

Company Number: 2020165  
Charity Number: 294555

**HESTIA HOUSING AND SUPPORT**  
**(a company limited by guarantee and**  
**not having a share capital)**

**Consolidated Financial Statements**  
**31 March 2017**

**Consolidated financial statements for the year ended 31 March 2016**

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## Reference and administrative details

Trustees	Committee Membership			
	Governance	Finance and Fundraising	Performance Review	Approved Premises
Martin Cheeseman - Chair	X	X	X	X
Bill Gallagher (Vice Chair)		X		
Meredith Niles (retired 22 November 2016)		X		
David Jobbins			Chair	
Malcolm Jenkin				Chair
Samantha Jackson	X			X
Madeline McQueen (resigned 27 June 2017)			X	
Anil Shenoy		Chair		
Charles Fraser	X		X	
Vic Rayner (Co-opted 27 September 2016 / Formally appointed 22 November 2016)				
Alex Hyde-Smith (Co-opted 31 January 2017)		X		

The Governance Committee is chaired by Gillian Blachford, a non-Trustee member. Other non-Trustee members during the year were Eric Carrington (Retired 22 November 2016) and Greg Solomon (Performance Review Committee), Kelvin Bussell (Retired 22<sup>nd</sup> November 2016) (Governance Committee) and Narvind Johal (Finance and Fundraising Sub Committee).

### Key management personnel

Secretary and Chief Executive	Patrick Ryan
Director of Finance	Christopher Clarke
Human Resources Director	Melanie Cox
Regional Director of Operations	Gayle Lowery-Jones
Director of Performance and Development	Paula Murphy
Healthwatch CWL Director	Olivia Clymer

### Auditor

Moore Stephens LLP  
Chartered Accountants  
150 Aldersgate Street  
London  
EC1A 4AB

### Principal Bankers

Barclays Bank plc  
74 Shepherds Bush Green  
London  
W12 8QB

### Registered office

Maya House  
134-136 Borough High Street  
London  
SE1 1LB

### Solicitors

Russell-Cooke  
2 Putney Hill  
London  
SW15 6AB

**Company number:** 2020165

**Charity number:** 294555

### **Report of the Board of Trustees (incorporating the Directors' Report) for the year ended 31 March 2017**

The Trustees, being the Directors of the charitable company, present their report and the audited consolidated financial statements for the year ended 31 March 2017 of Hestia Housing and Support (Hestia).

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Structure**

Hestia is a registered charity and is incorporated as a company limited by guarantee and its governing document is its Memorandum and Articles of Association. Every member of the company undertakes to contribute to its assets in the event of winding up such amount, as may be required, not exceeding one pound.

At 31 March 2016, Hestia acted as Corporate Trustee two subsidiaries, Healthwatch Ealing and Healthwatch Central West London. Healthwatch Ealing became an independent organisation on 1<sup>st</sup> April 2016 at which point it ceased to be a subsidiary of Hestia. The other subsidiary, Healthwatch Central West London, operates via its own Board of Trustees and continued to deliver the local Healthwatch contract through 2016-17.

##### **Governance and Management**

The Trustees constitute the directors of the charitable company for the purposes of the Companies Act 2006 and Trustees for the purposes of the Charities Act 2011 and provide leadership, direction and control in pursuit of the organisation's charitable objectives.

Trustees serve for a term of three years with a possible appointment for a second term of another three years.

Martin Cheeseman has chaired the charity since November 2013. Martin has nearly 40 years' experience in the housing and care sector and has retired from his role as Director of Housing and Community Care in the London Borough of Brent. He now runs his own housing and social care consultancy.

During the year Meredith Niles retired from the Board having completed her term of office and Madeleine McQueen subsequently also stood down. We are extremely grateful to both these Trustees for their contribution to the organisation over recent years.

During the year, Vic Raynor joined the Board. Vic has extensive experience in social policy and training and development and until 2015 was Chief Executive at SITRA. She currently is Executive Director of the National Care Forum. Alex Hyde-Smith was also co-opted to the Board. Alex is currently Director of Fundraising at Marie Curie and has worked for a number of charities in various fundraising roles.

New Trustees are recruited based on an evaluation of the balance of diverse skills and experience needed to govern Hestia. They receive an induction pack which contains information about Hestia, its structure and operations, the Board and sub-committee structures, Trustee duties and responsibilities and the organisation's key policies. Regular scheme visits are arranged to enable Trustees obtain a better understanding of Hestia's services and operating environment. Trustees have the opportunity to take part in scheme inspections. Training is provided to the Board as a need is identified and Trustees schedule away days to consider the environment and plan strategic direction.

The full board of Trustees meets five times a year to discuss strategy, to formulate policy and to oversee operational matters. The Board is supported by four standing committees which consider specific areas of activity in greater detail on behalf of the Trustees and to report to Trustees on key issues. The four committees cover the areas of: Governance; Finance and Fundraising; Performance Review (including I.T.); and Approved Premises.

Committee membership may include members of Hestia who are not Trustees and the following members have kindly agreed to contribute in the following roles:

- Gillian Blachford, a former Trustee of Hestia, who chairs the Governance Committee
- Narvind Johal, who sits on the Finance and Fundraising Sub Committee
- Greg Solomon, a former Trustee of Hestia sits on the Performance Review Committee.

### **Report of the Board of Trustees (incorporating the Directors' Report) for the year ended 31 March 2017**

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

##### **Governance and Management (continued)**

Day to day management of the organisation is delegated to the Chief Executive and senior management team. The Chief Executive is not a member of the company and has no legal status as Director although he acts as executive within the authority delegated by the Trustees.

Healthwatch Central West London operates through their own articles of association and their Board of Trustees. Trustees are selected on the basis of the range of skills required and local connections. In addition, Hestia, as Corporate Trustee, may nominate Trustees to the Board and during the year nominated former Hestia Trustee, Joanna Mark Richards, to the Board.

##### **Pay Policy for Senior Staff**

The pay of senior staff is reviewed by Trustees taking into account market conditions and pay rates in comparable organisations. A detailed market comparison is sought at the time any senior recruitment takes place.

##### **Public Benefit**

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities.

##### **Statement of Trustees' Responsibilities**

The Trustees (who are also directors for the purposes of company law) are responsible for preparing the Report of the Board of Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year. Under that law, the Trustees have elected to prepare the financial statements 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 financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP);
- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

### Report of the Board of Trustees (incorporating the Directors' Report) for the year ended 31 March 2017

#### STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

##### Statement of Trustees' Responsibilities (continued)

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### OBJECTIVES AND ACTIVITIES

Hestia's mission is: 'We will deliver excellent and innovative services in partnership with service users and local communities'. Our aim is to support vulnerable adults and children in crisis to realise their aspirations and fulfil their potential.

The support we offer varies depending on the needs and aspirations of the individuals. In the year to 31<sup>st</sup> March 2017, Hestia supported 9,333 individuals across a number of client groups. Our service users belong to the following groups with some individuals presenting with complex needs and therefore are counted in more than one group.

Client Group	At 31 March 2017
Domestic Abuse (including children)	3,657
Mental Health	2,419
Human Trafficking	713
Offenders, Ex-offenders and Mentally Disordered Offenders	621
Physical Disabilities or Learning Disabilities	646
Young People at Risk	127
Single Homeless	270
Older People	819
Generic	1,646
Personal Budget Holders	684
Substance Misuse	229

We work in partnership with local authorities, health commissioners, Registered Providers, the National Probation Directorate, London Probation Area, the Department of Health, the Ministry of Justice and the Home Office to develop appropriate schemes which meet the needs of vulnerable adults and children in crisis. From April 2017, we operate across 22 London Boroughs.

During the year, Hestia managed the Healthwatch contract covering the three boroughs of Kensington and Chelsea, Hammersmith & Fulham and Westminster. Healthwatch seeks to improve local health and social care services through activities which gives the local community an opportunity to voice its opinion on service provision, and gives providers independent fora which can contribute to service improvement. The contract was delivered via the specifically set up subsidiary Healthwatch Central West London, which is wholly owned by Hestia Housing and Support. Following the re-award of the contract to deliver the service across the three boroughs in 2016, Healthwatch Central West London has been developing a plan to become independent which would better suit their mission and charitable objectives and aims to become independent during 2017-18.

### Report of the Board of Trustees (incorporating the Directors' Report) for the year ended 31 March 2017

#### OBJECTIVES AND ACTIVITIES (continued)

##### OUTCOMES

During 2016-17 the majority of our services were commissioned to achieve the CLG outcomes. Under the five domains listed below, a number of positive outcomes were achieved. The figures show the percentage of people requiring support in a given area who achieved an outcome.

##### **Maximise economic wellbeing**

89% overall achieved outcomes towards maximising their income, rising to 92% in domestic abuse services; and

72% overall reduced their debt, with 85% doing so in older peoples' services.

##### **Enjoy and achieve**

66% were supported to participate in economic activity. This figure rose to 78% in domestic abuse services;

95% maintained work upon departure from the service; and

92% were supported to establish contact with family or friends.

##### **Being healthy**

90% of people with the support need were supported to manage their physical health better. In older people's services, this figure rose to 96%;

98% of children were supported to maintain or improve their health; and

91% were able to live independently with support to access assistive technology.

##### **Staying safe**

85% needing support to comply with offending behaviour orders were able to do so;

85% of people at risk of self-harm were supported to manage their risks;

94% of children felt more positive about the future; and

95% of parents reported that they felt their children were safer as a result of using the service.

##### **Making a positive contribution**

92% of people needing support to make a positive contribution, either within Hestia or in the community, were supported to fulfil their goal. In particular older people and those using our domestic abuse services did well in this area; and

94% of people reported feeling more positive about the contribution they can make.

#### ACHIEVEMENTS AND PERFORMANCE

In 2016-17 we implemented five new services across a range of service types, including domestic abuse; young people, mental health and older people. In addition our new contract with Brent CCG supports service users who may have experienced mental health issues to return to work, sustain employment, access vocational opportunities and social networks.

In 2016-17 we continued to expand the work we do with the Salvation Army and Home Office under their Anti Human Trafficking contract. We manage three safe houses in London and in May 2016 we purchased and refurbished two properties in Kent to expand the work we do with this highly traumatised client group. This was combined with a significant increase in the number of service users coming through the outreach programme.

At the end of the year we were outbid in the tender to retain our Domestic Abuse contract in Kingston which is a reflection of the extremely competitive environment that we find ourselves in. In contrast, a number of existing contracts were renegotiated, extended and expanded in the year which shows the faith our commissioners have in us. We remain committed to bidding at sustainable levels to ensure that we can deliver the quality of services that we believe our service users deserve.



### Report of the Board of Trustees (incorporating the Directors' Report) for the year ended 31 March 2017

#### ACHIEVEMENTS AND PERFORMANCE (continued)

##### 2016/17 in detail:

- We provided support to a total of 9,333 adults and children in crisis across London;
- 1,969 adults were supported in our accommodation services, many of whom had previously been in hospital, prison, had been sleeping rough or living in an abusive relationship. These individuals were able to benefit from a safe home and get the support they needed to develop the confidence and skills to make a new start;
- We supported 4,832 service users in their own homes through our outreach and floating support services, helping them to maintain their tenancies, prevent homelessness and participate in their local communities;
- We had 637 service users attend across our four day centres. At the Kensington and Chelsea Community Day and Outreach Mental Health Service and the Hounslow Mental Health Community Resource Service we provide a range of support, befriending, social activities and meals to help recovery and reduce isolation, as well as attaining practical skills aimed at improving access to services and employment opportunities. At the Wandsworth Age Activity Centre and the Lewisham Older Adults Day Service, we provide a range of services to the local elderly communities, including traditional educational, social activities and communal meals;
- 668 children were accommodated in our domestic abuse refuge services. On any one day in our refuges we can provide support to up to 200 children;
- The IDVA services supported 783 adults in Brent, Ealing and Harrow. These services provide support in risk reduction, safety planning, police reporting, legal advice and support, housing advice and general signposting to other specialist agencies. A specialist worker delivers a programme for children to support them to understand and deal with the impact of domestic abuse. The teams delivered 9 awareness raising and training sessions to healthcare and social care professionals. Hestia provided the coordination of the monthly MARAC (Multi Agency Risk Assessment Conference) meetings in Brent, Harrow and Barnet;
- As part of the Angelou Consortium, we delivered the Butterfly Group; a peer support group in the community for women who have experienced domestic abuse. 350 individuals were supported by this initiative across the TriBorough area (Kensington and Chelsea, Hammersmith & Fulham and Westminster);
- 713 service users (including 133 men) were provided with accommodation and/or outreach services to help them escape the trauma of human trafficking;
- 489 offenders, were accommodated and supported to re-integrate into the community and address their offending behaviours in our two Approved Premise services and follow on accommodation services in Hammersmith & Fulham and Bromley;
- The Tower Hamlets Volunteer Co-ordination service provided support and guidance in best practice to a wider consortium of mental health agencies helping them to involve over 50 volunteers in 10 different roles across the Borough;
- 176 people with learning difficulties and physical disabilities were supported via our floating support teams in Hammersmith and Fulham and Ealing. These project seek to support the independent living of individuals, aiming to maximise their potential and increase life chances;



### Report of the Board of Trustees (incorporating the Directors' Report) for the year ended 31 March 2017

#### ACHIEVEMENTS AND PERFORMANCE (continued)

##### 2016/17 in detail (continued):

- The Brent CCG service was commissioned in this year to support people who use mental health services in the borough. The GP Networks element of the service places staff and volunteers with experience of using mental health services within GP surgeries to improve the experience of patients with mental health issues and provide an interface between primary and secondary care. The Employment Support element facilitates co-produced activities which offer opportunities for service users to build self-esteem; confidence to build personal capacity, for instance through volunteering or work experience. Befriending and Mentoring is also offered to support people in recovery via one to one support or mutual support groups. The service also delivers awareness raising events throughout Brent to increase understanding of mental health issues and services. This year the service supported 148 people in the final quarter of the year after the implementation period.
- We continued to develop Self Directed Support (SDS) Services including Information and Advice, Support Planning, Brokerage and Third Party Payroll Management and Support across a number of locations, including Newham, Richmond, Wandsworth and Southwark. These services are available to disabled children and adults of all ages to help them navigate the process of self-directed support, and enable them to achieve greater choice and control over their care and support. Over the year we supported 684 individuals managed their personal budgets through these services;

#### Adding Value

In addition to our contracted services, we also aim to offer added value through a range of activities to enhance the support we provide to service users. We aim to do this with the support of our commissioning bodies (by successfully making the case for the benefits of such activities) and through our fundraising programme.

In 2016-17, these included:

- Ensuring that all children who were accommodated in our domestic abuse refuges received additional support to recognise the impact that fleeing domestic abuse has on them as well as their mothers. We provided a range of services, through dedicated children's workers, play groups Summer Play Schemes and other social activities. Over the year we were able to demonstrate that children felt safer and more secure at the end of their stay and that school attendance had improved.
- Our Volunteering Team aims to coordinate the advertisement, recruitment, training and provision of volunteering opportunities across all project and departments in Hestia. In 2016-17, we worked with 257 volunteers, 45 of whom were or have been service users, giving all of these individuals opportunities to gain valuable work based experience across a wide range of job roles. 24 volunteers went onto paid employment of which 4 took up posts within Hestia. Overall we provided more than 14,216 volunteer hours in the year.
- Promoting improved health outcomes for our service users through our information and advice project. This service is aimed at increasing awareness and knowledge of physical health issues and encouraging engagement in healthy lives activities and access to services. In 2014 we were awarded a grant by the Royal Borough of Kingston to support healthy living activities among mental health service users across the Borough. In 2016-17 we worked with volunteers to support 100 service users.

### Report of the Board of Trustees (incorporating the Directors' Report) for the year ended 31 March 2017

#### ACHIEVEMENTS AND PERFORMANCE (continued)

##### Adding Value (continued)

- UK Says No More (UKSNM) is our national awareness campaign aimed at preventing and tackling domestic abuse and sexual assault. Launched in May 2016, we now have 100 statutory, corporate and third sector partners. The campaign is set to increase this partnership network further, allowing for further knowledge sharing as well as increased opportunities for learning and networking. In addition, we are launching the UKSNM peer ambassador network, creating and delivering a comprehensive DASV (Domestic Abuse and Sexual Violence) prevention ambassadors programme within universities across the UK.
- In 2016, Hestia also launched the Bright Sky App, a free to download mobile App providing support and information for anyone who may be in an abusive relationship, or those concerned about someone they know.

Bright Sky was initially launched by Hestia after being developed with consulting firm Aspirant. The App has since been used over 6,5000 times to locate and contact support services across the UK, identify potential abuse in a relationship and log incidents of domestic abuse.

In 2017-18, Hestia will launch an updated version of the App, in partnership with the Vodafone Foundation. This new development expands on the App's content over issues such as sexual consent, stalking, harassment and online safety. The App will become available in 3 languages in addition to English – Punjabi, Urdu and Polish. The second development will also see significant focus on improving the overall design and interface and ensuring the App is secure and user friendly.

- The Hounslow Hospital Discharge service provides practical support to people with no fixed abode with the aim of preventing re admission to A&E and support for mental health patients through A&E. Our accommodation and community based interventions have resulted in a saving of £110,000 to health services. A similar outreach service has recently commenced in Ealing.

### Report of the Board of Trustees (incorporating the Directors' Report) for the year ended 31 March 2017

#### FINANCIAL REVIEW

The results for the year ended 31 March 2017 are set out in the Statement of Financial Activities on page 23. The assets and liabilities of the Group as at 31 March 2017 are given in the Balance Sheet on page 24. The financial statements should be read in conjunction with their related notes which appear on pages 26 to 42.

#### Income and funding

In 2016-17 total income was £24.3 million compared with £23.7 million in 2015-16, an increase of 2.5%. Income from supporting people and grants fell slightly over the year while charges to service users increased with inflation and the additional number of accommodation units under management. Fundraising income increased slightly over the year as part of the revised fundraising strategy. Investment income was largely unchanged on previous years, although realised and unrealised gains on the investment portfolio reflected the performance of the stock market resulting in a gain of £937,125 (of which £231,126 was realised) compared to a loss of £256,713 in 2015-16.

Supporting People grants continue to be our largest source of funding representing 38% of total income in 2016-17 (2015-16: 40.3%). Income from rents and charges represents 32.4% of total income (2015-16: 30.5%) and grants for our Approved Premises represent 5.5% of total income (2015-16: 5.6%).

Other grants and contracts (predominantly income received from contracts to provide day services, the Healthwatch contract and grants for the Anti Human Trafficking project) increased to £5.55 million (2015-16: £5.3 million).

#### Voluntary Income

Hestia is grateful to the voluntary supporters whose help enables us to significantly enrich the lives and life chances of vulnerable people and our fundraising team works closely with charitable trusts, community groups and individuals to bring about the financial support which enables us to enhance our services. As much of our core work is seen as supply of statutory services, the money we raise via fundraising can make a significant difference to the services we provide. In 2016-17 we worked with a number of funders who supported a range of activities, including:

- Organisations who supported our children's services based in our refuges, including: Hillingdon, Ealing, Kensington and Chelsea, Wandsworth, Hackney, Hammersmith & Fulham, Barking & Dagenham, Hackney and Kingston; and
- Individuals who supported us at the Big Give Campaign which attracted match funding.

A number of other organisations and individuals donated across our services, including:

- John Lyons Charitable Trust
- ETSY
- The Speaker, London Borough of Hackney
- Dr Edwards and Bishop King's Fulham Charity
- Childhood Trust
- Caribbean CT
- The Merlin School
- Mothers Union Croydon
- StreetSmart
- Green Hall Foundation
- Love Kingston
- BluePrint

We would particularly like to record our thanks to Dr. Nicola Hodge who very generously donated £10,000 to Hestia, supporting our work with women affected by domestic violence. Dr. Hodge was introduced to Hestia by Fiona Bancroft, of Hogan Lovells LLP.

### Report of the Board of Trustees (incorporating the Directors' Report) for the year ended 31 March 2017

#### FINANCIAL REVIEW (continued)

##### Income and funding (continued)

Staff at Hogan Lovells LLP in London voted Hestia their Charity Partner for the next three years. Hogan Lovells have an active fundraising programme (including a Spinathon, wine tasting, and their flagship fundraising event "Legally Ballroom"). Hogan Lovells staff have run a programme of workshops for Hestia service users and volunteers, helping them develop practical skills to assist them to return to work, as well as offering a range of pro bono legal advice to Hestia and our service users.

We have also worked with a number of other partners who have provided funding either for specific projects or to support Hestia in general:

- Albert Hunt Trust who once again provided funds for use across Hestia projects which we use to supplement local fundraising initiatives for a variety of projects;
- Children in Need who provided the Children and Family worker in our Tower Hamlets refuge; and
- The Henry Smith Charity who provided funding to help women without recourse to public funds to find safe accommodation in our refuges.

##### Expenditure

Total expenditure in 2016-17 was £24.07 million compared with £23.65 million in 2015-16, an increase of 1.8%. Charitable expenditure for 2016-17 increased by 1.4% to £23.7 million compared with £23.3 million in the previous year.

- Expenditure on the provision of care and support increased by £0.674 million (an increase of 2.8% compared with the previous year) reflecting the increased number of projects in management and individuals supported.
- Expenditure relating to the operation of our Approved Premises and Healthwatch both fell slightly compared to the previous year. The expenditure on Healthwatch referred to Healthwatch CWL only.

Fundraising costs were £279,816 (2015-16: £304,865) reflecting the levels of activity in this area linked to our long term strategic planning. This represents investment in staff and systems which we expect to improve future returns.

##### Reserves

Total funds at 31 March 2017 were £12.5 million (2016 £11.3 million) of which £2.35 million is restricted to specific projects and £1.26 million has been designated by the Trustees in relation to planned strategic developments and the continued development, maintenance and refurbishment of existing projects.

The Trustees have adopted a reserves policy which they consider appropriate to safeguard the organisation's operations and to ensure stability taking into account the risks and uncertainties faced by Hestia and their probability and impact on Hestia's ability to meet its financial obligations or reduce expenditure in the short term as a result of any decline in income.

The Board has reviewed the reserves level and considers that, in light of the difficult funding environment in which Hestia operates reflecting the ongoing reduction in income available to our commissioners, the charity requires a reserve level of £6.5 million. Hestia's operating reserve at 31 March 2016 is £7.09 million, which exceeds the level required, however the Trustees foresee that Hestia's ongoing development strategy is likely to require Hestia to utilise a proportion of its operating reserves during the next few years.

The Board keeps the level of reserves under regular review to ensure that it is adequate and appropriate to meet the requirements of the organisation.

### Report of the Board of Trustees (incorporating the Directors' Report) for the year ended 31 March 2017

#### FINANCIAL REVIEW (Continued)

##### Investments

Hestia's investment policy is to maximise its total return from a portfolio of suitably diversified assets whilst minimising risk and taking into account the cash flow and reserves requirements of the organisation.

At 31<sup>st</sup> March 2017, UBS AG, Hestia's investment managers, had placed £6.024 million in fixed interest securities and equities, aiming to improve investment returns within an agreed risk management profile. A further £2.394 million was invested in a common investment fund managed by Ruffer plc.

Hestia has approved an investment policy which aims to: (a) to preserve the real capital value of the funds held over a 5 year period; (b) provide an income stream of 2% with low volatility; and then (c) a long term return, net of all charges of 1% p.a. in real terms. As a result of the positive trading environment experienced over the year, the net gains on investments over the year (both realised and unrealised) were £937,125. Investments remain £1.175 million ahead of historic cost – equating to an uplift of 15.8%.

During the year the Charity operated an ethical investment policy which excluded investment in alcohol, tobacco, armaments and pornography; however the UBS AG mandate was revised in March 2017 to switch investments into the UBS Sustainable Investment Strategic Portfolio. This aims to provide returns based on positive screening of potential investment across a range of social, economic and political factors.

##### Pensions

The majority of Hestia staff are in a defined contribution scheme operated by Legal and General and all new members of staff are automatically enrolled in this scheme. Hestia will match employee contributions up to a maximum of 5%. Employees have the option to opt out but less than 5% have done so, therefore more than 95% of Hestia staff are contributing to their retirement funds.

Minimum contributions will apply from April 2018 in line with auto enrolment regulations.

During the year we continued to operate a defined benefit scheme with the Royal Borough of Kensington and Chelsea (RBKC) for employees who were previously transferred under TUPE. The scheme operates as a closed scheme in that it is open only to staff who transferred under TUPE and for the duration of the contract of their employment with Hestia. The FRS17 liability on this scheme increased from £295,000 to £325,000 in the year, largely as a result of actuarial adjustments in the discount rate which reduced from 3.9% to 2.8%. The employer's contribution rate payable by Hestia has increased to 21.5% from 14% following the triennial review completed in March 2016. Details of the RBKC scheme are included in the notes to the accounts on pages 39 to 42.

##### Fundraising

During the year, Hestia worked with an external agency (CAPL) to undertake face to face recruitment and we confirmed that they had vulnerable person's policies and disclosure statements that were made available to potential donors.

### Report of the Board of Trustees (incorporating the Directors' Report) for the year ended 31 March 2017

#### PLANNING FOR FUTURE PERIODS

##### Strategic Goals

Hestia's strategic goals fall under three main headings:

- To reach more service users
- Make more effective interventions
- Build a sustainable and resilient organisation

These define how we intend to work towards our vision and provide a framework for delivering operational plans. The strategy and operational plans are reviewed annually by Trustees, considering how the external environment affects these, to assess how we continue to manage the organisation over the next five years.

In 2015-16 Trustees approved a two year investment in a Hestia-wide change programme, "The Hestia Approach" (THA) which seeks to transform the work we undertake with service users by embedding psychologically informed approaches across all our work beginning with recovery and co-production. Our aim is to improve outcomes for our service users by working with them collaboratively to build their resilience by focusing on their strengths and resources in order to secure sustainable recovery. Implementation of this commenced in 2016-17 and by 31 March 2017, over 75% of front line staff had received training in the new approach and had commenced implementing these in our day to day contact.

The key activities that we undertake under each strategic goal are:

##### Goal 1 – To reach more service users

We will continue to ensure that our service users can participate in the strategic and operational decision making processes of the organisation, to ensure that their voices are heard in the design and delivery of the services that they receive. We will continue to build capacity among our service users to ensure that they can participate more effectively both internally to Hestia and externally in their communities.

In 2017-18 we will:

- Build upon our revised Service User Involvement Strategy with a fully resourced team, to ensure that we maximise the involvement of our service users across the organisation, utilising the acknowledged benefits of co-production through The Hestia Approach;
- Embed the new community integration pathway which supports service users to engage in a whole range of community opportunities;
- Benchmark against our Service User Led Standards to ensure these continue to improve the services we provide; and
- Implement the revised volunteering strategy to ensure that we can maximise the benefits to all who volunteer in Hestia, including service users, ensuring that both individual and organisation attain the maximum benefit from each placement.

##### Goal 2 – To make more effective interventions

We seek to add value to our services wherever possible by delivering more than agreed contract terms and have done this in a number of ways, e.g. developing and supporting children's services, encouraging healthy living activities.

We apply a rigorous and robust approach to inspection of existing services to ensure that high quality services are delivered and that good practice can be shared across the organisation. We encourage external inspectors – including service users – to participate in the process to gain as wide a perspective as we possibly can. We ensure that all policies, procedures and supporting infrastructure are reviewed regularly to ensure they meet up to date legal requirements and our wide consultation framework seeks to ensure we can learn from best practice from inside and outside our services.



### Report of the Board of Trustees (incorporating the Directors' Report) for the year ended 31 March 2017

#### PLANNING FOR FUTURE PERIODS (continued)

##### Strategic Goals (continued)

##### Goal 2 – To make more effective interventions (continued)

In 2017-18 we will:

- Complete the roll out of Phase 1 of The Hestia Approach which will see all staff provided with appropriate skills and techniques to address the unique needs and aspirations of individual service users. All policies and procedures have been reviewed and updated to ensure consistency with The Hestia Approach – and during the year we will update our Client Recording System and Intranet to ensure that these facilitate and assist the work that all staff undertake with our service users.

We will build on the training that we have given to our staff on recovery and co-production by extending this to all members of staff and ensuring new staff also receive training within 8 weeks of arrival. We will commence the implementation of Phase 2 of the organisation wide training programme which will look at coaching and trauma informed recovery to equip our staff with the skill base to support service users to maximise their unique potential.

We have committed the resources we require across a wide range of areas of the organisation to ensure we can fully deliver these programmes. A key part of this will be seeking to share our experiences wider within our sector to establish ourselves as a leader in the development of supporting vulnerable service users across a range of service types;

- We will continue to invest in the development of a service user focussed fundraising strategy to ensure that we can continue to supply much needed added value support for our service users beyond the requirements of our commissioned contracts; and
- We will continue to support our national anti-domestic abuse and sexual assault campaign – UK Says No More which aims to raise public awareness about the responsibility of everyone to tackle domestic abuse and sexual assault. Hestia recognises the value of preventative work and this campaign is an attempt to challenge attitudes and behaviours which allow domestic abuse and sexual assault to take place. Organisations – private and public are invited to partner the campaign and to date we have over 100 partners working with us. Hestia was delighted to be awarded a government grant of £280,000 over two years from the Tampon Tax fund. This is being used to develop a programme across UK Universities to ambassadors for preventative work for violence against women and girls.

##### Staffing

We recognise the importance of ensuring that we recruit, train, develop and engage our staff to make sure that we can deliver high quality services across the organisation.

During the year, as part of the Hestia Approach programme, we provided training and support in the key principles of recovery and co-production to equip all staff with the skills and knowledge base to apply these principles in the work we undertake with service users. Staff reported positively on the impact of the training in terms of improved engagement with service users. A key element of this strategy is to build increased resilience in our workforce and over the year we saw sickness levels decrease to historic lows.

An additional strand of the Hestia Approach was a review of our values and we engaged with staff, service users and Trustees to understand – and restate – what we all see as the organisational culture. That work has restated our core mission of “Empowering People, Changing Lives” but has identified values and identified behaviours that underpin those values. Reinforcing these increases our sense of belonging and commitment to our overall goals.



### **Report of the Board of Trustees (incorporating the Directors' Report) for the year ended 31 March 2017**

#### **PLANNING FOR FUTURE PERIODS (continued)**

##### **Strategic Goals (continued)**

##### **Goal 2 – To make more effective interventions (continued)**

###### **Staffing**

Turnover of staff in the sector we work in remains higher than average and during the year we sought to implement additional on line recruitment processes to fill vacancies as quickly as possible at the same time as attracting the widest range of high calibre candidates as possible. Where possible we aim to utilise the resources that come through our agency working Master Vendor agreement with Retinue Solutions which provides us with a supply of temporary employees with a route to becoming permanent employees if that suits both parties.

We remain committed to paying the London Living Wage for all staff whilst recognising the challenges that the current commissioning environment has on this.

During the year we supported the development of internal working groups looking at LGBTQ, Disability and BME issues and these groups have supported us in looking at policies and procedures to avoid discrimination and positively promote these issues across the organisation.

###### **Other Resources**

Hestia's Head Office is located in London Bridge, and we continue to provide support through a series of local offices to ensure staff remain accessible to service users and local decision makers. We secured a five year extension to our London Bridge lease at a time when rent levels are increasing significantly.

We operate a geographic area management structure, dividing the capital into four areas, each headed by an Area Manager. They provide a single point of contact for local authority commissioners as well as providing a locally focussed management structure which can maximise efficiencies in service delivery. Our Area Managers are supported by a number of central resources, including our Service User Involvement Team, Volunteering and Quality and Monitoring teams. These teams can develop organisation wide initiatives to support front line services and maximise impact for our service users.

During the year we commenced a programme of upgrading our Information Technology systems, seeking to improve local service delivery through the introduction of mobile technologies as well as improvements to our network and communications infrastructure. This will enable us to deliver services to service users in ways which suits their individual needs and this programme will continue into 2017-18.

A key component of The Hestia Approach will be ensuring that our infrastructure supports the delivery of the programme. The first part of this programme was to update policies and procedures to reflect new ways of working and this was completed in 2016-17. We have undertaken a review of our client facing system and agreed to replace this in 2017-18 to ensure that this supports and complements the work we do under The Hestia Approach as well as being able to demonstrate the positive outcomes that our approach has for service users.

### Report of the Board of Trustees (incorporating the Directors' Report) for the year ended 31 March 2017

#### PLANNING FOR FUTURE PERIODS (Continued)

##### Strategic Goals (Continued)

##### Goal 3 – Build a sustainable and resilient organisation

Our real time performance management system based around a dashboard reporting tool aims to provide us with up to date information that we can use to drive improvements across a range of key performance indicators.

We continued to develop our policy and communications frameworks so that we can use the knowledge and intelligence available to us, and the lived experience of our service users, to ensure that we influence public policy across a number of areas. We will continue to make resources available to strengthen our research and policy development capabilities, which, associated with an effective communications strategy, will seek to ensure Hestia is able to advocate more effectively for our service users. The Board of Trustees has agreed to areas for our policy work focusing on:

- Children in refuges and the support they require to address their specific and individual needs;
- Human-trafficking and the need to better understand the experiences of those who have been trafficked and those who have no access to public funds;
- Survivors of domestic abuse and how the use of technology can help them to stay safe;
- Personalisation services and how we can help to shape the way these services are commissioned and delivered;
- Welfare reform and how council tax benefit changes are affecting service users with limited income; and
- Mental health and poverty and the impact both these areas can have on the lives of our service users.

As part of this, we recognise the importance of working with a range of organisations – including other charities and trade bodies – to maximise impact and influence policy making at local and national level.

Year on year we have been able to grow by increasing the number of contracts in management and in 2016-17 we added five new contracts across a range of service areas which will add over £2 million of turnover p.a. For 2017-18 we have set another target of £2 million of new business which we believe is reasonable based on our previous achievements. We seek to achieve these increases in turnover whilst containing increases in our overhead costs, maximising the benefits from previous infrastructure investment. We will continue to focus on providing services to support a range of client groups both in the community and in accommodation based services. Increasingly these services will be funded by both Local Authorities and Health Commissioners, such as Clinical Commissioning Groups, sometimes in partnership. We have already made some progress in securing contracts with health authorities and aim to expand this.

In 2016-17 we continued to invest in a range of fundraising initiatives, supported by our policy and communications plans. We undertook a review of our strategy and as a result we ceased our individual giving campaigning to focus on Trust funding alongside corporate and major donor fundraising. In 2016-17 we were delighted to have been appointed approved charity partner for Hogan Lovells, an international law firm based in the City of London.

Our intention is to grow this part of our work so we can enhance our current services and meet unmet need.

### **Report of the Board of Trustees (incorporating the Directors' Report) for the year ended 31 March 2017**

#### **PLANNING FOR FUTURE PERIODS (Continued)**

##### **Strategic Goals (Continued)**

##### **Goal 3 – Build a sustainable and resilient organisation (continued)**

Throughout 2016-17, we have worked closely with local authorities and other commissioning bodies to seek to protect our vulnerable clients at a time when resources are coming under increasing pressure. Many of our service users do not meet the increasingly high thresholds which entitle them to receive statutory services but are very vulnerable and our services ensure that they are prevented from needing more intensive interventions later. Wherever possible we have agreed to meet requirements of our partners by reconfiguring services to improve value for money whilst maintaining a high quality service to our clients and this was reflected in our retention of nearly all of our contracts over the year. Wherever possible we will work with commissioners to seek long term affordable solutions which will guarantee long term provision of effective care and support services and remove uncertainty for all stakeholders.

We know this will continue into 2017-18 and beyond as the squeeze on public sector funding continues to require commissioners to seek savings across their organisations.

We review our strategy on an annual basis, updating both our twelve month and five year plans, and prepare the annual budget and five year forecast.

We revised our risk management strategy during 2016-17 in line with Charity Commission guidelines which allows risk to be managed effectively across the organisation. Trustees review strategic risks on a quarterly basis, linking these to strategic plans and ensuring that an outward looking focus is incorporated. This approach is supported by detailed action plans at organisational, departmental and individual project level to ensure the successful delivery of both operational and strategic objectives.

Monthly management accounts and operational work plan reports encourage managers and staff to monitor progress against their planned objectives and to assess how this relates to achieving Hestia's overall aims and objectives. This approach is underpinned by monitoring and reporting of key performance indicators from the in house dashboard performance management system.

The Charity has a robust set of delegated authorities which outlines a detailed division of responsibilities between Trustees and Staff and the relationship between the Board and its sub committees.

### Report of the Board of Trustees (incorporating the Directors' Report) for the year ended 31 March 2017

#### PRINCIPAL RISKS AND UNCERTAINTIES

##### The External Environment

The majority of Hestia's income comes from contracts with a range of public sector commissioners, all of whom are facing reductions in their centrally provided government funding. To date this has been passed on to providers like Hestia who have been able to deliver the cost savings that have been required. For Hestia this has meant restructuring services to meet the funding available.

We expect commissioners to require additional savings over the next 2 to 3 years, however we believe that we have reduced the delivery cost of our contracts as much we can, given our commitment that we will not pay staff less than the London Living Wage. Accordingly we believe that further efficiencies can only realistically be delivered by consolidating and reducing existing services. Whilst we will continue to make the case to retain as many of the services that we currently provide, we must recognise the financial pressures that our commissioner partners are under and seek, wherever possible, to design and implement flexible models of care and support. This was a key rationale behind our development of The Hestia Approach. We also intend to use the wide experience we have of working across a variety of service delivery types to help us design effective ways of working to meet the requirements of all of our stakeholders. For example, our experience at our day services will prove invaluable to us as we seek to deliver more tailored services to a greater number of people more cost effectively, as well as the work we have done through our personalisation team which works closely with service users to maximise use of their individual budgets.

We believe that we speak for many people who don't have the opportunity to put their points of view forward, so part of our strategy over the next 2 – 3 years is to develop further our policy and communications framework to ensure the valuable services that we provide are not lost merely as a result of changing funding priorities.

We have recognised that, to maintain our contract base in the medium term, we will need to be flexible about client groups and our geographical area and as such we will be looking to expand both of these, providing we remain confident that we can deliver high quality services to those groups and in those areas and that our existing bases remain unaffected. During the year we opened our first services outside London, in our Anti Human Trafficking Project in Kent.

We know that we need to consider how we might reduce our reliance on our traditional funding models – accepting that we will never be able to eliminate this to any significant degree. This may involve looking at other, related activities, including known changing priorities around health commissioning linked to the types of services we already deliver. We also remain open to delivering other services – via social enterprise and commercial activity – that can support underlying services. Any new area of activity requires detailed management of the different risk profiles they will face and any investment in these always requires approval by Trustees following detailed analysis.

During the year, Trustees reviewed the progress we had made with our fundraising strategy and re-affirmed our commitment to invest in fundraising activities focussing on Trusts, and corporate and major donor giving and to resource the activity accordingly. By doing this we hope to raise our profile and to improve the amount of unrestricted income that we can generate to support the added value that we believe provides our service users with a range of other opportunities they may not have always had. The strategy was a five year plan and required up-front investment from our reserves,

### Report of the Board of Trustees (incorporating the Directors' Report) for the year ended 31 March 2017

#### PRINCIPAL RISKS AND UNCERTAINTIES (continued)

##### Management of Risk

The Board of Trustees is responsible for ensuring that Hestia has in place systems of internal control that are appropriate to the various business contexts in which it operates. These enable the organisation to manage rather than eliminate risks and so provide a reasonable but not necessarily absolute degree of assurance.

The Trustees have in place a formal risk management process to assess risks and implement risk management strategies. This process includes a review by Trustees, senior management and staff and identifies the types of risk faced by the organisation, prioritises the risks in terms of likelihood of occurrence and potential impact and identifies the means of managing or mitigating them. Risk management is embedded in the day-to-day processes of the organisation and the monitoring of controls in place to manage risk is reviewed by the appropriate board committees.

The Board of Trustees has reviewed the operation and effectiveness of Hestia's system of internal controls. Key elements in Hestia's internal control systems are:

- an organisational set of values and commitment to manage the organisation's affairs with integrity
- risk assessments embedded in a comprehensive business planning process
- clear and regularly reviewed delegated authorities;
- a robust budget and quarterly review and reporting of financial performance
- appropriate authorisation levels and segregation of accounting duties and
- clear staff roles, responsibilities and accountabilities.

The Finance and Fundraising Sub Committee undertakes a detailed review of Hestia's quarterly management accounts reporting and oversees external audit activity.

##### Restrictions on Distribution

The Memorandum of Association prohibits the distribution of income and property of the charitable company to the members. Upon dissolution or winding up of the charitable company the assets shall be given or transferred to some similar institution or institutions having objects similar to the charitable company.

##### Tax Status

Hestia Housing and Support is a registered charity and is therefore potentially exempt from taxation of its income and gains as it falls within the definition of a charitable company as defined in Part 1, Schedule 6 of the Finance Act 2010. No tax charge has arisen in the year.

##### Auditor

Moore Stephens LLP has indicated its willingness to be re-appointed as auditor in accordance with section 487 (2) of the Companies Act 2006.

Approved by the Board of Trustees on 5<sup>th</sup> December 2017

Martin Cheeseman  
Chair/Trustee





### **Independent Auditor's Report to the members of Hestia Housing and Support**

We have audited the financial statements of Hestia Housing and Support for the year ended 31 March 2017 which comprise the consolidated statement of financial activities, the consolidated and parent Balance Sheets, the consolidated cash flow statement 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), including Financial Reporting Standard 102 (FRS 102), the reporting standard in the UK and Republic of Ireland.

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 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of Trustees and auditors**

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the charity 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.

We have been appointed auditor under the Companies Act 2006 and report in accordance with that Act. Our responsibility is to audit and express an opinion on the financial statements 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 financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements 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 financial statements. In addition, we read all the financial and non-financial information in the Report of the Board of Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **In our opinion the financial statements:**

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2017 and of the group 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.

## **Independent Auditor's Report to the members of Hestia Housing and Support**

### **Opinion on other matter prescribed by the Companies Act 2006**

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

### **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 and proper accounting records have not been kept, 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.

*Moore Stephens LLP*

Philip Clark (Senior statutory auditor)  
for and on behalf of MOORE STEPHENS LLP  
Chartered Accountants and Statutory Auditor  
London, UK

*5 December 2017*



## HESTIA HOUSING AND SUPPORT

### Consolidated statement of financial activities for the year ended 31 March 2017 (including a Consolidated Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £	Total Funds 2016 £
<b>Income and endowments from:</b>					
Donations and legacies	2	81,925	75,801	157,726	131,320
Charitable activities	3	20,450,970	3,531,607	23,982,577	23,402,865
Investments	4	198,184	-	198,184	174,342
<b>Total</b>		<b>20,731,079</b>	<b>3,607,408</b>	<b>24,338,487</b>	<b>23,708,527</b>
<b>Expenditure on:</b>					
Raising funds		279,816	-	279,816	304,865
Charitable activities	5	20,248,845	3,460,292	23,709,137	23,306,400
Investment management		43,204	-	43,204	43,204
Reserves transferred out	1 (b), 15	-	41,039	41,039	-
<b>Total</b>		<b>20,571,865</b>	<b>3,501,331</b>	<b>24,073,196</b>	<b>23,654,469</b>
<b>Net income before gains / (losses) on investments</b>		<b>159,214</b>	<b>106,077</b>	<b>265,291</b>	<b>54,058</b>
Realised net gains / (losses) on investments	11	231,126	-	231,126	(54,345)
Unrealised net gains / (losses) on investments	11	705,999	-	705,999	(202,368)
<b>Net income / (expenditure)</b>		<b>1,096,339</b>	<b>106,077</b>	<b>1,202,416</b>	<b>(202,655)</b>
Actuarial (losses) / gains on defined benefit pension schemes	20	(6,000)	-	(6,000)	156,000
<b>Net movement in funds</b>		<b>1,090,339</b>	<b>106,077</b>	<b>1,196,416</b>	<b>(46,655)</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		9,082,505	2,246,524	11,329,029	11,375,684
<b>Total funds carried forward</b>		<b>10,172,844</b>	<b>2,352,601</b>	<b>12,525,445</b>	<b>11,329,029</b>

All amounts relate to continuing activities of the group.

Hestia has no recognised gains or losses other than those dealt with above.

The notes on pages 26 to 42 form part of these financial statements.

## HESTIA HOUSING AND SUPPORT

### Balance sheets as at 31 March 2017

	Notes	Group		Company	
		2017	2016	2017	2016
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	10	2,670,692	2,146,923	2,670,692	2,146,923
Investments	11	8,597,110	8,084,634	8,597,110	8,084,634
		<u>11,267,802</u>	<u>10,231,557</u>	<u>11,267,802</u>	<u>10,231,557</u>
<b>Current assets</b>					
Debtors	12	3,655,402	2,852,448	3,377,962	3,195,802
Short term deposits		431,787	1,044,628	431,787	1,044,628
Cash at bank and in hand		2,318,506	2,013,188	2,318,506	1,504,045
		<u>6,405,695</u>	<u>5,910,264</u>	<u>6,128,255</u>	<u>5,744,475</u>
<b>Creditors: amounts falling due within one year</b>	13	(4,823,052)	(4,517,792)	(4,824,550)	(4,645,836)
		<u>1,582,643</u>	<u>1,392,472</u>	<u>1,303,705</u>	<u>1,098,639</u>
<b>Net current assets</b>					
		<u>12,850,445</u>	<u>11,624,029</u>	<u>12,571,507</u>	<u>11,330,196</u>
<b>Total assets less current liabilities</b>					
Defined benefit pension scheme liabilities	20	(325,000)	(295,000)	(325,000)	(295,000)
		<u>12,525,445</u>	<u>11,329,029</u>	<u>12,246,507</u>	<u>11,035,196</u>
<b>Net assets including pension liabilities</b>					
		<u>12,525,445</u>	<u>11,329,029</u>	<u>12,246,507</u>	<u>11,035,196</u>
<b>Represented by:</b>					
Unrestricted funds:					
Operating fund	14	7,089,919	6,963,119	7,305,631	7,128,434
Designated funds	14	1,265,678	1,233,264	1,265,678	1,233,264
Revaluation reserve	14	1,817,247	886,122	1,817,247	886,122
		<u>10,172,844</u>	<u>9,082,505</u>	<u>10,388,556</u>	<u>9,247,820</u>
Restricted funds	15	2,352,601	2,246,524	1,857,951	1,787,376
Total funds		<u>12,525,445</u>	<u>11,329,029</u>	<u>12,246,507</u>	<u>11,035,196</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 5 December 2017 and signed on its behalf by:

  
Martin Cheeseman  
Chair of the Board of Trustees

Company Number: 2020165

The notes on pages 26 to 42 form part of these financial statements.

**Consolidated statement of cash flows for the year ended 31 March 2017**

	Notes	2017 £	2016 £
<b>Cash flows from operating activities:</b>			
Cash flows (used in) / provided by operating activities	16	(329,884)	141,879
<b>Cash flows from investment activities</b>			
Investment income received		198,184	188,342
Purchase of investments		(2,218,766)	(1,301,659)
Proceeds from sale of investments		2,643,415	1,126,897
Purchase of tangible fixed assets		(600,472)	(77,004)
<b>Net cash used in investing activities</b>		22,361	(63,424)
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(307,523)</b>	<b>78,455</b>
Cash and cash equivalents at 1 April 2016		3,057,816	2,979,361
Cash and cash equivalents at 31 March 2017	(a)	2,750,293	3,057,816
(a) Analysis of cash and cash equivalents			
Short term deposits		431,787	1,044,628
Cash at bank and in hand		2,318,506	2,013,188
		2,750,293	3,057,816

The notes on pages 26 to 42 form part of these financial statements.

### Notes to the financial statements for the year ended 31 March 2017

#### 1. Accounting Policies

##### a) Basis of accounting and assessment of going concern

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Hestia Housing and Support meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The Trustees consider that there are no material uncertainties around Hestia's ability to continue as a going concern.

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

##### b) Basis of consolidation

The group financial statements consolidate the financial statements of the charity and its subsidiary, Healthwatch Central West London, on a line by line basis.

On 1<sup>st</sup> April 2016 Hestia ceased to act as the Corporate Trustee of Healthwatch Ealing at which point £41,039 of reserves relating to projects commissioned to Healthwatch Ealing were transferred to the successor organisation.

A separate statement of financial activities and income and expenditure account is not presented for the charity itself following the exemption afforded by section 408 of the Companies Act. The Charity's gross income was £23.840 million and the result was £280,000 surplus.

##### c) Income and expenditure recognition

- i) Charges to residents, interest from deposit accounts and tax refunds are included in the Statement of Financial Activities in the year in which they are receivable.
- ii) Voluntary income received by way of donations and gifts is included in the Statement of Financial Activities when received.
- iii) Grants are credited to the Statement of Financial Activities when receivable unless they related to a specified future period, in which case they are deferred.
- iv) Expenditure is stated inclusive of VAT as the organisation is not able to reclaim VAT on non-taxable activities.

##### d) Designated funds

Designated funds are unrestricted funds allocated by the Trustees for particular purposes.

##### e) Restricted funds

Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund. Grants for the purchase of fixed assets are credited to a restricted fund when received. Depreciation on the related assets is charged against the fund. The exceptions to this are grants received for normal running expenses of the organisation's projects which are treated as unrestricted.

### Notes to the financial statements for the year ended 31 March 2017

#### 1. Accounting Policies (cntd.)

##### f) Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The investment portfolio does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

##### g) Depreciation

Depreciation is provided using the following rates and bases to reduce by annual instalments the cost, less estimated residual value, of the tangible assets over their estimated useful lives:

Freehold land	Nil
Freehold buildings	2% straight line
Leasehold improvements	Over the anticipated occupational term of the lease
Fixtures, fittings and equipment	25% straight line
Computer equipment	33.33% straight line
Motor vehicles	25% straight line

Items are capitalised where the purchase price exceeds £1,000.

In the case of land and buildings the capital cost includes the purchase price and alterations, but not associated professional fees which are written off to expenditure.

Capital expenditure within and for project premises not owned by the organisation is written off immediately, after allowing for grants receivable. Depreciation costs are allocated to projects on the basis of the use of the related assets.

##### h) Leasing

Rentals payable under operating leases are taken to the Statement of Financial Activities on a straight line basis over the lease term.

### Notes to the financial statements for the year ended 31 March 2017

#### 1. Accounting Policies (cntd.)

##### i) Pensions

Hestia operates two group personal pension plans. Contributions are also made to pension schemes of certain employees in accordance with their rights under TUPE. Employer contributions are charged to the Statement of Financial Activities in the year to which the contributions relate.

Hestia also participated in one multi-employer defined benefit scheme – the Royal Borough of Kensington & Chelsea Pension Fund.

For this scheme, the operating costs of providing retirement benefits to participating employees are recognised in the accounting periods to which the benefits are earned. The related finance costs, expected return on assets and any other changes in fair value of the assets and liabilities, are recognised in the accounting period in which they arise. The operating costs, finance costs, expected return on assets and any other changes in fair value of assets and liabilities are recognised in the statement of financial activities.

##### j) Allocation of costs

The costs of functions which support more than one of Hestia's activities have been allocated to those activities on the basis of time spent. Further information is set out in note 3. Costs classified as "governance" relate to the general running of Hestia and include the operations of the Trustee Board and addressing constitutional, audit and other statutory matters. Costs classified as "raising funds" comprise fundraising costs. Costs classified as "investment management" represent fees paid to investment managers.

## HESTIA HOUSING AND SUPPORT

### Notes to the financial statements for the year ended 31 March 2017

#### 2. Income from donations and legacies

	2017 £	2016 £
<b>Donations</b>	<b>81,925</b>	<b>61,831</b>
<b>Grants: -</b>		
from local authorities	<b>43,388</b>	32,000
from other organisations and individuals	<b>32,413</b>	37,489
	<b>157,726</b>	<b>131,320</b>

In 2017, £81,925 (2016: £63,406) of donations and legacy income was attributable to unrestricted funds and £75,801 (2016: £67,914) to restricted funds.

#### 3. Income from charitable activities

	2017 £	2017 £
<b>Provision of care and support</b>		
Income from support contracts	<b>9,222,752</b>	9,564,921
Income from other grants and fees	<b>5,008,284</b>	4,477,758
Residents fees and charges	<b>7,832,809</b>	7,192,303
	<b>22,063,845</b>	<b>21,234,982</b>
<b>Operation of Approved Premises</b>		
Grants	<b>1,329,007</b>	1,329,007
Residents charges	<b>41,270</b>	44,309
	<b>1,370,277</b>	<b>1,373,316</b>
<b>Provision of Healthwatch contracts</b>		
Grants	<b>548,455</b>	794,567
	<b>23,982,577</b>	<b>23,402,865</b>

In 2017, £20,450,970 (2016: £20,660,329) of income from charitable activities was attributable to unrestricted funds and £3,531,607 (2016: £2,742,536) to restricted funds.

#### 4. Income from investments

	2017 £	2016 £
Interest receivable	<b>3,594</b>	8,234
Dividends from equity shares	<b>205,590</b>	180,108
Deduct: interest payable on defined pension schemes	<b>(11,000)</b>	(14,000)
	<b>198,184</b>	<b>174,342</b>

In 2017, all income from investments was attributable to unrestricted funds (2016: £174,342 - unrestricted).



## HESTIA HOUSING AND SUPPORT

### Notes to the financial statements for the year ended 31 March 2017

#### 5. Analysis of expenditure on charitable activities

	Provision of care and support	Operation of Approved Premises	Health- watch	Total 2017
	£	£	£	£
Staff costs	12,209,099	853,000	331,868	<b>13,393,967</b>
Premises running costs	3,848,448	108,520	-	<b>3,956,968</b>
Residents expenditure	835,868	60,477	-	<b>896,345</b>
Programmed activities	-	-	23,580	<b>23,580</b>
Governance costs	88,504	5,484	6,802	<b>100,790</b>
Support costs	4,920,913	306,910	109,664	<b>5,337,487</b>
	<b>21,902,832</b>	<b>1,334,391</b>	<b>471,914</b>	<b>23,709,137</b>

Expenditure on charitable activities was £23,709,137 (2016: £23,306,400) of which £20,248,845 was unrestricted (2016: £20,671,744) and £3,460,292 was restricted (2016: £2,634,656).

#### 6. Summary analysis of expenditure and related income for charitable activities

	Provision of care and support	Operation of Approved Premises	Health- watch	Total 2017
	£	£	£	£
Costs	(21,902,832)	(1,334,391)	(471,914)	<b>(23,709,137)</b>
Recharges to residents	7,832,809	41,270	-	<b>7,874,079</b>
	<b>(14,070,023)</b>	<b>(1,293,121)</b>	<b>(471,914)</b>	<b>(15,835,058)</b>
Direct grant support	14,231,036	1,329,007	548,455	<b>16,108,498</b>
<b>Contribution to operations</b>	<b>161,013</b>	<b>35,886</b>	<b>76,541</b>	<b>273,440</b>

#### 7. Analysis of Governance and Support Costs

	General Support	Governance Function	Total	Basis of apportionment
	£	£	£	
Salaries, wages and related costs	2,275,104	56,703	2,331,807	Allocated on time
Office running costs	3,062,383	5,084	3,067,467	Staff numbers / offices and equipment
Audit fees	-	27,800	27,800	Governance
Legal and professional fees	-	10,317	10,317	Governance
Trustee expenses	-	886	886	Governance
<b>Total</b>	<b>5,337,487</b>	<b>100,790</b>	<b>5,438,277</b>	

## Notes to the financial statements for the year ended 31 March 2017

### 8. Net income for the year

Net income is stated after charging:	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Operating lease rentals	681,045	736,475
Depreciation	76,703	109,678
Auditor's remuneration - audit services - Parent	21,200	20,000
Subsidiaries	6,600	8,700
Non audit services	1,440	-

### 9. Staff and Trustees

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Staff Costs:</b>		
Wages and salaries	<b>14,360,951</b>	14,188,207
Social security costs	<b>971,523</b>	995,654
Pension costs	<b>306,122</b>	376,078
	<b>15,638,596</b>	15,559,939

Wages and salaries include £3,144,193 in relation to agency staff (2016: £2,650,723).

Staff in receipt of total employee benefits (excluding pension contributions) exceeding £60,000 in the year were as follows:

One employee earned between £80,000 - £90,000 in the year (2016: one).

One employee earned between £70,000 - £80,000 in the year (2016: two).

Three employees earned between £60,000 - £70,000 in the year (2016: two).

Pension contributions in respect of the above higher paid employees totalled £17,669 for the year (2016: £22,291)

The average number of employees during the year was as follows:	<b>2017</b>	<b>2016</b>
	<b>Number</b>	<b>Number</b>
Project staff	<b>442</b>	437
Support staff	<b>59</b>	61
	<b>501</b>	498

No Trustee received any remuneration for services during the year (2016: nil). One Trustee claimed expenses of £664 to reimburse travel costs during the year (2016: One trustee claimed expenses of £171 to reimburse travel costs). No Trustee had any beneficial interest in any contract with Hestia.

Indemnity insurance was arranged on behalf of the Trustees of Hestia for the 12 months commencing 1 July 2016 at no additional cost to the organisation (2016 : £nil).

## Notes to the financial statements for the year ended 31 March 2017

### 9. Staff and Trustees (continued)

The key management personnel of the parent Charity, Hestia, comprise the Trustees, the Chief Executive and the Senior Management Team. The total employee benefits of the key management personnel of Hestia were £582,175 (2016: £514,926).

The key management personnel of the Group comprise those of Hestia and the key management personnel of Healthwatch Central West London. The key management personnel of Healthwatch Central West London are the Trustees who do not receive any remuneration or other benefits and the Director of Healthwatch Central West London. During the year the position of Director of Healthwatch Central West London was covered by both agency and directly employed staff.

10. Tangible fixed assets	Freehold Land and Buildings £	Fittings and Equipment £	Computer Equipment £	Motor Vehicles £	Total £
<b>Cost</b>					
At 1 April 2016	2,418,118	183,099	451,224	22,810	3,075,251
Additions	570,000	25,705	4,767	-	600,472
Disposals	-	-	(145,415)	-	(145,415)
<b>At 31 March 2017</b>	<b>2,988,118</b>	<b>208,804</b>	<b>310,576</b>	<b>22,810</b>	<b>3,530,308</b>
<b>Depreciation</b>					
At 1 April 2016	339,231	137,037	429,250	22,810	928,328
Charge for the year	37,381	25,170	14,152	-	76,703
Eliminated on disposals	-	-	(145,415)	-	(145,415)
<b>At 31 March 2017</b>	<b>376,612</b>	<b>162,207</b>	<b>297,987</b>	<b>22,810</b>	<b>859,616</b>
<b>Net Book Value</b>					
<b>At 31 March 2017</b>	<b>2,611,506</b>	<b>46,597</b>	<b>12,589</b>	<b>-</b>	<b>2,670,692</b>
At 31 March 2016	2,078,887	46,062	21,974	-	2,146,923

Ealing, Hammersmith and Hounslow Health Authority has a charge over the freehold property at Lynton Terrace which would require the property to be transferred back to the authority if it were to cease to provide qualifying services.

Hestia is also the registered owner of the freehold property in Streatham. Full funding was received from the Home Office for the purchase of this property and the organisation has entered into an undertaking to pass the proceeds of any sale on this property to the Home Office.

The properties in Battersea, Hounslow, Wandsworth and Kent are owned outright by the Charity and are not subject to any charges.

Notes to the financial statements for the year ended 31 March 2017

11 Investments	2017 £	2016 £
<b>Listed investments:</b>		
Market value at 1 April 2016	8,084,634	8,166,585
Additions at cost	2,218,766	1,301,659
Disposal proceeds	(2,643,415)	(1,126,897)
Gains / (losses) on disposal	231,126	(54,345)
Gains on revaluation	705,999	(202,368)
Market Value at 31 March 2017	<u>8,597,110</u>	<u>8,084,634</u>
 Historic cost at 31 March 2017	 <u>7,422,673</u>	 <u>7,449,831</u>
 <b>Listed investments are represented by:</b>		
Fixed interest securities	2,032,670	2,082,239
Equity shares	3,991,559	3,656,250
Money market deposits	178,501	178,501
Common investment funds	2,394,380	2,167,644
	<u>8,597,110</u>	<u>8,084,634</u>

## HESTIA HOUSING AND SUPPORT

### Notes to the financial statements for the year ended 31 March 2017

12.	<b>Debtors</b>	<b>Group</b>		<b>Company</b>	
		<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	Grants receivable	<b>2,599,539</b>	1,949,042	<b>2,329,566</b>	1,844,443
	Rents and charges in arrears	<b>433,867</b>	398,629	<b>433,867</b>	398,629
	Other debtors	<b>308,809</b>	171,664	<b>301,342</b>	171,664
	Due from subsidiary undertakings	-	-	-	447,953
	Prepayments	<b>313,187</b>	333,113	<b>313,187</b>	333,113
		<b>3,655,402</b>	2,852,448	<b>3,377,962</b>	3,195,802
13.	<b>Creditors: amounts falling due within one year</b>	<b>Group</b>		<b>Company</b>	
		<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	Trade creditors	<b>968,979</b>	595,133	<b>968,979</b>	595,133
	Income received in advance	<b>1,242,778</b>	1,114,932	<b>1,242,778</b>	1,114,932
	Accruals and deferred income	<b>1,207,315</b>	1,230,963	<b>1,189,690</b>	1,201,005
	Taxes and social security	<b>251,802</b>	382,178	<b>251,802</b>	382,178
	Due to subsidiary undertakings	-	-	<b>19,123</b>	178,153
	Other creditors	<b>1,152,178</b>	1,194,586	<b>1,152,178</b>	1,174,435
		<b>4,823,052</b>	4,517,792	<b>4,824,550</b>	4,645,836

Included within other creditors is £22,558 (2016: £10,784) held on behalf of Hestia service users and £1,005,725 (2016: £1,119,100) held on behalf of individual budget holders for London Borough of Newham and London Borough of Richmond's managed accounts.

## HESTIA HOUSING AND SUPPORT

### Notes to the financial statements for the year ended 31 March 2017

#### 14. Unrestricted funds: Group

	1 April 2016 £	Income £	Expenditure £	31 March 2017 £
Operating fund	6,963,119	20,377,430	(20,250,630)	7,089,919
Designated funds: -				
Development, maintenance and refurbishment of existing projects	563,996	130,812	(126,859)	567,949
Infrastructure and new project development	669,268	222,837	(194,376)	697,729
Total designated funds	1,233,264	353,649	(321,235)	1,265,678
Revaluation reserve	886,122	931,125	-	1,817,247
Total unrestricted funds	9,082,505	21,662,204	(20,571,865)	10,172,844

The operating fund is a general reserve, which is the amount deemed prudent by the Trustees to hold in reserve to ensure stability and to safeguard Hestia's operations.

The designated fund for the development, maintenance and refurbishment of existing projects includes:

- Cyclical maintenance – funds required for six yearly maintenance and decoration of buildings for which responsibility is not assumed by an owning registered social landlord.
- Sinking funds – funds required for long-term major repairs of buildings including the potential for costs associated with decant and recant of residents during any refurbishment works for which responsibility is not assumed by an owning registered social landlord. The Charity prepares five yearly maintenance plans for all owned properties and the funds set aside are compared to these estimated commitments.
- Furniture fund – funds for replacement of furniture on a three year cycle which cannot be funded from the annual revenue budget

The funds for infrastructure and new project development have been designated in relation to planned strategic developments which assist the organisation to respond to the external operating environment. These include:

- Funding to meet the costs of organisational development, including bidding for new/ replacement contracts, merger activities and requirements necessary to adapt internal frameworks to meet external requirements. Current projects funded are The Hestia approach (three years) and the fundraising strategy (five years).
- Project Assistance Funds to support upfront running costs of developed projects which cannot be funded from the annual revenue budget. These are reviewed on an annual basis linked to strategic plans.

A revaluation reserve, as required by the Companies Act 2006, is disclosed on the face of the balance sheet. The revaluation reserve represents the amount by which fixed investment assets exceed their historical cost.

## HESTIA HOUSING AND SUPPORT

### Notes to the financial statements for the year ended 31 March 2017

#### 15. Restricted funds: Group

	1 April 2016 £	Transferred Out £	Income £	Expenditure £	31 March 2017 £
Donations	94,010	-	75,801	(49,669)	120,142
Property Expenditure:					
i. Purchase of Lynton Terrace	412,181	-	-	(5,420)	406,761
ii. Purchase of Hestia Streatham	244,998	-	-	(3,078)	241,920
iii. Improvements to Hestia Streatham	337,842	-	-	(4,243)	333,599
iv. Improvements to Hestia Battersea	12,455	-	-	(155)	12,300
v. Purchase of Chatsworth Crescent	229,572	-	-	(3,964)	225,608
Home Office Refurbishment Grants	48,069	-	-	(4,539)	43,530
Other Home Office/ Ministry of Justice Grants	4,068	-	-	-	4,068
Mercers Fund	1,321	-	-	(238)	1,083
Outreach services	115,595	-	2,610,995	(2,544,046)	182,544
Children and Family services	83,052	-	229,164	(223,815)	88,401
Women Without Recourse Fund	7,257	-	-	(630)	6,627
CCTV Fund	733	-	-	(672)	61
Healthwatch and Community Engagement Funds	592,334	(41,039)	691,448	(614,051)	628,692
Back on Track	5,305	-	-	(5,305)	-
Safer families project	19,553	-	-	-	19,553
Interconnect project	18,798	-	-	-	18,798
Southwark mental health innovation fund	8,438	-	-	-	8,438
Southwark learning disabilities innovation fund	7,385	-	-	-	7,385
Kingston magistrates fund	3,558	-	-	(467)	3,091
	2,246,524	(41,039)	3,607,408	(3,460,292)	2,352,601

Restricted donations and grants comprise those funds used for specified purposes as laid down by the donor.

Restricted property funds comprise funding received for the purchase and improvement of the properties stated. The properties at Lynton Terrace, Hestia Streatham and Chatsworth Crescent are recorded in fixed assets. Depreciation of these properties and other specified property costs are charged against these funds.



### Notes to the financial statements for the year ended 31 March 2017

#### 15. Restricted funds (continued)

Home Office refurbishment grants represent grants made by the Home Office to fund refurbishment of Hestia's approved premises. The restricted grant represents the unspent portion of these grants and will be carried forward to fund future refurbishment of these properties.

Other Home Office/ Ministry of Justice grants comprise various sundry grants for drugs testing, security training and scheme development / relocation in connection with Hestia's approved premises.

The Mercers' grant funds art therapy at Hestia Streatham.

Outreach funding comprises various restricted grants to fund the provision of outreach services in the community by the women's services and anti-human trafficking projects.

Children & family services are provided at each of Hestia's refuges and funded by a combination of Supporting People grants, other grants and Hestia's own reserves.

The Women without recourse fund was set up in 2008/09 for women without recourse to public funds and includes donations from the Henry Smith Charity. £72,000 was pledged from the charity for the years 2014-15 and 2015-16.

The CCTV fund represents donated money to purchase CCTV equipment for the Kingston Refuges.

Healthwatch and community engagement income represents funds made available across the Healthwatch and other community engagement contracts (Tower Hamlets and Newham) to carry out contracted activities: any under spends are carried over at the end of the financial year to meet future expenditure commitments. During the year, Healthwatch Ealing became independent and £41,039 relating to projects managed by that company was transferred to the new independent company.

The Back on Track fund represented the donation from the Oak Foundation to support the development of a peer led training programme for ex-offenders.

The Safer Families Fund is the balance of the donation provided by the Porticus Trust to provide specialist parenting support groups and "Stay and Play" sessions for 400 women and children each year living in Hestia's network of domestic abuse refuges across London.

The Interconnect project is the balance of the grant from Comic Relief which aims to provide volunteering opportunities for older people to work with mothers and children in our domestic abuse refuges.

The Southwark Mental Health and Learning Disabilities innovation projects seek to maximise the buying power of service users in Southwark by pooling their individual budgets.

The Kingston Magistrates Fund is the balance of the donation provided by Kingston magistrates to provide welfare funding for women and children in the Kingston area fleeing domestic abuse.

## HESTIA HOUSING AND SUPPORT

### Notes to the financial statements for the year ended 31 March 2017

<b>16</b>	<b>Reconciliation of net income / (expenditure) to net cash flow from operating activities</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	Net (expenditure) / income for the year	1,202,416	(202,655)
	Loss / (gain) on sale of investments	(937,125)	256,713
	FRS 17 adjustment	(6,000)	42,000
	Investment income received	(198,184)	(188,342)
	Depreciation	76,703	109,678
	(Increase) in debtors	(802,954)	(88,566)
	Increase in creditors	335,260	213,051
	Net cash provided (used in) / by operating activities	<u>(329,884)</u>	<u>141,879</u>

#### 17. Analysis of net assets between funds

	<b>Investments</b>	<b>Tangible Fixed Assets</b>	<b>Net Current Assets Less Long Term Liabilities</b>	<b>Total Funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Unrestricted funds	8,597,110	1,450,504	125,230	10,172,844
Restricted funds	-	1,220,188	1,132,413	2,352,601
	<u>8,597,110</u>	<u>2,670,692</u>	<u>1,257,643</u>	<u>12,525,445</u>

#### 18. Operating Lease Commitments

The total amounts payable by Hestia in respect of operating leases are shown below:

	<b>Land and Buildings</b>		<b>Other</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Amounts due;				
In less than one year	478,622	1,089,877	95,362	109,957
Between one and five years	858,677	729,557	416,124	109,957
In more than five years	92,272	-	34,677	-
Total	<u>1,429,571</u>	<u>1,819,434</u>	<u>546,163</u>	<u>219,914</u>

#### 19. Capital commitments and capital grants

There were no capital commitments outstanding at the year end, nor any capital grants receivable (2016: £nil).

## Notes to the financial statements for the year ended 31 March 2017

### 20. Pension

During the year, Hestia operated both defined contribution and defined benefit pension schemes which require contributions to be made separately to administered funds for the benefit of the employees. Contributions payable by Hestia in respect of the defined contribution schemes totalled £266,851 for the year (2016: £309,800).

#### *Final salary pension schemes*

During the year, Hestia was an admitted body of one defined benefit pension scheme with The Royal Borough of Kensington and Chelsea Pension Fund (RBKCPF).

The RBKCPF is a multi-employer scheme administered by the Royal Borough of Kensington and Chelsea under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme.

The RBKCPF defined benefit scheme has been reported under Section 28 of FRS 102, "Employee benefits". The figures included in the financial statements in respect of this scheme are based on an actuarial valuation carried out on 31 March 2017.

The employer's contribution, relating to current employees, to the RBKCPF by the organisation for the year ended 31 March 2017 was £18,677 (2016: £26,901) and the employer contribution rate was fixed at 18.1% of pensionable pay up to 31 March 2017.

The financial assumptions used by the actuary to calculate the Scheme liabilities under FRS102 for the RBKCPF were as follows:

	31 March 2017	31 March 2016
<b>Assumptions</b>		
Inflation rate (RPI)	3.6%	3.4%
Inflation rate (CPI)	2.7%	2.5%
Rate of increase in salaries	4.2%	4.3%
Rate of increase of pensions in payment	2.7%	2.5%
Discount rate	2.8%	3.9%

The fair value of the assets of the Scheme and expected rates of return were:

	31 March 2017 £	31 March 2016 £
Equities	839,000	660,000
Gilts and other bonds	-	-
Property	44,000	44,000
Cash (including cash plus funds)	92,000	51,000
Alternative assets	109,000	96,000
Total market value of assets	1,084,000	851,000
Present value of Scheme liabilities	(1,409,000)	(1,146,000)
<b>Net pension liability</b>	<b>(325,000)</b>	<b>(295,000)</b>

## HESTIA HOUSING AND SUPPORT

### Notes to the financial statements for the year ended 31 March 2017

#### 20. Pension (cntd.)

	Total 2017 £	Total 2016 £
<b>Analysis of the amount charged to Statement of Financial Activities</b>		
Current service cost	32,000	52,000
Total service cost	32,000	52,000
Other finance income:		
Net interest on the defined liability	(11,000)	(14,000)
	(11,000)	(14,000)
Administration expenses	-	(1,000)
<b>Total pension costs charged to the SOFA</b>	<b>21,000</b>	<b>37,000</b>

	Total 2017 £	Total 2016 £
<b>Analysis of the actuarial gain / (loss) recognised in the Statement of Financial Activities (Other Comprehensive Income – STRGL)</b>		
Actual return less expected return on pension scheme assets	166,000	(9,000)
Changes in assumptions underlying the present value of scheme liabilities	(172,000)	165,000
<b>Total (loss) / gain recognised in the SOFA</b>	<b>(6,000)</b>	<b>156,000</b>

	Total 2017 £	Total 2016 £
<b>Movement in deficit in year</b>		
(Deficit) in scheme at start of the year	(295,000)	(409,000)
Movement in year:		
Current service cost	(32,000)	(52,000)
Contributions	19,000	25,000
Past service costs	-	-
Other finance income	(11,000)	(14,000)
Administrative expenses	-	(1,000)
Actuarial gain / (loss)	(6,000)	156,000
<b>(Deficit) in scheme at end of year</b>	<b>(325,000)</b>	<b>(295,000)</b>

## HESTIA HOUSING AND SUPPORT

### Notes to the financial statements for the year ended 31 March 2017

#### 20. Pension (cntd.)

The employee numbers in the scheme as at 31 March 2017 were:

	Total 2017	Total 2016
Active employees	5	12
Deferred pensioners	8	1
Pensioners	1	-

	Total 2017 £	Total 2016 £
Actual return less expected return on Funds assets	166,000	(9,000)
Contributions by Scheme participants	8,000	12,000
Expected employer's contributions for year ended 31 March 2018	27,305	25,000

RBKCPF	2017	2016	2015	2014	2013
History of experience gains and losses	£	£	£	£	£
Defined benefit obligation	(1,409,000)	(1,146,000)	(1,205,000)	(893,000)	(779,000)
Scheme assets	1,084,000	851,000	796,000	644,000	556,000
Surplus/(Deficit)	(325,000)	(295,000)	(409,000)	(249,000)	(223,000)
Experience adjustments on Scheme liabilities	(154,000)	(9,000)	-	(15,000)	-
Percentage of liabilities	(10.9%)	(0.8%)	-	(1.7%)	-
Experience adjustments on Funds assets	-	-	67,000	10,000	11,000
Percentage of assets	-	-	8.4%	1.6%	2.0%

## HESTIA HOUSING AND SUPPORT

### Notes to the financial statements for the year ended 31 March 2017

#### 21. Subsidiary companies results

At 31 March 2017, the Charity controlled one other small charitable company (limited by guarantee), Healthwatch Central West London. In the year to 31 March 2016, the Charity also controlled the charitable company, Healthwatch Ealing, which became independent on 1<sup>st</sup> April 2016. Comparative figures in these financial statements, therefore, include the results for Healthwatch Ealing to 31<sup>st</sup> March 2016 only.

##### Healthwatch Central West London

Included in the consolidated financial statements are the results of the subsidiary Healthwatch Central West London. The results were as follows:

	2017	2016
	£	£
Total income	548,455	597,649
Total expenditure	522,311	(561,057)
Net income for the year	26,144	36,592
Funds brought forward	252,794	216,202
Funds carried forward	278,938	252,794

The aggregate of the assets, liabilities and funds was:

Assets	295,563	282,752
Liabilities	17,625	(29,958)
Total funds	278,938	252,794

##### Healthwatch Ealing

Included in the consolidated financial statements for the year to 31 March 2016 are the results of the subsidiary Healthwatch Ealing. The results were as follows:

	2017	2016
	£	£
Total income	-	196,918
Total expenditure	-	(253,952)
Net (expenditure) / income for the year	-	(57,034)
Funds brought forward	-	98,073
Funds carried forward	-	41,039

The aggregate of the assets, liabilities and funds was:

Assets	-	509,143
Liabilities	-	(468,104)
Total funds	-	41,039

#### 22. Related party transactions

During the year Hestia charged Healthwatch Central West London £299,680 (2016: £426,259) and Healthwatch Ealing £nil (2016: £159,879) to cover a range of corporate services provided under service level agreements. At 31 March 2017, the amount due by Hestia to Healthwatch Central West London was £19,213 (31 March 2016: £178,153). At 31 March 2017, the amount owed to Hestia by the former subsidiary, Healthwatch Ealing was £444,942 (31 March 2016: £444,942). This was repaid in full in May 2017.