability and amounts owed to Octavia Housing of £0.57m.

Trustees' annual report (continued)

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 have;

- optimised the impact of the Octavia Foundation by bringing together fundraising, partnering, grant funding (organisation and individual) and monitoring functions into one team.
- grown our fundraising capacity and funds to in the coming years fully cover the costs of new community projects and increase new funds for existing projects.

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 2022/23, The Foundation will require reserves of some £0.1m to cover budgeted expenditure for the year to March 2023 in the event of any temporary interruption to its revenue funding.

Currently unrestricted reserves are £1.2m. During the year, the £163k 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:

- 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

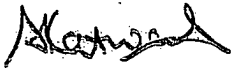
The Executive Director works with the Trustees to identify the key risks facing the charity which are included in the Octavia Group's risk map and reviewed by its Audit and Risk committee

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 416 A of the Companies Act 2006 relating to small companies.

S Katwala
Chair



12 December 2022

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 2022 which comprise the Statement of financial activities (including Income and Expenditure Account), Statement of financial position, Statement of cash flows 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 2022 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.

Fraud and breaches of laws and regulations – ability to detect

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 executive team who have delegated responsibility for the day to day management of the charity and the group's audit and risk committee as to whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Group wide Board and audit and risk committee 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.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls.

We also performed procedures including identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

Identifying and responding to risks of material misstatement related to 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 discussed with the executive team the policies and procedures regarding compliance with laws and regulations.

As the group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

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.

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

Secondly, the charitable company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety and employment law recognising the nature of the charitable company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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 Trustees' Annual Report. 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 Trustees' Annual Report, which constitutes the directors' report for the financial year, is consistent with the financial statements; and
- In our opinion that report has 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.

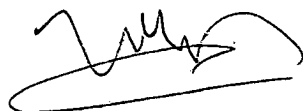
Auditor's responsibilities

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.

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
13 December 2022

Statement of Financial Activities for the year ended 31 March 2022
(Incorporating the income and expenditure account)

		2022	2022	2022	2021
	Note	Restricted £	Unrestricted £	Total £	Total £
Income from:					
Donations	2	361,486	94,725	456,210	396,341
Charitable activities	2	32,679	-	32,679	39,325
Government furlough grant	2	463	-	463	38,091
Investments	2	-	48,472	48,472	57,996
Total income	2	394,627	143,197	537,824	531,753
Expenditure on:					
Raising funds		-	(43,742)	(43,742)	(14,060)
Charitable activities	3	(444,412)	(406,664)	(849,976)	(926,966)
Property running costs		(7,474)	-	(7,474)	(13,816)
Investment management costs	8	-	(12,707)	(12,707)	(12,389)
Total expenditure		(451,886)	(462,013)	(913,899)	(956,220)
Net gain on investments	8	-	166,842	166,842	358,507
Net income/(expenditure)		(57,259)	(162,974)	(220,233)	(75,960)
Transfer between funds		-	-	-	-
Net movement in funds		(57,259)	(162,974)	(220,233)	(75,960)
Reconciliation of funds:					
Total funds brought forward		749,090	1,348,316	2,097,406	2,173,366
Total funds carried forward		691,831	1,185,341	1,877,172	2,097,405

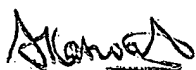
All funds relate to continuing activities.

The notes on pages 14 to 24 form part of these financial statements.

Statement of Financial Position as at 31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	7	591,700	599,174
Investments	8	1,717,194	1,674,059
		<u>2,308,894</u>	<u>2,273,233</u>
Current assets			
Receivables	9	48,188	6,651
Cash at bank and in hand		93,121	67,092
		<u>141,309</u>	<u>73,743</u>
Payables: amounts falling due within one year	10	<u>(573,031)</u>	<u>(249,571)</u>
Net current liabilities		<u>(431,722)</u>	<u>(175,828)</u>
Net assets		<u><u>1,877,172</u></u>	<u><u>2,097,405</u></u>
Restricted funds	11,12	691,831	749,091
Unrestricted funds	11,12	1,185,341	1,348,314
		<u><u>1,877,172</u></u>	<u><u>2,097,405</u></u>

These financial statements were approved and authorised for issue by the Board of Trustees on 12 December 2022 and were signed on its behalf by:



S Katwala
Chairman

Company Registration No: 03436993
Registered Charity No: 1065917

The notes on pages 14 to 24 form part of these financial statements.

Statement of Cash Flows for the year ended 31 March 2022

	Note	2022 £	2021 £
Cash flows from operating activities:			
Net (expenditure)/income for the reporting period (as per the statement of financial activities)		(220,233)	(75,960)
Adjustments for:			
Depreciation charges	7,12	7,474	12,802
Gains/(losses) on investments	8	(143,135)	(346,118)
Interest receivable		(48,472)	(57,996)
Movement in debtors	9	(41,537)	6,871
Movement in creditors	10	323,460	62,514
Net cash used in operating activities		(122,443)	(397,887)
Cash flows from investing activities:			
Interest received and other investment income		48,472	57,996
Investment sale proceeds		100,000	370,000
Net cash provided by investing activities		148,472	427,996
Change in cash and cash equivalents in the reporting period		26,029	30,109
Cash and cash equivalents at the beginning of the reporting period		67,092	36,983
Cash and cash equivalents at the end of the reporting period		93,121	67,092

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.

Change in depreciation policy

Octavia Foundation has revised its depreciation policy which has an immaterial impact on the depreciation charge for the current year

Fixed assets - freehold property

Freehold properties acquired (including land) are stated at estimated cost less depreciation and impairment (where applicable). The estimated cost of land and property represents their purchase price and any directly attributable costs of acquisition.

Depreciation of freehold property

Freehold land is not depreciated on account of its indefinite useful economic life. Assets in the course of construction are not depreciated until they are completed and ready for use so as to ensure that they are depreciated only in periods in which economic benefits are expected to be consumed.

Notes forming part of the financial statements (continued)

Freehold properties are split between the structure and the major components which require periodic replacement. The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life as follows:

Description	Economic useful life (years)
Service chargeable components – short life	10 years
Boilers	15 years
Energy improvements	20 years
Kitchens	20 years
Bathrooms	30 years
Central heating systems	30 years
Electric	30 years
Externals	30 years
Service chargeable components – long life	30 years
Windows and doors	30 years
Roofs	50 years
Structure	100 years

Service chargeable components - short life - include warden call system, CCTV, hoist, door entry systems etc.

Service chargeable components - long life - include fire systems, TV aerials, communal heating, passenger lifts etc.

Externals include steps and handrail, paths etc.

Depreciation is not charged on housing assets in the year of completion but in subsequent years including the year of disposal.

Leasehold properties are depreciated over the length of the lease except where the expected useful economic life of properties is shorter than the lease; in such cases the lease and building elements are depreciated separately over their expected useful economic lives

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.

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 2023 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.

Notes forming part of the financial statements (continued)

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

	2022	2022	2022	2021
	Restricted	Unrestricted	Total	Total
	£	£	£	£
Outreach and befriending service (Westminster)	141,137	-	141,137	121,716
Payroll Giving Donations over £1,000	-	50,000	50,000	-
Friends of Octavia	38,688	-	38,688	28,054
Heritage Lottery Fund	9,675	-	9,675	(13,211)
Value of donated services from Octavia				
Housing	-	36,269	36,269	36,319
Outreach and befriending service (RBKC)	13,000	-	13,000	25,000
Bridgepoint Advise	-	-	-	52,000
Grants and donations from organisations under £1,000	-	-	-	-
Arts Council	-	-	-	-
City of London (Covid response)	-	-	-	3,000
Cheque donations over £1,000	-	-	-	-
HPPEC Civil Trustees Grant	180	-	180	5,000
Westminster Almshouses Foundation	17,800	-	17,800	14,000
Grants and donations from individuals under £1,000	3,740	3,482	7,222	1,915
Grants and donations from unknown over £1,000	-	3,275	3,275	2,880
John Lyon's Charity	26,300	-	26,300	25,000
The Campden Charities	1,500	-	1,500	1,000
London Youth Grant Funding	16,500	-	16,500	5,000
Employee Volunteer	150	-	150	3,600
Film Creation	5,000	-	5,000	-
We Made It	10,258	-	10,258	-
The Weinstock Fund	4,720	-	4,720	-
Childwick Trust	13,000	-	13,000	-
Kensal Youth Programme	-	-	-	12,309
Stitching Polar Lights	-	1,699	1,699	8,916
Virgin Money Giving donation over £1,000	-	-	-	395
Kickstarter	13,770	-	13,770	-
Kensington and Chelsea Foundation	12,620	-	12,620	-
Fidelity International Investment	10,000	-	10,000	-
Ground Work	23,447	-	23,447	24,948
L&Q Place Makers	-	-	-	4,000
London Community	-	-	-	15,000
Jones Lang LaSalle	-	-	-	2,000
Community Fibre	-	-	-	4,500
Barclays Charity Donation	-	-	-	3,000
Lottery Funding	-	-	-	10,000
Total Grant and Donations	361,485	94,725	456,210	396,341

2 Income (continued)

	2022 Restricted £	2022 Unrestricted £	2022 Total £	2021 Total £
Charitable activity – social housing rents	32,679	-	32,679	39,326
Furlough Grant	463	-	463	38,091
Investments	-	48,472	48,472	67,996
	<u>394,627</u>	<u>143,197</u>	<u>537,824</u>	<u>531,753</u>

The income from donations and grants was £466,6210 (2021 - £386,341) of which £94,726 was unrestricted (2021 - £52,846) and £361,4869 was restricted (2021 - £343,796).

Rental income is restricted income for both 2022 and 2021.

3 Charitable activity expenditure

	2022 Activity £	2022 Support Costs £	2022 Total £	2021 Total £
Older peoples' activities	355,068	88,318	443,386	451,528
Young peoples' activities	97,608	24,278	121,886	166,846
Employment & training	116,636	28,986	145,621	213,249
Financial Inclusion	63,867	15,886	79,753	97,868
Community Grants	47,592	11,838	59,430	7,475
	<u>680,670</u>	<u>169,306</u>	<u>849,976</u>	<u>925,966</u>

The expenditure on charitable activities was £849,976 (2021: £925,966) of which £406,664 was unrestricted (2021: £496,767) and £444,412 was restricted (2021: £430,198).

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

Support cost	By reference to	2022 Charge £	2021 Charge £
Public Relations	Staff time	2,520	-
Governance	Staff time	54,017	40,419
Admin	Staff time	70,761	72,123
Human Resources	Headcount	953	1,444
Office Costs	Floor area	36,269	36,269
General Expenses	Usage	4,728	7,263
Bank Charges		58	-
		<u>169,306</u>	<u>157,508</u>

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 2022
	£	£	£	£	£	£
Public Relations	1,314	361	431	237	177	2,520
Governance (note 4)	28,178	7,746	9,248	5,068	3,777	54,017
Admin	36,912	10,147	12,115	6,639	4,948	70,761
Human Resources	497	137	163	89	67	953
Office costs	18,920	5,201	6,209	3,403	2,536	36,269
General expenses	2,466	678	809	444	331	4,728
Bank Charges	30	8	10	5	5	58
Total Expenditure	88,317	24,278	28,985	15,885	11,841	169,306

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 10 organisations totalling £47,592 (as follows):

Organisation Receiving Grant Funding	Category	Grant awarded £
Hornlmans Adventure Playground	Young People	5,000
Adventure Play Hub	Young People	5,000
Avenues	Young People	5,000
Meanwhile Gardens	Young People	4,936
Youth Action Alliance	Young People	5,000
Solidarity Sports	Young People	5,000
Union Dance Trust Ltd	Young People	4,790
Tell it parents' Network	Young People	4,126
Element Creative Projects	Young People	4,340
Kinetic Foundation	Young People	4,400
Total		47,592

Client Group	Number of organisations awarded	Total amount awarded £
Older People	0	0
Young People	10	47,592
Community	0	0
	10	47,592

Notes forming part of the financial statements (continued)

5 Governance expenditure

	2022	2021
	£	£
Professional fees – external audit	5,088	3,720
Professional fees - consultancy	1,500	526
Staff time allocation	47,232	36,173
	<u>53,820</u>	<u>40,419</u>

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

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:

	2022 Number	2021 Number
Full time equivalent	<u>11</u>	<u>10</u>

As of 1st November 2021 all staff employed with Octavia Foundation was transferred to Octavia Housing under the terms of a TUPE agreement. The full time equivalent is representative of the pro-rata contracted hours worked until 31st October 2021.

The total staff costs during the year were:

	2022 £	2021 £
Wages and salaries	257,787	351,160
Social security costs	25,300	32,457
Other pensions costs	35,628	24,658
	<u>318,715</u>	<u>408,275</u>

The directors are defined as the members of the Board of Management, the Chief Executive and the Executive Management Team. The Board of Management and Chief Executive have been paid from Octavia Housing and have been disclosed in the Octavia Group financial statements.

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

	2022	2021
£70,001 to £80,000	0	1

The total amount payable to the Executive Director, who was the highest paid key management personnel in respect of emoluments was £0 (2021 - £75,269). Pension contributions of £0 (2021 - £7,441) 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 2022 (2021 - nil).

Notes forming part of the financial statements (continued)

7 Fixed Assets – Freehold Property

	2022 £	2021 £
Cost		
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>
Depreciation		
At the start of the year	180,489	167,667
Charge for the year	7,474	12,802
At the end of the year	<u>187,963</u>	<u>180,489</u>
Net book value at 31 March	<u>591,700</u>	<u>599,174</u>

Property expenses totalling incurred during the year was £0 (2021 – £1,014)

8 Fixed Asset – Investments

	2022 £	2021 £
Listed investments		
Market value at the start of the year	1,674,059	1,697,941
Sale of investments	(100,000)	(370,000)
Gain / (Loss) on revaluation of investments	155,842	358,507
Investment management fees	(12,707)	(12,389)
Market value at 31 March	<u>1,717,194</u>	<u>1,674,059</u>
Investments		
COIF Charities Investment Fund	1,717,194	1,674,059
	<u>1,717,194</u>	<u>1,674,059</u>
Historic cost of investments at end of year	<u>1,150,086</u>	<u>1,217,960</u>

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

Notes forming part of the financial statements (continued)

9 Receivables

	2022	2021
	£	£
Receivables and prepayments	48,188	12,289
Less provision of doubtful debts	0	(5,638)
	<u>48,188</u>	<u>6,651</u>

10 Payables

	2022	2021
	£	£
Trade Payables	1,664	(1,270)
Due to Octavia Housing (note 15)	571,113	233,614
Accrued Expenditure	254	17,227
	<u>573,031</u>	<u>249,571</u>

11 Restricted and unrestricted funds

The following assets comprise the restricted and unrestricted funds as at 31 March 2022.

	Freehold property	Investments	Net current assets / (liabilities)	Total
	£	£	£	£
Unrestricted fund	-	1,717,194	(531,863)	1,185,341
Restricted funds	591,700	-	100,131	691,831
	<u>591,700</u>	<u>1,717,194</u>	<u>(431,722)</u>	<u>1,877,172</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)

12 Restricted Funds

	Balance 1 April 2021 £	Income £	Expenditure £	Balance 31 March 2022 £
Octavia Hill Housing Trust Gift Fund - asset	599,174	-	(7,474)	591,700
Octavia Hill Housing Trust Gift Fund - surplus	196,142	33,142	-	229,284
PROJECTS				
Base at The Reed	69,753	17,370	(10,292)	76,831
NHS Prevent	1,566	-	-	1,566
Welfare and Education (Friends of Octavia)	7,705	34,420	(31,074)	11,051
Gardening (Friends of Octavia)	6,500	4,268	(4,268)	6,500
Tenants Into Work	(909)	13,770	(600)	12,361
Older Peoples Christmas Party	(727)	-	32	(695)
Outreach Project	(183,395)	152,287	(355,094)	(386,202)
RBKC Befriending	26,361	13,000	(60)	39,301
Digital Media Project	(11,509)	65,233	(9,903)	43,821
Campden Charities	2,603	1,500	(1,987)	2,116
Volunteer Celebration Event	(1,249)	-	(11,255)	(12,504)
Westminster Almshouses Foundation	2,504	17,800	(20,011)	293
Covid Grant	13,000	0	-	13,000
Coffee Mornings	0	4,720	-	4,720
Other Fundraising	0	37,117	-	37,117
Learn to Earn	21,572	-	-	21,572
TOTAL PROJECTS	(46,226)	361,485	(444,412)	(129,153)
Total Restricted Funds	749,090	394,627	(451,886)	691,831

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

13 Unrestricted Funds

	£
At 1 April 2021	1,346,314
In year movements	(162,973)
At 31 March 2022	<u>1,185,341</u>

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)

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 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 6BN. This represents the smallest and largest group for which consolidated accounts are prepared.

During the year ended 31 March 2022 Octavia Foundation had incurred costs and received revenues from Octavia Housing as follows:

	2022	2021
	£	£
Payables balance at start of year	233,614	162,404
Net movements between Octavia Foundation and Octavia Housing for services	337,499	71,210
Donation made by Octavia Housing	-	-
Payables balance at end of year	<u>571,113</u>	<u>233,614</u>

		At 1 April 2021	Movement	At 31 March 2022
Entity granting loan	Entity receiving loan	£'000	£'000	£'000
Octavia Housing	Octavia Living Limited	648	336	983
Octavia Housing	Octavia Foundation	<u>0</u>	<u>40</u>	<u>40</u>
		<u>648</u>	<u>376</u>	<u>923</u>

In addition, Octavia Housing made a non-cash donation of £36,269 (2021: £36,160) to the Foundation representing the value of donated office services.

After the reporting date, the following transactions have occurred which defray the reported amounts owed to Octavia Housing by its subsidiaries.

- The Board of the Foundation approved to liquidate £0.96m of CCLA investment to defray the outstanding liability which was sold on 2nd August 2022.
- The amount due to Octavia Housing of £571,113 was fully repaid on 2nd August 2022.