



**Ethical Property Foundation**

**Trustees' Annual Report and Accounts  
For the year ended 30 September 2005**



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## Acknowledgements

The Foundation is grateful for the time and commitment of our Trustees to whom we will be adding during the coming year. We have taken a great stride forward with the recruitment of our Director, Jo Taylor. We are grateful to our funders, without whom, our work would not be possible. Most of all we wish to acknowledge the debt the Foundation owes to Jamie Hartzell, the Managing Director of the Ethical Property Company. It was his vision which inspired us to develop the Foundation as a new way to support the social change sector and his energy which created the Foundation in the first place. We are glad to report that Jamie attends board meetings as an advisor and remains an active supporter.

## Legal and administrative information

Registered charity name: The Ethical Property Foundation

Charity registration number: 1101812

Company registration number: 04756158 (Company limited by guarantee)

Registered office: Development House  
56 – 64 Leonard Street  
London  
EC2A 4JX

### Trustees on date report approved:

	Appointed	Resigned
J S Broad	7 May 2003	
R Brooke	12 December 2003	
S Clarke	7 May 2003	
G H C Craig	12 October 2004	
G A Percival	12 October 2004	
J A Shepherd	7 May 2003	

### Other persons who served as Trustees during the period:

J C Taylor	12 December 2003	27 April 2005
B Telford	12 December 2003	24 January 2005

### Company secretary:

S Clarke	7 May 2003	6 September 2005
J C Taylor	6 September 2005	

Director: J C Taylor

Bankers: The Co-operative Bank  
1 Balloon Street  
Manchester  
M60 4EP

Reporting accountants: Critchleys  
Chartered Accountants and Business Advisers  
Greyfriars Court  
Paradise Square  
Oxford  
OX1 1BE

Governing document: Memorandum and articles of association (dated 17 April 2003)

## Structure, governance and management

The Foundation was established by sister organisation the Ethical Property Company PLC and registered as a company limited by guarantee in May 2003. The Foundation became a registered charity in January 2004.

The objects of the charity are to promote such purposes as may be charitable according to the laws of England and Wales and in particular to promote the efficiency and efficacy of charities.

The Foundation exists to ensure that charities and community organisations make positive property decisions - and that the development and use of property is a boost rather than a burden.

We bring commercial property know-how to charities and community groups tackling some of the most pressing social and environmental issues of today. We believe that our ethical approach to property can catalyse social change.

The Foundation aims to:

- encourage the use of commercial property for charitable purposes, community and environmental benefit
- provide support to charitable and community organisations with a view to enabling them to make the best use of property

The day to day business of the Foundation is delegated to a full-time Director who reports to the Trustees. The Trustees meet quarterly to make medium to long-term decisions regarding the running of the Foundation.

Trustees of the Foundation are appointed by the Foundation's sister company, the Ethical Property Company and serve indefinitely.

This year, the Ethical Property Company has contributed significant time to the development of the Foundation. Company Managing Director Jamie Hartzell was Acting Director of the Foundation until June 2005. The Foundation has continued to benefit from the skills and experience of Jamie and the Company's IT and Development Co-ordinator Janine Woodward, who have both been employed under joint contracts by the Foundation and Company. The Foundation and Company work in partnership on a number of projects.

## Activities, achievements and future plans

This period has been the Foundation's first full year of operation as a charity. The core objectives for the year were to:

- build the delivery capacity of the Foundation
- initiate and develop the Foundation's first tranche of projects

To deliver these objectives, the Foundation wished to:

- secure funding for, and employ a full time Director
- develop and pilot a Property Advice Service and raise funding for the full launch of the Service
- develop the Foundation's first research programmes
- pilot 'Space Plus' – the provision of supported office accommodation to start-up organisations

### Building the capacity of the Foundation

Funding was secured by December 2004 to enable the Foundation to recruit a full time Director, to take over from Acting Director Jamie Hartzell. Jo Taylor was appointed to the post in June 2005, and opened an office for the Foundation in Leonard Street, London. A part-time bookkeeper, Emma Porteous, was appointed in July 2005.

### Property Advice Service

The Foundation has commenced the development of a Property Advice Service in response to the need for accessible, low cost commercial property consultancy and advice to charities and community organisations.

Through conversations with property professionals, charities, organisations that support charities, and grantmakers, the Foundation has developed a range of property advice products. These have been piloted with London-based social change organisations. An initial property needs assessment helps to identify where organisations require assistance – and how best the Foundation can help. In many cases, resolving these questions requires a better understanding of an organisation's lease. We have developed a lease healthcheck providing an easily digestible summary of the key points in the lease with prioritised recommendations for action. Where an organisation requires professional advice, the Foundation makes a referral to its Register of Property Professionals. The fifteen founder members of the Register include surveyors, lawyers, property developers, relocation experts and access auditors who provide their services to the Foundation's clients on a discounted basis.

During the pilot phase of the Property Advice Service, the Foundation has worked with twenty charities and community organisations, provided five lease healthchecks and made seven referrals to our Register of Property Professionals.

Development work has commenced on an accompanying website which will provide information on a broad range of frequently asked property questions. The website will be launched in March 2006.

The development and pilot of the Property Advice Service has been supported by the Tudor Trust and the Charities Aid Foundation.

The Foundation has submitted bids to fund a full time Property Adviser to deliver the Property Advice Service in London. We aim to commence recruitment for the post in January 2006 with a formal launch of the Service in April 2006. Once the Service is established in London, the Foundation plans to roll out the Service across the UK, with a launch in Bristol in April 2007.

### **Research and publications**

In partnership with the Ethical Property Company, the Foundation has commenced a survey of social change organisations. These are organisations working to tackle the root causes of the social and environmental challenges that face society. Social change organisations work on issues such as overseas development, peace, economic and social justice, homelessness, the environment, refugee and minority issues and human and civil rights. Our research is identifying the scale and geographic spread of the social change movement in the UK – and seeking to better understand the property needs of these organisations. In June 2006, the Foundation will publish a directory of social change organisations and a briefing on the work of the social change sector.

The Foundation has continued its research project exploring how planning obligations can be harnessed to deliver maximum community benefit. Planning obligations are the sum of money, negotiated by the local authority, that a developer will contribute to the infrastructure, services and facilities required to make a new community work. By engaging in this process, communities can ensure that planning obligations meet real community needs and contribute to creating genuinely sustainable communities. The Foundation's research will result in a step by step guide for community groups 'The Planning Activist's Handbook'. The Handbook will be published in May 2006 in partnership with Friends of the Earth and CPRE. Distribution of the publication will be supported by The Ecology Trust.

### **Space Plus: Support for start-up organisations**

The Foundation has launched a partnership project 'Space Plus' with the Ethical Property Company. Space Plus offers new organisations the opportunity to take up their first office. Shared office space and the opportunity to hot desk keeps office costs to a minimum. Alongside office space provided by the Ethical Property Company, the Foundation offers tenants a package of training and support. The first Space Plus project has provided desks to three refugee community organisations - Eritrean Community, World Theatre Company and the Federation of Iraqi Refugees - at the Green Fish Resource Centre in Manchester. With the help of a grant from the Home Office's Refugee Community Development Fund, the Foundation has furnished the office and provided three work stations with PCs. Each organisation is offered an IT needs assessment and a tailored programme of IT support. Project partners Manchester Refugee Support Network and Voluntary Action Manchester have assisted in the identification of tenant organisations, day to day project co-ordination and provision of organisational development and fundraising support to tenants. Tenants benefit from a good quality, sociable working environment, a city centre location accessible to their volunteers and clients, proximity to partner and support organisations and a more professional image.

In the next year, the Foundation will explore opportunities to develop similar facilities elsewhere in the UK.

## Financial review

Income has increased by 40%, reflecting a commitment to fundraise in support of the growth of the Foundation. This has allowed a corresponding growth in charitable activities.

During the period the Foundation has received income of £52,129 and has made £37,663 of expenditure. The Foundation therefore has a net income of £14,466 for the period. With income brought forward from the previous period, the Foundation will carry forward £39,976, of which £9,493 is restricted funding.

## Reserves policy

The Trustees of the charity will be developing a formal reserves policy in the next financial year which will follow Charity Commission guidelines and will be appropriate for the future plans in terms of the size and growth of the organisation.

## Funding

£3,047 was spent on fundraising during the period. This has completed work on funding bids initiated in the previous financial year, resulting in grants totalling £84,998, the first £44,998 of which was awarded for this period; with £40,000 for next financial year. Funding bids to the total value of £117,342 were developed and submitted during the period. £5,000 was awarded during the period. All other applications are due for consideration after the period.

The Foundation has purchased an on-line donation facility which enables automatic reclaim of Gift Aid on donations.

The Foundation would like to thank all the funders who have supported our work during this period:

Charities Aid Foundation  
The Ecology Trust  
Home Office Refugee Community Development Fund  
The Tudor Trust

## Risk assessment

The Foundation has assessed the major risks to which the charity is exposed and considers risk in the context of its day-to-day activities. The trustees will be formalising a risk assessment and management policy in the next financial year.

This report was approved by the Board of Trustees on 25 Jan 2006 and signed on its behalf by:

S Clarke



## Reporting Accountant's report to the Trustees of the Ethical Property Foundation

We report on the accounts of the company for the year ended 30 September 2005 set out on pages 9 to 12.

### Respective responsibilities of Directors and reporting accountants

As described on page 10 the Trustees, who are also the Directors of The Ethical Property Foundation for the purposes of company law, are responsible for the preparation of the accounts, and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.


### Basis of opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the accounts with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

### Opinion

In our opinion:

- a. The accounts are in agreement with the accounting records kept by the company under section 221 of the Companies Act 1985;
- b. having regard only to, and on the basis of, the information contained in those accounting records:
  - i. the accounts have been drawn up in a manner consistent with the accounting requirements specified in section 249C(6) of the Act; and
  - ii. the company satisfied the conditions for exemption from an audit of the accounts for the year specified in section 249A(4) of the Act as modified by S249A(5) and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in section 249B(1).

  
24 May 2006



## Statement of financial activities

	Unrestricted Funds 2005 £	Restricted Funds 2005 £	Total Funds 2005 £	Total Funds 2004 £
<b>Incoming resources</b>				
Consultancy	-	-	-	750
Grants received	25,000	19,998	44,998	35,995
Interest income	317	-	317	37
Commissions	1,957	-	1,957	-
Rent	4,857	-	4,857	-
<b>Total incoming resources</b>	<b>32,131</b>	<b>19,998</b>	<b>52,129</b>	<b>36,782</b>
<b>Resources Expended</b>				
Cost of Generating Funds	3,024	-	3,024	3,632
<b>Charitable Activities</b>				
Property Advice Service	-	9,242	9,242	-
Research and Publications	6,039	-	6,039	3,215
Space Plus: Support for Start-Up Organisations	1,256	4,998	6,254	-
Social Change Survey	6,421	-	6,421	-
Software Licences	2,955	-	2,955	-
Governance	3,728	-	3,728	4,425
<b>Total resources expended</b>	<b>23,423</b>	<b>14,240</b>	<b>37,663</b>	<b>11,272</b>
<b>Net incoming resources for the year</b>	<b>8,708</b>	<b>5,758</b>	<b>14,466</b>	<b>25,510</b>
Funds Brought Forward at 30 September 2004	21,775	3,735	25,510	-
<b>Balance at 30 September 2005</b>	<b>30,483</b>	<b>9,493</b>	<b>39,976</b>	<b>25,510</b>

## Balance sheet

	2005 £	2004 £
<b>Current assets</b>		
Trade debtors	3,476	750
Cash at bank and in hand	<u>42,345</u>	<u>25,465</u>
	<b>45,821</b>	<b>26,215</b>
<b>Creditors - amounts falling due within one year</b>		
Trade creditors	<u>5,845</u>	<u>705</u>
<b>Net current assets</b>	<b>39,976</b>	<b>25,510</b>
<b>Net assets</b>	<u><b>39,976</b></u>	<u><b>25,510</b></u>
	£	
<b>Funds</b>		
Unrestricted	30,483	21,775
Restricted	<u>9,493</u>	<u>3,735</u>
	<u><b>39,976</b></u>	<u><b>25,510</b></u>

The Trustees are satisfied that the Foundation was entitled to exemption under subsection (1) of section 249A of the Companies Act 1985 and that members have not required an audit in accordance with subsection (2) of section 249B.

The Trustees acknowledge their responsibilities for:

- ensuring that the Foundation keeps accounting records which comply with section 221; and
- preparing financial statements which give a true and fair view of the state of the affairs of the Foundation as at the end of the financial year end of its surplus or deficit for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the Foundation.

These financial statements are prepared in accordance with the special provisions of Part VII of the companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

This report was approved by the Board of Trustees on 25 Jan 2006 and signed on its behalf by:

S Clarke



## Notes to accounts

### 1. Accounting Policies

#### a. Basis of accounting

The accounts are prepared under the historical cost convention and in compliance with applicable accounting standards.

#### b. Presentation of the accounts

The charity has adopted the Statement of Recommended Practice (SORP) 'Accounting and reporting by Charities' issued in 2005.

#### c. Income and Expenditure

All items of income and expenditure, including grants receivable, are accounted for on an accruals basis.

#### d. Funds

Unrestricted funds represent funds of the charity that are not subject to any restrictions regarding their use.

Restricted funds are those which are specified for a particular use by their donor.

### 2. Trustee's remuneration

There was no trustees' remuneration during the period. Trustee expenses of £47.90 were paid during the period.

### 3. Taxation

The Foundation is a company and a registered charity. It has exemption from taxation on any trading profits which are applied for the purposes of the charity.

### 4. Restricted Funds

	At 1st Oct-04	Incoming Resources	Resources Expended	At 30th Sep-05
	£	£	£	£
Property Advice Service	3,735	10,000	9,242	4,493
Space Plus	-	4,998	4,998	-
Research & Publications	-	5,000	-	5,000
	<b>3,735</b>	<b>19,998</b>	<b>14,240</b>	<b>9,493</b>

### 5. Liability of members

Every member of the Foundation undertakes to contribute a sum not exceeding £1 to the assets of the Foundation if it is wound up during his or her membership or within one year afterwards.

## 6. Capital commitments

There were no capital commitments either contracted for or authorised at 30 September 2005.

## 7. Related party transactions

The foundation carries out transactions with the Ethical Property Company PLC which is a related party by virtue of a common director (until 1 June 2005) and a common member. The Foundation purchased services including office rental from the Ethical Property Company PLC at a cost of £13,298 (2004: £828). The amount owed to the Ethical Property Company PLC at 30 September 2005 was £381.

## 8. Governance Costs

	2005	2004
	£	£
Audit	1,240	
Bank Charges	51	
Statutory Returns	31	15
Legal & Professional Fees	276	3,708
Trustee Expenses	48	
Trustee Meetings	8	
Proportion of Staff Time and Office Overheads	2,074	702
	<u>3,728</u>	<u>4,425</u>

## 9. Employees

Wages and Salaries	£10,000
Social security costs	£1,071
Pension costs	£150

These figures relate to 2005 only. During 2004 there were no employees of the company and the sole employee of the organisation started on 31 May 2005. The average number of full time equivalent employees employed throughout the year was 0.3 and no employee emoluments exceeded £50,000 during the year.