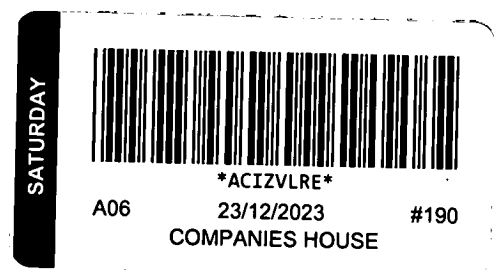


Company registered no: 03436993
Registered charity no: 1065817

Octavia Foundation
(A charitable company limited by guarantee)

**Trustees' Annual Report and
Financial Statements**

Year ended 31 March 2023



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Trustees, Auditors, Bankers, Investment Advisors & Registered office

Trustees

Sandeep Katwala	Chair (Resigned 31 March 2023)
Sheila Fitzsimons	(Appointed 13 March 2023)
Tom Hopkins	(Resigned 21 March 2023)
David Dunbar	(Resigned 11 December 2022)
Hugh Thornbery CBE Chair	(Appointed September 2019, Chair from 1 April 2023)

Executive Director

Denize McGregor (Resigned 31 July 2023)
Alison Muir (Joined 11 September 2023)

Secretary and Registered Office

Iain Bacon	(Resigned 4 October 2022)
Norman Hill	(Appointed 5 October 2022, resigned 12 March 2023)
Paul Hackett	(Appointed 13 March 2023, resigned 25 June 2023)
Adam Barratt	(Appointed 26 June 2023)

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 2023.

Objectives and Activities

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

For over 150 years Octavia Housing, part of the Octavia Group, has been providing affordable housing and support to those that need it most, across Central and West London. The Octavia Foundation was established in 2005 by Octavia, as a charitable arm, to allow us to raise much needed funds to continue and to develop our founder Octavia Hill's vision for individuals and communities in London, and to allow us to sustain, and extend, the reach of our community investment activities.

Octavia's unique offer puts communities first, harnessing the skills and commitment of our colleagues, volunteers, partners and stakeholders to build and sustain thriving and diverse communities that enrich the lives of everyone who lives in them. The people we support are frequently at risk of isolation; of having low levels of resilience, confidence and aspirations and have few accessible, inclusive opportunities to develop their skills further.

At Octavia we tackle inequality by creating opportunities and connection through employment and training advice; outreach, befriending, and activities for older people; creative youth activities; volunteering and building financial resilience to help people through the ongoing financial crisis and beyond.

This work is delivered by an in-house team of staff, employed by Octavia Housing, with fundraising for these activities coming from a blend of commissioned income, direct investment from Octavia Housing as part of a commitment to supporting Octavia residents, and fundraised income which allows us to widen the reach of our activities. The Octavia Foundation exists to raise much needed funds towards these activities and to allow us to extend support beyond those living in Octavia homes.

We also continue to support young people through our Better Lives Community Fund, which this year funded the important work of 12 local organisations that reached 1,556 young people.

Our Communities teams and trustees continued to deliver and fund projects that supported a record 4,545 people overall in 2022/23, surpassing our ambitious target of engaging 4,200 individuals and supporting 30% more people than the previous year. This was our second year of successfully delivering on our Communities Strategy 2021-2024 *Building on our Legacy*. We remain on track to exceed our ambitions of supporting at least 4,400 people a year by 31 March 2024, having achieved this a year earlier than planned.

However, our work is about far more than the numbers: it's about supporting sustainable, long-term impact within our community. We build capacity within individuals, supporting them to feel more confident and less lonely, improving their wellbeing and financial resilience, and empowering them to achieve the outcomes that they want.

It's essential to recognise that we don't do this in isolation. Helping us to help others is a diverse, talented, dedicated community of volunteers, residents, colleagues, partners and stakeholders. All of us share a common goal to build and sustain thriving communities in the London boroughs where we work. We are hugely grateful to all those who make continuing with our community projects possible, year after year.

The Foundation continues to work according to the principles outlined in our Communities Strategy 2021-24, *Building on our Legacy*, to reach more people through our activities and supporting other local charities by March 2024. Our new Communities Strategy will be launched in early 2024, setting our clear direction for the coming three years.

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.

Trustees' annual report (continued)

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
- Financial resilience

4,545 people have benefitted directly or indirectly from our services during 2022/23, which is 1,050 more than in 21/22, and demonstrates our continued commitment to extending our services to meeting the growing needs of our local community.

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 839 older and isolated people in Westminster and Kensington and Chelsea
- Our gardening and handyperson service helped 455 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 connect with young people creatively through filmmaking, animation, music, game production, performance, photography, art, graphic design and curiosity-inducing trips. In partnership with specialists and professional experts, our youth team continues to deliver a popular and inspiring programme that is inclusive, relevant and aims to build skills and trust.

In 22/23, our youth team enabled 341 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 a total of 2,609 times, across 800 hours of youth work activities that were all free to attend, with most sessions including a free healthy hot meal. The demand for our youth service has never been greater, as we engaged with 40% more young people than in 21/22.

For young people with mild to moderate learning disabilities, Access Digi-Base is our creative media project where young people can explore animation, filmmaking, music production, digital arts gaming and much more. 21% of the young people we support across all of our youth projects live with a disability or special educational need.

Our film work expanded this year to partner with: The Avenues, Chelsea Physic Garden, Friends of the Earth, Clement James, Action on Disability, School Within a School at Kensington Aldridge Academy, Whitefields Academy, Westway Trust, Lives Not Knives, Westminster City Council, Rebel Business School and The Childhood Trust. There were screenings of young people's work at The Childhood Poverty Summit and London Screen Academy. We also placed a greater focus on supporting older young people into further education and employment in the creative arts industry, demonstrated by a record 17 young people going into further education or paid work.

Trustees' annual report (continued)

Significant activities contributing to the achievement of our objectives (continued)

Employment and Training

We have supported 136 people with information, advice, guidance, volunteering opportunities and support to develop their own businesses during 22/23, with 35 of these individuals helped into paid work or in-work progression into better paid roles. There were 433 one-to-one engagements across the year (138 more than the year previous) demonstrating the increasing complexity of needs for those seeking paid work. A record 17 young people who attended our youth provision were supported into further education or employment, into organisations including: House Productions, London Screen Academy & Screen Skills.

We continue to be registered as a Gold Standard organisation as part of RBKC's 'Pathways to Work Charter' and have worked closely with a variety of local organisations including Campden Charities and Westminster council, to ensure that we maximise the support we deliver.

Volunteering

During the year we have been supported by 457 volunteers (13% increase on 21/22) 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. 77 of these volunteers were through our corporate partnerships, who supported older people through one-to-one befriending, activities at our extra care schemes and at our annual Christmas party bringing older people together.

Financial Resilience

Many Octavia residents continue to be affected by the rising costs of living and the economic crisis. With the support of generous funding from Friends of Octavia, we have provided 160 small grants (amounting to over £46,000 in value) to residents in need of essential household items and items to be used for training and educational purposes. This represents a 51% increase from those given in 21/22, demonstrating the growing need of those living on low incomes in these challenging times.

We have also continued to refer residents in need to local food banks across London alongside pre-paid food shopping and expanded this to energy vouchers, on 305 occasions (17% increase on 21/22).

During this year, Octavia's financial support service moved under the remit of the Communities team and as such, 215 local residents have been supported with money advice focused on benefits, debt and a new project delivering financial education to RBKC residents.

Community involvement

Octavia's Better Lives Community Fund supported a further 1,556 young people this year through grants to small local charities. Twelve local charities benefitted from a total of £99,999.20 grant funding across a range of areas including: running creative projects for care experienced young people by Element Project; canal boat trips for refugee children by Kongolese Centre for Information and Advice; and supporting young Travellers via creative experiences by Youth Action Alliance.

Fundraising

The Trustees, alongside our Fundraising team, 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 due to increasing competition for funds and will continue to do so during 23/24. However, trustees continue to respond and adapt their approach to meet the needs of our local community through our projects, including through innovative income streams such as commercial commissioned work from our youth led production company Base Productions.

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.

Pursuant to a Charity Commission Scheme and uniting direction, Octavia Foundation was the corporate trustee of the Octavia Hill Housing Trust Gift Fund (the Gift Fund). This financial year the Gift Fund was deregistered from the Charity Commission and delinked from Octavia Foundation. Octavia Housing is the new corporate trustee and ownership of the Gift Fund assets have been transferred to Octavia Housing.

Fixed Assets Freehold Property relating to the Gift Fund, with a Cost of £780,000 and Depreciation of £188,000 at 1 April 2022, have been transferred to Octavia Housing. Related restricted reserves totaling £820,984 have also been transferred to Octavia Housing.

The Gift Fund assets remain permanently endowed for their original purpose.

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 2022/23

The Foundation reported a deficit of £0.27m, total operating expenditure of £0.48m and loss on investments of £0.04m for the year offset by £0.25m in income.

Total reserves for the year were £0.78m of which £0.41m related to restricted and £0.37m unrestricted reserves.

Outstanding liabilities due to Octavia Housing as at 31st March 2023 was £0.09m.

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 *Building on our Legacy 2021-2024* which seeks to significantly increase our reach and support more local people in long-term, meaningful ways. This was our second year of successfully delivering on our strategy and we remain on track to exceed our ambitions of supporting at least 4,400 people a year by 31 March 2024, having achieved this a year earlier than planned.

We will continue to bring together services and offers for residents and people in the community, develop diverse partnerships and sustainably grow projects. We have 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. Our new Communities Strategy will be launched in early 2024, setting our clear direction for the coming three years.

Trustees' annual report (continued)

Our future plans (continued)

In 2023/24 we will be actively recruiting new independent trustees to the Foundation Board, with the aim of bringing in additional expertise aligned to the Foundation's aims and the services we provide

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 2023/24, the Foundation will require reserves of some £0.25m to cover six months budgeted expenditure in the event of any temporary interruption to its revenue funding.

The previous years' restricted reserve position was overdrawn for amounts totalling £411,851. This balance was transferred to unrestricted funds during the year.

Currently unrestricted reserves are £0.37m. During the year, £0.41m was transferred from restricted reserves and the £0.4m 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 6 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)

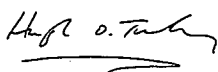
Risk management

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.



H Thornbery CBE
Chair

18th December 2023

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 2023 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 2023 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.

Independent auditor's report to the members of Octavia Foundation

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 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;

Independent auditor's report to the members of Octavia Foundation

- 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.

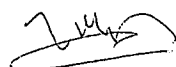
Auditor's responsibilities

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
20 December 2023

Statement of Financial Activities for the year ended 31 March 2023

(Incorporating the income and expenditure account)

		2023	2023	2023	2022
	Note	Restricted £	Unrestricted £	Total £	Total £
Income from:					
Donations	2	146,020	66,906	212,926	456,210
Charitable activities	2	-	-	-	32,679
Government furlough grant	2	-	-	-	463
Investments	2	-	33,869	33,869	48,472
Total income	2	146,020	100,775	246,795	537,824
Expenditure on:					
Raising funds		-	(196,207)	(196,207)	(43,742)
Charitable activities	3	(15,038)	(257,426)	(272,464)	(849,976)
Property running costs		-	-	-	(7,474)
Investment management costs	8	-	(11,278)	(11,278)	(12,707)
Total expenditure		(15,038)	(464,911)	(479,949)	(913,899)
Net (loss)/gain on investments	8	-	(37,188)	(37,188)	155,842
Net income/(expenditure)		130,982	(401,324)	(270,342)	(220,233)
Transfer		411,851	(411,851)	-	-
Transfer to Octavia Housing		(820,984)	-	(820,984)	-
Net movement in funds		(278,151)	(813,175)	(1,091,326)	(220,233)
Reconciliation of funds:					
Total funds brought forward		691,831	1,185,341	1,877,172	2,097,405
Total funds carried forward		413,680	372,166	785,846	1,877,172

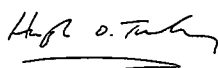
All funds relate to continuing activities.

The notes on pages 14 to 25 form part of these financial statements.

Statement of Financial Position as at 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	7	-	591,700
Investments	8	683,747	1,717,194
		<u>683,747</u>	<u>2,308,894</u>
Current assets			
Receivables	9	40,979	48,188
Cash at bank and in hand		153,509	93,121
		<u>194,488</u>	<u>141,309</u>
Payables: amounts falling due within one year	10	(92,389)	(573,031)
		<u></u>	<u></u>
Net current assets/(liabilities)		102,099	(431,722)
Net assets		<u>785,846</u>	<u>1,877,172</u>
 Restricted funds	11,12	413,680	691,831
Unrestricted funds	11,12	372,166	1,185,341
		<u>785,846</u>	<u>1,877,172</u>

These financial statements were approved and authorised for issue by the Board of Trustees on 18th December 2023 and were signed on its behalf by:



H Thornbery CBE
Chair

Company Registration No: 03436993
Registered Charity No: 1065817

The notes on pages 14 to 25 form part of these financial statements.

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 budgeted requirements for the next year and the support provided by Octavia Housing. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Disclosure exemptions

As permitted under FRS102, Octavia Foundation has taken advantage of the exemption to present a Statement of Cash Flows and related notes.

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.

Raising funds

Raising funds are the costs associated with raising funds towards the social and community services Octavia provides and includes the employee costs and other costs associated with administering the Foundation and running the annual fundraising campaign and initiatives.

Charitable activities

Charitable activities are the costs to support children, young people and vulnerable older people through the range of social and community services. The majority of costs comprises employee costs and other costs associated with running these services.

Notes forming part of the financial statements (continued)

Change in depreciation policy

In the previous year Octavia Foundation revised its depreciation policy which had an immaterial impact on the depreciation charge for that 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.

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

Grants received from outside donors to fund specific projects together with expenditure not exceeding the grant received are included in restricted income and expenditure.

Notes forming part of the financial statements (continued)

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 £0.5m of its liquid assets to be available to continue its charitable activities until 31 March 2024 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.

- **Events after the reporting date**

Octavia Foundation is a wholly owned subsidiary of Octavia and sits within the Octavia Group. In a regulatory judgment published on 6th September 2023, the Regulator of Social Housing concluded that Octavia is non-compliant with its governance and financial viability standard and was downgraded to G3/V3. Octavia has developed a Governance Recovery Improvement Plan as steps improve its grading rating. This event is treated as non-adjusting because there was no economic outflow or benefit at the reporting date.

On 22nd November 2023, Octavia announced it is considering a formal partnership with Abri a housing provider based in the South of England. Abri has the highest grading rating of G1/V1 and the partnership is expected to improve Octavia's financial resilience. As at the reporting date, the exact form of merger or partnership has not yet been decided and the associations have not yet agreed to an outline business case. This event is treated as non-adjusting because there was no economic outflow or benefit at the reporting date.

Notes forming part of the financial statements (continued)

2 Income

	2023	2023	2023	2022
	Restricted	Unrestricted	Total	Total
	£	£	£	£
Outreach and befriending service (Westminster)	-	-	-	141,137
Payroll Giving Donations over £1,000	-	-	-	50,000
Friends of Octavia	46,818	-	46,818	38,688
Heritage Lottery Fund	1,000	-	1,000	9,675
Value of donated services from Octavia Housing	-	36,269	36,269	36,269
Outreach and befriending service (RBKC)	11,075	-	11,075	13,000
Young Westminster	4,550	-	4,550	-
Grants and donations from organisations under £1,000	932	1,432	2,364	-
XMAS FUND	500	200	700	-
Street Photography of the Harrow Road	-	750	750	-
HPPEC Civil Trustees Grant	5,170	-	5,170	180
Westminster Almshouses Foundation	-	-	-	17,800
Grants and donations from individuals under £1,000	-	6,295	6,295	7,222
Grants and donations from unknown over £1,000	-	1,037	1,037	3,275
John Lyon's Charity	29,000	-	29,000	26,300
The Campden Charities	7,500	-	7,500	1,500
London Youth Grant Funding	-	-	-	16,500
Employee Volunteer	-	-	-	150
Film Creation	6,125	200	6,325	5,000
We Made It	-	-	-	10,258
The Weinstock Fund	-	-	-	4,720
Childwick Trust	-	-	-	13,000
Stiff and Trevilli	-	1,860	1,860	-
Stitching Polar Lights	-	1,749	1,749	1,699
MEARS	-	614	614	-
Kickstarter	-	-	-	13,770
Kensington and Chelsea Foundation	-	-	-	12,620
Fidelity International Investment	8,350	-	8,350	10,000
Ground Work	-	-	-	23,447
London Community	15,000	3,500	18,500	-
Curtis Brown	-	1,500	1,500	-
Mactaggart Third Fund	-	1,500	1,500	-
LCW UCC	-	10,000	10,000	-
L&Q	10,000	-	10,000	-
CAMHS	-	-	-	-
Grenfell Young People Grant	-	-	-	-

Total Grant and Donations	146,020	66,906	212,926	456,210
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Notes forming part of the financial statements (continued)

2 Income (continued)

	2023	2023	2023	2022
	Restricted	Unrestricted	Total	Total
	£	£	£	£
Charitable activity – social housing rents	-	-	-	32,679
Furlough Grant	-	-	-	463
Investments	-	33,869	33,869	48,472
	146,020	100,775	246,795	537,824

The income from donations and grants was £212,926 (2022 - £456,210) of which £66,906 was unrestricted (2022 – £94,725) and £146,020 was restricted (2022 - £361,485).

In 2022 rental income is restricted.

3 Charitable activity expenditure

	2023	2023	2023	2022
	Activity	Support Costs	Total	Total
	£	£	£	£
Older peoples' activities	1,385	395	1,780	443,386
Young peoples' activities	-	-	-	121,886
Foundation running costs	104,781	29,904	134,685	145,521
Financial inclusion	1,240	353	1,593	79,753
Community Grants	101,295	33,111	134,406	59,430
	208,701	63,763	272,464	849,976

The expenditure on charitable activities was £272,464 (2022: £849,976) of which £257,426 was unrestricted (2022: £405,564) and £15,038 was restricted (2022: £444,412). The expenditure on restricted charitable activities in the previous years (2022: £176,945 and 2021: £197,789) should have been classified as unrestricted. The total cumulative balance of £411,851 has been reclassified as unrestricted.

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

Support cost	By reference to	2023	2022
		Charge	Charge
		£	£
Public Relations	Staff time	-	2,520
Governance	Staff time	20,361	54,017
Admin	Staff time	2,670	70,761
Human Resources	Headcount	-	953
Office Costs	Floor area	36,269	36,269
General Expenses	Usage	4,200	4,728
Bank Charges		263	58
		63,763	169,306

Notes forming part of the financial statements (continued)

3 Charitable activity expenditure (continued)

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 2023
	£	£	£	£	£	£
Public Relations	-	-	-	-	-	-
Governance (note 5)	125	-	9,549	113	10,573	20,360
Admin	17	-	1,252	15	1,387	2,671
Human Resources	-	-	-	-	-	-
Office costs	225	-	17,010	201	18,833	36,269
General expenses	26	-	1,970	23	2,181	4,200
Bank Charges	2	-	123	1	137	263
Total Expenditure	395	-	29,904	353	33,111	63,763

4 Analysis of community grants

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

During the year the Foundation Trustees awarded grants to 12 organisations totalling £101,295 as follows:

Organisation Receiving Grant Funding	Category	Grant awarded £
Hornimans Adventure Playground	Young People	7,998
Adventure Play Hub	Young People	10,000
Avenues	Young People	10,000
Youth Action Alliance	Young People	10,000
Solidarity Sports	Young People	10,000
Union Dance Trust Ltd	Young People	6,750
Element Creative Projects	Young People	7,914
Kinetic Foundation	Young People	8,100
London Basketball Association	Young People	8,175
Kongolese Centre for Information	Community	8,850
Response Community Centre	Community	4,508
St Clement James School Grow to know	Community	9,000
Total		101,295

Client Group	Number of organisations awarded	Total amount awarded £
Older People	-	-
Young People	9	78,937
Community	3	22,358
	12	101,295

Notes forming part of the financial statements (continued)

5 Governance expenditure

	2023	2022
	£	£
Professional fees – external audit	5,933	5,088
Professional fees - consultancy	-	1,500
Staff time allocation	14,428	47,232
	<u>20,361</u>	<u>53,820</u>

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

Notes forming part of the financial statements (continued)

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

During the prior year all staff employed by Octavia Foundation were transferred to Octavia Housing under the terms of a TUPE agreement. Octavia Foundation does not directly employ any staff but instead makes use of the employees of Octavia Housing who it then re-imburses at cost.

The average weekly number of persons made use of during the year was:

	2023 Number	2022 Number
Full time equivalent	<u>3</u>	<u>11</u>

The total staff costs during the year were:

	2023 £	2022 £
Wages and salaries	100,979	257,787
Social security costs	10,590	25,300
Other pensions costs	<u>7,639</u>	<u>35,628</u>
	<u>119,208</u>	<u>318,715</u>

The Trustees fees and the Executive Director have been paid from Octavia Housing and have been disclosed in the Octavia Group financial statements.

The total amount payable to the Executive Director, who was the highest paid key management personnel in respect of emoluments was £0 (2022 - £0). Pension contributions of £0 (2022 - £0) 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 2023 (2022 - nil).

Notes forming part of the financial statements (continued)

7 Fixed Assets – Freehold Property

	2023 £	2022 £
Cost		
At the start of the year	779,663	779,663
Transfer of Gift Fund to Octavia Housing	(779,663)	-
At the end of the year	<u>-</u>	<u>779,663</u>
Depreciation		
At the start of the year	187,963	180,489
Charge for the year	-	7,474
Transfer of Gift Fund to Octavia Housing	(187,963)	-
At the end of the year	<u>-</u>	<u>187,963</u>
Net book value at 31 March	<u>-</u>	<u>591,700</u>

No property expenses were incurred during the previous year.

8 Fixed Asset – investments

	2023 £	2022 £
Listed investments		
Market value at the start of the year	1,717,194	1,674,059
Sale of investments	(984,981)	(100,000)
(Loss) / gain on revaluation of investments	(37,188)	155,842
Investment management fees	(11,278)	(12,707)
Market value at 31 March	<u>683,747</u>	<u>1,717,194</u>
Investments		
COIF Charities Investment Fund	683,747	1,717,194
	<u>683,747</u>	<u>1,717,194</u>
Historic cost of investments at end of year	<u>475,948</u>	<u>1,150,086</u>

Notes forming part of the financial statements (continued)

9 Receivables

	2023	2022
	£	£
Receivables and prepayments	40,979	48,188
	<u>40,979</u>	<u>48,188</u>

10 Payables

	2023	2022
	£	£
Trade Payables	487	1,664
Due to Octavia Housing (note 15)	91,506	571,113
Accrued Expenditure	396	254
	<u>92,389</u>	<u>573,031</u>

11 Restricted and unrestricted funds

The following assets comprise the restricted and unrestricted funds as at 31 March 2023.

	Investments	Net current assets / (liabilities)	Total
	£	£	£
Unrestricted fund	683,747	(311,581)	372,166
Restricted funds	-	413,680	413,680
	<u>683,747</u>	<u>102,099</u>	<u>785,846</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 2022	Transfer to Un- restricted Funds	Transfer of Gift Fund	Income	Expenditure	Balance 31 March 2023
	£	£	£	£	£	£
Octavia Hill Housing Trust Gift Fund - asset	591,700	-	(591,700)	-	-	-
Octavia Hill Housing Trust Gift Fund - surplus	229,284	-	(229,284)	-	-	-
PROJECTS						
Base at The Reed	76,831	-	-	8,000	-	84,831
Base	-	-	-	307	-	307
NHS Prevent	1,565	-	-	-	-	1,565
Welfare and Education (Friends of Octavia)	11,051	-	-	46,818	(1,385)	56,484
Gardening (Friends of Octavia)	6,500	-	-	-	(360)	6,140
Tenants Into Work	12,361	909	-	-	-	13,270
Older Peoples Christmas Party	(695)	727	-	3,500	-	3,532
Outreach Project	(386,202)	386,202	-	6,350	-	6,350
RBKC Befriending	39,301	-	-	-	-	39,301
Digital Media Project	43,821	11,509	-	68,375	-	123,705
Campden Charities	2,116	-	-	7,500	-	9,616
Volunteer Celebration Event	(12,504)	12,504	-	-	-	-
Westminster Almshouses Foundation	293	-	-	-	(293)	-
Community Grant Funds	13,000	-	-	5,170	(13,000)	5,170
Coffee Mornings	4,720	-	-	-	-	4,720
Other Fundraising	37,117	-	-	-	-	37,117
Learn to Earn	21,572	-	-	-	-	21,572
TOTAL PROJECTS	(129,153)	411,851	-	146,020	(15,038)	413,680
Total Restricted Funds	691,831	411,851	(820,984)	146,020	(15,038)	413,680

Restricted reserves relating to both the asset and surplus on the Octavia Housing Trust Gift Fund have been transferred to Octavia Housing.

Notes forming part of the financial statements (continued)

13 Unrestricted Funds

	£
At 1 April 2022	1,185,341
Transfer from Restricted Funds	(411,851)
In year movements	(401,324)
At 31 March 2023	372,166

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. The transfer from restricted funds relates to the amount overdrawn in previous years.

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 2023 Octavia Foundation had incurred costs and received revenues from Octavia Housing as follows:

	2023 £	2022 £
Payable balance at start of year	571,113	233,614
Amount repaid	(571,113)	-
Net movements between Octavia Foundation and Octavia Housing for services	(151,530)	337,499
Transfer of Gift Fund - reserves	243,036	-
Payable balance at end of year	91,506	571,113

Entity granting loan	Entity receiving loan	At 1 April 2022 £'000	Movement £'000	At 31 March 2023 £'000
Octavia Housing	Octavia Foundation	40	(40)	-

In addition, Octavia Housing made a non-cash donation of £40,806 (2022: £36,269) to the Foundation representing the value of donated office services.

The Board of the Foundation approved to liquidate £984,981 of CCLA investment to defray the outstanding liability. This was sold on 2nd August 2022.

The amount due to Octavia Housing at 31 March 2022 of £571,113 was fully repaid on 2nd August 2022.