

Company number: 5098973

Cobseo - the Confederation of Service Charities

Report and financial statements

For the year ended 31 December 2019

Cobseo - the Confederation of Service Charities

Contents

For the year ended 31 December 2019

Reference and administrative information	3
Executive Committee's annual report	4
Independent auditor's report	12
Statement of financial activities (incorporating an income and expenditure account)	16
Balance sheet	17
Notes to the financial statements	18

Cobseo - the Confederation of Service Charities

Reference and administrative information

For the year ended 31 December 2019

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 Mr J Bryant OBE (<i>Appointed Mar 20</i>) Mr C B Byrne Major General N Caplin (<i>Appointed Jul 19</i>) Air Vice-Marshall C Elliot CBE (<i>appointed Apr 20</i>) Mrs S Freeth (<i>Appointed Jul 19</i>) Mr P Gaffney Lieutenant General Sir Andrew Gregory KBE CB Brigadier B Le Grys MBE (<i>Stood Down Oct 19</i>) Mr D A Halliday (<i>Stood Down Jul 19</i>) Major General C G S Hughes Air Vice-Marshal R Lock CBE Major General N Marshall (<i>Stood Down Jul 19</i>) Mrs D Mills Mrs M Moreland Air Vice-Marshal The Hon D P Murray CVO OBE (<i>Stood Down Apr 20</i>) Major General M J Rutledge CB OBE Mr E J Tytherleigh (<i>Stood Down Apr 20</i>) 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 2019

The Executive Committee present their report and the audited financial statements for the year ended 31 December 2019.

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 nearly 300 charities and organisations, providing welfare support to the 6.5million people estimated to form the Armed Forces Community, which includes 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.

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 a range of support to those in need across the Community.

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. In 2019 these key objectives 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 2019

- 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 full and associate membership of the Confederation by Service Charities and other organisations, and by identifying and implementing enduring funding solutions to ensure the long-term sustainability of the Confederation.

Achievements and performance

The Confederation continued to build on its strategic approach throughout 2019, aiming to increase trust and build capacity in the Sector, and to improve support to beneficiaries. Progress was made against each of the key objectives:

- a. **Strengthening the Confederation and retaining trust.** Public trust remains the Sector's vital ground and Cobseo continues to do all that it can to support the highest standards of governance across the Confederation and Sector. The Confederation's governance self-reporting and evaluation tool was launched in March 2019. In the first 9 months of the two-year cycle, over 60% of Cobseo members completed the tool and the initiative has been well supported with very encouraging take up. A Data Protection Aide Memoire was launched for Members in February 2019.
- b. **Improving the Effectiveness of the Sector.** Under SSAFA's project management, work continued throughout 2019 to develop the Sector's new Casework Management System, with roll out delayed until 2020. The delays reflected the complex data migration necessary to transfer historic records, which continue to increase by some 30,000 cases of support per year and which form the heart of the Sector's welfare support for all armed forces community beneficiaries. The system was expected to go live in late May 2020 but remains subject to further delay because of the Covid-19 restrictions imposed in March 2020. Separately, an Information Note for Members providing guidance on the potential for efficiencies and rationalisation across the Sector was launched in March 2019.
- c. **Improving Collaboration across the Sector.** A new Cluster was established to review serving and veterans females' needs and how they might differ in order to improve current levels of support. Separately, a new Action Group was established to review and take forward improved support to children. In addition, Cobseo established a new post funded by the Armed Forces Covenant Fund Trust to support the implementation of the Covenant Fund Trust's Positive Pathways Programme, which aims to improve the mental health and wellbeing of Veterans, and to work to support initiatives to improve mental health collaboration across the sector.
- d. **Improving Engagement.** With the active support of the MoD, officials from all key Government Departments were nominated as Points of Contact to attend Cobseo Cluster meetings when possible, in order to increase mutual understanding and ensure the sector's

Executive Committee's annual report

For the year ended 31 December 2019

views were represented fully to Government. In addition, in conjunction with the Defence Relationship Management organisation (DRM) a Cobseo/ERS Communications hub was established to improve the Sector's collaboration with employers.

- e. **Influencing key stakeholders.** Cobseo played a leading role in the Government's Consultation on the Veterans' Strategy, and its subsequent work to refine and set out its Implementation Plan, which – because of the General Election – was not published until January 2020. All Cobseo Clusters submitted comment to shape the initial UK Government Action Plan, which covers central Government commitments for the first 2 years of the Veterans Strategy out to 2021.
- f. **Improving the structure and resilience of the Confederation.** Membership continued to rise in year and income was again up significantly. Careful management of the Libor grant has extended its drawdown into 2023, allowing further time to resource the Confederation's long term office structure once fixed term grant support finishes.

Financial review

Financial Management. The Confederation opted in 2017 to voluntarily submit its financial statements for external audit, and Sayer Vincent were appointed as auditors at the beginning of that 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 two audits conducted in 2018 and 2019 confirmed that the Confederation's financial management was sound and only minor comments were raised. Work in 2019 focussed primarily on establishing the Confederation as an independent entity and employer after Seafarers UK, which had previously employed Cobseo staff, stepped down as a Permanent Member. This was achieved with significant support from the Officers' Association. Additionally, work continued to improve internal financial procedures.

Financial Performance. 2019 was another good year financially for the Confederation. Total income from Membership fees was up £7k (3%) against budget, and rose by £20k (9%) against 2018 outturn, reflecting a £83k [38%] increase in income over the last three years. Separately, the budgeted deficit of £83k was held to £68k. These twin trends of increasing income and lower than forecast deficits, have extended the drawdown of Libor Cobseo Office funds out to 2023. A successful bid to the MoD to support the extended programme of procurement to replace the Casework Management System (CMS) supplemented Libor and Cobseo funds, and the project is on track to remain within the total budget of the 3 source funds: Libor; MoD and Cobseo designated funds. Overall, total funds held fell to £1,156k (£1,814k in 2018) reflecting planned expenditure against CMS of grants totalling £875k to SSAFA CMS Ltd in 2019. Cobseo funds designated against the procurement of the new CMS were expended in full as a result, leaving a contingency of £143k for the final stages of the project.

Principal risks and uncertainties

Cobseo views the management of risk as an integral element of its governance process and risks are reviewed regularly. Despite the pandemic, 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

Executive Committee's annual report

For the year ended 31 December 2019

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. In 2019, the restricted funds were used to: meet non-core Cobseo Office costs; procure the new CMS; fund the Northern Ireland Veterans Support Office (NIVSO) to build Covenant capacity in Northern Ireland; support the Digital Support Programme through improved governance; and support the Armed Forces Covenant Fund Trust's Positive Pathways Programme to improve Veterans' mental health and wellbeing. At the end of the year the Confederation had unrestricted reserves of £655k (£655k in 2018). A 5-year forecast is reviewed regularly and cashflow is monitored in anticipation of the commitment of unrestricted funds.

With nearly 80% of income already received by the end of April 2020, and with no significant disruption to the support provided to members other than the necessity to comply with social distancing restrictions, Cobseo anticipates being able to continue to function broadly for 2020 as previously despite the Covid-19 restrictions, albeit conducting meetings, briefings and training digitally rather than face to face. However, a major member survey, the first since 2015, has been undertaken and is due to report in mid-May 2020. This will provide evidence of the impact of the pandemic on members and will allow Cobseo to review and adjust where necessary the services it provides for members for the remainder of 2020 and beyond. Further work has been commissioned to review the wider strategic landscape, to reflect the potential impact of the pandemic on Cobseo membership, the sector and how it operates. The careful use in previous years of the restricted Libor Office fund provides sufficient scope to make reasonable adjustments in year, and into 2021.

Plans for the future

The Confederation's plans to improve performance against the six core objectives of its Strategic Framework include the following key objectives for 2020:

a. **Strengthening the Confederation** by:

- Stepping up the sector's representation to Government and key stakeholders in light of the significant challenges presented by the pandemic to member's ability to maintain support for the Armed Forces Community.
- Extending the Confederation's governance programme to Associate Members.
- Developing the wider reach of Cobseo by piloting and, if successful, rolling out an Affiliate Membership programme.
- Developing a Pathway to Membership to engage potential Members early, whilst encouraging best practice from the outset.
- Develop an appropriate process for the inclusion of CiCs as Cobseo Members.

b. Improve the Effectiveness of the Sector by:

- Conducting a member survey in order to better understand and evidence both the impact of the pandemic on Members and the support they seek from Cobseo.
- Improving the transparency of the Cluster structure through: the appointment of Executive Committee Cluster Champions; an annual meeting of Cluster Leads; and the strengthening of ties with relevant Government Departments.
- Encouraging all Members to take steps to improve efficiency and consider rationalisation where appropriate, though the further promotion and development of the Efficiency and Rationalisation Information Note.
- Establish a forum for grant makers and funders to come together.
- Develop initiatives to help support Members' fundraising.
- Plan and deliver seminars for Members including inter alia: Efficiency and Rationalisation and Grant Writing.

c. Improve Collaboration across the Sector by:

- Supporting the work to develop a long-term strategy to sustain the Sector's approach to case working.
- Supporting closer collaboration and cooperation at a regional level.
- Supporting Contact's (the Mental Health Group) work to develop consistent case management across the UK, particularly for those who face the challenge of poor mental health, and work to simplify access to all mental health services.
- Supporting the development of the new Female Serving and Veterans Cluster and the new Children's Action Group.
- Encouraging and supporting capacity building initiatives in Clusters and Action Groups.

d. Improve Engagement by:

- Further developing communications with Members to ensure a greater understanding of, and input to, the work of the Confederation, including Members' obligations to each other.
- Working with Government and the private sector to deliver greater engagement with and greater understanding of the Confederation.
- Within the framework of the Veterans Strategy continuing to engage with Government to influence its work to develop a campaign to redress public perception of what it is to serve, whilst acknowledging the case for support where necessary.
- Continuing to develop social media platforms (Twitter channels, LinkedIn) to increase reach of Members' and Cobseo's messages.

e. Influence key stakeholders by:

- Engaging with Government and key stakeholders to improve access to, and levels of, pandemic support measures whether specifically for the Service charity or for the wider third sector.
- Engaging with Government and all Members in the development and delivery of the Armed Forces Covenant and of the Veterans Strategy, including its nascent Implementation Plan.

Cobseo - the Confederation of Service Charities

Executive Committee's annual report

For the year ended 31 December 2019

- Holding the OVA and MoD to account for their delivery where appropriate.
 - Securing OVA and MoD representation at Cobseo Executive Committee Meetings.
- f. **Improving the structure and resilience of the Confederation** by:
- Developing and implementing plans for the long-term sustainability of Cobseo with effect from the completion of the planned drawdown of the Cobseo Office Libor grant, recognising that the impact of the pandemic might increase the rate at which the balance of the Libor Office fund is drawn down.
 - Enhancing the internal working practices and external engagement with Members through the introduction of a new Cobseo CRM system to improve productivity and automate membership processes.

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 members 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, eight Permanent Members and nine Elected Members from Full Member charities, manage the business of Cobseo. All representatives on the Executive Committee, with the exception of the Executive Chair, are the Chief Executives (or equivalent) of Member charities. FiMT's election to Permanent Member status was approved in October 2019. Their place on the Cobseo Executive Committee as an Elected Member, has yet to be balloted for, and won't now be filled until the AGM in July 2020.

The eight permanent members of the Executive Committee are:

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

Cobseo - the Confederation of Service Charities

Executive Committee's annual report

For the year ended 31 December 2019

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

The Directors have also opted to observe as far as they are able the methods and principles in the Charities SORP.

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.

Cobseo - the Confederation of Service Charities

Executive Committee's annual report

For the year ended 31 December 2019

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 2019 was 19 (2018: 24). 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 2017 and has expressed its willingness to continue in that capacity.

The Executive Committee's annual report has been approved by the Executive Committee on 20 May 2020 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 2019 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 2019 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

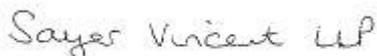
evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- 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)

25 June 2020

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 2019

	Note	Unrestricted		Restricted	2019 Total	Unrestricted		Restricted	2018 Total
		General	Designated			General	Designated		
		£	£	£	£	£	£	£	£
Income from:									
Grants and donations	2	9,512	-	360,000	369,512	12,540	-	180,000	192,540
Charitable activities	3								
Members Subscriptions		237,285	-	-	237,285	217,066	-	-	217,066
Other trading activities		22,997	-	-	22,997	19,579	-	-	19,579
Total income		269,794	-	360,000	629,794	249,185	-	180,000	429,185
Expenditure on:									
Communications	4a	-	-	-	-	-	63,340	-	63,340
Charitable activities	4a								
Membership Services		337,875	-	-	337,875	249,233	-	-	249,233
Positive Pathways		-	-	15,263	15,263	-	-	-	-
Northern Ireland		-	-	59,909	59,909	-	-	30,091	30,091
Casework Management System (CMS)		-	635,347	239,653	875,000	-	-	800,000	800,000
Total expenditure		337,875	635,347	314,825	1,288,047	249,233	63,340	830,091	1,142,664
Net (expenditure) /income for the year	5	(68,081)	(635,347)	45,175	(658,253)	(48)	(63,340)	(650,091)	(713,479)
Transfers between funds		68,081	-	(68,081)	-	16,660	(16,660)	-	-
Net movement in funds		-	(635,347)	(22,906)	(658,253)	16,612	(80,000)	(650,091)	(713,479)
Reconciliation of funds:									
Total funds brought forward		654,910	635,347	523,955	1,814,212	638,298	715,347	1,174,046	2,527,691
Total funds carried forward		654,910	-	501,049	1,155,959	654,910	635,347	523,955	1,814,212

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

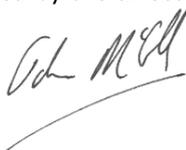
Company no. 5298973

As at 31 December 2019

	Note	£	2019 £	£	2018 £
Fixed assets:					
Tangible assets	10		<u>2,331</u>		<u>4,196</u>
			2,331		4,196
Current assets:					
Debtors	11	3,111		19,647	
Cash at bank and in hand		<u>1,176,365</u>		<u>1,816,000</u>	
		1,179,476		1,835,647	
Liabilities:					
Creditors: amounts falling due within one year	12	<u>(25,848)</u>		<u>(25,631)</u>	
Net current assets			1,153,628		1,810,016
Total net assets	13		<u>1,155,959</u>		<u>1,814,212</u>
The funds of the organisation:	14a				
Restricted income funds			501,049		523,955
Unrestricted income funds:					
Designated funds		-		635,347	
General funds		<u>654,910</u>		<u>654,910</u>	
Total unrestricted funds			654,910		1,290,257
Total funds			<u>1,155,959</u>		<u>1,814,212</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 20 May 2020 and signed on their behalf by



General Sir John McColl KCB CBE DSO
Chair

Cobseo – the Confederation of Service Charities

Statement of cash flows

For the year ended 31 December 2019

	2019		2018	
	£	£	£	£
Net income for the reporting period (as per the statement of financial activities)	(658,253)		(713,479)	
Depreciation charges	1,865		1,865	
Decrease / (Increase) in debtors	16,536		1,104,806	
Increase / (decrease) in creditors	217		(61,226)	
	<u> </u>		<u> </u>	
Net cash (used in) / provided by operating activities	(639,635)		331,966	
	<u> </u>		<u> </u>	
Change in cash and cash equivalents in the year	(639,635)		331,966	
Cash and cash equivalents at the beginning of the year	1,816,000		1,484,034	
	<u> </u>		<u> </u>	
Cash and cash equivalents at the end of the year	1,176,365		1,816,000	
	<u> </u>		<u> </u>	

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 2019) – (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (March 2018) 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.

With nearly 80% of income already received by the end of April 2020, and with no significant disruption to the support provided to members other than the necessity to comply with social distancing restrictions, Cobseo anticipates being able to continue to function broadly for 2020 as previously despite the Covid-19 restrictions.

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.

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:

- In 2018, communications costs relating to the Head of Communications role were again separately identified as part of an ongoing 3 year trial, which concluded at the end of 2018. It was agreed for 2019 to consolidate those costs into the overall cost of core support services.
- 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 in full to membership services. Costs of other activities are represented in full by direct costs.

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 2019

2 Income from grants and donations

	Unrestricted £	Restricted £	2019 Total £	Unrestricted £	Restricted £	2018 Total £
MoD Funding – CMS	-	250,000	250,000	-	-	-
LIBOR Funding – operating Covenant – Northern Ireland	-	-	-	-	150,000	150,000
AFCFT Positive Pathways	-	60,000	60,000	-	30,000	30,000
Members Contributions	9,512	-	9,512	12,540	-	12,540
	<u>9,512</u>	<u>360,000</u>	<u>369,512</u>	<u>12,540</u>	<u>180,000</u>	<u>192,540</u>

3 Income from charitable activities

	Unrestricted £	Restricted £	2019 Total £	Unrestricted £	Restricted £	2018 Total £
Membership Subscriptions	237,285	-	237,285	217,066	-	217,066
Sub-total for Membership	<u>237,285</u>	<u>-</u>	<u>237,285</u>	<u>217,066</u>	<u>-</u>	<u>217,066</u>

Cobseo – the Confederation of Service Charities

Notes to the financial statements

For the year ended 31 December 2019

4a Analysis of expenditure (current year)

	Positive Pathways	Casework Management System (CMS)	Covenant delivery in Northern Ireland	Membership Services	Governance costs	Support costs	2019 Total	2018 Total
	£	£	£	£	£	£	£	£
Staff costs (Note 6)	12,409	-	-	-	-	254,961	267,370	231,776
Staff training and other staff costs	2,554	-	-	-	-	16,869	19,423	13,985
Membership events costs	-	-	-	2,857	-	-	2,857	2,225
IT including CRM	-	-	-	-	-	9,157	9,157	8,075
AGM & Executive Meeting costs	-	-	-	-	9,284	-	9,284	6,525
Office costs	300	-	-	-	-	2,605	2,905	3,449
Rent	-	-	-	-	-	25,624	25,624	26,164
Depreciation	-	-	-	-	-	1,865	1,865	1,865
Grants payable	-	875,000	59,909	-	-	-	934,909	830,000
Audit and accountancy	-	-	-	-	7,500	7,153	14,653	18,600
	15,263	875,000	59,909	2,857	16,784	318,234	1,288,047	1,142,664
Support costs	-	-	-	318,234	-	(318,234)	-	-
Governance costs	-	-	-	16,784	(16,784)	-	-	-
Total expenditure 2019	15,263	875,000	59,909	337,875	-	-	1,288,047	1,142,664
Total expenditure 2018	63,340	800,000	30,091	249,233	-	-	-	1,142,664

Cobseo – the Confederation of Service Charities

Notes to the financial statements

For the year ended 31 December 2019

4b Analysis of expenditure (prior year)

	Communications	Casework Management System (CMS)	Covenant delivery in Northern Ireland	Membership Services	Governance costs	Support costs	2018 Total
	£	£	£	£	£	£	£
Staff costs (Note 6)	42,734	-	-	-	-	189,042	231,776
Staff training and other staff costs	3,482	-	-	-	-	10,503	13,985
Membership direct costs	67	-	-	2,158	-	-	2,225
IT including CRM	-	-	-	-	-	8,075	8,075
AGM & Executive Meeting costs	-	-	-	-	6,525	-	6,525
Office costs	965	-	91	-	-	2,393	3,449
Rent	-	-	-	-	-	26,164	26,164
Depreciation	-	-	-	-	-	1,865	1,865
Grants payable	-	800,000	30,000	-	-	-	830,000
Audit and accountancy	-	-	-	-	7,400	11,200	18,600
	47,248	800,000	30,091	2,158	13,925	249,242	1,142,664
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

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.

Notes to the financial statements

For the year ended 31 December 2019

5 Net (expenditure) / income for the year

This is stated after charging / (crediting):

	2019 £	2018 £
Depreciation	1,865	1,865
Auditor's remuneration (excluding VAT):		
Audit	6,250	6,150
Under accrual of prior year fees	411	(600)
Other services	5,550	5,500
	<u>1,865</u>	<u>1,865</u>

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

Staff costs were as follows:

	2019 £	2018 £
Salaries and wages	225,892	195,897
Social security costs	24,250	20,572
Defined contribution pension scheme employer contributions	14,063	12,387
Other forms of employee benefits	3,165	2,920
	<u>267,370</u>	<u>231,776</u>

One employee (2018–£nil) received employee benefits (excluding employer pension costs and employer's national insurance) of between £60,000 and £69,999.

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £182,087 (2018: £168,507).

The chair is also the CEO and a director of the company, and is paid £41,616 (2018: £40,000) for his employment. No other directors were paid nor received any other benefits from employment with the charity in the year (2018: £nil). No director received payment for professional or other services supplied to the charity (2018: £nil).

Directors' expenses represents the payment or reimbursement of travel and subsistence costs totalling £Nil (2018: £nil).

7 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 5 (2018: 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 2019 (2018: none).

Notes to the financial statements

For the year ended 31 December 2019

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
Additions in year	–	–
At the end of the year	<u>9,325</u>	<u>9,325</u>
Depreciation		
At the start of the year	5,129	5,129
Charge for the year	1,865	1,865
At the end of the year	<u>6,994</u>	<u>6,994</u>
Net book value		
At the end of the year	<u>2,331</u>	<u>2,331</u>
At the start of the year	<u>4,196</u>	<u>4,196</u>

11 Debtors

	2019 £	2018 £
Trade debtors	–	11,875
Prepayments	403	7,772
Other debtors	2,708	–
	<u>3,111</u>	<u>19,647</u>

12 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	1,903	3,890
Taxation and social security	7,949	–
Other creditors	1,990	–
Accruals	14,006	21,741
	<u>25,848</u>	<u>25,631</u>

Notes to the financial statements

For the year ended 31 December 2019

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

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	2,331	–	–	2,331
Net current assets	652,579	–	501,049	1,153,628
Net assets at 31 December 2019	654,910	–	501,049	1,155,959

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

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	4,196	–	–	–
Net current assets	650,714	635,347	523,955	1,810,016
Net assets at 31 December 2018	654,910	635,347	523,955	1,810,016

14a Movements in funds (current year)

	At 1 January 2019 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2019 £
Restricted funds:					
LIBOR Funds – CMS	133,201	–	(133,201)	–	–
MoD – CMS	–	250,000	(106,452)	–	143,548
LIBOR Funds – operating	390,845	–	–	(68,081)	322,764
Covenant in Northern Ireland	(91)	60,000	(59,909)	–	–
Positive Pathways	–	50,000	(15,263)	–	34,737
Total restricted funds	523,955	360,000	(314,825)	(68,081)	501,049
Unrestricted funds:					
Designated funds:					
Tower Poppies–CMS	635,347	–	(635,347)	–	–
Total designated funds	635,347	–	(635,347)	–	–
General funds	654,910	269,794	(337,875)	68,081	654,910
Total unrestricted funds	1,290,257	269,794	(973,222)	68,081	654,910
Total funds	1,814,212	629,794	(1,288,047)	–	1,155,959

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

Notes to the financial statements

For the year ended 31 December 2019

14b Movements in funds (prior year)

	At 31 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 in 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

Purposes of funds**Restricted funds**

LIBOR Funds–CMS–These funds were given to help in the development of a new Casework Management System, for the joint benefit of Cobseo members (caseworking and grant giving charities) and the beneficiaries they support.

LIBOR Funds–operating– Granted to fund the operating deficit and investment in sustainability of Cobseo from generated income.

Covenant funding Northern Ireland–These funds were used to the build capacity in Northern Ireland including the recruitment of a VSONI development manager. These funds are in deficit at the end of 2018 due to a lag in timing of the funding.

MoD – CMS: These funds were given to supplement the LIBOR CMS grant to help in the development of a new Casework Management System, for the joint benefit of Cobseo members (caseworking and grant giving charities) and the beneficiaries they support.

Positive Pathways: These funds were provided to establish a Mental Health Positive Pathways Programme Coordinator post to support the development of the AFCFT Positive and Strategic Pathways Programmes.

Designated funds

Tower Poppies – This fund was 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. During 2019 the remainder of these funds were spent as intended on CMS development.

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.