

COMPANY REGISTRATION NUMBER: 07715471
CHARITY REGISTRATION NUMBER: 1145084

Human Capability Foundation
Company Limited by Guarantee
Financial Statements
31 December 2016

VSP LIMITED

Chartered accountant & statutory auditor
2 Deansway
East Finchley
London
N2 0JF

Human Capability Foundation

Company Limited by Guarantee

Financial Statements

Year ended 31 December 2016

	Page
Trustees' annual report (incorporating the director's report)	2
Independent auditor's report to the members	6
Statement of financial activities (including income and expenditure account)	8
Statement of financial position	9
Statement of cash flows	10
Notes to the financial statements	11
The following pages do not form part of the financial statements	
Detailed statement of financial activities	17
Notes to the detailed statement of financial activities	18

Human Capability Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report)

Year ended 31 December 2016

The trustees, who are also the directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 31 December 2016.

Reference and administrative details

Registered charity name Human Capability Foundation

Charity registration number 1145084

Company registration number 07715471

Principal office and registered office Flat 4
10 Crossfield Road
London
NW3 4NS

The trustees

Miss N Pagarani
Mr D Pagarani
Mr L Pagarani

Company secretary Ms Natasha Pagarani

Auditor VSP Limited
Chartered accountant & statutory auditor
2 Deansway
East Finchley
London
N2 0JF

Human Capability Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 December 2016

Structure, governance and management

The Human Capability Foundation is a charitable company limited by guarantee, incorporated in December 2011. The three trustees are:

Luke Pagarani
Davinder (Danny) Pagarani
Natasha Pagarani (Company Secretary)

Natasha Pagarani is the Foundation's Secretary and the three trustees jointly manage the foundation, and meet informally on a regular basis to discuss grants, funding and other activities.

The trustees are also company directors. Under the requirements of the Memorandum and Articles of Association, the Directors retire on an annual basis and, being eligible, offer themselves for re-election.

The charity has no full-time staff, but engages an India-based consultant, for approximately thirty days a year. On our behalf, the consultant visits existing and potential grantees, meets with other donors, and attends NGO-led events.

In 2016, the HCF received £585,000 in donations from Giant Exports Services Ltd and Crown Oriental. Both companies are subsidiaries of T. Choithram & Sons (London) Limited (TCS London). TCS London gifted the HCF a Liverpool-based property, valued at £870,000. TCS is the parent company of Natco Foods Ltd, of which Luke Pagarani is Managing Director, and Natasha and Danny Pagarani are also involved. Natco Foods is a company based in the UK whose core business is the sourcing, processing and selling of foodstuffs from around the world to consumers primarily in the UK. It is the intention of TCS London and its subsidiaries to continue financial support of the HCF indefinitely.

Objectives and activities

The HCF's objects are to undertake charitable activities. We continue to focus on the following areas: Gender equality, LGBT rights, Sexual Health, Mental health and Disability. We have recently started funding organisations working around Labour Migration Rights, with a particular emphasis on supporting the rights of Female Migrants, who are often left out of the main discourse around migration.

Strategic report

The following sections for achievements and performance and financial review form the strategic report of the charity.

Human Capability Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 December 2016

Achievements and performance

This year has seen a significant increase in both the total value of the grants, and the number of different grantees. This included renewing grants with existing NGOs, as well as engaging with new organisations. We also expanded our geographical reach to Rajasthan where we initiated three new grants.

Natasha Pagarani made an extended three-month trip to India between November 2016 and March 2017, meeting with NGOs in Delhi, Rajasthan, West Bengal, and Maharashtra.

Our rights-based approach continues and we are looking into new areas where it can be successfully applied. We have identified more partners where we can provide multi-year funding after they have completed successful one-year grants. This provides increased stability for the organizations and allows them to focus their efforts on their core work and activism.

HCF began a new fundraising initiative in the UK. Natco Foods donated to the HCF a wide range of their products, such as nuts, in order for us to sell them online. HCF donates 100% of revenues to UK charities, after deducting the payment fee charges incurred online. We identified UK-based charities that we wanted to support using this relatively small fund, including three charities working with refugees. Over several months the sales increased, and we feel that it has been a success. It also enables consumers to engage with the charities' work, and actively choose to buy from not-for-profit shop, and where their purchase supports vital charitable work. We will continue this in 2017.

Human Capability Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 December 2016

Financial review

Total grants in 2016 approved by the Foundation were £447,404.

This was made up as follows:

Institutions	Amount
	£
Nirantara Trust	61,419
Tarshi Trust	41,775
Aajeevika	40,188
Sampada Gramin Mahila	34,315
Sama Resources	34,000
YP Foundation	30,000
Sappho for equality	22,941
Best Practices Foundation	23,077
Public Services Broadcasting Trust	20,362
Others	139,327

Total	£447,404
	=====

Donations and Gifts totaling £1,455,512 were received from TCS London and its subsidiaries. The gift of the Trigon building in Liverpool meant that a pre-existing lease was also transferred to the HCF. This will mean an on-going monthly source of income from the rent; the first payment was received in December 2016.

The HCF also gave two loans which will be repaid at a significantly higher interest rate than we could have received at a bank. This is an additional source of income. One loan was re-paid by the end of 2016, and one will be repaid in 2017.

Trustees' responsibilities statement

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

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the income and expenditure, for that period.

Human Capability Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 December 2016

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 applicable Charities SORP;
- make judgments and accounting 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 charity will continue in business.

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

Auditor

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- they have taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The trustees' annual report and the strategic report were approved on 20 September 2017 and signed on behalf of the board of trustees by:



Miss N Pagarani
Trustee

Human Capability Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of Human Capability Foundation

Year ended 31 December 2016

We have audited the financial statements of Human Capability Foundation for the year ended 31 December 2016 which comprise the statement of financial activities (including income and expenditure account), statement of financial position, statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charity's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors 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. 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 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 charity'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 trustees' report 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Human Capability Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of Human Capability Foundation (continued)

Year ended 31 December 2016

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the trustees report for the financial year for which the financial statements are prepared is consistent with the financial statements and the trustees report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Mrs Jayshree Pankaj Patel (Senior Statutory Auditor)

For and on behalf of
VSP Limited
Chartered accountant & statutory auditor
2 Deansway
East Finchley
London
N2 0JF

Human Capability Foundation

Company Limited by Guarantee

Statement of Financial Activities (including income and expenditure account)

31 December 2016

		2016		2015
		Unrestricted	Total funds	Total funds
	Note	funds	£	£
		£	£	£
Income and endowments				
Donations and legacies	5	1,455,512	1,455,512	500,000
Investment income	6	9,116	9,116	–
Total income		<u>1,464,628</u>	<u>1,464,628</u>	<u>500,000</u>
Expenditure				
Expenditure on charitable activities	7,8	461,122	461,122	251,216
Other expenditure	9	747	747	310
Total expenditure		<u>461,869</u>	<u>461,869</u>	<u>251,526</u>
Net income and net movement in funds		<u>1,002,759</u>	<u>1,002,759</u>	<u>248,474</u>
Reconciliation of funds				
Total funds brought forward		3,680,490	3,680,490	3,432,016
Total funds carried forward		<u>4,683,249</u>	<u>4,683,249</u>	<u>3,680,490</u>

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

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

Human Capability Foundation

Company Limited by Guarantee

Statement of Financial Position

31 December 2016

		2016 £	2015 £
Fixed assets			
Tangible fixed assets	12	870,000	–
Current assets			
Debtors	13	200,000	–
Cash at bank and in hand		3,617,949	3,684,390
		<u>3,817,949</u>	<u>3,684,390</u>
Creditors: amounts falling due within one year	14	4,700	3,900
Net current assets		<u>3,813,249</u>	<u>3,680,490</u>
Total assets less current liabilities		<u>4,683,249</u>	<u>3,680,490</u>
Net assets		<u>4,683,249</u>	<u>3,680,490</u>
Funds of the charity			
Unrestricted funds		<u>4,683,249</u>	<u>3,680,490</u>
Total charity funds		<u>4,683,249</u>	<u>3,680,490</u>

These financial statements were approved by the board of trustees and authorised for issue on 20 September 2017, and are signed on behalf of the board by:



Miss N Pagarani
Trustee



Mr L Pagarani
Trustee

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

Human Capability Foundation

Company Limited by Guarantee

Statement of Cash Flows

Year ended 31 December 2016

	2016	2015
	£	£
Cash flows from operating activities		
Net income	1,002,759	248,474
<i>Adjustments for:</i>		
Dividends, interest and rents from investments	(5,616)	–
Other interest receivable and similar income	(3,500)	–
Accrued expenses	800	3,900
Donated asset	(870,000)	–
<i>Changes in:</i>		
Trade and other debtors	(200,000)	–
Cash generated from operations	<u>(75,557)</u>	<u>252,374</u>
Interest received	<u>3,500</u>	<u>–</u>
Net cash from operating activities	<u><u>(72,057)</u></u>	<u><u>252,374</u></u>
Cash flows from investing activities		
Dividends, interest and rents from investments	5,616	–
Net cash used in investing activities	<u><u>5,516</u></u>	<u><u>–</u></u>
Net (decrease)/increase in cash and cash equivalents	(66,441)	252,374
Cash and cash equivalents at beginning of year	<u>3,684,390</u>	<u>3,432,016</u>
Cash and cash equivalents at end of year	<u><u>3,617,949</u></u>	<u><u>3,684,390</u></u>

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

Human Capability Foundation

Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 December 2016

1. General information

The charity is a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is Flat 4, 10 Crossfield Road, London, NW3 4NS.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the 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) (Charities SORP (FRS 102)).

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

There are no material uncertainties about the charity's ability to continue.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Incoming resources

All income is included in the statement of financial activities when entitlement has passed to the charity, it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income: - income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably. - rental income from investment property and interest income on loan advances is recognised when receipt is probable and entitlement is established.

Human Capability Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

3. Accounting policies *(continued)*

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Tangible assets

Tangible assets which are donated or gifted to the charity are initially recorded at fair value at the date the charity gains ownership. Subsequently, investment assets are shown at fair value at the balance sheet.

Financial instruments

A financial asset or a financial liability is recognised only when the charity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised under the appropriate heading in the statement of financial activities in which the initial gain was recognised.

Any reversals of impairment are recognised immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Human Capability Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

4. Limited by guarantee

Human Capability Foundation is a company limited by guarantee and accordingly does not have a share capital.

Every member of the company undertakes to contribute such amount as may be required not exceeding £10 to the assets of the charitable company in the event of its being wound up while he or she is a member, or within one year after he or she ceases to be a member.

5. Donations and legacies

	Unrestricted Funds £	Total Funds 2016 £	Unrestricted Funds £	Total Funds 2015 £
Donations				
Donations	585,512	585,512	500,000	500,000
Gifts				
Gift of Land and Building	870,000	870,000	—	—
	<u>1,455,512</u>	<u>1,455,512</u>	<u>500,000</u>	<u>500,000</u>

6. Investment income

	Unrestricted Funds £	Total Funds 2016 £	Unrestricted Funds £	Total Funds 2015 £
Income from investment properties	5,616	5,616	—	—
Other interest receivable	3,500	3,500	—	—
	<u>9,116</u>	<u>9,116</u>	<u>—</u>	<u>—</u>

7. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Total Funds 2016 £	Unrestricted Funds £	Total Funds 2015 £
Grants	447,404	447,404	241,916	241,916
Support costs	13,718	13,718	9,300	9,300
	<u>461,122</u>	<u>461,122</u>	<u>251,216</u>	<u>251,216</u>

Human Capability Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

8. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Support costs £	Total funds 2016 £	Total fund 2015 £
Grants	447,404	–	447,404	241,916
Governance costs	–	13,718	13,718	9,300
	<u>447,404</u>	<u>13,718</u>	<u>461,122</u>	<u>251,216</u>

9. Other expenditure

	Unrestricted Funds £	Total Funds 2016 £	Unrestricted Funds £	Total Funds 2015 £
Web Site costs	15	15	–	–
Bank Charges	732	732	310	310
	<u>747</u>	<u>747</u>	<u>310</u>	<u>310</u>

10. Auditors remuneration

	2016 £	2015 £
Fees payable for the audit of the financial statements	<u>3,500</u>	<u>3,000</u>

11. Trustee remuneration and expenses

no remuneration or other benefits from employment with the charity or a related entity were received by the trustees.

12. Tangible fixed assets

	Long leasehold property £
Cost	
Additions	870,000
At 31 December 2016	<u>870,000</u>
Depreciation	
At 1 January 2016 and 31 December 2016	–
Carrying amount	
At 31 December 2016	<u>870,000</u>
At 31 December 2015	<u>–</u>

Human Capability Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

13. Debtors

	2016	2015
	£	£
Other debtors	<u>200,000</u>	<u>–</u>

During the year company has advanced as a loan £400,000 to a related party in which one of the trustees is a director. £200,000 of this amount was repaid during the year.

14. Creditors: amounts falling due within one year

	2016	2015
	£	£
Accruals and deferred income	<u>4,700</u>	<u>3,900</u>

Human Capability Foundation

Company Limited by Guarantee

Management Information

Year ended 31 December 2016

The following pages do not form part of the financial statements.

Human Capability Foundation

Company Limited by Guarantee

Detailed Statement of Financial Activities

31 December 2016

	2016	2015
	£	£
Income and endowments		
Donations and legacies		
Donations	585,512	500,000
Gift of Land and Building	870,000	–
	<u>1,455,512</u>	<u>500,000</u>
Investment income		
Income from investment properties	5,616	–
Other interest receivable	3,500	–
	<u>9,116</u>	<u>–</u>
Total income	<u>1,464,628</u>	<u>500,000</u>
Expenditure		
Expenditure on charitable activities		
Legal and professional fees	13,718	9,300
Grants	447,404	241,916
	<u>461,122</u>	<u>251,216</u>
Other expenditure		
Web Site costs	15	–
Bank Charges	732	310
	<u>747</u>	<u>310</u>
Total expenditure	<u>461,869</u>	<u>251,526</u>
Net income	<u>1,002,759</u>	<u>248,474</u>

Human Capability Foundation

Company Limited by Guarantee

Notes to the Detailed Statement of Financial Activities

31 December 2016

	2016 £	2015 £
Expenditure on charitable activities		
Grants		
<i>Activities undertaken directly</i>		
Grants	447,404	241,916
	<u> </u>	<u> </u>
Governance costs		
Governance costs - accountancy fees	1,200	900
Governance costs - audit fees	3,500	3,000
Governance costs - legal and other professional fees	9,018	5,400
	<u>13,718</u>	<u>9,300</u>
	<u> </u>	<u> </u>
Expenditure on charitable activities	<u>461,122</u>	<u>251,216</u>