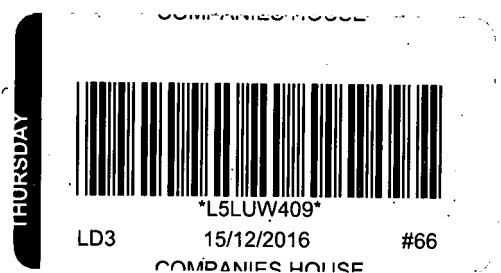


Company Number: 2020165  
Charity Number: 294555



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

**Consolidated Financial Statements**  
**31 March 2016**

**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 (Treasurer)		Chair		
Frances Green (resigned November 2015)	X		X	
Meredith Niles		X		
Deborah Goodwin (resigned January 2016)		X		
David Jobbins			Chair	
Malcolm Jenkin				Chair
Samantha Jackson	X			X
Madeline McQueen			X	
Anil Shenoy (appointed November 2015)		X		
Charles Fraser (appointed November 2015)	X		X	

The Governance Committee is chaired by Gillian Blachford, a non-Trustee member. Other non-Trustee members are Eric Carrington and Greg Solomon who sit on the Performance Review Committee and Kelvin Bussell who sits on the Governance Committee.

### Key management personnel

Secretary and Chief Executive

Patrick Ryan

Director of Finance

Christopher Clarke

Human Resources Director

Melanie Cox

Director of Operations

Elizabeth Harper

Director of Performance and Development

Thomas Neumark

Healthwatch CWL Interim Director

Ben Collins

Healthwatch Ealing Director

Suzanne Lyn-Cooke (resigned 31<sup>st</sup> March 2016)

### 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 2016**

The Trustees, being the Directors of the charitable company, present their report and the audited consolidated financial statements for the year ended 31 March 2016 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.

During the year Hestia acted as Corporate Trustee for two subsidiaries – Healthwatch Ealing and Healthwatch Central West London who deliver local Healthwatch contracts. Both subsidiaries operate via their own Boards of Trustees. From 1<sup>st</sup> April 2016, Healthwatch Ealing became an independent organisation and Healthwatch Central West London plans to do so during the coming year.

##### **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 recently 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 Frances Green, who chaired the Performance Review Committee, resigned having completed her term of office and Deborah Goodwin, who joined when Hestia merged with Wandsworth Women's Aid in 2012, also stood down from the board. We are extremely grateful to both these Trustees for their contribution to the organisation over recent years.

Anil Shenoy (who had previously been a non-trustee member of the Finance and Fundraising Sub Committee) and Charles Fraser were formally appointed as Trustees at the AGM in 2015. Anil brings experience of investment management and Charles was Chief Executive of St. Mungo's until he retired recently.

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. 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; and Approved Premises. The remit of the limited term I.T. committee which oversaw the development of a new I.T. strategy across Hestia was transferred to the Performance Review Committee during the year.

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, now chairs the Governance Committee.
- Kelvin Bussell – Vice Chair of the Better Lives Forum sits on the Governance Committee.
- Eric Carrington – Better Lives Forum Officer and former service user, sits on the Performance Review Committee.

In addition, Greg Solomon, a former Trustee of Hestia, attends the Performance Review Committee to provide I.T. oversight.

### **Report of the Board of Trustees (incorporating the Directors' Report) for the year ended 31 March 2016**

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT (cntd.)**

##### **Governance and Management (cntd.)**

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.

The two subsidiaries – Healthwatch Ealing and Healthwatch Central West London – operate via their own articles of association and their Boards 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 Trustees Martino Smits and Joanna Mark Richards to the Boards of Healthwatch Ealing and Healthwatch Central West London respectively

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

The pay of senior staff is reviewed by Trustees taking into account market conditions and pay rates of 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 2016**

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT (cntd.)**

##### **Statement of Trustees' Responsibilities (cntd.)**

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 to deliver high quality and empowering housing, support, protection and care services in partnership with service users and local communities. Our aim is to support vulnerable adults and children to realise their aspirations and fulfil their potential. We respond when vulnerable adults and children find themselves in a crisis and provide on-going support to help transform lives.

The support we offer varies depending on the needs and aspirations of the individuals. By 31<sup>st</sup> March 2016, Hestia supported 9,096 individuals across a number of client groups.

During 2015-16:

- 91% of people who used our mental health services were able to maximise their income and 86% reduced their overall debt;
- 74% of people who used our floating support services were successful in finding a suitable training place;
- 100% of people who used our services for ex-offenders re-established contact with friends and family and 94% were better able to manage self-harming behaviours;
- 91% of people who used our services for people at risk of domestic abuse improved their physical health, including registration with a GP and / or a dentist;
- 83% of people who used our services successfully maintained their accommodation and avoided eviction;
- 68% of people who used our services participated in training or education services, with 42% achieving a recognised qualification; and
- 100% of older people using our services established contact with family and friends and 93% established contact with external services and groups.

In addition, we have seen further improvement in the proportion of people who use our services who achieve positive outcomes.

In 2015-16:

- 43% of people who used our services were helped into paid work compared to 41% in 2014-15;
- 91% of people were supported to better manage their physical health compared to 89% in 2014-15;
- 97% of people were better at managing self harm on departure compared to 83% in 2014-15;
- 92% of people using our services achieved choice, control or involvement compared to 91% in 2014-15, either through involvement in influencing Hestia's services or engaging in the wider community.

**We** offer a wide range of services including day centres where people come to us and floating support where we visit and support people in their own homes. We also offer more intensive support and care to people with complex needs, including registered care, supported living, homeless hostels and approved premises. In many of these services we provide 24 hour staffing cover.

### Report of the Board of Trustees (incorporating the Directors' Report) for the year ended 31 March 2016

#### OBJECTIVES AND ACTIVITIES (continued)

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 2016
Domestic Abuse (including children)	3,918
Mental Health	2,279
Human Trafficking	450
Offenders, Ex-offenders and Mentally Disordered Offenders	256
Physical Disabilities or Learning Disabilities	146
Young People at Risk	19
Single Homeless	65
Older People	664
Generic	1,311
Personal Budget Holders	691
Substance Misuse and Dual Diagnosis	94

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. From April 2016, we will operate across 22 London Boroughs.

During the year, Hestia managed two Healthwatch contracts, one for the London Borough of Ealing and the other 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 give the local community opportunities to voice their opinion on service provision, and gives providers independent fora which can contribute to service improvement. Both contracts were delivered via specifically set up subsidiaries, Healthwatch Ealing and Healthwatch Central West London, both of which are wholly owned by Hestia Housing and Support. Following a review carried out by Hestia in 2014, it was decided that both organisations were of considerable maturity and that full independence would better suit their mission and charitable objectives. Healthwatch Ealing became fully independent on 1<sup>st</sup> April 2016 with Healthwatch Central West London also becoming independent at some point in the year.

#### ACHIEVEMENTS AND PERFORMANCE

In 2015-16 we successfully tendered for, and implemented, six new services across a range of service types, including domestic abuse; homelessness, mental health and older people. These included contracts in Croydon and Barnet – our first contracts in those Boroughs. The new contract we provide in Westminster – the Homeless Care Navigation Service works closely with local GP practices to better address the needs of homeless individuals in accessing the health service.

In 2015-16 we significantly extended the work we do with the Salvation Army and Home Office under their Anti Human Trafficking contract, increasing the number of safe houses we manage from one to three in London as well as significantly extending our outreach service. In May 2016 we purchased and refurbished two properties in Kent to expand the work we do with this highly vulnerable client group.

At the end of the year we were outbid in tenders to retain two contracts – in Hillingdon and Camden. Whilst disappointing, these were the first losses of existing contracts in four years and is a reflection of the extremely competitive environment that we find ourselves in. In contrast, a number of existing contracts were renegotiated and extended 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 2016**

#### **ACHIEVEMENTS AND PERFORMANCE (continued)**

##### **2015/16 in detail:**

- We provided support to a total of 8,497 vulnerable adults and children across London. We also worked with more than 8,000 individuals and community groups through our Healthwatch contracts to shape and improve local health and social care services;
- 1,755 vulnerable 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 living skills to change their lives;
- We supported 3,234 vulnerable 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 1,094 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 and social activities to help 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 and social activities. At Wandsworth we also provide meals 4 times a week;
- 599 children were accommodated in our domestic abuse refuge services. During one period we were supporting up to 200 children every day;
- 450 service users (including 32 men) were provided with accommodation and/or outreach services to help them escape the trauma of human trafficking;
- 188 offenders, classified as high and very high risk 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;
- This year Tower Hamlets Befriending service matched befrienders with 11 service users and reached 41 mental health service users through group sessions;
- 45 people with learning difficulties were supported via our floating support team in Hammersmith and Fulham. This project seeks to support the independent living of individuals, aiming to maximise their potential and increase life chances;
- The ASK service, based in Newham is Hestia's Service User involvement project with a focus on enabling mental health service users in Newham to be directly involved with local decision making processes, design and delivery of services. The service user members sit on local partnership boards and strategic bodies, as well as hosting events and being involved in the community. This year we helped a total of 167 mental health service users played an active role in ASK which helped to improve mental health services across Newham whilst also supporting members with their own recovery;
- 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, Southwark, Wandsworth and Richmond. 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 691 individuals managed their personal budgets through these services;
- During the year we supported two Healthwatch contracts – in Ealing and Central West London via specially designed subsidiaries of Hestia. Together they had over 8,000 members, participating across the range of their activities. Healthwatch works to deliver improved and high quality health and social care services, by promoting the voice and views of the local community in shaping health and wellbeing services.



### **Report of the Board of Trustees (incorporating the Directors' Report) for the year ended 31 March 2016**

#### **ACHIEVEMENTS AND PERFORMANCE (continued)**

##### **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 2015-16, 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 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.
- We also had specific projects under the Parallel Programme – running in Hillingdon and Camden domestic abuse services – which assisted 41 mothers and 65 children this year. The programme works to help children to come to terms with the impact that domestic abuse has had on their lives, while helping mothers to understand their child's perspective.
- We continued to expand and develop our Butterfly Group which is a peer support group in the community for women who have experienced domestic abuse. 326 individuals were supported by this initiative across three local authorities.
- Our Volunteering Team aims to coordinate the advertisement, recruitment, training and provision of volunteering opportunities across all project and departments in Hestia. In 2015-16, we worked with 290 volunteers, 49 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. 20 volunteers went onto paid employment of which half took up posts within Hestia. Overall we provided more than 16,300 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 2015-16 we worked with 10 volunteers to support 63 service users. From the experience gained volunteering with the Hestia Good Energy Club, two volunteers are now in paid employment in the mental health field.
- Our Back on Track initiative which provided an innovative peer training and mentoring programme of ex-offenders incorporating work with service users whilst still in prison, as well as in the community. During the year we worked in HMP Brixton, Wormwood Scrubs & Thameside to prepare individuals for release and integration into the community. The project closed on 31<sup>st</sup> March 2016. In the life of the programme, there were over 280 participants, exceeding the target of 170. There were over 70 volunteer mentors with 58 matches. 70 clients have experienced employment since completing the programme. The programme was funded by the Oak Foundation, the London Housing Federation and Street Smart.
- 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. In 2015-16, 10 people were supported in the accommodation service and 7 mentors supported 14 people in the community.

### Report of the Board of Trustees (incorporating the Directors' Report) for the year ended 31 March 2016

#### FINANCIAL REVIEW

The results for the year ended 31 March 2016 are set out in the Statement of Financial Activities on page 22. The assets and liabilities of the Group as at 31 March 2016 are given in the Balance Sheet on page 23. The financial statements should be read in conjunction with their related notes which appear on pages 25 to 43.

#### Income and funding

In 2015-16 total income was £23.7 million compared with £21.6 million in 2014-15, an increase of 9.7%. The new services that were added in 2015-16 brought an additional £1.58 million of income in the year, with the full year effect of this being closer to £2.4 million. Charges to service users largely rose with inflation: fundraising income fell over the year due to grants received the previous year from the Department of Health. Investment income was largely unchanged on previous years, although realised and unrealised gains on the investment portfolio reflected the performance of the stock market and fell from a gain of £596,268 in 2014-15 to a loss of £256,713 in 2015-16. A significant element of this was recovered in the first quarter of 2016-17.

Supporting People grants continue to be our largest source of funding representing 40.3% of total income in 2015-16 (2014-15: 40.5%). Income from rents and charges represents 30.5% of total income (2014-15: 30%) and grants for our Approved Premises represent 5.6% of total income (2014-15: 6.2%).

Other grants and contracts (predominantly income received from contracts to provide day care services, the Healthwatch contracts and grants for the Anti Human Trafficking project) increased to £5.3 million (2014-15: £4.6 million).

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 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 2015-16 we worked with a number of funders who supported a range of activities, including:

- Funders who supported our children's services based in our refuges, including: London Borough of Hillingdon, London Borough of Ealing, Royal Borough of Kensington and Chelsea and London Borough of Wandsworth. A number of other organisations and individuals donated across our refuges, including:
  - John Lyons Trust
  - Children in Need
  - Ladbroke's Charitable Trust
  - Dr Edwards and Bishop King's Fulham Charity
  - Wates Family Enterprise
  - Greenhall Foundation
  - MK Charitable Trust
  - Pest Houses Fund
  - Nawaal Fund
  - Kingston and Harrow Rotary Clubs
  - ARM Ltd
  - The Iris Trust
  - Streetsmart
  - St Michael's Church. Ealing
  - Hobbayne Charity
  - The Merlin School.

A number of other individuals gave either directly, via our web page or via our Hidden Child campaign and we are extremely grateful to all of these contributors.

### **Report of the Board of Trustees (incorporating the Directors' Report) for the year ended 31 March 2016**

#### **FINANCIAL REVIEW (continued)**

##### **Income and funding (continued)**

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;
- Comic Relief, who funded our unique Inter Connect project, enabling older volunteers to support women and children in our refuges;
- Oak Foundation, Streetsmart and the London Housing Foundation who supported our peer mentoring training programme 'Back on Track';
- The Henry Smith Charity who provided funding to help women without recourse to public funds to find safe accommodation in our refuges;
- Santander Foundation who funded our "Good Energy Club" in Kingston.

##### **Expenditure**

Total expenditure in 2015-16 was £23.7 million compared with £21.5 million in 2014-15, an increase of 10.2%. Charitable expenditure for 2015-16 increased by 9.4% to £23.3 million compared with £21.3 million in the previous year.

- Expenditure on the provision of care and support increased by £2.1 million (an increase of 10.9% 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.

Fundraising costs increased to £304,865 (2014-15: £114,819) as we increased activity in this area as part of 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 2016 were £11.3 million (2015 £11.4 million) of which £2.25 million is restricted to specific projects and £1.23 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, and based on the ongoing reduction in income due to government expenditure cuts aimed at reducing the overall deficit, the charity requires a reserve level of £6.5 million. Hestia's operating reserve at 31 March 2016 is £6.96 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 2016**

#### **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 2016, UBS AG, Hestia's investment managers, had placed £5.738 million in fixed interest securities and equities, aiming to improve investment returns within an agreed risk management profile. A further £2.174 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 difficult trading environment experienced over the year, the net losses on investments over the year (both realised and unrealised) were £256,713. However investments remain £746,000 ahead of historic cost – an uplift of £8.5%.

The Trustees have agreed an ethical statement of investment which prohibits investment in companies involved in the production of tobacco, alcohol, armaments and pornography.

##### **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, so more than 95% of staff are contributing to their retirement funds.

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 or their employment with Hestia. The FRS17 liability on this scheme decreased from £409,000 to £295,000 in the year, largely as a result of the actuary making an adjustment upwards in the discount rate, from 3.5% to 3.9%. The employer's contribution rate payable by Hestia remains at 14% pending the triennial review due at 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 three external agencies (FIL, Neet Feet and Capll) to undertake face to face recruitment. All three agencies had vulnerable persons policies and disclosure statements that are made available to potential donors.

### **Report of the Board of Trustees (incorporating the Directors' Report) for the year ended 31 March 2016**

#### **PLANNING FOR FUTURE PERIODS**

##### **Strategic Goals**

Hestia's strategic goals fall under two main headings:

- to deliver excellent services
- to have a vibrant and sustainable future

These define how we intend to work towards our vision and are broken down into eight strategic aims which provide a framework for delivering operational plans. The strategy and operational plans are reviewed annually by Trustees and in 2015-16, Trustees reviewed and re-affirmed the goals and aims, considering how the external environment affects these, to assess how we continue to manage our development over the next five years.

Over the year, the Trustees considered and approved an initial 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 with service users 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. The programme has major implications for us as an organisation and will affect how we address many of our strategic aims.

The strategic aims – and the key activities that we undertake under each of these – are:

##### **Aim 1 – Service users at the heart of everything we do**

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 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 2016-17 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 support 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
- Revise our 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.

### **Report of the Board of Trustees (incorporating the Directors' Report) for the year ended 31 March 2016**

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

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

##### **Aim 2 – High quality services**

We seek to add value to our services wherever possible by delivering more than simply 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 and procedures 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.

In 2016-17 we will:

- Commence the roll out of "The Hestia Approach" (Organisational Change Programme). We have already undertaken a wide ranging review of policies and procedures to ensure consistency with the Hestia Approach and will implement a training programme for all staff to ensure that they are provided with appropriate skills and techniques to address the unique needs and aspirations of individual service users. We have committed the resources we require across a wide range of areas of the organisation to ensure we can fully deliver the programme. 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
- Hestia is the largest provider of domestic abuse refuges in London and many of those in our anti-human trafficking services are victims of sexual exploitation. During the year we launched a national anti-domestic abuse and sexual assault campaign – called UK says No More. It is based on a campaign which was rolled out in the USA and 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 circa 30 partners with 20 others considering partnership. Along with the campaign we also launched an app which will enable victims to identify resources, evaluate behaviours and keep a record of incidents.

##### **Aim 3 – Learning and continuously improving organisation**

In 2015-16 we introduced a real time performance management system based around a dashboard reporting tool. This provides 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;

### **Report of the Board of Trustees (incorporating the Directors' Report) for the year ended 31 March 2016**

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

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

##### **Aim 3 – Learning and continuously improving organisation (continued)**

- 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.

##### **Aim 4 – Excellent employer valuing diversity, performance and leadership**

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.

One of our key strategic aims is to develop a strategy for attracting and retaining key individuals to win significant contracts in new areas. This is of particular importance as we equip ourselves for the future. In 2015-16 we implemented a recruitment strategy which provides a variety of routes through which to attract and select the range of roles we require within Hestia. We use an externally hosted applicant tracking system to support the automation of our recruitment processes and monitoring of our recruitment activity. We are currently testing an automated resource allocation system for our pool work which we hope will allow us to make the availability of our pool workers more visible and provide automated booking, billing and reporting.

As one of the key areas for us is the use of temporary staff, we undertook a procurement exercise during the year, seeking to partner with a single supplier under a Master Vendor agreement for temporary staff. We appointed Retinue Solutions as our partner seeking to provide a streamlined cost effective way of procuring high quality temporary staff.

To support attraction and retention we conduct salary, grading and benefits review across all roles in Hestia to help us understand our pay and benefits position in the sector. The organisational wide benchmarking exercise that we undertook in 2014-15 confirmed that our salaries were within the median salaries paid by similar organisations in the sector. The Trustees of the Charity are committed to paying our staff the London Living Wage as a minimum, and we also require any organisations that we work with to do the same. As this is revised annually our pay rates are also reviewed annually to ensure we comply with this objective to ensure fair rewards for those who work for and with us.

During 2015-16 training was largely undertaken via our E learning platform which provides a more flexible and cost effective method of training in core knowledge and skills and provides an expanded portfolio of learning and development opportunities for staff, supervisors and managers. We provide key skills training for managers via action learning sets to support networking and the development of managing people skills and a range of targeted training areas, including managing quality conversations for supervisions, appraisal and development purposes. For 2016-17 the main focus of training will be around the requirements of the Hestia Approach, from providing leaders across the organisation with change management skills to ensuring all staff access a training package that gives them a comprehensive understanding of what is involved and how they need to adapt their work with our service users. For 2016-17 the main focus of training will be the Hestia Approach with a focus on

- Leading and Managing Change
- Recovery
- Coproduction
- Outcomes Star

### **Report of the Board of Trustees (incorporating the Directors' Report) for the year ended 31 March 2016**

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

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

##### **Aim 4 – Excellent employer valuing diversity, performance and leadership (continued)**

There are four staff engagement groups, each of whom focuses a key area - communications, change management, value and recognition and benefits and reward. The engagement groups have successfully developed a Staff 'Q&A' that regularly asks questions directly of our Directors and identifies suggestions and concerns, as well as participating in the review and redesign of our supervision, appraisal and induction process and the re focusing of our policies on TOIL and flexible working. These groups will continue to play a key role in Hestia staff engagement in the future.

##### **Aim 5 – Grow and add value through fundraising and innovation**

Year on year we have been able to grow by increasing the number of contracts in management and in 2015-16 we added six new contracts across a range of service areas which will add over £2 million of turnover p.a. For 2016-17 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 will continue with this approach.

In 2015-16 we invested in a range of fundraising initiatives, supported by our policy and communications plans. We launched an individual giving campaign linked to our Hidden Child Strategy and were successful in signing over 200 donors before our partner agency within two months of the launch. We also held two successful events during the year – a Comedy Gala Night and a Christmas market and we have also recruited individuals to work on corporate and major donor fundraising.

Our intention is that over the next four years, we will reach an annual fundraised income level of £750,000 p.a. - funding which will support the added value activities which enhance the life chances of our service users.

##### **Aim 6 – Strong partnerships and external relationships**

Throughout 2015-16, 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 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 2016-17 and beyond as the squeeze on public sector funding continues to require commissioners to seek savings across their organisations.

##### **Aim 7 – Effective and efficient deployment of 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. In 2016-17 we will undertake an accommodation review to look at how we provide offices across the capital, seeking to maximise the use of technologies available and potentially short term rental opportunities.



### **Report of the Board of Trustees (incorporating the Directors' Report) for the year ended 31 March 2016**

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

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

##### **Aim 7 – Effective and efficient deployment of resources (continued)**

We operate a geographic area management structure, dividing the capital into four areas, each headed by an Area Manager. Our Area Managers 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 continued to invest in our Information Technology systems, seeking to improve local service delivery through the introduction of the mobile technologies as well as improvements to network infrastructure to enable us to deliver services to service users in ways which suits their individual needs. We completed the implementation of an in house Dashboard performance management system which enables managers across the organisation to access performance data across a number of Key Performance Indicators in real time and allow a focus on performance improvement.

A key component of the Hestia Approach will be ensuring that our infrastructure supports the delivery of the programme and investment has been made in updating policies and procedures to reflect new ways of working. In 2016-17 we will review our I.T. systems to ensure that these support and complement the Hestia Approach to provide maximum support to staff across the organisation.

##### **Aim 8 – Strategic approach to managing risk and change**

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 revisit our risk management strategies throughout the year in the light of the updated strategic plan and develop detailed action plans at organisational, departmental and individual project level to ensure the successful delivery of our 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.

During the year Trustees through the Governance Committee undertook a detailed review of Hestia's delegated authorities and refreshed our approach to Trustee involvement in policy and procedure authorisation, trustee induction as well as the relationship between the Board and its sub committees.

A request from the Charity Commission to submit confirmation of Trustee knowledge of key responsibilities as well as copies of key policies was deemed by the Charity Commission to meet all their requirements.

#### **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 levels of central 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 – by alteration of hours and reductions in front line salaries – to meet the funding available.

### **Report of the Board of Trustees (incorporating the Directors' Report) for the year ended 31 March 2016**

#### **PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

##### **The External Environment (continued)**

Commissioners are suggesting that further savings are going to be required over the next 2 to 3 years. We believe 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.

As part of our recent strategic review, we agreed that to maintain our contract base in the medium term, we 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. At the same time we will look to reduce our reliance on this type of funding – accepting that we will never be able to eliminate this to any significant degree, but look to deliver other services – via social enterprise and commercial activity – that can support underlying services. It was disappointing that during the year we closed our first social enterprise – Rosie's Repairs – but recognise the challenges that initiatives like these face and will adapt future plans accordingly. These new areas of activity require detailed management of the different risk profiles they will face and any investment in these always requires approval by Trustees following detailed analysis.

The Trustees have also agreed to invest in a fundraising strategy (supported by a policy and communications strategy) 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 is a five year plan and requires up-front investment from our reserves,

We have been advised by the Commissioners of our Healthwatch contracts that they wish to see these run by independent organisations from 2016-17. During the year we moved Healthwatch Ealing to independence on 1<sup>st</sup> April 2016. Commissioners in the Tri Borough took the opportunity to retender their contract and Hestia – via Healthwatch CWL – was successful in retaining this contract, following which we have started the transition to full independence for the subsidiary which we expect to be achieved before the end of 2016-17. Smooth transition to the new providers ensures that these can continue the good work that has been done by our subsidiaries in promoting improvements to the health and social care agenda.

### Report of the Board of Trustees (incorporating the Directors' Report) for the year ended 31 March 2016

#### 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.

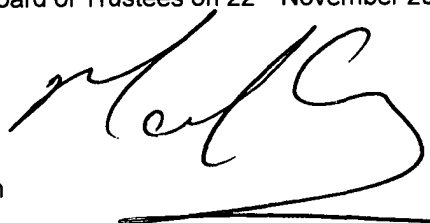
##### Tax Status

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 22<sup>nd</sup> November 2016.



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 2016 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 2016 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**

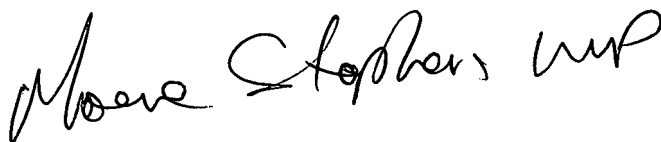
### **Opinion on other matter prescribed by the Companies Act 2006**

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.



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

14/12/2016

## HESTIA HOUSING AND SUPPORT

### Consolidated statement of financial activities for the year ended 31 March 2016 (including a Consolidated Income and Expenditure Account)

	Note	Unrestricted Funds	Restricted Funds	Total Funds 2016	Total Funds 2015 restated
		£	£	£	£
<b>Income and endowments from:</b>					
Donations and legacies	2	63,406	67,914	131,320	187,026
Charitable activities	3	20,660,329	2,742,536	23,402,865	21,196,404
Investments	4	174,342	-	174,342	176,291
<b>Total</b>		<b>20,898,077</b>	<b>2,810,450</b>	<b>23,708,527</b>	<b>21,559,721</b>
<b>Expenditure on:</b>					
Raising funds		304,865	-	304,865	114,819
Charitable activities	5	20,671,744	2,634,656	23,306,400	21,307,377
Investment management		43,204	-	43,204	37,714
<b>Total</b>		<b>21,019,813</b>	<b>2,634,656</b>	<b>23,654,469</b>	<b>21,459,910</b>
<b>Net (expenditure) / income before (losses) / gains on investments</b>		<b>(121,736)</b>	<b>175,794</b>	<b>54,058</b>	<b>99,811</b>
<b>Net (losses) / gains on investments</b>		<b>(256,713)</b>	<b>-</b>	<b>(256,713)</b>	<b>596,268</b>
<b>Net (expenditure) / income</b>		<b>(378,449)</b>	<b>175,794</b>	<b>(202,655)</b>	<b>696,079</b>
Actuarial (losses) / gains on defined benefit pension schemes		156,000	-	156,000	(132,000)
<b>Net movement in funds</b>		<b>(222,449)</b>	<b>175,794</b>	<b>(46,655)</b>	<b>564,079</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		9,304,954	2,070,730	11,375,684	10,811,605
<b>Total funds carried forward</b>		<b>9,082,505</b>	<b>2,246,524</b>	<b>11,329,029</b>	<b>11,375,684</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 25 to 43 form part of these financial statements.

# HESTIA HOUSING AND SUPPORT

## Balance sheets as at 31 March 2016

		Group		Company	
	Notes	2016	2015	2016	2015
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	10	2,146,923	2,179,597	2,146,923	2,179,597
Investments	11	8,084,634	8,166,585	8,084,634	8,166,585
		<u>10,231,557</u>	<u>10,346,182</u>	<u>10,231,557</u>	<u>10,346,182</u>
<b>Current assets</b>					
Debtors	12	2,852,448	2,763,882	3,195,802	2,792,624
Short term deposits		1,044,628	1,081,220	1,044,628	1,081,220
Cash at bank and in hand		2,013,188	1,898,141	1,504,045	1,661,061
		<u>5,910,264</u>	<u>5,743,243</u>	<u>5,744,475</u>	<u>5,534,905</u>
<b>Creditors: amounts falling due within one year</b>	13	(4,517,792)	(4,304,741)	(4,645,836)	(4,410,678)
<b>Net current assets</b>		<u>1,392,472</u>	<u>1,438,502</u>	<u>1,098,639</u>	<u>1,124,227</u>
<b>Total assets less current liabilities</b>		<u>11,624,029</u>	<u>11,784,684</u>	<u>11,330,196</u>	<u>11,470,409</u>
Defined benefit pension scheme liabilities	21	(295,000)	(409,000)	(295,000)	(409,000)
<b>Net assets including pension liabilities</b>		<u><u>11,329,029</u></u>	<u><u>11,375,684</u></u>	<u><u>11,035,196</u></u>	<u><u>11,061,409</u></u>
<b>Represented by:</b>					
Unrestricted funds:					
Operating fund	14	6,963,119	7,069,259	7,128,434	7,153,426
Designated funds	14	1,233,264	1,248,860	1,233,264	1,248,860
Revaluation reserve	14	886,122	986,835	886,122	986,835
		<u>9,082,505</u>	<u>9,304,954</u>	<u>9,247,820</u>	<u>9,389,121</u>
Restricted funds	15	2,246,524	2,070,730	1,787,376	1,672,288
<b>Total funds</b>		<u><u>11,329,029</u></u>	<u><u>11,375,684</u></u>	<u><u>11,035,196</u></u>	<u><u>11,061,409</u></u>

The financial statements were approved by the Board of Trustees and authorised for issue on 22 November 2016 and signed on its behalf by:

Martin Cheeseman  
Chair of the Board of Trustees

Company Number: 2020165

The notes on pages 25 to 43 form part of these financial statements.

**Consolidated statement of cash flows for the year ended 31 March 2016**

	Notes	2016 £	2015 £
<b>Cash flows from operating activities:</b>			
Cash flows provided by / (used in) operating activities	16	141,879	(1,332,113)
<b>Cash flows from investment activities</b>			
Investment income received		188,342	182,291
Purchase of investments		(1,301,659)	(4,735,902)
Proceeds from sale of investments		1,126,897	2,515,350
Purchase of tangible fixed assets		(77,004)	(21,188)
<b>Net cash used in investing activities</b>		<b>(251,766)</b>	<b>(2,241,740)</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>78,455</b>	<b>(3,391,562)</b>
Cash and cash equivalents at 1 April 2015		2,979,361	6,370,923
Cash and cash equivalents at 31 March 2016	(a)	3,057,816	2,979,361
(a) Analysis of cash and cash equivalents			
Short term deposits		1,044,628	1,081,220
Cash at bank and in hand		2,013,188	1,898,141
		<b>3,057,816</b>	<b>2,979,361</b>

The notes on pages 25 to 43 form part of these financial statements.



## Notes to the financial statements for the year ended 31 March 2016

### 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).

Details of the effects of the transition to FRS 102 are given in note 20.

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 subsidiaries, Healthwatch Ealing and Healthwatch Central West London, on a line by line basis. 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 £23.009 million and the result was £142,000 deficit.

#### 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 2016

### 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 of computer equipment are capitalised where the purchase price exceeds £400. Other 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 2016

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

##### i) Pensions

Hestia operates four 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.

**Notes to the financial statements for the year ended 31 March 2016**

**2. Income from donations and legacies**

	2016 £	2015 £
<b>Donations</b>	<b>61,831</b>	73,636
<b>Grants: -</b>		
from local authorities	32,000	37,381
from other organisations and individuals	37,489	76,009
	<u><b>131,320</b></u>	<u>187,026</u>

In 2016, £63,406 (2015: £17,719) of donations and legacy income was attributable to unrestricted funds and £67,914 (2015: £169,307) to restricted funds.

**3. Income from charitable activities**

	2016 £	2015 £
<b>Provision of care and support</b>		
Income from support contracts	9,564,921	8,739,501
Income from other grants and fees	4,477,758	3,757,110
Residents fees and charges	7,192,303	6,468,885
	<u><b>21,234,982</b></u>	<u>18,965,496</u>
<b>Operation of Approved Premises</b>		
Grants	1,329,007	1,329,007
Residents charges	44,309	41,511
	<u><b>1,373,316</b></u>	<u>1,370,518</u>
<b>Provision of Healthwatch contracts</b>		
Grants	794,567	860,390
	<u><b>23,402,865</b></u>	<u>21,196,404</u>

In 2016, £20,660,329 (2015: £19,350,211) of income from charitable activities was attributable to unrestricted funds and £2,742,536 (2015: £1,846,193) to restricted funds.

**4. Income from investments**

	2016 £	2015 restated £
Interest receivable	8,234	6,542
Dividends from equity shares	180,108	180,749
Deduct: interest payable on defined pension schemes	(14,000)	(11,000)
	<u><b>174,342</b></u>	<u>176,291</u>

In 2016, all income from investments was attributable to unrestricted funds (2015: £182,291 - unrestricted).

## Notes to the financial statements for the year ended 31 March 2016

### 5. Analysis of expenditure on charitable activities

	Provision of care and support	Operation of Approved Premises	Health- watch	Total 2016
	£	£	£	£
Staff costs	12,089,227	897,673	469,252	<b>13,456,152</b>
Premises running costs	3,701,923	100,721	-	<b>3,802,644</b>
Residents expenditure	651,767	56,672	-	<b>708,439</b>
Programmed activities	-	-	79,047	<b>79,047</b>
Governance costs	71,202	4,205	21,057	<b>96,464</b>
Support costs	4,714,872	284,277	164,505	<b>5,163,654</b>
	<b>21,228,991</b>	<b>1,343,548</b>	<b>733,861</b>	<b>23,306,400</b>

Expenditure on charitable activities was £23,306,400 (2015: £21,307,377) of which £20,671,744 was unrestricted (2015: £19,373,648) and £2,634,656 was restricted (2015: £1,933,729).

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

	Provision of care and support	Operation of Approved Premises	Health- watch	Total 2016
	£	£	£	£
Costs	(21,228,991)	(1,343,548)	(733,861)	<b>(23,306,400)</b>
Recharges to residents	7,192,303	44,309	-	<b>7,236,612</b>
	(14,036,688)	(1,299,239)	(733,861)	<b>(16,069,788)</b>
Direct grant support	14,042,679	1,329,007	794,567	<b>16,166,253</b>
<b>Net cost funded from other income</b>	<b>5,991</b>	<b>29,768</b>	<b>60,706</b>	<b>94,565</b>

### 7. Analysis of Governance and Support Costs

	General Support	Governance Function	Total	Basis of apportionment
	£	£	£	
Salaries, wages and related costs	1,492,945	48,921	1,541,866	Allocated on time
Office running costs	3,670,709	6,315	3,677,024	Staff numbers / offices and equipment
Audit fees	-	28,700	28,700	Governance
Legal and professional fees	-	9,722	9,722	Governance
Trustee expenses	-	2,806	2,806	Governance
<b>Total</b>	<b>5,163,654</b>	<b>96,464</b>	<b>5,260,118</b>	

**Notes to the financial statements for the year ended 31 March 2016**

**8. Net income for the year**

Net income is stated after charging:	<b>2016</b>	2015
	£	£
Operating lease rentals	736,475	728,422
Depreciation	109,678	139,500
Auditor's remuneration - audit services - Parent	20,000	19,500
Subsidiaries	8,700	8,500
Over / under provision	-	-
Non audit services	-	-

**9. Staff and Trustees**

	<b>2016</b>	2015
	£	£
<b>Staff Costs:</b>		
Wages and salaries	<b>14,188,207</b>	12,695,051
Social security costs	<b>995,654</b>	943,544
Pension costs	<b>376,078</b>	377,497
	<b>15,559,939</b>	14,016,092

Wages and salaries include £2,650,723 in relation to agency staff (2015: £2,017,089).

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

One employee earned between £90,000 - £100,000 in the year (2015: none).

One employee earned between £80,000 - £90,000 in the year (2015: two).

Two employees earned between £70,000 - £80,000 in the year (2015: one).

Two employees earned between £60,000 - £70,000 in the year (2014: one).

Pension contributions in respect of the above higher paid employees totalled £22,291 for the year. (2015: £13,132)

The average number of employees during the year was as follows:

	<b>2016</b>	2015
	<b>Number</b>	<b>Number</b>
Project staff	<b>437</b>	393
Support staff	<b>61</b>	60
	<b>498</b>	453

No Trustee received any remuneration for services during the year (2015: nil). One Trustee claimed expenses of £171 to reimburse travel costs during the year (2015: One trustee claimed expenses of £112 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 2015 at no additional cost to the organisation (2015 : £nil).

## Notes to the financial statements for the year ended 31 March 2016

### 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 £514,926 (2015: £511,241).

The key management personnel of the Group comprise those of Hestia and the key management personnel of Healthwatch Central West London and Healthwatch Ealing. The key management personnel of Healthwatch Central West London and Healthwatch Ealing are the Trustees who do not receive any remuneration or other benefits. The employee benefits of key management personnel for the Group were therefore the same as for Hestia stated above.

10. Tangible fixed assets	Freehold Land and Buildings £	Fittings and Equipment £	Computer Equipment £	Motor Vehicles £	Total £
<b>Cost</b>					
At 1 April 2015	2,418,118	134,327	422,992	22,810	2,998,247
Additions	-	48,772	28,232	-	77,004
Disposals	-	-	-	-	-
<b>At 31 March 2016</b>	<b>2,418,118</b>	<b>183,099</b>	<b>451,224</b>	<b>22,810</b>	<b>3,075,251</b>
<b>Depreciation</b>					
At 1 April 2015	307,550	115,232	373,058	22,810	818,650
Charge for the year	31,681	21,805	56,192	-	109,678
Eliminated on disposals	-	-	-	-	-
<b>At 31 March 2016</b>	<b>339,231</b>	<b>137,037</b>	<b>429,250</b>	<b>22,810</b>	<b>928,328</b>
<b>Net Book Value</b>					
<b>At 31 March 2016</b>	<b>2,078,887</b>	<b>46,062</b>	<b>21,974</b>	<b>-</b>	<b>2,146,923</b>
At 31 March 2015	2,110,568	19,095	49,934	-	2,179,597

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.

Notes to the financial statements for the year ended 31 March 2016

11	Investments	2016 £	2015 £
	<b>Listed investments:</b>		
	Market value at 1 April 2015	8,166,585	5,349,765
	Additions at cost	1,301,659	4,735,902
	Disposal proceeds	(1,126,897)	(2,515,350)
	Gains / (losses) on disposal	(54,345)	126,121
	Gains on revaluation	(202,368)	470,147
	Market Value at 31 March 2016	8,084,634	8,166,585
	Historic cost at 31 March 2016	7,449,831	7,179,750
	<b>Listed investments are represented by:</b>		
	Fixed interest securities	2,082,239	1,903,009
	Equity shares	3,656,250	3,863,200
	Money market deposits	178,501	178,088
	Common investment funds	2,167,644	2,222,288
		8,084,634	8,166,585

The portfolio at 31 March 2016 contained investments managed by Ruffer LLP. The following investments exceed 5% by value of the total portfolio:

	2016		2015	
	£	%	£	%
Charity Assets Trust Account	2,167,644	26.8	2,222,288	27.2

12.	Debtors	Group		Company	
		2016 £	2015 £	2016 £	2015 £
	Grants receivable	1,949,042	1,671,794	1,844,443	1,626,644
	Rents and charges in arrears	398,629	342,294	398,629	342,294
	Other debtors	171,664	475,018	171,664	475,018
	Due from subsidiary undertakings	-	-	447,953	73,892
	Prepayments	333,113	274,776	333,113	274,776
		2,852,448	2,763,882	3,195,802	2,792,624



**Notes to the financial statements for the year ended 31 March 2016**

13.	<b>Creditors: amounts falling due within one year</b>	<b>Group</b>		<b>Company</b>	
		<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	Trade creditors	<b>595,133</b>	<b>748,712</b>	<b>595,133</b>	<b>748,712</b>
	Income received in advance	<b>1,114,932</b>	<b>959,378</b>	<b>1,114,932</b>	<b>959,378</b>
	Accruals and deferred income	<b>1,230,963</b>	<b>1,043,954</b>	<b>1,201,005</b>	<b>1,026,414</b>
	Taxes and social security	<b>382,178</b>	<b>231,352</b>	<b>382,178</b>	<b>231,352</b>
	Due to subsidiary undertakings	<b>-</b>	<b>-</b>	<b>178,153</b>	<b>188,592</b>
	Other creditors	<b>1,194,586</b>	<b>1,321,345</b>	<b>1,174,435</b>	<b>1,256,230</b>
		<b>4,517,792</b>	<b>4,304,741</b>	<b>4,645,836</b>	<b>4,410,678</b>

Included within other creditors is £10,784 (2015: £13,966) held on behalf of Hestia service users and £1,119,100 (2015: £1,217,736) held on behalf of individual budget holders for London Borough of Newham and London Borough of Richmond's managed accounts.

**Notes to the financial statements for the year ended 31 March 2016**

**14. Unrestricted funds: Group**

	1 April 2015 £	Income £	Expenditure £	31 March 2016 £
Operating fund	7,069,259	20,742,330	(20,848,470)	<b>6,963,119</b>
Designated funds: -				
Development, maintenance and refurbishment of existing projects	567,300	77,412	(80,716)	<b>563,996</b>
Infrastructure and new project development	681,560	78,335	(90,627)	<b>669,268</b>
Total designated funds	1,248,860	155,747	(171,343)	<b>1,233,264</b>
Revaluation reserve	986,835	-	(100,713)	<b>886,122</b>
Total unrestricted funds	9,304,954	20,898,077	(21,120,526)	<b>9,082,505</b>

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 for which responsibility is not assumed by an owning registered social landlord.
- Furniture fund – funds for replacement of furniture which cannot be funded from the annual revenue budget.
- Refurbishment of existing projects including the costs associated with decant and recant of residents during such refurbishment works.

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.
- Project Assistance Funds to support upfront running costs of developed projects which cannot be funded from the annual revenue budget.

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 2016

#### 15. Restricted funds: Group

	1 April 2015 £	Income £	Expenditure £	31 March 2016 £
Donations	47,987	67,915	(21,892)	94,010
Property Expenditure:				
i. Purchase of Lynton Terrace	417,601	-	(5,420)	412,181
ii. Purchase of Hestia Streatham	248,076	-	(3,078)	244,998
iii. Improvements to Hestia Streatham	342,085	-	(4,243)	337,842
iv. Improvements to Hestia Battersea	12,610	-	(155)	12,455
v. Purchase of Chatsworth Crescent	233,536	-	(3,964)	229,572
Home Office Refurbishment Grants	50,017	-	(1,948)	48,069
Other Home Office/ Ministry of Justice Grants	4,068	-	-	4,068
Mercers Fund	1,559	-	(238)	1,321
Outreach services	43,863	1,421,790	(1,350,058)	115,595
Children and Family services	107,359	223,430	(247,737)	83,052
Women Without Recourse Fund	7,761	36,600	(37,104)	7,257
CCTV Fund	2,334	-	(1,601)	733
Healthwatch and Community Engagement Funds	492,846	947,560	(848,072)	592,334
Back on Track	7,500	105,269	(107,464)	5,305
Safer families project	21,185	-	(1,632)	19,553
Interconnect project	10,962	7,886	(50)	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	-	-	3,558
	<b>2,070,730</b>	<b>2,810,450</b>	<b>(2,634,656)</b>	<b>2,246,524</b>

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 2016

#### 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 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.

The Back on Track fund represents 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.

The Wandsworth Children's Playroom Project represented grants from the Take That Fund, Wandsworth Borough Council and other local fundraising initiatives to fund the building and equipping of a play room at one of the Wandsworth domestic abuse refuges. This project was completed in the year.

**Notes to the financial statements for the year ended 31 March 2016**

**16. Reconciliation of net income / (expenditure) to net cash flow from operating activities**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>restated £</b>
Net (expenditure) / income for the year	(202,655)	696,079
Loss / (gain) on sale of investments	256,713	(593,268)
FRS 17 adjustment	42,000	15,000
Investment income received	(188,342)	(182,291)
Depreciation	109,678	139,500
(Increase) in debtors	(88,566)	(1,279,277)
Increase / (decrease) in creditors	213,051	(127,856)
Net cash provided by / (used in) from operating activities	<u>141,879</u>	<u>(1,332,113)</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	8,084,634	909,875	87,996	9,082,505
Restricted funds	-	1,237,048	1,009,476	2,246,524
	<u>8,084,634</u>	<u>2,146,923</u>	<u>1,097,472</u>	<u>11,329,029</u>

**18. Operating Lease Commitments**

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

	<b>Land and Buildings</b>		<b>Other</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Amounts due;				
In less than one year	<b>1,089,877</b>	130,281	<b>109,957</b>	-
Between one and five years	<b>729,557</b>	473,650	<b>109,957</b>	20,994
In more than five years	-	-	-	-
Total	<u><b>1,819,434</b></u>	<u>603,931</u>	<u><b>219,914</b></u>	<u>20,994</u>

**19. Capital commitments and capital grants**

There were no capital commitments outstanding at the year end, nor any capital grants receivable (2015: £nil).

## Notes to the financial statements for the year ended 31 March 2016

### 20. Transition to FRS 102

These financial statements for the year ended 31 March 2016 are the Charity's first financial statements that comply with Financial Reporting Standard 102 (FRS 102) 'the Financial Reporting Standard in the UK and Republic of Ireland'. The Charity's date of transition to FRS 102 is 1 April 2014. The Charity's last financial statements prepared in accordance with previous UK GAAP were for the year ended 31 March 2015.

The transition to FRS 102 has resulted in a number of changes in the Charity's accounting policies compared to those used when applying previous UK GAAP.

The following explanatory notes to the accounts describe the differences between the funds and income and expenditure presented under the previous UK GAAP and the newly presented amounts under FRS 102 for the reporting period ended at 31 March 2015 (i.e. comparative information), as well as the funds presented in the opening statement of balance sheet (i.e. at 1 April 2014). It also describes the changes in accounting policies made on first-time adoption of FRS 102.

In the table below, funds determined in accordance with the FRS 102 is reconciled to funds determined in accordance with previous UK GAAP at both 1 April 2014 (the date of transition to FRS 102) and 31 March 2016.

Group	Note	Funds as at 1 April 2014	Net income for the year ended March 2015	Funds as at 31 March 2015
		£	£	£
As previously stated under former UK GAAP		10,831,633	565,215	11,396,848
Revaluation of defined benefit obligation	a	-	-	-
Gains / Losses on investments	b	-	-	-
Holiday pay accrual	c	(20,028)	(1,136)	(21,164)
As stated in accordance with FRS 102		10,811,605	564,079	11,375,684

#### Explanation of changes to previous reported net income and funds:

- FRS 102 requires the recognition in profit or loss of a net interest cost (or income) on defined benefit pension schemes. This is calculated by multiplying the net pension liability by the market yields on high quality corporate bonds. The effect of this, when compared to previous UK GAAP, has been to reduce reported profits for the year ended 31 March 2015 because previous UK GAAP led to the recognition of finance income calculated by reference to the expected returns on the pension plan's specific assets be they equities, properties or bonds. The change has had no effect on reported equity as the measurement of the net defined benefit pension scheme liability has not changed. Instead, the decrease in reported profit is mirrored by an increase in actuarial gains which are presented within other comprehensive income.
- FRS 102 requires that an adjustment is made for gains / (losses) on investments which are now treated as a component of net income.
- FRS 102 requires that a liability is recognised for annual leave entitlement accrued but not taken.

### Notes to the financial statements for the year ended 31 March 2016

#### 21. 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 £309,800 for the year (2015: £356,357).

##### *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). Previously Hestia was a member of the London Borough of Hounslow Pension Fund which closed in August 2014 when the final member scheme left Hestia's employment.

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 2016.

The employer's contribution, relating to current employees, to the RBKCPF by the organisation for the year ended 31 March 2016 was £26,901 (2015: £29,952) and the employer contribution rate was fixed at 18.1% of pensionable pay up to 31 March 2016.

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

	31 March 2016	31 March 2015
<b>Assumptions</b>		
Inflation rate (RPI)	3.4%	3.4%
Inflation rate (CPI)	2.5%	2.6%
Rate of increase in salaries	4.3%	4.4%
Rate of increase of pensions in payment	2.5%	2.6%
Discount rate	3.9%	3.5%

**Notes to the financial statements for the year ended 31 March 2016**

**21. Pension (cntd.)**

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

	31 March 2016 £	31 March 2015 £
Equities	660,000	611,000
Gilts and other bonds	-	-
Property	44,000	30,000
Cash	51,000	62,000
Alternative assets	96,000	93,000
Total market value of assets	851,000	796,000
Present value of Scheme liabilities	(1,146,000)	(1,205,000)
<b>Net pension liability</b>	<b>(295,000)</b>	<b>(409,000)</b>

	Total 2016 £	Total 2015 restated £
<b>Analysis of the amount charged to Statement of Financial Activities</b>		
Current service cost	52,000	50,000
Total service cost	52,000	50,000
Other finance income:		
Net interest on the defined liability	(14,000)	(11,000)
	(14,000)	(11,000)
Administration expenses	(1,000)	-
<b>Total pension costs charged to the SOFA</b>	<b>37,000</b>	<b>39,000</b>

	Total 2016 £	Total 2015 restated £
<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	(9,000)	73,000
Changes in assumptions underlying the present value of scheme liabilities	165,000	(205,000)
<b>Total gain / (loss) recognised in the SOFA</b>	<b>156,000</b>	<b>(132,000)</b>



**Notes to the financial statements for the year ended 31 March 2016**

**21. Pension (cntd.)**

	<b>Total 2016 £</b>	<b>Total 2015 restated £</b>
<b>Movement in deficit in year</b>		
(Deficit) in scheme at start of the year	(409,000)	(249,000)
Movement in year:		
Current service cost	(52,000)	(50,000)
Contributions	25,000	33,000
Past service costs	-	-
Other finance income	(14,000)	(11,000)
Administrative expenses	(1,000)	-
Actuarial gain / (loss)	156,000	(132,000)
<b>(Deficit) in scheme at end of year</b>	<b>(295,000)</b>	<b>(409,000)</b>

The employee numbers in the scheme as at 31 March 2016 were:

	<b>Total 2016</b>	<b>Total 2015</b>
Active employees	12	12
Deferred pensioners	1	1
Pensioners	-	2

	<b>Total 2016 £</b>	<b>Total 2015 restated £</b>
Actual return less expected return on Funds assets	(9,000)	73,000
Contributions by Scheme participants	12,000	15,000
Expected employer's contributions for year ended 31 March 2017	25,000	32,000

## HESTIA HOUSING AND SUPPORT

### Notes to the financial statements for the year ended 31 March 2016

#### 21. Pension (cntd.)

RBKCPF	2016	2015	2014	2013	2012
History of experience gains and losses	£	£	£	£	£
Defined benefit obligation	(1,146,000)	(1,205,000)	(893,000)	(779,000)	-
Scheme assets	851,000	796,000	644,000	556,000	-
Surplus/(Deficit)	(295,000)	(409,000)	(249,000)	(223,000)	-
Experience adjustments on Scheme liabilities	(9,000)	-	(15,000)	-	-
Percentage of liabilities	(0.8%)	-	(1.7%)	-	-
Experience adjustments on Funds assets	-	67,000	10,000	11,000	-
Percentage of assets	-	8.4%	1.6%	2.0%	-

## Notes to the financial statements for the year ended 31 March 2016

### 22. Subsidiary companies results

The charity controls two other small charitable companies (limited by guarantee).

#### 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:

	2016	2015
	£	£
Total income	597,649	603,914
Total expenditure	(561,057)	(540,372)
Net income for the year	36,592	63,542
Funds brought forward	216,202	152,660
Funds carried forward	252,794	216,202

The aggregate of the assets, liabilities and funds was:

Assets	282,752	233,742
Liabilities	(29,958)	(17,540)
Total funds	252,794	216,202

#### Healthwatch Ealing

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

	2016	2015
	£	£
Total income	196,918	256,476
Total expenditure	(253,952)	(222,651)
Net (expenditure) / income for the year	(57,034)	33,825
Funds brought forward	98,073	64,248
Funds carried forward	41,039	98,073

The aggregate of the assets, liabilities and funds was:

Assets	509,143	237,080
Liabilities	(468,104)	(139,007)
Total funds	41,039	98,073

### 23. Related party transactions

During the year Hestia charged Healthwatch Central West London £426,259 (2015: £411,499) and Healthwatch Ealing £159,879 (2015: £155,067) to cover a range of corporate services provided under service level agreements. At 31 March 2016, the amount due by Hestia to Healthwatch Central West London was £178,153 (31 March 2015: £188,592) and the amount due by Healthwatch Ealing to Hestia was £444,942 (2015: £73,892).

### 24. Post balance sheet events

On 1<sup>st</sup> April 2016, Hestia ceased to be Corporate Trustee of Healthwatch Ealing which therefore became an independent organisation.