



Inclusion Foundation

Trustees' Report and Unaudited Financial Statements

For the year ended 31 March 2023

Inclusion Foundation

Charity registration number: 1191341

Trustees' Report and Unaudited Financial Statements For the year ended 31 March 2023

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Inclusion Foundation

Charity registration number: 1191341

Charity Information

For the year ended 31 March 2023

Trustees:

G Naidoo
J Grimes
R Gomez Balaguer
M Dyson
J Skelton (resigned 15 March 2023)

Registered Office:

106 Heworth Green
York
YO31 7TQ

Charitable Incorporated Company Registration Number:

1191341

Independent Examiner:

Sue Hutchinson FCCA
Beever and Struthers
One Express
1 George Leigh Street
Ancoats
Manchester
M4 5DL

Solicitors:

Ward Hadaway
Sandgate House
102 Quayside
Newcastle Upon Tyne
NE1 3DX

Bankers:

Santander UK PLC
7 High Ousegate
York
YO1 8RZ

Inclusion Foundation

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Trustees' Report

For the year ended 31 March 2023

Inclusion Foundation CIO Board of Trustees is pleased to present its trustees' report together with an independent examination of the financial statements for the year ended 31 March 2023.

Trustees who held office during the year:

G Naidoo
J Grimes
R Gomez Balaguer
M Dyson
J Skelton - Resigned 15 March 2023

Principal Activities

Inclusion Foundation formed to provide housing and any associated amenities for persons in need on a national basis. This includes accommodation for supported living, elderly extra care and homeless provision. The charity benefits from the established management expertise contained within the Inclusion Group companies and the human resources supplied from the provision of group central services.

There are two main sources of income, own property assets funded from operating cash and gift aid donations.

Inclusion Foundation acquired a further property during the year working closely with partner organisations to deliver bespoke accommodation; the property portfolio now consists of two single occupancy properties for tenants seeking long term housing provision. A local service is provided through designated local representatives who visit homes at least twice monthly complemented by a local network of service contractors. We will provide intensive housing management visits to residents on a fortnightly basis to help sustain tenancies and manage the signing up process and respond quickly to issues and concerns through a personalised local service.

Inclusion Foundation will pursue incremental growth over the medium and long term to expand to other locations where there is a demonstrable need for independent supported housing where there are local needs and commissioning referral.

Inclusion Foundation will explore opportunities for growth through strategic partnerships and joint venture, whilst continuing with a development programme with existing partners. We do not intend to enter into exclusive arrangements with any partner to maintain a balanced profile of accommodation and service providers to mitigate risk across the portfolio.

Further Inclusion Foundation will plan to increase its housing supply to reflect the unmet need and increasing demand for accommodation and services for vulnerable adults.

STRATEGIC VISION & PRIORITIES

VISION

To be a leading health & social care landlord for vulnerable adults, providing flexible, innovative housing solutions and life opportunities in partnership with developers and care providers.

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PRIORITIES

Strategic Priority 1	Strategic Objectives	Issue	Key Outcomes	IF Value
Asset Management	Maintain Assets – The delivery of high performing efficient and compliant property maintenance and servicing arrangements that deliver excellence and maintain our property portfolio to a high standard	Property	Top Quartile: Maintenance Service Satisfaction Reduced average Property costs	Excellence Trusted

Strategic Priority 2	Strategic Objectives	Issue	Key Outcomes	IF Value
Growth	Develop New Business – Fully appraise each development opportunity as IF expands its portfolio across the country as a unique housing & charitable organisation	Growth	12 properties in management by 2033	Enterprise Collaborative

Strategic Priority 3	Strategic Objectives	Issue	Key Outcomes	IF Value
Business Viability	Organisational Development – To encourage innovation and flair within the team, combined with a reward structure that encourages individuals who will always continue to demonstrate the extra commitment to get the job done	People	National Top Employer Award Low turnover of staff	Inclusive Collaborative
	Continuous Improvement – To continuously improve our operational systems and service delivery	Delivery & Customer	Investors in Excellence Accreditation	Excellence

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For the year ended 31 March 2023

Strategic Priority 4	Strategic Objectives	Issue	Key Outcomes	IF Value
Customer Excellence	Home life Tenant Involvement – Support & encourage volunteering, training and employment opportunities and the related benefits this brings to an individual's lifestyle	Resident Involvement	Top Quartile Customer Satisfaction	Inclusive
	Customer Excellence – Meet the housing needs of vulnerable people and provide a range of housing related services to enable the tenants to live a happy and sustainable lifestyle	Diversity & choice	Customer Excellence Accreditation Investors in Diversity Accreditation	Excellence

Strategic Priority 5	Strategic Objectives	Issue	Key Outcomes	IF Value
Financial Viability	Financial Viability – Be financially viable, and professionally managed	Finance	Deliver against our business plan	Trusted
	Value for Money – To be efficient in our drive to provide a range of housing and related services to a recognised quality to all our current tenants and customers	Value	Reduce Average Operational Costs Margins >10%	Excellence

CHARITABLE OBJECTS

The object of the CIO is to carry on for the community the business of providing housing and any associated amenities for persons in necessitous circumstances upon terms appropriate to their means.

VALUES

Our key values are (ExcITE):

Delivering **excellence** across all our activities and services

Working in **collaboration** with all stakeholders to ensure improvement

Inclusive and person centred to promote diversity across our activity

Trusted by being open and accountable to our stakeholders

Entrepreneurial and innovative to grow our Charity

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INCLUSION GROUP COMPANIES

Formed on 18 September 2020, Inclusion Foundation's charitable objects are to carry on for the benefit of the community the business of providing housing and any associated amenities for persons in necessitous circumstances upon terms appropriate to their means. It is controlled by its governing document, its trust deed. It is an entirely independent entity; transactions with the Inclusion Group companies are at arms-length and market rates. Specific procedures have been established to demonstrate suitable tendering and consideration has been given to any contracts entered into between Group entities.

Governance has been considered further in relation to the Inclusion group structures; with the establishment of additional boards and committees to ensure each entity is operating as required; with oversight from a Group Board. Recruitment of new trustees is undertaken by trustees following an open and transparent process.

Working in partnership with Inclusion Group companies allows the foundation to benefit from economies of scale and capacity a larger business brings, while allowing the Foundation to retain a strong focus on key aims and objectives.

Key Management Personnel

N Brown	– Chief Executive
P Atkins	– Property Director
M Dodgson	– Operations Director
S Milnes	– Finance Director
S Waters	– Business Director

RISKS & UNCERTAINTIES

The Trustees of Inclusion Foundation are responsible for managing the risks it faces; the implementation of risk management is delegated to key management personnel. Inclusion Foundation has established and adopted a risk framework and register to ensure effective identification, management and mitigation of risk across the organisation. The risk register has been developed by the executive team to address and monitor the key risks to the organisation.

Key risks to the organisation include:

- Failure to ensure adequate governance
- Failure to meet legal or statutory requirements
- Welfare reform changes
- Counterparty risk with reliance on nomination / void agreements
- Reduced investment into the sector
- Adverse increase in lost income due to reduced demand and or performance
- Adverse economic conditions impacting nationally

We ensure a robust risk management framework is in place in order to maintain financial viability, to protect the homes and tenancies owned, leased, and managed.

Underpinning our risk appetite and approach to risk management are the requirements that we will:

- Hold adequate cash balances to ensure continued operations during any period of adjustment in adverse circumstances
- Provide services to customers, meeting all regulatory and health & safety requirements
- Protect housing assets and the reputation of the charitable sector
- Reduce our reliance on a dominant counterparty
- Continued strengthening of reserves to mitigate against adverse operating conditions or threats

In all financial matters, Inclusion Foundation is risk averse. Its policies, strategies and procedures are structured to minimise exposure to risks that could jeopardise the security or value of our assets.

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BUSINESS REVIEW

DEVELOPMENT & PERFORMANCE

Since incorporation, Inclusion Foundation has focused on developing relationships and a pipeline of opportunities. There are two schemes (2 units) providing long term supported housing accommodation, providing an independent source of rental income.

From this foundation it is envisaged approximately 1 new unit will come into management each year funded from the foundations cash reserves reaching over 12 by 2033.

A further gift aid donation has been received during the year from Inclusion Housing CIC to provide working capital enabling Inclusion Foundation to further its charitable purpose for public benefit. Overheads in the year continue to provide value for money, reflecting a variable cost of delivery provided by the inclusion Group companies.

PUBLIC BENEFIT

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the aims and objectives and in planning for future activities. In particular the Trustees consider the provision of supported, extra care and homeless housing will contribute to the aims and objectives they have set.

STATEMENT OF INTERNAL CONTROLS

The Trustees acknowledge their overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. The annual controls assurance report is reviewed & considered by the trustees annually.

The system of internal control is designed to manage rather than eliminating the risk of failure to achieve business objectives and to provide reasonable assurance against material misstatement or loss.

Key elements of the control framework include:

- Trustee approved terms of reference and delegated authorities for Audit & Risk Committee and the Remuneration & Governance Committee
- Clearly defined management responsibilities for the identification, evaluation and control of significant risks
- Robust strategic and business planning processes, with detailed financial budgets, forecasts, stress testing, property investment plan and asset & liability register
- Formal HR policies for all staff
- Established approval and appraisal procedures for significant new initiatives and commitments
- Board approved financial regulations and scheme of delegation
- Robust performance reporting framework
- Internal Audit programme
- Annual Controls Assurance scrutiny from Executive Directors

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Trustees' Report

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GOING CONCERN

Inclusion Foundation business activities and current financial position are set out in this operating and financial review. During the year the charity has accumulated net assets of just over a million pounds the majority coming in the form of gift aid payments from Inclusion Housing CIC. With an anticipated 2 new units into management during 2023/24 increased cash reserves and growing resources will be generated, in line with the business plan showing the charity is able to meet its ongoing obligations.

Sufficient cash reserves will be held to ensure a minimum of three months operating costs can be funded at any moment in time to ensure ongoing liabilities are met.

On this basis, the Trustees have a reasonable expectation that it has adequate resources to continue in operational existence for the near future being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources of the Charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 Charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Trustees' Report was approved and authorised by the Trustees at the meeting held on 29 August 2023 and signed on its behalf by:



Mr G Naidoo – Trustee

Date:

Inclusion Foundation

Charity registration number: 1191341

Independent Examiner's Report to the Trustees of Inclusion Foundation

I report to the Trustees on my examination of the accounts of the Charity for the year ended 31 March 2023 which are set out on pages 9 to 15.

Responsibilities and basis of report

As the charity's Trustees, you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the Charity's accounts carried out under section 145 of the Act and in carrying out my examination, I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent examiner's statement

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination which gives me cause to believe that, in any material respect:

- the accounting records were not kept in accordance with section 130 of the Charities Act; or
- the accounts did not accord with the accounting records; or
- the accounts did not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



.....
Sue Hutchinson FCCA
Independent Examiner
Beever and Struthers
Chartered Accountants
One Express
1 George Leigh Street
Ancoats
Manchester
M4 5DL

Date: 15 September 2023

Inclusion Foundation

Charity registration number: 1191341

Statement of Financial Activities For the year ended 31 March 2023

		Unrestricted Funds 2023 £'000	Total Funds 2023 £'000	Total Funds 2022 £'000
	Note			
Income and Endowments from:				
Donations and legacies	3	350	350	350
Charitable Activities	4	27	27	-
Investment Income	5	5	5	-
Total income and endowments		<u>382</u>	<u>382</u>	<u>350</u>
Expenditure on:				
Charitable activities	6	(21)	(21)	(3)
Total expenditure		<u>(21)</u>	<u>(21)</u>	<u>(3)</u>
Net income		361	361	347
Reconciliation of funds				
Total funds brought forward		696	696	349
Total funds carried forward	14	<u>1,057</u>	<u>1,057</u>	<u>696</u>

All income and expenditure has arisen from continuing activities

The notes on pages 11 to 15 form an integral part of these financial statements

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Balance Sheet As at 31 March 2023

	Notes	2023	2022
		£'000	£'000
Fixed assets			
Properties	11	364	153
		<u>364</u>	<u>153</u>
Current assets			
Trade and other debtors	12	4	2
Cash at bank and in hand		692	554
		<u>696</u>	<u>556</u>
Less:			
Creditors: amounts falling due within one year	13	(3)	(13)
Net current assets		693	543
Total assets less current liabilities		1,057	696
Net assets		<u>1,057</u>	<u>696</u>
Funds of the Charity			
Unrestricted funds	14	1,057	696
Total funds		<u>1,057</u>	<u>696</u>

The notes on pages 11 to 15 form an integral part of these financial statements

The financial statements on pages 9 to 15 were approved and authorised for issue by the Board of Trustees on 29 August 2023 and were signed on its behalf by:-



G Naidoo

Trustee

Inclusion Foundation

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Notes to the Financial Statements For the year ended 31 March 2023

1 Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or in the notes to the financial statements.

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 (FRS 102) (effective 1 January 2019) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The Charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest £'000.

Exemption from preparing a Statement of Cash Flows

The Charity has claimed the exemption from preparing a Statement of Cash Flows and has therefore not included in these financial statements.

Going concern

The financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. There are no material uncertainties about the Charity's ability to continue as a going concern and the Trustees consider it appropriate to prepare the financial statements on a going concern basis.

Income

Income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received, and amounts can be measured reliably.

Donations are recognised on a receivable basis when receipt is probable, and the amount can be reliably measured.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accrual's basis, inclusive of VAT which cannot be recovered, and has been classified under headings that aggregate all cost related to the category.

Governance costs

These include the costs attributable to the Charity's compliance with constitutional and statutory requirements, including accountancy fees and costs linked to the strategic management of the charity.

Taxation

The Charity is a registered charity and is therefore exempt from taxation on its charitable activities.

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Notes to the Financial Statements For the year ended 31 March 2023

1 Accounting policies (continued)

Tangible fixed assets

Housing properties are stated at cost less accumulated depreciation. Cost includes costs directly attributable to making the asset capable of operating as intended such as the cost of acquiring land and buildings, developments costs and expenditure on improvements. Expenditure on improvements will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful economic life of the property.

Major components of housing properties are depreciated at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Structure	50 years
Roofs	75 years
Heating and plumbing - boiler	15 years
Kitchens	20 years
Bathrooms	20 – 30 years
Windows and doors	20 – 35 years
Electrical	40 years

Freehold land is not depreciated. Housing properties under construction are not depreciated until they are in use and the useful economic lives of all tangible fixed assets are reviewed annually.

Debtors

Debtors with no stated interest rate and receivable within one year are recorded at transaction price, less any impairment.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors

Creditors are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the Trustees.

2 Legal form and other information

Inclusion Foundation is a Charitable Incorporated Organisation (CIO) registered in England. The registered office is:

106 Heworth Green
York
YO31 7TQ

Inclusion Foundation

Charity registration number: 1191341

Notes to the Financial Statements For the year ended 31 March 2023

3 Donations and legacies

	Unrestricted Funds 2023 £'000	Total Funds 2023 £'000	Unrestricted Funds 2022 £'000	Total Funds 2022 £'000
Gift aid donation	350	350	350	350
	<u>350</u>	<u>350</u>	<u>350</u>	<u>350</u>

4 Charitable Activities

	Unrestricted Funds 2023 £'000	Total Funds 2023 £'000	Unrestricted Funds 2022 £'000	Total Funds 2022 £'000
Rental income	15	15	-	-
Recharges	11	11	-	-
Service Charges	1	1	-	-
	<u>27</u>	<u>27</u>	<u>-</u>	<u>-</u>

5 Investment Income

	Unrestricted Funds 2023 £'000	Total Funds 2023 £'000	Unrestricted Funds 2022 £'000	Total Funds 2022 £'000
Interest receivable	5	5	-	-
	<u>5</u>	<u>5</u>	<u>-</u>	<u>-</u>

6 Expenditure on charitable activities

	Unrestricted Funds 2023 £'000	Total Funds 2023 £'000	Unrestricted Funds 2022 £'000	Total Funds 2022 £'000
Insurance and other expenses	10	10	1	1
Central services	2	2	-	-
Depreciation	8	8	1	1
Governance costs	1	1	1	1
	<u>21</u>	<u>21</u>	<u>3</u>	<u>3</u>

7 Net income

Is stated after charging:

	2023 £'000	2022 £'000
Independent examination fee	1	1

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Notes to the Financial Statements For the year ended 31 March 2023

8 Trustees' remuneration and expenses

None of the Trustees, nor any persons connected with them, received any remuneration or other benefits from the Charity during the year ended 31 March 2023. (2022: £Nil)

J Grimes and R Gomez Balaguer are also directors of Inclusion Housing Community Interest Company. G Naidoo and R Gomez Balaguer are directors of Inclusion Group Limited, the parent company of Inclusion Housing Community Interest Company. The Trustees received remuneration totalling £30,299 (2022: £22,321) paid through Inclusion Housing Community Interest Company for their service as directors.

	2023	2022
	£	£
G Naidoo	9,963	7,865
J Grimes	4,901	4,178
R Gomez Balaguer	15,435	10,278
	<u>30,299</u>	<u>22,321</u>

Two of the Trustees were reimbursed expenses from the Charity during the year ended 31 March 2023 totalling £707 (2022: £Nil).

9 Employees

The Charity has no directly employed personnel, provision of operational services is provided through Inclusion Group central services.

Key management personnel are defined as Trustees and the Inclusion Group Chief Executive and Executive Team.

The salaries of the Inclusion Group Chief Executive and Executive Team are paid by Inclusion Housing Community Interest Company. The total remuneration paid during the year ended 31 March 2023 was £625k (2022: £566k).

10 Taxation

The Charity is a registered charity and is therefore exempt from taxation on its charitable activities.

11 Tangible fixed assets

	Housing Properties £'000	Total £'000
Cost		
At 1 April 2022	154	154
Additions	219	219
At 31 March 2023	<u>373</u>	<u>373</u>
Depreciation and impairment		
At 1 April 2022	1	1
Charge for the year	8	8
At 31 March 2023	<u>9</u>	<u>9</u>
Net book value		
At 31 March 2023	<u>364</u>	<u>364</u>
At 31 March 2022	<u>153</u>	<u>153</u>

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Notes to the Financial Statements For the year ended 31 March 2023

12 Trade and other debtors

	2023 £'000	2022 £'000
Rental debtors	1	-
Prepayments and accrued income	3	1
Other debtors	-	1
	<u>4</u>	<u>2</u>

13 Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Trade Creditors	1	12
Accruals and deferred income	1	1
Other Creditors	1	-
	<u>3</u>	<u>13</u>

14 Funds

	Balance at 1 April 2022 £'000	Incoming resources £'000	Resources expended £'000	Balance at 31 March 2023 £'000
General fund	696	382	(21)	1,057
	<u>696</u>	<u>382</u>	<u>(21)</u>	<u>1,057</u>

15 Analysis of net assets between funds

	Unrestricted Funds 2023 £'000	Total Funds 2023 £'000	Unrestricted Funds 2022 £'000	Total Funds 2022 £'000
Tangible fixed assets	364	364	153	153
Current assets	696	696	556	556
Current liabilities	(3)	(3)	(13)	(13)
	<u>1,057</u>	<u>1,057</u>	<u>696</u>	<u>696</u>

16 Related party transactions

J Grimes and R Gomez Balaguer are also directors of Inclusion Housing Community Interest Company. G Naidoo and R Gomez Balaguer are directors of Inclusion Group Limited, the parent company of Inclusion Housing Community Interest Company (see note 8).

During the year Inclusion Housing Community Interest Company made a gift aid donation of £350K (2022: £350K) to the Charity.

There were no other related party transactions during the year (2022: £Nil).

