

The Ethical Property Foundation

Annual Report and Accounts 2013/14
To year end September 2014



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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 4LT
Trustees	
A Allen	(appointed 8 November 2012)
T Aanchawan	(appointed 2 July 2013)
J S Broad	(resigned 30 January 2013)
E Kotze	(resigned 30 January 2013)
M P Fahy	(appointed 8 November 2012)
D J Hunter	(resigned 30 April 2013)
D I Lipfriend	
W J Scott	
JNH Whitaker	
Company secretary	L E Rafferty
Director	J C Taylor until 31 January 2014. A Swinson from 1 February 2014
Bankers	The Co-operative Bank 1 Balloon Street Manchester M60 4EP
Auditors	Critchleys LLP Greyfriars Court Paradise Square Oxford OX1 1BE
Governing document	Memorandum and Articles of Association (dated 17 April 2003 and modified May 2013)
Website	www.ethicalproperty.org.uk

Report of the Trustee Board

For the year ended 30 September 2014

The Ethical Property Foundation was founded in 2004. The London Property Advice service was founded the following year and in the subsequent years a Bristol office was established together with the National Property Advice Service for England and Wales. Over the past 10 years, the Foundation has provided quality, affordable property advice to over 3,000 charities. Based on this solid track record, in 2012, it launched the first Charity Property Matters Survey in partnership with the Charity Commission. This was repeated in 2014. In 2009, the Foundation commissioned a study 'Towards an Ethical Property Standard' which formed the basis of the fairplace award, a unique ethical workplace standard, launched at the Foundation's 10th Anniversary in September 2014.

Our core beliefs

- All use of buildings should be based on more than profit.
- Buildings can be used to deliver financial, social and environmental returns.
- Buildings' use should balance interests of owners, managers, tenants, staff and community.
- Balancing stakeholder interests involves challenging behaviour and unequal power.
- Challenging unequal power relations needs knowledge, resources and advice.
- Everyone involved with a building can work together as a positive force for good.

Our identity

- We are an independent UK charity, affiliated to the Ethical Property family.
- We are accountable both to those who support us and to those we seek to benefit.
- We aim to provide practical solutions in all that we do.
- We work to improve the environmental and social performance of buildings.
- We work to empower people to make more of buildings they own, manage and use.
- We create positive relationships between building owners, managers and users.

Our audience and stakeholders

- The charities and non-profit organisations we support, advise and train.
- Our partner organisations that help us increase our reach and our knowledge.
- Grant funders and social investors who buy our expertise.
- National and local policymakers with whom we campaign for ethical use of buildings.
- The commercial property sector where we champion the ethical use of buildings.
- Our sponsors, funders and donors who believe in our vision, mission and abilities.
- The media with whom we seek to engage in promoting the ethical use of buildings.
- Local authority landlords with whom we engage to improve charities' resilience.

Our strategies

1. Help charities and non-profits thrive through effective, affordable property advice, training and support.
2. Champion the triple bottom line: environmental, social and financial.
3. Become a leading advocate on ethical property issues.
4. Develop ourselves sustainably to deliver our plan

Public benefit statement

The Trustees confirm that they have complied with the duty in Part 2 of the Charities Act 2011 to have due regard to guidance in respect of public benefit published by the Charities Commission.

The Trustees are satisfied that all the objectives and activities outlined in this report are undertaken for public benefit.

Achievements and performance

During 2014 the Board and staff of the Foundation developed a new three year Strategic Plan covering the period from 1 October 2014 to 30 September 2017. The plan sets out the strategies the Foundation will employ in working towards its vision, and sets targets for each area of activity it plans to pursue. The plan is reviewed annually. The targets against which activities are reported below are drawn from the Strategic Plan. Though the plan officially came into action after the end of this financial year, the evolution of the Foundation into an enterprising charity had already begun against the backdrop of a very difficult financial situation with falling grant funding.

Strategy 1: Help charities and non-profits thrive through effective, affordable property advice, training and support.

Although almost all non-profits come into contact with the commercial property world through letting or buying a building to run their projects, few have the skills and experience needed to avoid costly mistakes. As a result, many spend unnecessarily large amounts of time and money dealing with property issues – resources that could be better spent on their charitable work. For many charities, property is the second biggest item of expenditure after the cost of employing staff.

The Foundation's unique Property Advice Service was launched in London in 2004 in response to the lack of affordable, independent property advice for small charities and community groups. In 2007 the service was extended to cover the South West, with the opening of our office in Bristol. In 2012, the service was extended to cover the rest of England, delivered by staff based in our London office.

The service multiplies the impact of each £1 of its funding by helping charities reduce their property costs and risks, and use property to generate new income and opportunities.

The ultimate beneficiaries of the Property Advice Service are the disadvantaged people and communities served by the charities we support.

The Property Advice Service provides:

- an on-line library of resources covering all aspects of renting, buying and managing property for charities
- tailored advice and support on property problems, free at the point of access with a range of paid consultancy support available.
- access to a network of over 80 property professionals offering free or discounted support to charities
- training and workshops on all aspects of property from a non-profit perspective

Progress against the targets set by the Foundation for 2013/14 is summarised below:

Online Library of resources

Our 125 page library is a vital resource for the UK's non-profit sector, over the last 12 months visitors hit 53,472.

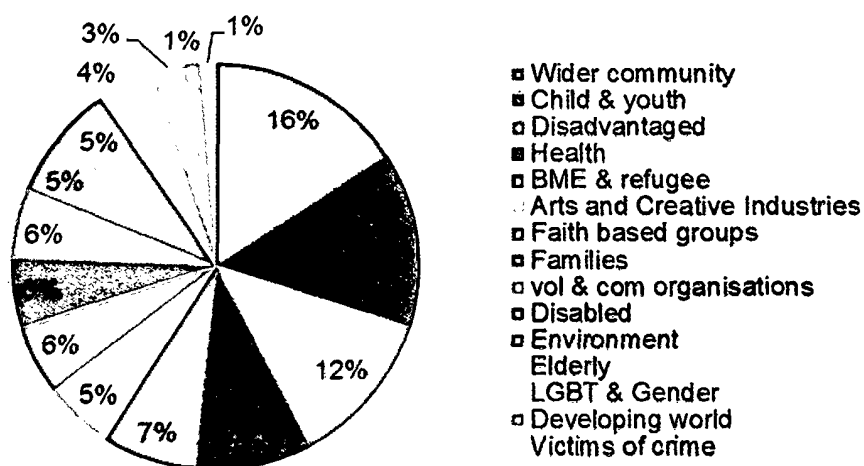
As a result of client feedback we have earmarked additional resources for development of our web resources next year

Tailored advice and support on property problems

The Property Advice Service has supported a total of 195 charities and community groups this calendar year - 126 in London (target: 85), 47 in the south west (target: 53), and 37 in other English regions (target: 83).

We use eligibility criteria which determine the amount of free support we provide to a charity. This ensures that our free services are reaching the least well-resourced charities which are most vulnerable to property problems. The Foundation continues to support small and medium sized charities almost 90% have a turnover below £500,000.

The Property Advice Service continues to support a diverse range of charities working with some of the most disadvantaged individuals and communities. See diagram below:



Strategy 2: Champion the triple bottom line: environmental, social and financial.

The Foundation aims to raise public awareness of the need for and potential to improve the environment and social performance of the commercial property sector, and promote adoption of high standards.

Our mechanism for this has been the development over the past 5 years of the fairplace award in consultation with a wide range of organisations drawn from across the commercial, public and non-profit sectors.

This year saw four successful workplace pilots undertaken with Kingston University, CAFOD, Sodexo and Foundation Property & Capital. These all contributed to the development of the application process, a marketing & communications plan – which included a new website www.fairplaceaward.com and marketing materials.

The award was launched on September 19th 2014 at the offices of Foundation Property & Capital. Launch articles were run in Property Week and FM World as well as a range of newsletters.

Funding applications were unsuccessful and so we continued with significant amounts of pro bono assistance from our steering group members.

Strategy 3: Become a leading advocate on ethical property issues

Through the process of developing the Foundation we identified a desire to scope the development of an advocacy programme to influence policy and practice on key property issues for the charity sector.

We have therefore continued to develop our strategic partnership with the Charity Commission in the development of the Charity Property Matters Survey 2014 - the 2nd such survey which built on results of our 2012 survey which the Commission also hosted and co promoted. Property is the third largest type of enquiry received by the Commission. The Survey was launched in Nov. 2014 after the end of this financial year.

We also began to work with policymakers, submitting a well-received paper on the role of property in building the UK's nascent social investment market, to the Cabinet Office, with meetings arranged with Minister Jo Swinson at the Dept. of Business Innovation & Skills.

Strategy 4: Develop ourselves sustainably to deliver our plan

In order to develop the Foundation to be fit to fulfil its growing size and scope in 2013/14:

Staff and Office

We closed the Bristol office following the departure of our South West Regional Manager for a new role.

Our founder Director Jo Taylor left in January 2014 and Antonia Swinson came into post. In June 2014 Martha Richardson joined as Administrator & Project Assistant.

Communications

With the arrival of a former award winning business journalist four months into the financial year, all communications were brought in house. We upgraded our marketing communications and achieved regular coverage property industry and third sector press.

Internal communications included regular bulletins to the Register Members, Trustees and quarterly newsletters to former clients and key opinion formers.

We have 2,235 twitter followers.

Governance

Quarterly board meetings were fully supported and in September 2014 we held a successful Away day to bring forward a socially enterprising business model.

Finance

The sharp reduction in grant funding and the removal of Transforming Local Infrastructure funding (TLIF) which had funded our consultancy work, led to a precipitous decline in income. We therefore reduced costs as much as possible; refined our free property advice

service and boosted in kind investment while putting into action an aggressive sales campaign for fairplace. We are also very grateful however for ongoing funding from City Bridge Trust, Trust for London and Tudor Trust.

Future Plans

Strategy 1: Help charities and non-profits thrive through effective, affordable property advice, training and support.

We will continue to deliver our property advice service free at the point of access, and develop a range of consultancy and training offerings, targeting grant funders, social investors and larger UK charities with significant property holdings. While we will continue to provide property advice across the UK, we will focus resources on the 9 English regions.

Our aim will also be to boost partnership working delivering Local Property Events with local delivery partners combining training & clinics,

We will also develop and extend our website library of resources and seek to attract sponsorship.

Strategy 2: Champion the triple bottom line: environmental, social and financial.

From a project in long term development, fairplace will move to the heart of the Foundation's business activity: *the means of delivering our core vision that buildings should be managed for the benefit of people as well as planet, while also delivering the income to deliver a sustainable property advice service to UK's non-profits.*

Strategy 3: Become a leading advocate on ethical property issues

We will continue to develop our partnership with the Charity Commission and develop our Charity Property Matters Survey as the means to engage effectively with policy makers – both local and national. Following the May 2015 UK General Election we will implement a political communication plan. We are committed to maintaining a high profile in the business and third sector media.

Strategy 4: Develop ourselves sustainably to deliver our plan

Staff

We will seek to extend capacity in the Property Advice Service and build a fairplace sale and operations team for fairplace when trading conditions allow.

Governance

We will seek to extend the knowledge base of the Board and boost political and IT capacity.

Communications

We will upgrade our website and seek affordable solutions for our data capture. We will also overhaul our monitoring & evaluation procedures to capture more client impact.

Finance

We will continue to run a tight ship, applying for grant funding where appropriate and seeking to build both sponsorships and trading income through the property advice service and fairplace sales.

Intellectual Property

We will continue to promote and protect our three increasingly valuable intellectual properties: the fairplace Award; the online property advice resources library and the Charity Property Matters Survey data.

Financial Review

Overview

During the year the Foundation received income of £198,075 and spent £251,690. The Foundation therefore had an overall deficit of £ (53,615) for the year (2013: surplus of £30,616). With funds brought forward from previous years, the Foundation will carry forward £103,796 in reserves (2013: £157,411) of which £25,484 is restricted funding and £78,312 is unrestricted funding.

Funding

£39,368 (2013: £23,338) , including a proportion of staff time and overheads, was spent on external fundraising during the year.

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

City Bridge Trust
Dulverton Trust
Esmee Fairbairn Foundation
Gibbs Trust
LankellyChase Foundation
Tudor Trust
Trust for London

Reserves policy

The Trustees of the charity have a formal reserves policy in line with Charity Commission guidelines, which is appropriate to the future plans in terms of the size and growth of the organisation. The policy ensures for regular monitoring of the reserves levels and ensures that the costs of winding up the organisation and honouring all outstanding contracts would be fully met.

Risk management

The Foundation maintains a risk register that is reviewed and updated on an annual basis. The major risks to which the charity is exposed, as identified by the Trustees, have been reviewed and mitigated as part of this procedure.

Structure, governance and management

The Foundation was established by its 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 is governed by a Board of Trustees. The day to day business of the Foundation is delegated to the Director who reports to the Trustees. The Trustees meet quarterly to make medium to long-term decisions regarding the running of the Foundation.

The Board of Trustees takes responsibility for identifying gaps in its skills and finding suitable people to serve as Trustees. Trustee appointments are approved by the Foundation's sister organisation, the Ethical Property Company. Trustees serve a fixed term of 3 years, renewable only once. The Trustees are bound to ensure that they are not conflicted by any involvement in the Ethical Property Company and to ensure a quorum of Trustees who have no such connection.

The Foundation and Company work in partnership on a number of projects.

Trustees' responsibilities

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

Company law requires the Trustees to prepare accounts for each financial year. Under that law the Trustees have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these accounts, the Trustees are required to:

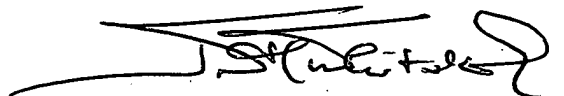
- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the Trustees are aware, there is no relevant audit information (information needed by the charity's auditors in connection with preparing their report) of which the charity's auditors are unaware; and each Trustee has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

This report has been prepared in accordance with the Small Companies Regime under Section 419(2) of the Companies Act 2006.

This report was approved by the Board of Trustees on 29th April 2015 and signed on its behalf by:



JNH Whitaker, Chair of Trustees

Independent auditor's report to the members of the Ethical Property Foundation

We have audited the accounts of The Ethical Property Foundation for the year ended 30 September 2014 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity'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 charity's members those matters we are required to state to them in an auditors' 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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 10, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2014 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 United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustee Board for the financial year for which the accounts are prepared is consistent with the accounts.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts 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
- the trustees were not entitled to take advantage of the small companies' exemption in preparing the Report of the Trustee Board and take advantage of the small companies exemption from the requirement to prepare a strategic report

Colin Mills

Senior Statutory auditor

For and on behalf of Critchleys LLP, Statutory Auditor, Oxford

8 May 2015

Statement of Financial Activities

for the year ended 30 September 2014

	Unrestricted Funds 2014 £	Restricted Funds 2014 £	Total Funds 2014 £	Total Funds 2013 £
Incoming Resources				
Incoming Resources from Charitable Activities				
Property Advice Service	41,498	-	41,498	73,175
Incoming Resources from Generated Funds				
Grants received	46,250	76,950	123,200	206,350
Donations received	3,800	-	3,800	155
In Kind donations (note 11)	29,046	-	29,046	-
Interest income	531	-	531	734
Total incoming resources	121,125	76,950	198,075	280,414
Resources Expended				
Cost of Generating Funds	17,433	-	17,433	23,338
Charitable Activities				
Property Advice Service	141,808	63,408	205,216	199,006
Fairplace award	4,309	13,542	17,851	11,044
Governance Costs (note 6)	11,190	-	11,190	17,010
Total resources expended	174,740	76,950	251,690	250,398
Net incoming / (outgoing) resources for the year	(53,615)	-	(53,615)	30,016
Net movement in funds	(53,615)	-	(53,615)	30,016
Funds Brought Forward at 1 October	131,927	25,484	157,411	127,395
Total funds carried forward at 30 September	78,312	25,484	103,796	157,411

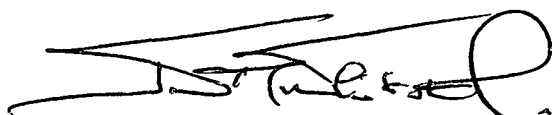
All activities are continuing.

Balance sheet

30 September 2014

	Note	2014 £	2013 £
Current assets			
Trade debtors		1,085	36,564
Prepayments		6,856	2,231
Other debtors		4,020	2,865
Cash at bank and in hand		112,691	188,065
		124,652	229,725
Creditors - amounts falling due within one year			
Deferred Income	9	8,750	62,229
Trade creditors		291	546
Sundry Creditors		6,475	-
Accruals		5,340	9,539
		20,856	72,314
Net current assets		103,796	157,411
Net assets		103,796	157,411
		£	£
Funds			
Unrestricted		78,312	131,927
Restricted	3	25,484	25,484
		103,796	157,411

The accounts were approved and authorised for issue by the Trustees on 29th April 2015 and signed on their behalf by JNH Whitaker



JNH Whitaker



Registered charity name:

The Ethical Property Foundation

Company registration number:

04756158 (Company limited by guarantee)

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 and the Companies Act 2006.

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. Where a grant is received where the donor has specified that part of this is to be expended in a future accounting period, this is included in deferred income and will be released to the Statement of Financial Activities in the year to which it relates. Support costs are allocated to charitable activities, the cost of generating funds and governance costs, on a proportionate basis.

d. Cost of Generating Funds

Included within this caption are all costs associated with external fundraising; including a proportion of staff time and support costs.

e. Governance Costs

Included within this caption are all costs associated with governing the charity; including a proportion of staff time and support costs. See note 6 for more detail.

f. 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.

g. Donations in Kind

Professional consultancy is valued at market rates.

2. 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.

3. Restricted Funds

	1st Oct 13 £	Incoming Resources £	Resources Expended £	Transfers £	30th Sept 14 £
Property Advice Service	-	63,408	(63,408)	-	-
Planning Activism	433	-	-	-	433
Fairplace award	-	13,542	(13,542)	-	-
Kenya Social Justice Centre	19,651	-	-	-	19,651
Supporting Social Change	5,400	-	-	-	5,400
	25,484	76,950	(76,950)	-	25,484

Details of all restricted funds including their nature and purpose are included within the trustees' report.

The balance in each restricted fund at the year-end is held in cash.

4. 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.

5. Capital commitments

There were no capital commitments either contracted for or authorised at 30 September 2014.

6. Governance Costs

	2014	2013
	£	£
Audit	1,956	1,986
Trustee Expenses	286	500
Trustee Meetings	30	325
Proportion of Staff Time and Office Overheads	8,918	14,199
	<u>11,190</u>	<u>17,010</u>

7. Staff Costs

	2014	2013
	£	£
Wages and salaries	132,642	147,905
Employer's NI	11,881	12,627
Pension Costs	3,810	11,736
	<u>148,333</u>	<u>172,268</u>

The average number of full time equivalent employees employed throughout the year was 4 (2013: 5) and no employee emoluments exceeded £60,000 during the year.

8. Trustees' remuneration

There was no Trustees' remuneration during the year. Two Trustees (2013: two) were paid out of pocket expenses totalling of £286 (2013: £500) during the year.

9. Deferred Income

	£
Balance at 1 October 2013	62,229
Amounts released during the year	(62,229)
Amount deferred in the year	8,750
Balance at 30 September 2014	<u>8,750</u>

This represents grants received where the donor has specified that these are to be expended in a future accounting period.

10. Related Party Transactions

The Foundation paid £17,807 to the Ethical Property Company during the year for provision of serviced office accommodation (2013: £18,232) and £1,813 for IT support and equipment (2013: £3,378).

11. Donations in Kind

The Foundation received £29,046 worth of un-paid consultancy during the year. The consultancy related to legal advice, the EPF website, and property matters.