

Paper 2

Company number: 5098973

Cobseo - the Confederation of Service Charities

Report and financial statements

For the year ended 31 December 2018

Cobseo - the Confederation of Service Charities

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Cobseo - The Confederation of Service Charities

Reference and administrative information

For the year ended 31 December 2018

Company number	5098973
Registered office and operational address	Mountbarrow House, 6-20 Elizabeth Street, London SW1W 9RB
Country of registration	England & Wales
Country of incorporation	United Kingdom
Executive Committee	<p>Executive Committee members, who are also directors under company law, who served during the year and up to the date of this report were as follows:</p> <p>General Sir John McColl KCB CBE DSO - Chair Mr T L Holloway Vice Chair Mr A Bell (Joined Oct 18) <i>Commodore B W Bryant (Stood down Jan 18)</i> Mr C B Byrne Mr P Gaffney (Elected May 2018) <i>Colonel M F Gibson OBE DL (Stood Down Apr 18)</i> <i>Brigadier S M Gledhill (Stood Down Feb 19)</i> Lieutenant General Sir Andrew Gregory KBE CB Brigadier B Le Grys MBE Mr D A Halliday (Joined Feb 19) Major General C G S Hughes (Elected May 2018) Air Vice-Marshal R Lock CBE Major General N Marshall (Joined Feb 19) Mrs D Mills Mrs M Moreland <i>Colonel N Murdoch (stood down Feb 18)</i> Air Vice-Marshal The Hon D P Murray CVO OBE <i>Mr J S Pitt-Brooke (Stood Down Feb 19)</i> <i>Brigadier J E Richardson (Stood Down Jul 18)</i> <i>Mr R N Robson OBE (Stood Down Sep 18)</i> Major General M J Rutledge CB OBE Mr E J Tytherleigh (Elected July 18) Mrs M D Waters OBE LLB MBA</p>
Key management personnel	Brigadier I M Caws OBE Director of Operations/Company Secretary
Bankers	C Hoare & Co , 37 Fleet Street, London, EC4P 4DQ
Auditor	Sayer Vincent LLP, Chartered Accountants and Statutory Auditor, Invicta House, 108-114 Golden Lane, LONDON EC1Y 0TL

Executive Committee's annual report

For the year ended 31 December 2018

The Executive Committee present their report and the audited financial statements for the year ended 31 December 2018.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Objectives and activities

Purposes and aims

Cobseo is a unique body of over 290 charities and other organisations, providing welfare support to the 6.5million people estimated to form the Armed Forces Community including serving personnel, veterans, and their families.

The Confederation exists to encourage and facilitate greater co-operation and collaboration across the sector and to engage and influence decision makers for the benefit of the welfare of the Armed Forces Community, such that the lives of beneficiaries are positively enhanced by the effectiveness and efficiency of support provided by military charities.

Cobseo aims to be a powerful and effective voice for its members and the Armed Forces Community, delivering influence and impact with Government and other key stakeholders, and providing value for members and their work in providing welfare support.

Objects. Cobseo's Objects, as set out in its Memorandum of Association, are to represent, promote and further the interests of the Armed Forces Community by:

- a. exchanging and coordinating information internally;
- b. identifying issues of common concern and coordinating any necessary and appropriate action;
- c. acting as a point of contact for external agencies to the members of Cobseo;
- d. representing and supporting the needs and opinions of its Members, individually and collectively, at central and local government levels and with other national and international agencies.

Key Objectives. Cobseso has six strategic objectives, which provide the framework for its approach. Key objectives within the strategic framework for 2018 and the approach adopted were to:

- a. **Strengthen the Confederation** by promoting the highest standards of governance across the Sector in order to retain the trust of the nation.
- b. **Improve the Effectiveness of the Sector** by enhancing the efficiency and effectiveness of the Sector, encouraging greater cooperation and collaboration, utilising the cluster structure and ensuring all Members have the opportunity to link with each other.
- c. **Improve Collaboration across the Sector** by discouraging and reducing duplication of effort, actively encouraging and promoting collaborative effort between like-minded members, and identifying and promulgating best practice.

Executive Committee's annual report

For the year ended 31 December 2018

- d. **Improve Engagement** by working with members to further develop proactive internal and external communications and an engagement strategy ensuring that the voice of the Service Charity Sector is heard and understood both by all members and by all key stakeholders.
- e. **Influence** key stakeholders and fulfil its role as an advocate for the Service Charity Sector by promoting the interests of the Armed Forces Community at all relevant high-level coordination groups involving interaction with the MOD, other government departments, devolved administrations, local government, and appropriate regulatory bodies.
- f. **Improving the structure and resilience of the Confederation** by encouraging wider full and associate membership of the Confederation by Service Charities and by identifying and implementing enduring funding solutions to ensure the long-term sustainability of the Confederation.

Achievements and performance

Throughout 2018 the Confederation continued to build on its approach set out in its strategic framework, aiming to increase trust and build capacity in the Sector, and improve support to beneficiaries. Progress was made against each of the key objectives:

- a. **Strengthening the Confederation and retaining trust.** A small Governance team was established with support from MoD. Working with members in a small Working Group, the team prepared and published three sector wide aide memoires (governance practices; safeguarding; and fundraising practices). A governance self-assessment tool was developed and trialled prior to a planned rollout in early 2019. An online governance hub was set up on the Cobseo website to provide a focal point for members.
- b. **Improving the Effectiveness of the Sector.** An Information Note providing guidance on the potential for efficiencies and rationalisation in the Sector has been prepared and will be launched early in 2019. Cobseo has also continued to enable and support the project to procure the new Casework Management System (CMS), which is the software application used by more than 100 Cobseo members to manage applications for support for individuals from across the Armed Forces Community. As such, it is a crucial part of the Sector's fabric of support to beneficiaries.
- c. **Improving Collaboration across the Sector.** Successful bids were made to the Armed Forces Covenant Trust for a Programme Manager in Northern Ireland and with SSSC for a Governance and Project Support manager. Both posts were filled quickly and are helping respectively to build capacity and improve the delivery of the Covenant in NI and shape governance support across the Sector.
- d. **Improving Engagement.** The Confederation consolidated views from across the membership and made submissions on behalf of the sector in respect of the Covenant Annual Report for 2018. A similar approach is underway in respect of the consultation on the Veterans Strategy which will report in February 2019.
- e. **Influencing key stakeholders.** The Confederation engaged closely with the MoD to influence the development and drafting of the Veterans Strategy and the subsequent approach to consultation. With the financial assistance of FiMT, a Cobseo secondee was embedded in the MOD Veterans Strategy team to provide a direct link to the Service Charity Sector.
- f. **Improving the structure and resilience of the Confederation.** Membership rose to over 290 with income up significantly. A full review of the Confederation's longer-term sustainability

Executive Committee's annual report

For the year ended 31 December 2018

was undertaken by the Executive Committee and further work commissioned which will report in 2019.

Financial review

Financial Management. The Confederation opted for the first time in 2018, to voluntarily submit its financial statements for external audit, and Sayer Vincent were appointed as auditors at the beginning of the year. Concurrently, a programme of work was agreed with them to improve the clarity of the Confederation's management accounts and financial procedures. The outcome of the first audit confirmed that the Confederation's financial management was sound and only minor comments were raised.

Financial Performance. 2018 was another strong year financially for the Core Cobseo Office. Total income from Membership fees was up by £39,000 (20%) against 2017 outturn, contributing to a £63,000 [38%] increase over the last two years. The budgeted deficit of £66,000 did not materialise, leaving only a small operating deficit of £48. The Covenant funded NI and SSVVC posts were established and proved to be cost neutral as planned. Separately, the procurement of a replacement Casework Management System (CMS) was continued and the CMS drawdown from LIBOR funds (successfully bid for by Cobseo and supplemented by the Confederation's own designated Tower Poppies funds) were kept on track and within budget. Overall, total funds held fell to £1,814,000 (£2,528,000 in 2017) reflecting planned expenditure against CMS. Designated funds fell to £635,000 (£715,000 in 2017) reflecting the costs of the third and final year of the Head of Communications trial. An underspend of some £16,000 against the post resulted in general funds rising marginally to £655,000 (£638,000 in 2017) with the role being taken into core for 2019.

Principal risks and uncertainties. Cobseo views the management of risk as an integral element of its governance process and risks are reviewed regularly. The principal risks faced by Cobseo remain financial (ie. not enough income or resource to meet objectives and deliver services of value to members) and reputational (ie. something happens to stop member support for the Confederation or public support for Service charities). Risk mitigation measures are underpinned by: robust governance, effective policies and procedures, simple and coherent monitoring regime; effective comms (internal and external); readily available support and advice; robust financial planning.

Reserves policy and going concern

The Executive Committee reviews the restricted and designated reserves regularly. The restricted funds are held to: procure the new CMS; meet non-core Cobseo Office costs; and fund the NIVSO programme manager post. The designated funds are held to provide the balance of funds needed to procure the new CMS. At the end of the year the Confederation had unrestricted reserves of £655,000 held in cash (£638,000 in 2017). A 5-year forecast is reviewed regularly and cashflow is monitored in anticipation of the commitment of unrestricted funds.

Plans for the future

Plans are in place to develop the Confederation's performance against the six core objectives; the key strands of work in 2019 include:

- a. **Strengthening the Confederation** by:
 - implementing an approach to monitor Cobseo values and standards, including self-assessment;
 - reviewing the internal governance of Cobseo.
- b. **Improve the Effectiveness of the Sector** by:
 - publishing guidance on improving efficiency and the potential for rationalisation of charities across the Sector;
 - promoting the sector's engagement with, and use of, the Veterans' Gateway;
 - reviewing the need for new Clusters, whilst encouraging and supporting capacity building initiatives with established Clusters.
- c. **Improve Collaboration across the Sector** by:
 - supporting engagement with the private sector;
 - supporting closer collaboration and cooperation at a regional level;
 - supporting the development of consistent case management across the UK, particularly in regard to those facing mental health problems.
- d. **Improve Engagement** by:
 - working with Government and the private sector to deliver greater engagement with and greater understanding of the Confederation;
 - working within the framework of the Veterans Strategy and with Government to influence its work to develop a campaign to redress public perception of what it is to serve, countering the 'mad, bad or sad' narrative, whilst acknowledging the case for support where necessary.
- e. **Influence key stakeholders** by engaging with Government in the consultation and delivery of the Veterans Strategy.
- f. **Improving the structure and resilience of the Confederation** by:
 - taking in house, with the support of the Officers' Association, the HR and employment functions previously delivered by Seafarers UK;
 - conducting a membership and funding review.

Structure, governance and management

Cobseo, The Confederation of Service Charities is a private company with no share capital, limited by guarantee. The company was established under a memorandum of association which established the objects and powers of the company and is governed under its articles of association. All Executive Committee give their time voluntarily and receive no benefits from the company.

Appointment of Executive Committee

The Cobseo Executive Committee consisting of the Chair and Vice-Chair of Cobseo, seven Permanent Members and nine Elected Members from Full Member charities, manage the business of Cobseo. All

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Executive Committee's annual report

For the year ended 31 December 2018

representatives on the Executive Committee, with the exception of the Executive Chair, are the Chief Executives (or equivalent) of their charities.

The seven permanent members of the Executive Committee, following the decision by Seafarers UK in 2017 to step down to Associate Membership only) are:

- a. ABF - The Soldiers Charity
- b. Help for Heroes
- c. The Royal Air Force Benevolent Fund (RAFBF)
- d. The Royal Navy and Royal Marines Charity
- e. SSAFA
- f. The Royal British Legion (TRBL)
- g. Veterans Scotland

The nine Elected Members are nominated from Full Member charities. Members are appointed at the Annual General Meeting for a period of three years, with three charities typically coming up for re-election each year. After three years, Elected Members must stand for re-election if they wish to remain on the Executive Committee.

All Members of the Cobseo Executive Committee are Directors of the company. The Chair and Vice Chair are Directors of Cobseo for as long as they hold office.

The Executive Committee make such rules for the conduct of business as are necessary for the furtherance of the objects of Cobseo. Specialist knowledge or opinion may be co-opted when necessary.

Statement of responsibilities of the Executive Committee

The Executive Committee (who are also directors of Cobseo, The Confederation of Service Charities for the purposes of company law) are responsible for preparing the Executive Committee's annual 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 Executive Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the incoming resources and application of resources, including the income and expenditure, of the company for that period. In preparing these financial statements, the Executive Committee are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP having elected to apply this.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements.

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Executive Committee's annual report

For the year ended 31 December 2018

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

The Executive Committee are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Executive Committee are aware:

- There is no relevant audit information of which the company's auditor is unaware.
- The Executive Committee 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 Executive Committee are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the company guarantee to contribute an amount not exceeding £1 to the assets of the company in the event of winding up. The total number of such guarantees at 31 December 2018 was 24. (2017: 22). The Executive Committee are members of the company, but this entitles them only to voting rights. The Executive Committee have no beneficial interest in the company.

Auditor

Sayer Vincent LLP was appointed as the company's auditor in 2018 and has expressed its willingness to continue in that capacity.

The Executive Committee's annual report has been approved by the Executive Committee on 22 May 2019 and signed on their behalf by

General Sir John McColl
Chairman

Independent auditor's report

To the members of

Cobseo - the Confederation of Service Charities

Opinion

We have audited the financial statements of Cobseo - the Confederation of Service Charities (the 'company') for the year ended 31 December 2018 which comprise the statement of financial activities, balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the company's affairs as at 31 December 2018 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.
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The executive committees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The executive committees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditor's report

To the members of

Cobseo - the Confederation of Service Charities

Other information

The other information comprises the information included in the executive committee annual report, other than the financial statements and our auditor's report thereon. The executive committees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the executive committees' annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements.
- The executive committees' annual report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the executive committee annual report.

We have nothing to report in respect of the following matters in relation to which 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 executive committees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The executive committee were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the executive committees' annual report and from the requirement to prepare a strategic report.

Independent auditor's report

To the members of

Cobseo - the Confederation of Service Charities

Responsibilities of executive committee

As explained more fully in the statement of executive committees' responsibilities set out in the executive committees' annual report, the executive committees (who are also the directors of the company 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, and for such internal control as the executive committees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the executive committees are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the executive committees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive committees.
- Conclude on the appropriateness of the executive committees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

Independent auditor's report

To the members of

Cobseo - the Confederation of Service Charities

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the 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 company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joanna Pittman (Senior statutory auditor)

Date

for and on behalf of Sayer Vincent LLP, Statutory Auditor
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Cobseo – the Confederation of Service Charities

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 December 2018

	Note	Unrestricted		Restricted	2018	Unrestricted		Restricted	2017
		General	Designated	£	Total	General	Designated	£	Total
		£	£	£	£	£	£	£	£
Income from:									
Grants and donations	2	12,540	-	180,000	192,540	4,140	-	1,270,000	1,274,140
Charitable activities	3								
Members Subscriptions		217,066	-	-	217,066	186,928	-	-	186,928
Tower Poppies		-	-	-	-	15,990	-	-	15,990
Other trading activities		19,579	-	-	19,579	-	-	-	-
Bank interest		-	-	-	-	1	-	-	1
Total income		249,185	-	180,000	429,185	207,059	-	1,270,000	1,477,059
Expenditure on:									
Communications	4a	-	63,340	-	63,340	-	89,432	-	89,432
Charitable activities	4a								
Membership Services		249,233	-	-	249,233	196,697	-	-	196,697
Northern Ireland		-	-	30,091	30,091	-	-	-	-
Casework Management System (CMS)		-	-	800,000	800,000	-	-	186,799	186,799
Total expenditure		249,233	63,340	830,091	1,142,664	196,697	89,432	186,799	472,928
Net (expenditure) /income for the year	5	(48)	(63,340)	(650,091)	(713,479)	10,362	(89,432)	1,083,201	1,004,131
Transfers between funds		16,660	(16,660)	-	-	5,628	-	(5,628)	-
Net movement in funds		16,612	(80,000)	(650,091)	(713,479)	15,990	(89,432)	1,077,573	1,004,131
Reconciliation of funds:									
Total funds brought forward		638,298	715,347	1,174,046	2,527,691	622,308	804,779	96,473	1,523,560
Total funds carried forward		654,910	635,347	523,955	1,814,212	638,298	715,347	1,174,046	2,527,691

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 14a to the financial statements.

Cobseo – the Confederation of Service Charities

Balance sheet

Company no. 5298973

As at 31 December 2018

	Note	£	2018 £	£	2017 £
Fixed assets:					
Tangible assets	10		<u>4,196</u>		<u>6,061</u>
			4,196		6,061
Current assets:					
Debtors	11	19,647		1,124,453	
Cash at bank and in hand		<u>1,816,000</u>		<u>1,484,034</u>	
		1,835,647		2,608,487	
Liabilities:					
Creditors: amounts falling due within one year	12	<u>(25,631)</u>		<u>(86,857)</u>	
Net current assets			1,810,016		2,521,630
Total net assets	13		<u>1,814,212</u>		<u>2,527,691</u>
The funds of the organisation:	14a				
Restricted income funds			523,955		1,174,046
Unrestricted income funds:					
Designated funds		635,347		715,347	
General funds		<u>654,910</u>		<u>638,298</u>	
Total unrestricted funds			<u>1,290,257</u>		<u>1,353,645</u>
Total funds			<u>1,814,212</u>		<u>2,527,691</u>

These accounts have been prepared in accordance with the special provisions applicable to small companies subject to the small companies' regime.

Approved by the directors on 22 May 2019 and signed on their behalf by

General Sir John McColl KCB CBE DSO
Chair

1 Accounting policies

a) Statutory information

Cobseo – the Confederation of Service Charities is a company limited by guarantee and is incorporated in the United Kingdom. The registered office address is Second Floor, Mountbarrow House, 6–20 Elizabeth Street, London SW1W 9RB.

b) Basis of preparation

The company has chosen to prepare the financial statements 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 2015) – (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (September 2015) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

The decision to prepare financial statements in accordance with SORP FRS 102 is voluntary and entirely at the discretion of the board of directors. This decision has been made to keep presentation in line with the organisations which subscribe to COBSEO's services.

c) Public benefit entity

The company meets the definition of a public benefit entity under FRS 102 as the entity is provided with a view to supporting the primary objectives rather than providing a financial return.

d) Going concern

The directors consider that there are no material uncertainties about the company's ability to continue as a going concern.

The directors do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the company 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 that the amount can be measured reliably.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

Income from membership subscriptions is recognised in the year to which the subscription relate. Income from membership donations is recognised on receipt.

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the entity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the entity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the entity which is the amount the entity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

1 Accounting policies (continued)

g) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the bank.

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

i) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of communications relate to the costs incurred by the company in for supporting Cobseo and member organisations with communications support.
- Expenditure on charitable activities includes the costs of delivering support services to member entities.
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

j) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity:

- Communications 2 in every 7 pounds of overheads costs other than staff costs.
- Membership Services 5 in every 7 pounds of overheads costs other than staff costs, and the staff costs not allocated elsewhere.

Governance costs are the costs associated with the governance arrangements of the entity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the entity's activities, including the costs of undertaking a Annual General Meeting.

k) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

l) Tangible fixed assets

Items of equipment over £1,000 are capitalised. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- Equipment 5 years

1 Accounting policies (continued)

m) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

n) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

o) Creditors and provisions

Creditors and provisions are recognised where the company 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. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

p) Financial instruments

The company 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.

q) Pensions

Cobseo operate a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund.

Notes to the financial statements

For the year ended 31 December 2018

2 Income from grants and donations

	Unrestricted £	Restricted £	2018 Total £	Unrestricted £	Restricted £	2017 Total £
LIBOR Funding – CMS	-	-	-	-	1,120,000	1,120,000
LIBOR Funding – operating Covenant – Northern Ireland	-	150,000	150,000	-	150,000	150,000
Members Contributions	12,540	-	12,540	4,140	-	4,140
	<u>12,540</u>	<u>180,000</u>	<u>192,540</u>	<u>4,140</u>	<u>1,270,000</u>	<u>1,274,140</u>

3 Income from charitable activities

	Unrestricted £	Restricted £	2018 Total £	Unrestricted £	Restricted £	2017 Total £
Membership Subscriptions	217,066	-	217,066	186,928	-	186,928
Tower Poppies	-	-	-	15,990	-	15,990
Sub-total for Membership	<u>217,066</u>	<u>-</u>	<u>217,066</u>	<u>202,918</u>	<u>-</u>	<u>202,918</u>

Cobseo – the Confederation of Service Charities

Notes to the financial statements

For the year ended 31 December 2018

4a Analysis of expenditure

	Communications	Casework Management System	Northern Ireland	Membership Services	Governance costs	Support costs	2018 Total	2017 Total
	£	£	£	£	£	£	£	£
Staff costs (Note 6)	42,734	-	-	-	-	189,042	231,776	218,729
Staff training and other staff costs	3,482	-	-	-	-	10,503	13,985	13,918
Consultancy	-	-	-	-	-	-	-	128,280
Membership direct costs	67	-	-	2,158	-	-	2,225	2,706
IT including CRM	-	-	-	-	-	8,075	8,075	13,086
Legal Costs	-	-	-	-	-	-	-	51,863
AGM & Executive Meeting costs	-	-	-	-	6,525	-	6,525	8,119
Office costs	965	-	91	-	-	2,393	3,449	2,664
Rent	-	-	-	-	-	26,164	26,164	18,711
Depreciation	-	-	-	-	-	1,865	1,865	1,865
Grants payable	-	800,000	30,000	-	-	-	830,000	-
Audit and accountancy	-	-	-	-	7,400	11,200	18,600	12,987
	47,248	800,000	30,091	2,158	13,925	249,242	1,142,664	472,928
Support costs	16,092	-	-	233,150	-	(249,242)	-	-
Governance costs	-	-	-	13,925	(13,925)	-	-	-
Total expenditure 2018	63,340	800,000	30,091	249,233	-	-	1,142,664	-
Total expenditure 2017	89,432	186,799	-	196,697	-	-	472,928	

Communications costs relate to the Head of Communications role, providing support to both Cobseo and its member organisations regarding newsletters, Public Relations et cetera. It has been decided that this would not be split between costs of raising funds and membership services as there is no clear indication of the split between roles undertaken for Cobseo and its members in some instances.

Cobseo – the Confederation of Service Charities

Notes to the financial statements

For the year ended 31 December 2018

4b Analysis of expenditure (prior year)

	Communications £	Casework Management System (CMS) £	Membership Services £	Governance costs £	Support costs £	2017 Total £
Staff costs (Note 6)	54,573	-	-	-	164,156	218,729
Staff training and other staff costs	1,397	-	666	-	11,855	13,918
Consultancy	-	127,970	-	-	310	128,280
Membership direct costs	68	-	-	2,638	-	2,706
IT including CRM	-	6,966	-	-	6,120	13,086
Legal Costs	-	51,863	-	-	-	51,863
Executive Meeting costs	43	-	-	8,076	-	8,119
Office costs	245	-	-	-	2,419	2,664
Rent	-	-	-	-	18,711	18,711
Depreciation	-	-	-	-	1,865	1,865
Audit and accountancy	-	-	-	12,987	-	12,987
	56,326	186,799	666	23,701	205,436	472,928
Support costs	33,106	-	172,330	-	(205,436)	-
Governance costs	-	-	23,701	(23,701)	-	-
Total expenditure 2017	89,432	186,799	196,697	-	-	472,928
Total expenditure 2016	89,432	186,799	196,697	-	-	472,928

Communications costs relate to the Head of Communications role, providing support to both Cobseo and its member organisations regarding newsletters, Public Relations et cetera. It has been decided that this would not be split between costs of raising funds and membership services as there is no clear indication of the split between roles undertaken for Cobseo and its

Notes to the financial statements

For the year ended 31 December 2018

5 Net (expenditure) / income for the year

This is stated after charging / (crediting):

	2018 £	2017 £
Depreciation	1,865	1,865
Auditor's remuneration (excluding VAT):		
Audit	6,150	6,000
Under accrual of prior year fees	(600)	-
Other services	5,500	6,750
	<u>11,815</u>	<u>14,615</u>

6 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2018 £	2017 £
Salaries and wages	195,897	183,660
Social security costs	20,572	19,881
Defined contribution pension scheme employer contributions	12,387	12,537
Other forms of employee benefits	2,920	2,651
	<u>231,776</u>	<u>218,729</u>

No employees (2017–£nil) received employee benefits (excluding employer pension costs and employer's national insurance) of more than £60,000.

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £231,776 (2017: £218,729).

The chair of the organisation is also a director and is paid £40,000 for his employment as a chief executive within the company. No other directors were paid nor received any other benefits from employment with the charity in the year (2017: £nil). No director received payment for professional or other services supplied to the charity (2017: £nil).

Directors' expenses represents the payment or reimbursement of travel and subsistence costs totalling £nil (2017: £nil).

7 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 4 (2017: 4)

8 Related party transactions

The directors are all employed by member organisations of Cobseo, from which Cobseo receives membership subscriptions in accordance with its standard fees policy.

There are no other related party transactions to disclose for 2018 (2017: none).

Notes to the financial statements

For the year ended 31 December 2018

9 Taxation

The company is exempt from corporation tax as all its income is received from non-trading activities and so no corporation tax is due.

10 Tangible fixed assets

	Computer equipment £	Total £
Cost or valuation		
At the start of the year	9,325	9,325
At the end of the year	9,325	9,325
Depreciation		
At the start of the year	3,264	3,264
Charge for the year	1,865	1,865
At the end of the year	5,129	5,129
Net book value		
At the end of the year	4,196	4,196
At the start of the year	6,061	6,061

11 Debtors

	2018 £	2017 £
Trade debtors	11,875	350
Prepayments	7,772	1,043
Other debtors	-	1,123,060
	19,647	1,124,453

The 2017 other debtors includes £1,120,000 due for the LIBOR funds – CMS project. These funds were received 15 January 2018.

12 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	3,890	77,257
Accruals	21,741	9,600
	25,631	86,857

13a Analysis of net assets between funds (current year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	–	4,196	–	4,196
Net current assets	654,910	631,151	523,955	1,810,016
Net assets at 31 December 2018	654,910	635,347	523,955	1,814,212

13b Analysis of net assets between funds (prior year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	–	6,061	–	6,061
Net current assets	638,298	709,286	1,174,046	2,521,630
Net assets at 31 December 2017	638,298	715,347	1,174,046	2,527,691

14a Movements in funds (current year)

	At 1 January 2018 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2018 £
Restricted funds:					
LIBOR Funds – CMS	933,201	–	(800,000)	–	133,201
LIBOR Funds – operating	240,845	150,000	–	–	390,845
Covenant Funding Northern Ireland	–	30,000	(30,091)	–	(91)
Total restricted funds	1,174,046	180,000	(830,091)	–	523,955
Unrestricted funds:					
Designated funds:					
Tower Poppies–CMS	635,347	–	–	–	635,347
Tower Poppies–Communications	80,000	–	(63,340)	(16,660)	–
Total designated funds	715,347	–	(63,340)	(16,660)	635,347
General funds	638,298	249,185	(249,233)	16,660	654,910
Total unrestricted funds	1,353,645	249,185	(312,573)	–	1,290,257
Total funds	2,527,691	429,185	(1,142,664)	–	1,814,212

The narrative to explain the purpose of each fund is given at the foot of the note on the next page.

14b Movements in funds (prior year)

	At 31 December 2016 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2017 £
Restricted funds:					
LIBOR Funds – CMS	–	1,120,000	(186,799)	–	933,201
LIBOR Funds – operating	96,473	150,000	–	(5,628)	240,845
Total restricted funds	96,473	1,270,000	(186,799)	(5,628)	1,174,046
Unrestricted funds:					
Designated funds:					
Tower Poppies–CMS	635,347	–	–	–	635,347
Tower Poppies–Communications	169,432	–	(89,432)	–	80,000
Total designated funds	804,779	–	(89,432)	–	715,347
General funds	622,308	207,059	(196,697)	5,628	638,298
Total unrestricted funds	1,427,087	207,059	(286,129)	5,628	1,353,645
Total funds	1,523,560	1,477,059	(472,928)	–	2,527,691

Purposes of funds

LIBOR Funds–CMS–These funds were given to help in the development of a new Casework Management System.

LIBOR Funds–operating–These funds are used to fund the COBSEO office operating deficit until COBSEO becomes sustainable from generated income.

Covenant funding Northern Ireland–These funds are used to the build capacity in Northern Ireland including the recruitment of a VSONI development manager. These funds are in deficit at year end due to a lag in timing of the funding.

The Tower Poppies Fund – The fund is designated for projects relating to the Confederation including the Head of Communications role and CMS infrastructure. Due to underspend during 2018 on the Head of Communication role a transfer of £16,660 was made back general funds.

15 Legal status of the company

The entity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.