

Company number: 5098973

Cobseo - the Confederation of Service Charities

Report and financial statements

For the year ended 31 December 2020

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 2020

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 D Bryant (<i>Appointed Mar 20</i>) Mr C B Byrne Major General N Caplin Air Vice Marshall C Elliot CBE (<i>appointed May 20</i>) Mrs S Freeth (<i>Stood down Jan 21</i>) Mr P Gaffney Mr R D Gammage (<i>Appointed Sep 20</i>) Lieutenant General Sir Andrew Gregory KBE CB Mr D A Halliday (<i>Appointed Jul 20</i>) Major General C G S Hughes Air Vice-Marshal R Lock CBE 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 2020

The Executive Committee present their report and the audited financial statements for the year ended 31 December 2020.

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 some 900 charities and organisations (300 Full and Associate Members and 600 Affiliate Members), providing support to those in need across 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 services of 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. Cobseo has six strategic objectives, which provide the framework for its approach:

- a. **Strengthen the Confederation** by promoting the highest standards of governance across the Confederation in order to develop the strength and resilience of the Sector and so retain the trust of the Nation.
- b. **Improve the Effectiveness of the Sector** by enhancing the efficiency and effectiveness of Members, encouraging greater cooperation, utilising the cluster structure, and ensuring all Members have the opportunity to link with each other in order to improve best practice and levels of support to beneficiaries.

- c. **Improve Collaboration across the Sector** by encouraging collaborative effort and the active participation in shared endeavours between like-minded Members whilst discouraging and reducing duplication, in order to simplify and improve the delivery of support to beneficiaries.
- d. **Improve Engagement** by working with Members to develop further a proactive internal and external communications and an engagement strategy ensuring that the voice of the Service Charity Sector is heard and understood 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's activities in 2020 were dominated by the impact of the pandemic on the Armed Forces Community and the Service Charity Sector that supports it. At the outset, the Executive Committee convened weekly to ensure that the Confederation was best placed to do all that it could to support Members as they adapted to delivering services in line with the changing restrictions necessary to stop the spread of the virus. Although the frequency of meetings reduced, the Committee has continued to meet at least monthly throughout the pandemic. Five strands of work emerged:

- a. **Influencing Government.** Initial efforts were focussed on persuading Government that support was needed for the Service Charity Sector. The resultant Veteran's Shall Not Be Forgotten Fund (£3M), and the COVID-19 Impact Fund (£6M), were helpful, but significantly less than had been bid for. Subsequent approaches, including a meeting with the Chancellor in November 2020, resulted in the inclusion in the Chancellor's 2021 Budget of £475K to undertake a scoping study into the development of an integrated digital-first system that will provide Veterans with a seamless journey as they access the vital support that they need.
- b. **Understanding the Impact of the Pandemic.** A survey of all Members was commissioned for Cobseo by Forces in Mind Trust (FiMT) and delivered by the Directory of Social Change in May 2020. Its aim was to understand and evidence the effect of COVID-19 upon the Sector in order to plan the Confederation's response and evidence bids for support to Government. The survey was then repeated in October 2020 and will now be repeated on a 6 monthly cycle for the next two years. The first two surveys, which had very high response rates, highlighted a number of important findings, which are available on the Cobseo website; these have influenced the Confederation's approach to dealing with the pandemic in all respects.
- c. **Communications.** There was a huge amount of information to absorb and communicate to Members in relation to COVID-19. A Coronavirus Information Hub was set up on the Cobseo Website providing an invaluable source of reference. The weekly Newsletter was adapted to provide further information, allowing Members to share their own experiences, and encourage best practice and cooperation.

- d. **Cooperation and Collaboration.** Clusters also played a key role in sharing best practice and ideas on maintaining the best possible levels of service. The Confederation encouraged and facilitated discussion on possible steps to improve efficiency and consider rationalisation, as it became clear that there would be a significant and probably long-term reduction in income across the Sector. Webinars were organized to assist Members in accessing grant funding from the National Lottery, and to provide Communications support; more are in the pipeline.
- e. **Sector Strategy Review.** It was quickly recognised that COVID-19 was likely to fundamentally change the size and shape of the Sector in the longer term. In order to shape, rather than react, to this inevitable change, the Executive Committee commissioned a Sector Strategic Review. One of its key conclusions, that resources would decline whilst demand increases, drove measures to help the sector consider how to become more efficient and continue to provide the high quality services beneficiaries need as funding declines.

In addition to these major stands of work, which were initiated at short notice to address the impact of the pandemic, routine work continued to build on the long term strategic aims of the Confederation throughout 2020. In this regard, progress was made against each of the key objectives as follows:

- 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 governance programme was greatly disrupted by the pandemic but with over 70% of Cobseo Full Members and 25% of Associate Members having completed the tool, we are well placed to resume the initiative, with the target for completion of the first biennial cycle being set back to the end of 2021. Detailed guidance was introduced for Associate Members constituted as CiCs and clarification issued for accepting CiCs and social enterprises that are constituted 'for profit'.
- b. **Improving the Effectiveness of the Sector.** A number of steps were taken to improve the way that Clusters operate including instigating a biannual gathering of Cluster Chair and facilitating the presence of MoD, OVA and other Government Departments at each Cluster. The new Female Veterans Cluster, supported by Cobseo, secured funding and commissioned a scoping study into the impact of service on female veterans, producing a hard hitting but evidence based report with a range of key recommendations on improving both policy and the Sector's current levels of support.
- c. **Improving Collaboration across the Sector.** The procurement of the Sector's new Casework Management System, using funds secured by Cobseo, was completed successfully in March 2020 when the new system was rolled out across the Sector. Work initiated by the Caseworking Steering Group to improve caseworking across the Sector developed into a major collaborative venture (the Casework Transformation Project) before the pressures of the pandemic led to the Project being halted. Key work strands, though, were picked up by the three major caseworking charities and will be brought back to the CSG for wider Sector consideration in due course.
- d. **Improving Engagement.** With support from FiMT, PR assistance and support was made available to Members at no cost throughout the first lockdown. Communications training sessions were held throughout 2020 to provide help and assistance to Cobseo Members who do not have dedicated communications teams. The COVID-19 Communications Hub on the

Executive Committee's annual report

For the year ended 31 December 2020

Cobseo website shared all Members news and action in relation to the pandemic, and highlighted where joint working could be possible through sharing Members' stories.

- e. **Influencing key stakeholders.** Cobseo again consolidated Members' views on the Government's delivery of the Covenant, submitting a detailed set of formal Observations, highlighting a range of areas where progress still needs to be made, to the Annual Covenant Report.
- f. **Improving the structure and resilience of the Confederation.** Despite the pandemic, membership numbers have not fallen and income has again exceeded budget. An application to the MoD for financial support to maintain the project posts initially funded by the AFCFT was successful, which – together with the ongoing careful management of the Libor grant – will sustain the Confederation's current office structure out to April 2025.

Financial review

Financial Management. Work continued in 2020 to improve internal financial procedures. The pandemic impacted significantly the internal Team's ability to deliver the planned review of business systems with only very limited and pro bono external support. It was therefore agreed that a contract be let to conduct the review externally. Work began in late December and is due to report by mid May.

Financial Performance. The Confederation's income arises principally from members' annual subscriptions, which are paid annually at the beginning of the year. As a result, the pandemic had little impact on income but planned expenditure was down markedly against budget, reducing the planned deficit significantly. Taken together this resulted in another good year financially for the Confederation. Total income from Membership fees was up £19k (8%) against budget, whilst the budgeted deficit for the general fund of £85k was held to £46k. The net effect of this was to extend the planned drawdown of Libor Cobseo Office funds further into 2023. The project to replace the Casework Management System (CMS) was delivered within the final budget envelope consisting of c£2M from Libor, MoD and Cobseo funds. Overall, total funds held fell to £1,078k (£1,156k in 2019) reflecting planned expenditure against CMS.

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 to meet objectives and deliver services of value to members) and reputational (ie. something happens to impact member support for the Confederation or public support for Service charities). The impact of the pandemic has exacerbated the financial risk and steps were taken in the development of the budget for 2021 to model and forecast reduced income appropriately. Risk mitigation measures in general 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.

Executive Committee's annual report

For the year ended 31 December 2020

Reserves policy and going concern

The Executive Committee reviews the restricted and designated reserves regularly. In 2020, restricted funds were used to meet non-core Cobseo Office costs; pay for the final stages in the procurement of the new CMS; fund the Northern Ireland Veterans Support Office (NIVSO) to build Covenant capacity in Northern Ireland; support governance across the Sector through the auspices of the Digital Support Programme; support the Armed Forces Covenant Fund Trust's Positive Pathways Programme to improve Veterans' mental health and wellbeing; and fund a major scoping study into the impact of service on female veterans. At the end of the year the Confederation had unrestricted reserves of £651k (£655k in 2019). A 5-year forecast is reviewed regularly and cashflow is monitored in anticipation of the commitment of unrestricted funds.

With just over 90% of income already received by the end of March 2021, and with no significant disruption to the Confederation's support of Members whilst the Cobseo team works from home and despite ongoing Covid-19 restrictions, Cobseo expects to function for 2021 as planned, albeit conducting meetings, briefings and training digitally rather than face to face until restrictions lift. A Sector Strategy Review (SSR) was commissioned in July 2020 to review the wider strategic landscape and the potential longer term impact of the pandemic on Cobseo, its membership and the sector. The work strands and outputs emerging from the SSR are being monitored and plans for the services it provides for members for 2022 and beyond will be adjusted as necessary. The careful use in previous years of the restricted Libor Office fund provides sufficient scope to make reasonable adjustments in year, and through 2022.

Plans for the future

As work from the Sector Strategy Review comes to fruition over the next 6 months, current plans will be reconsidered. In the interim, the Confederation's plans to improve performance against the six core objectives of its Strategic Framework include the following key objectives for 2021:

- a. **Strengthening the Confederation** by:
 - Continuing to promote maximum take up of the governance programme for Full and Associate Members, whilst preparing for the next reporting cycle in 2022.
 - Finalising the development of a Pathway to Membership to engage potential Members, whilst encouraging best practice from the outset.
 - Developing further plans to support Members' engagement with those in need from minority communities across the Armed Forces Community and monitoring its impact.
- b. **Improve the Effectiveness of the Sector** by:
 - Improving the capacity of Clusters through the creation of a new post to work with Cluster Chairs and the Executive Committee.
 - Encouraging all Members to take steps to improve efficiency and consider rationalisation where appropriate, including hosting targeted webinars, and facilitating wider discussion through Clusters.
 - Supporting the establishment of a forum for grant makers and funders to come together to discuss and coordinate major funding issues.
 - Continuing to facilitate initiatives to support Members' access to funding opportunities.

- c. **Improve Collaboration across the Sector** by:
- Working with key stakeholders and funding from Government in the Budget 2021 to develop plans for a digital and data strategy for the Sector to deliver a seamless journey for beneficiaries through improved collaboration.
 - Supporting the Sector Strategic Review, managing with key Members of the Executive Committee the Action Plan, which includes work strands to: understand Sector expectations over the next 2-3 years; improve case working; develop closer Sector collaboration and cooperation at a local and regional level including engagement with NHSE's new Integrated Care System (ICS); developing consistent case management across the UK; simplifying and improving the beneficiary journey and access to all physical and mental health services.
- d. **Improve Engagement** by:
- Conducting continuation Member surveys in April and October 2021 to further understand and evidence the impact of the pandemic on Members and the support they need.
 - Working with Government, key stakeholders, and the private sector to deliver greater engagement with and greater understanding of the Confederation;
 - Within the framework of the Veterans Strategy continue 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 Cobseo's social media platforms to increase reach of Members' and Cobseo's messages.
- e. **Influence key stakeholders** by:
- Continuing to lobby Government and key stakeholders for additional support for the sector in light of the significant impact caused by the pandemic.
 - Engaging with Government and all Members in the development and delivery of the Armed Forces Covenant and of the Veterans Strategy, including its Implementation Plan, whilst holding the OVA and MoD to account for their delivery where appropriate.
 - Monitoring the impact of amendments to the Armed Forces Bill, as aspects of the Covenant become law.
- f. **Improving the structure and resilience of the Confederation** by:
- Amending and implementing plans for the long-term sustainability of Cobseo in light of the new MoD support grant and impending final drawdown of the Cobseo Office Libor support grant.
 - Enhancing the internal working practices and external engagement with Members through the introduction of a new Cobseo CRM and associated systems 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. A

Cobseo - the Confederation of Service Charities

Executive Committee's annual report

For the year ended 31 December 2020

Remuneration Committee meets annually to consider the following year's remuneration for the small Cobseo team, and when otherwise needed.

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.

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. The nine Elected Members in 2020 were:

Elected Members:	Replaced in July 2020 by:
Forces in Mind Trust (FiMT)	RFEA – following FiMT's appointment as a permanent Member
Defence Medical Welfare Service (DMWS)	Re-elected
The Poppy Factory	Re-elected
War Widows' Association of Great Britain	Re-elected
Blesma, The Limbless Veterans	
Blind Veterans UK	
Combat Stress	
Officers Association (CEO is also Cobseo Vice Chair)	
Stoll	

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.

Executive Committee's annual report

For the year ended 31 December 2020

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 Executive Committee 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.

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 2020 was 19 (2019: 19). 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.

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For the year ended 31 December 2020

Auditor

Sayer Vincent LLP was appointed as the company's auditor in 2019 and has expressed its willingness to continue in that capacity.

The Executive Committee' annual report has been approved by the Executive Committee on 19 May 2021 and signed on their behalf by



General Sir John McColl KCB CBE DSO
Chairman

Independent auditor's report

To the members of

Cobseo - the Confederation of Service Charities

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 2020 which comprise the statement of financial activities, balance sheet, statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2020 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

In auditing the financial statements, we have concluded that the executive committee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Cobseo's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the executive committee with respect to going concern are described in the relevant sections of this report.

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's annual report, other than the financial statements and our auditor's report thereon. The executive committee are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 committee's annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The executive committee's 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's 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 directors' 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 committee's annual report and from the requirement to prepare a strategic report.

Independent auditor's report

To the members of

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Responsibilities of the executive committee

As explained more fully in the statement of executive committee's responsibilities set out in the executive committee's annual report, the executive committee (who are also directors of the company for 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 committee 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 committee 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 committee 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the finance committee, which included obtaining and reviewing supporting documentation, concerning the company's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the company operates in, focusing on those laws and regulations that had a material effect on the financial statements or

Independent auditor's report

To the members of

Cobseo - the Confederation of Service Charities

that had a fundamental effect on the operations of the company from our professional and sector experience.

- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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)

24 June 2021

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 2020

	Note	Unrestricted General £	Restricted £	2020 Total £	Unrestricted General £	Designated £	Restricted £	2019 Total £
Income from:								
Grants and donations	2	7,595	230,000	237,595	9,512	-	360,000	369,512
Charitable activities	3							
Members Subscriptions		256,720	-	256,720	237,285	-	-	237,285
Other trading activities		35,805	-	35,805	22,997	-	-	22,997
Total income		300,120	230,000	530,120	269,794	-	360,000	629,794
Expenditure on:								
Charitable activities	4a							
Membership Services		346,298	5,615	351,913	337,875	-	-	337,875
NHS England Female Veterans		-	50,077	50,077	-	-	-	-
Positive Pathways		-	45,967	45,967	-	-	15,263	15,263
Northern Ireland		-	60,000	60,000	-	-	59,909	59,909
Casework Management System (CMS)		-	100,000	100,000	-	635,347	239,653	875,000
Total expenditure		346,298	261,659	607,957	337,875	635,347	314,825	1,288,047
Net (expenditure) /income for the year	5	(46,178)	(31,659)	(77,837)	(68,081)	(635,347)	45,175	(658,253)
Transfers between funds		42,218	(42,218)	-	68,081	-	(68,081)	-
Net movement in funds		(3,960)	(73,877)	(77,837)	-	(635,347)	(22,906)	(658,253)
Reconciliation of funds:								
Total funds brought forward		654,910	501,049	1,155,959	654,910	635,347	523,955	1,814,212
Total funds carried forward		650,950	427,172	1,078,122	654,910	-	501,049	1,155,959

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 2020

	Note	£	2020 £	£	2019 £
Fixed assets:					
Tangible assets	10		<u>466</u>		<u>2,331</u>
			466		2,331
Current assets:					
Debtors	11	160,489		3,111	
Cash at bank and in hand		<u>967,173</u>		<u>1,176,365</u>	
		1,127,662		1,179,476	
Liabilities:					
Creditors: amounts falling due within one year	12	<u>(50,006)</u>		<u>(25,848)</u>	
			1,077,656		1,153,628
Net current assets			<u>1,077,656</u>		<u>1,153,628</u>
Total net assets	13		<u>1,078,122</u>		<u>1,155,959</u>
The funds of the organisation:					
Restricted income funds	14a		427,172		501,049
Unrestricted income funds:					
General funds		<u>650,950</u>		<u>654,910</u>	
Total unrestricted funds			<u>650,950</u>		<u>654,910</u>
Total funds			<u>1,078,122</u>		<u>1,155,959</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 19 May 2021 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 2020

	2020 £	£	2019 £	£
Net income for the reporting period (as per the statement of financial activities)	(77,837)		(658,253)	
Depreciation charges	1,865		1,865	
Decrease / (Increase) in debtors	(157,378)		16,536	
Increase / (decrease) in creditors	24,158		217	
	<hr/>		<hr/>	
Net cash (used in) / provided by operating activities	(209,192)		(639,635)	
	<hr/>		<hr/>	
Change in cash and cash equivalents in the year	(209,192)		(639,635)	
	<hr/>		<hr/>	
Cash and cash equivalents at the beginning of the year	1,176,365		1,816,000	
	<hr/>		<hr/>	
Cash and cash equivalents at the end of the year	967,173		1,176,365	
	<hr/> <hr/>		<hr/> <hr/>	

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) – (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) 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 executive committee. 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 over 90% of income already received by the end of April 2021, and additional funding from the MoD, Cobseo anticipates being able to continue to function broadly for 2021 as previously despite the impact of Covid-19 on its membership.

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.

1 Accounting policies (continued)

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.

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:

- 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.

1 Accounting policies (continued)

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

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.

Cobseo – the Confederation of Service Charities

Notes to the financial statements

For the year ended 31 December 2020

2 Income from grants and donations

	Unrestricted £	Restricted £	2020 Total £	Unrestricted £	Restricted £	2019 Total £
MoD Funding – CMS	-	-	-	-	250,000	250,000
NHS England Female Veterans Cluster Research Project	-	70,000	70,000	-	-	-
Covenant – Northern Ireland	-	60,000	60,000	-	60,000	60,000
MoD – Cobseo Core Posts	-	50,000	50,000	-	-	-
AFCFT Positive Pathways	-	50,000	50,000	-	50,000	50,000
Members Contributions	7,595	-	7,595	9,512	-	9,512
	<u>7,595</u>	<u>230,000</u>	<u>237,595</u>	<u>9,512</u>	<u>360,000</u>	<u>369,512</u>

3 Income from charitable activities

	Unrestricted £	Restricted £	2020 Total £	Unrestricted £	Restricted £	2019 Total £
Membership Subscriptions	256,720	-	256,720	237,285	-	237,285
Sub-total for Membership	<u>256,720</u>	<u>-</u>	<u>256,720</u>	<u>237,285</u>	<u>-</u>	<u>237,285</u>

Cobseo – the Confederation of Service Charities

Notes to the financial statements

For the year ended 31 December 2020

4a Analysis of expenditure (current year)

	Positive Pathways £	NHS England Female Veterans Cluster Research Project £	Casework Management System (CMS) £	Covenant delivery in Northern Ireland £	Membership Services £	Governance costs £	Support costs £	2020 Total £	2019 Total £
Staff costs (Note 6)	41,851	-	-	-	-	-	273,079	314,930	267,370
Staff training and other staff costs	3,200	-	-	-	-	-	10,660	13,860	19,423
Research	-	50,077	-	-	-	-	-	50,077	-
Membership events costs	-	-	-	-	1,354	-	-	1,354	2,857
IT including CRM	150	-	-	-	-	-	14,883	15,033	9,157
AGM & Executive Meeting costs	-	-	-	-	-	1,599	-	1,599	9,284
Office costs	766	-	-	-	-	-	8,329	9,095	2,905
Rent	-	-	-	-	-	-	25,804	25,804	25,624
Depreciation	-	-	-	-	-	-	1,865	1,865	1,865
Grants payable	-	-	100,000	60,000	-	-	-	160,000	934,909
Audit and accountancy	-	-	-	-	-	7,620	6,720	14,340	14,653
	45,967	50,077	100,000	60,000	1,354	9,219	341,340	607,957	1,288,047
Support costs	-	-	-	-	341,340	-	(341,340)	-	-
Governance costs	-	-	-	-	9,219	(9,219)	-	-	-
Total expenditure 2020	45,967	50,077	100,000	60,000	351,913	-	-	607,957	1,288,047
Total expenditure 2019	15,263	-	875,000	59,909	337,875	-	-	-	1,288,047

Cobseo – the Confederation of Service Charities

Notes to the financial statements

For the year ended 31 December 2020

4b Analysis of expenditure (prior year)

	Positive Pathways	Casework Management System (CMS)	Covenant delivery in Northern Ireland	Membership Services	Governance costs	Support costs	2019 Total
	£	£	£	£	£	£	£
Staff costs (Note 6)	12,409	-	-	-	-	254,961	267,370
Staff training and other staff costs	2,554	-	-	-	-	16,869	19,423
Membership events costs	-	-	-	2,857	-	-	2,857
IT including CRM	-	-	-	-	-	9,157	9,157
AGM & Executive Meeting costs	-	-	-	-	9,284	-	9,284
Office costs	300	-	-	-	-	2,605	2,905
Rent	-	-	-	-	-	25,624	25,624
Depreciation	-	-	-	-	-	1,865	1,865
Grants payable	-	875,000	59,909	-	-	-	934,909
Audit and accountancy	-	-	-	-	7,500	7,153	14,653
	15,263	875,000	59,909	2,857	16,784	318,234	1,288,047
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

Notes to the financial statements

For the year ended 31 December 2020

5 Net (expenditure) / income for the year

This is stated after charging / (crediting):

	2020 £	2019 £
Depreciation	1,865	1,865
Auditor's remuneration (excluding VAT):		
Audit	6,350	6,250
Under accrual of prior year fees	–	411
Other services	5,600	5,550
	<u>5,600</u>	<u>5,550</u>

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

Staff costs were as follows:

	2020 £	2019 £
Salaries and wages	265,138	225,892
Social security costs	27,837	24,250
Defined contribution pension scheme employer contributions	14,636	14,063
Other forms of employee benefits	7,319	3,165
	<u>314,930</u>	<u>267,370</u>

One employee (2019–one) 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 £180,526 (2019: £182,087).

The chair is also the CEO and a director of the company, and is paid £42,448 (2019: £41,616) for his employment. No other directors were paid nor received any other benefits from employment with the charity in the year (2019: £nil). No director received payment for professional or other services supplied to the charity (2019: £nil).

Directors' expenses represents the payment or reimbursement of travel and subsistence costs totalling £nil (2019: £nil).

7 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 6 (2019: 5).

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 2020 (2019: none).

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	–	–
	<hr/>	<hr/>
At the end of the year	9,325	9,325
	<hr/>	<hr/>
Depreciation		
At the start of the year	6,994	6,994
Charge for the year	1,865	1,865
	<hr/>	<hr/>
At the end of the year	8,859	8,859
	<hr/>	<hr/>
Net book value		
At the end of the year	466	466
	<hr/> <hr/>	<hr/> <hr/>
At the start of the year	2,331	2,331
	<hr/> <hr/>	<hr/> <hr/>

11 Debtors

	2020 £	2019 £
Trade debtors	93,082	–
Prepayments	67,407	403
Other debtors	–	2,708
	<hr/>	<hr/>
	160,489	3,111
	<hr/> <hr/>	<hr/> <hr/>

12 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	25,403	1,903
Taxation and social security	7,051	7,949
Other creditors	2,037	1,990
Accruals and deferred income	15,515	14,006
	<hr/>	<hr/>
	50,006	25,848
	<hr/> <hr/>	<hr/> <hr/>

Cobseo – the Confederation of Service Charities

Notes to the financial statements

For the year ended 31 December 2020

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

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	466	–	–	466
Net current assets	650,484	–	427,172	1,077,656
Net assets at 31 December 2020	650,950	–	427,172	1,078,122

13b Analysis of net assets between funds (prior 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

14a Movements in funds (current year)

	At 1 January 2019 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2020 £
Restricted funds:					
LIBOR Funds – operating	322,764	–	–	(42,218)	280,546
MoD – CMS	143,548	–	(100,000)	–	43,548
NHS England Female Veterans Cluster Research Project	–	70,000	(50,077)	–	19,923
Covenant in Northern Ireland	–	60,000	(60,000)	–	–
MoD – Cobseo Core Posts	–	50,000	(5,615)	–	44,385
Positive Pathways	34,737	50,000	(45,967)	–	38,770
Total restricted funds	501,049	230,000	(261,659)	(42,218)	427,172
General funds	654,910	300,120	(346,298)	42,218	650,950
Total unrestricted funds	654,910	300,120	(346,298)	42,218	650,950
Total funds	1,155,959	530,120	(607,957)	–	1,078,122

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 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

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 (case working 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.

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 (case working and grant giving charities) and the beneficiaries they support.

NHS England Female Veterans Cluster Research Project – Research into the health of the female veteran population.

Covenant funding Northern Ireland–These funds were used to the build capacity in Northern Ireland including the recruitment of a VSONI development manager.

MoD – Cobseo Core Posts – to support additional capability and capacity within Cobseo to enable it to sustain its initiatives to improve governance, collaboration and coordination across the Service Charity Sector, and further improve support for beneficiaries across the Armed Forces community.

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. 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.