

REGISTERED COMPANY NUMBER: 03470752 (England and Wales)
REGISTERED CHARITY NUMBER: 1125896

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023
FOR
SERVOL COMMUNITY SERVICES**

Harrison Beale & Owen Limited
Chartered Accountants and Statutory Auditors
Seven Stars House
1 Wheler Road
Coventry
CV3 4LB

SERVOL COMMUNITY SERVICES

CONTENTS OF THE FINANCIAL STATEMENTS for the year ended 31 March 2023

	Page
Reference and Administrative Details	1
Chairperson's Statement	2
Report of the Trustees	3 to 12
Report of the Independent Auditors	13 to 15
Statement of Financial Activities	16
Balance Sheet	17
Cash Flow Statement	18
Notes to the Cash Flow Statement	19
Notes to the Financial Statements	20 to 29
Detailed Statement of Financial Activities	30 to 31

SERVOL COMMUNITY SERVICES

REFERENCE AND ADMINISTRATIVE DETAILS for the year ended 31 March 2023

TRUSTEES	G Branch (Chair) Ms L Found Ms A Grant A Howell (appointed 8.9.2022) K G M Jackson R Smith Ms V Taylor R Zitola (appointed 15.12.2022)
COMPANY SECRETARY	P Gayle
REGISTERED OFFICE	51 Pinfold Street Birmingham B2 4AY
REGISTERED COMPANY NUMBER	03470752 (England and Wales)
REGISTERED CHARITY NUMBER	1125896
AUDITORS	Harrison Beale & Owen Limited Chartered Accountants and Statutory Auditors Seven Stars House 1 Wheler Road Coventry CV3 4LB
BANKERS	Barclays Bank Plc 351-359 Soho Road Birmingham B21 9SE

SERVOL COMMUNITY SERVICES

CHAIRPERSON'S STATEMENT for the year ended 31 March 2023

On behalf of the Board of Trustees I am very pleased to introduce our annual report for 2022/23 together with the Audited Financial Statements for the year ended 31 March 2023 under the Charities Act 2011. The financial statements comply with current statutory requirements, the Articles of Association and the Statement of Recommended Practice by Charities: SORP applicable to charities preparing their accounts in accordance with FRS102. Within the Trustees Report, the following sections: Achievements and Performance, Financial Review and Principal Risks and Uncertainties form the strategic report for Companies Act reporting requirements.

This has been a challenging period for Servol with the uncertainty of contract increases and unprecedented rising inflationary costs for the charity. Also, this year we are reporting losses that arose due to unfortunate circumstances, in most cases that were out of our control. It has also been a year when we made some important strategic decisions and reviewed the core vision, values and purpose of the organisation at our Trustees Board Away Day. The report explains how we have been delivering our strategic objectives to initiate positive change that impacts the lives of our service users, and where we can involve them in shaping our plans for the future. To refine our focus, the Board revisited the organisation's values and strategic goals. Our vision is that people with mental health conditions are empowered and their rights are upheld. We believe that the organisation's purpose is 'to act as an agent of social change', working with mental health individuals to create that change. During the past 12 months we have improved our governance process and secured the quality management certification ISO 9001. We are close to also acquiring cyber essential accreditation. This is a testament to the hard work of our staff to whom the Board and I would like to express our thanks. Servol's crucial work is needed more than ever before, especially as we have seen an increase in demand for mental health services across the system and also our service.

After consulting with our staff, the Board also agreed to retain our 4 current values that underpin our approach to what we do. They are: WELCOMING, RESPECTFUL, CARING and CONTINUOUSLY IMPROVING. In addition and as part of our strategy, we committed to diversify the membership of the Board and, after an open recruitment campaign, the Trustees were pleased to appoint 2 new Board members who took office in the second half of the year. We were also delighted to hold our second (since COVID) in-person annual Board of Trustees Away Day with a focus on innovation and growth. Over the last few years, the way the organisation has developed and changed substantially is positive in this ever-changing environment. These changes in approach have required a significant commitment of time and energy from our Trustees, and staff. I would like to take this opportunity to thank them all for their important contributions to the success of Servol. I hope that you find this Annual Report helpful in describing our work, our future plans and our ambitions. You can find out more by visiting our website at www.servolct.org.uk

George Branch
Chair

SERVOL COMMUNITY SERVICES

REPORT OF THE TRUSTEES for the year ended 31 March 2023

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2023. The trustees have adopted the provisions of 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).

SERVOL COMMUNITY SERVICES

REPORT OF THE TRUSTEES for the year ended 31 March 2023

OBJECTIVES AND ACTIVITIES

Chief Executive's report

In 2022/23 as reported earlier it was a difficult but productive year, and although our income increased slightly to £2,734,000, so did our costs increase, due to unprecedented inflation rises, the cost of living crisis and the consequent impact on staffing costs.

Highlights

I am delighted that 2022 saw the launch of Beech Tree House, which is our second 8-bed residential home for higher acute mental health and learning disability individuals. We were pleased to offer Jade a stretch opportunity as the acting West Midlands Regional Operations Manager. This year our aim was to raise further funds to develop activities for our service users. We applied for funding from the Lottery Awards for All programme, to develop an internal pilot project, giving service users the tool kit to prevent relapse and we were successful. We also secured a small amount of funding from Livingwell UK for a garden project at Janet Faye House called the Oasis Community Garden Project which we were pleased to receive. We were also successful in attaining funding from Commonweal to undertake a feasibility study to look at the provision of specialist supported accommodation for people with serious mental illness leaving prison.

We have systematised our approach to data management and launched Access in September 2022, which is an effective data management system. In addition to this we have updated our HR systems with Bright HR, an online platform for staff data and rota management. We also introduced the Learning Hub training platform for staff training and development. As a growing organisation we undertook a full governance review of all policy and procedures and introduced new monitoring incident and complaints procedures. We took the opportunity to also review our information governance, IT and health and safety processes ensuring they are fit for purpose. In January 2023 we were successful in attaining ISO 9001 accreditation and Birmingham Supported Exempt accommodation quality standard acquiring bronze accreditation. In March of this year we began the submission tender process for Birmingham City Council framework. We are taking our organisation in stages through a digitalisation process to make the service secure, efficient and robust for the present and future.

Our Strategic Business Plan

In 2022/23 we reviewed our strategic business plan with the Senior Management Team and we began the process of gaining the input of our staff particularly with regards to the strategic objectives. This included an examination of our existing strategic deliverable goals and their impact. Four strategic goals will determine our programmes of work over the next three years. Our commitment to embedding impact practice in our work will provide a framework by which we can judge our success in their delivery. Each goal is supported by a series of deliverable outcomes which specifies the changes we want to see, our priorities for the next three years and how we will achieve them. The priorities identified against the goals are not exhaustive and are likely to evolve as the context changes. Our strategy is underpinned by our Vision Mission and Values which drives all that we do.

Our Strategic Goals

1) To Provide safe high-quality support to our service users across all our services and strengthen our governance processes in relation to each service.

We will do this by:

- Supporting excellent governance arrangements
- Supporting and developing a flexible workforce
- Continuous development of digital systems and processes

2) We will invest in staff and value our stakeholders, so they recommend Servol as a place to work.

We will do this by:

- Investing in learning and development of our staff by providing high quality, diverse, learning and development opportunities
- Continue to review and develop our policies and look to recruit specialist bespoke roles
- Growing our partnership and networking

SERVOL COMMUNITY SERVICES

REPORT OF THE TRUSTEES for the year ended 31 March 2023

3) Use resources well to ensure we are sustainable

We will do this by:

- Sustaining resources and seeking opportunities to diversify our funding mix.
- Diversifying and expanding our offer of services

4) Identify new contracts to widen our service portfolio and increase the number of bed spaces by at least 5 extra per year.

We will do this by:

- We have begun to open further units in Birmingham, and it is anticipated this will also take place in other areas of the West Midlands
- Engaging in research and engaging to identify need for future services

Public benefit

The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit Charities and Public Benefit. The objectives are met through a variety of activities which are summarised below. Each activity, the beneficiaries and the public benefit are discussed in greater detail in the course of this report.

Strategies

Servol has a clear format for setting its objectives and devising the strategies and activities to meet those objectives which cover:

- A long-term vision and values which sets our improvement and development journey;
- 3-year strategic business plans, the latest being 2021 to 2024, which is reviewed and updated each year; &
- Annual budgets.

SERVOL COMMUNITY SERVICES

REPORT OF THE TRUSTEES for the year ended 31 March 2023

OBJECTIVES AND ACTIVITIES

Performance Review and Achievements 2022/2023

Birmingham Services - Residential Unit Strensham Hill

Janet Faye House is a large two storey house on the corner of Strensham Hill and Edgbaston Road. It is a CQC registered residential home providing accommodation and support for eight adults with acute long term mental health problems. The residents at this unit are settled after a challenging time through the pandemic. One resident has moved on this year after they were assessed as needing a higher level of care.

During the year we changed our service delivery model from staff sleep-ins to waking nights, improving safety for the unit and accessibility to support for our residents. We have been undertaking a programme of refurbishment at Janet Faye House this year with work completed on the bathrooms and toilets to create a better living environment for our residents and ensure we meet IPC requirements.

Our team of Mental Health Recovery Workers support our residents with key life skills and individuals have been engaging in a new activity programme which they have co-produced. Residents' meetings are held regularly, sharing ideas, and ensuring all residents have a forum to speak. The whole team led by the Registered Care Manager are constantly seeking new ways to improve the lives of our residents and are actively seeking funding for new projects.

Beech Tree House

This is a beautiful large three-storey house next door to Janet-Faye House. It is a CQC registered residential home providing accommodation and support for eight adults with acute long term mental health and learning disability problems. The home is not yet fully occupied with three rooms remaining to be occupied but referrals are currently being assessed.

Like Janet-Faye House our team of Mental Health Recovery Workers support our residents with key life skills and getting to know the 'new' residents who have recently moved into the property. Initial feedback from care coordinator social workers is that their clients, who are our service users, feel really settled, with marked improvements in their independence.

Respite Services

Summerfield Crescent and Gillott Road are two large three-storey houses that are next door to each other in Edgbaston. We have 11 rooms, some with ensuite and the service is gender split to male and female. The aim of this service is to prevent the need for hospital admission or facilitate early discharge from hospital back into the community. The service is designed as short stay.

The emphasis at our respite step-up step-down service centers on maintaining and developing independence for people to move back into a community setting as soon as possible. Our team works with individuals to develop their personal action plan for re-integration into the community. This includes practical advice on housing and budgeting as well as the development of social skills with the aim of easing the transition and preventing relapse. This service is evidently much needed, as in a large number of cases we have received referrals in circumstances where we have identified that these individuals would have possibly required an acute bed, but the respite service has prevented this. Our occupancy levels have been consistently over 85% for the whole year and we are proud of this achievement.

100 School Road and Alcester Road Self Contained Supported Living Units

School Road and Alcester Road both provided supported living provision and in total have eighteen self-contained studio flats for both male and female service users living with enduring mental health problems.

Our team works with the service users to develop their skills and capacity to live independently in the community, developing individual person-centred support plans which encourage initiative and goal setting. School Road is CQC registered. Our service users are actively involved in house meetings and engaged with activities in the community including volunteering and education. In-house the residents can access a bright and airy communal area and gardens where they can engage in a supported activity programme or join in regular celebrations; with opportunities to cook together and socialise.

SERVOL COMMUNITY SERVICES

REPORT OF THE TRUSTEES for the year ended 31 March 2023

OBJECTIVES AND ACTIVITIES

Supported Accommodation Units London - Bickersteth Road

This unit consists of nine self-contained flats within a fully supported accommodation scheme. The unit is staffed twenty-four hours per day, by a team of dedicated support workers, and supports adults living with enduring mental health conditions.

Individuals living at Bickersteth have experienced long periods of mental health problems, but our team of Mental Health Recovery Workers support them to develop person-centered action plans with the aim of transitioning to independent living.

Trinity Road

Service users at our 13-bed unit at Trinity Road have had enduring mental illness and the majority of clients are referred directly from the psychiatric units by CPN's or Social Workers and homeless support teams. Servol Trinity scheme is for vulnerable individuals who need some additional support to prepare them to be reintegrated back into the community following a long period of illness while still connected to mental health services and they are assessed. Whilst providing a secure and homely environment at this scheme, the staff work through individually tailored assessments and support plans with clients. Working alongside health care professionals and Social Services, the support team is able to monitor and maintain the mental health of our clients. The team at Trinity have put in place a programme of activities and celebrations which all service users are encouraged to participate in.

Residents' meetings are held regularly, and external speakers are often invited encouraging individuals to engage with the wider community. Sadly, one of our service users passed away in 2022, our staff were offered counselling. Members of the team were able to attend his funeral and say their farewells.

Thurleigh Road

Thurleigh Road Housing Support Service is for people living with long term mental health conditions. The service provides accommodation and support with the purpose of developing the client's capacity to live independently in accommodation or their capacity to do so. The service works with new tenants in their accommodation and provides support staff. The service also has access to a 24 hour on call service (senior manager) for serious incidents and issues and is linked to one of Servol's schemes located in Tooting, Wandsworth. Residents' meetings are held regularly, and external speakers are often invited encouraging individuals to engage with the wider community.

Friend's House

Friend's House is a 12-bed one bedroom flat scheme providing medium support for service users who have experienced mental health problems. This scheme offers lower supported accommodation and is staffed for specific hours with night concierge on site.

Fundraising

Whilst the charity does try and secure additional funding through applications for grants and similar activities, these activities are currently considered to be on a small scale and do not form part of the charity's principal activities. The charity neither participates in publicly marketed fundraising events nor in the active soliciting of donations from members of the general public. Nevertheless, in order to demonstrate best practice, the charity registered with the Fundraising Regulator in 2021 and the trustees will keep the situation under review.

SERVOL COMMUNITY SERVICES

REPORT OF THE TRUSTEES for the year ended 31 March 2023

FINANCIAL REVIEW

The financial statements show total incoming resources of £2.734m (2022: £2.718m).

The principal source of Servol's income is mainly in the form of accommodation fees (rental) and care & support fees towards the cost of the services we provide. Such fees are charged for the provision of residential and supported living accommodation services and are paid by local and health authorities mainly in London and Birmingham, as well as local authorities in Derby, Shropshire and Coventry. Staff costs are by far largest resource and such expenditure for the organisation averages 60% - 65% of total expenditure annually. However, this year's staff costs were over 71% of total revenue. In the year ended 31 March 2023 Servol had a very marginal increase in total income of £15.9k over the financial year ended March 2022. However, total expenditure increased significantly by over £305.1k. Net deficit was £185,279 (2022: surplus £103,850). Total funds carried forward were therefore £471,608 (2022: £656,887).

The performance in the year was, again, the result of very prudent management of ever limiting financial resources as Servol continues to face rising costs in salaries and wages, pensions, rental and other suppliers' costs. We have continued to seek more cost efficient and cheaper alternatives, especially for utilities, by switching where necessary to suppliers who offer cheaper rates. Most of our utility contracts which were bound to 5-year agreements, will be up for renewal before the beginning of the next financial year. We have already secured new agreements at preferred rates, which, while higher than our current rates, are guaranteed to not increase beyond the agreed new prices. Cost reviews are an ongoing process, and this will continue, as the need for constant savings remains.

Reserves policy

The Trustees of Servol have established a reserves policy that reflects the long-term nature of much of the work of the organisation. Servol has a long history of providing residential care and supported living schemes to people experiencing enduring mental health problems. It is the Trustees' intention that Servol should hold a reserve sufficient to allow it to operate effectively for a period of time, given the current practice of most of our contracting bodies making payments in arrears (generally on a four-weekly basis). The objective is that Servol would be able to carry on its work, even if faced with a combination of difficult circumstances, and have the time to adjust its strategy to meet these changing circumstances. The Trustees are mindful that any such reserve needs to be monitored carefully so that funds are not retained unnecessarily, where funds could be otherwise utilised in other income generating financial instruments. The level of any reserves will be reviewed on an annual basis to ensure that it is appropriate to the expected level of income. Should it be identified that the reserve exceeds the agreed level, any excess will be applied to the organisation's charitable purposes.

In the event the reserves fall below its operational costs, immediate measures will be implemented to prevent further loss and we will make every effort to rebuild it. In relation to our reserves policy, Servol is exposed to financial and operational risks, The Trustees assess the risks to which Servol could be exposed and the appropriate systems are in place to mitigate these identified risks.

Servol's major financial risks continue to come from running services with the possibility of high voids and the high use of agency staff.

Free reserves

Free Reserves are those funds available to meet the day-to-day needs of the organisation's work. The Trustees have decided that, given the long-term commitments in the organisation's work, the fragility of external funding for some of its services and the uncertainty of voluntary income and legacies, free reserves should be held for not less than 3 months and not more than 6 months' expenditure.

At the balance sheet date free reserves (which is the excess of unrestricted funds over net funds held as fixed assets) amounted to £165,815 (2022: £364,434), equivalent to nearly one (2022: two) average months' of unrestricted expenditure. The free reserves are still below the reserves policy maximum levels, which is currently £1,450,000 (2022: £1,290,000) based on the average budgeted expenditure for six months. We have steadily been rebuilding our reserves which had been totally depleted a few years ago.

As managers begin to accept being responsible for their own unit's budgets, which are being monitored and regularly checked for accountability, this has resulted in improvements and cost savings all-round. In addition, we received grant funds from both Local authorities in London and Birmingham. Based on our current contract renewals and commitment to the services provided by Servol, as well as plans for future growth and cost improvement, the trustees foresee a bright future and continuous improvement in the building of our reserves.

SERVOL COMMUNITY SERVICES

REPORT OF THE TRUSTEES for the year ended 31 March 2023

PRINCIPAL RISKS AND UNCERTAINTIES

Our Senior Management Team reviews the key risks facing Servol on a regular basis, reporting to our Operations Performance and Safety Committee; and Finance Committee. The Committees have responsibility for reviewing our risk management process and risk register, as well as monitoring progress on strategies to mitigate risks. The Board of Trustees also completes a strategic risk review twice a year. Our risk register records and analyses the primary areas of risk and impact of our operational and financial activities, as well as relevant changes in the external environment. Each risk item is given a score for the likelihood of it happening and the impact it would have, alongside the risk appetite of the organisation and speed with which the risk could escalate. This allows risks to be ranked by priority. Ownership of each risk is assigned to a member of the Senior Management Team, and they ensure mitigation policies and procedures are in place, operated and regularly improved. A positive reporting framework has been introduced in the last 12 months to show how risks are being reviewed and updated regularly and on a timely basis. These policies and procedures include internal controls for safeguarding the charity's assets. They are designed to provide reasonable assurance against incorrect financial information that could have any kind of negative impact on Young Minds. Insurance cover is reviewed annually.

Our key risks right now are:

1. Ensuring appropriate safeguarding for those we support, and our staff

As a charity supporting our service users and safeguarding is absolutely at the heart of everything we do. It is a practical day-to-day consideration in our work. Our safeguarding approach is designed around what's best for our service users. It is developed by understanding the effect on them when they experience any kind of trauma. We are constantly aware of how safeguarding practice needs to evolve to consider new risks and benefit from new insight, especially from people's lived mental health experience. The result is our safeguarding policy and standards are reviewed and updated every year. We always plan to mitigate any risks for those who are in contact with us, both digitally and face-to-face. Annual safeguarding refresher training is mandatory for everyone at Servol. In 2022, our staff undertook refresher training in safeguarding.

2. Managing our data and cyber security

When it comes to data and cyber security, we are fully aware of the huge risk of cybercrime and continue to monitor and enhance our cyber security measures in line with Government and sector guidelines. We are pleased to report that we had no significant data or cyber security issues in 2022-23. But that doesn't mean we're complacent. We are currently preparing to apply for Cyber Essentials certification. And our continued work under Article 30 GDPR with GRCI Law Ltd (our third-party data protection officers) has further improved our data management and informs how we will develop our future data strategies. Alongside the training, we regularly review our systems, policies and procedures to ensure a data privacy-led culture across the organisation and we report quarterly to our Board and Finance Committee.

3. Financial uncertainty affecting growth

The Board of Trustees has agreed to maintain a moderate risk approach to our income forecasts. We will continue with our plans for growth as we continue to try to meet the rising demand for our services, particularly respite and supported housing services. We have settled on a more prudent budget for 2023-24 as we strive for sustainable growth in the face of economic uncertainty in the UK and beyond. The increase in cost of living and downgraded economic growth forecast presents a major risk that we will not achieve a significant growth in income in the short to medium term. This may impact our planned growth beyond 2023-24. We are improving the accuracy of our monthly income and quarterly and 12-month rolling forecasts so we can see any significant changes to forecasted income or expenditure, positive or negative. We can then keep a measured, medium risk approach to our planning, taking advantage of any opportunities that arise in the year. These developments bolster the work to evolve our finance function making us more effective in business partnering internally. We are currently operating in a system where most third sector providers have not had the appropriate increases in their contract financial envelope that takes into consideration all of the cost pressures we have incurred. Negotiations are still underway with some of our commissioners and we are hoping we can reach an agreed positive outcome with regards to future CPI increases. This is a real risk for the organisation considering 60% of the organisation's income received comes from public sector bodies. We remain hopeful that further consideration will be given to the contract value, given costs that are out of our control continue to rise.

4. Making sure we have the systems and infrastructure needed for sustainable growth

In the last financial year, we've done significant work to our organisational infrastructure to make sure Servol is robust and resilient enough to support more service users today and in the future. These include a new Human Resource Information System and building a data management system. Both projects are essential to Servol becoming a data-led organisation. As an organisation, we're committed to outstanding leadership. Last year we established our dedicated leadership development programme. And we continue to look for every opportunity to improve as an organisation.

SERVOL COMMUNITY SERVICES

REPORT OF THE TRUSTEES for the year ended 31 March 2023

Plans for future periods

Making more impact. We aim to support more individuals with serious mental illness. We have witnessed the intensity of the crisis in mental health affecting many parts of the UK and as a society we're not even close to finding sustainable and affordable solutions, that focus on the cause and not the symptoms of what's impacting those experiencing mental illness. The work we do is life-changing, and we have every reason to believe, it can be lifesaving. As demand increases, and complexity of need increases, we need to be confident in our abilities to be ready to have options and solutions available to address this need.

Our ability to expand at scale and widen our footprint is a genuine ambition for Servol. Over the next 12 months our focus will be on income generation and innovation into every area of our work so we can get better support to more people faster than ever. We will develop new services aimed at groups and communities that traditionally find it harder to access support, aiming to build absolute equity in mental health provision.

We will accelerate growth in our digital resources, skills and strategy so we're ready to react more effectively to constant changes. We've made significant improvements in our infrastructure, efficiency, and ability to understand and harness the power of data to make better decisions.

We know the human side of the infrastructure is key to our success. We will continue to invest in highly talented people across all departments in Servol. From those starting their careers to our Senior Management Team and trustees. We welcome and support a diversity of people who are passionate, dedicated and have what it takes. As the world evolves, we constantly monitor the skills and specialisms needed to understand, connect and support every service user in our care with what they're going through. The culture and values that make us who we are - and have got us to where we are - have been instrumental in our impact to date. We are proud of all of our staff at Servol, although this is just the start. We know we need to be more ambitious. Additionally, more effective in delivering the impact we know we can make this year and in the future.

Funds held as custodian

The charity holds cash on behalf of a client as custodian trustee. Further details are given in note 22.

SERVOL COMMUNITY SERVICES

REPORT OF THE TRUSTEES for the year ended 31 March 2023

STRUCTURE, GOVERNANCE AND MANAGEMENT

Structure, governance and management

Constitution

Servol Community Services is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 25 September 1997, as updated 7 August 2019. The charity initially began its work as an unincorporated charity in 1983. The Memorandum of Association sets out the objects and powers of the charitable company which is governed under its Articles of Association.

Recruitment, appointment and training of Trustees

Nominations for trustees have been made by existing trustees and other supporters of the organisation. Servol has also successfully advertised for trustees to replace retiring trustees. Appointments are made by the board with the approval of the chair in line with identified skills gaps in the existing board or through retirement. New trustees undergo a formal induction, managed by the Chief Executive, into their responsibilities, the varied activities and the ethos of the organisation. Professional advice is always made available to the trustees and appropriate trustee training is provided.

Organisational structure

The Board of Trustees has established sub-committees to examine areas of work in more detail and to advise the Senior Management Team and report to the full board. Occasionally the board delegates specific issues and decisions to sub-committees when deemed appropriate. The Board of Trustees sets the strategic direction of Servol and approves annual budgets. Implementation and day to day management is delegated to the Chief Executive and through him to the Senior Management Team. The board constantly reviews its governance structure to ensure that it complies with best practice and is committed to achieving compliance with the Good Governance Code.

Governance and internal controls

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Servol and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of Servol and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

They include:

- A strategic plan and an annual budget approved by the trustees.
- Regular consideration by the trustees of the financial results, variances from budgets, non-financial performance indicators and benchmarking reviews.
- Delegation of authority, segregation of duties and formal supervision structures.

Reputation for safeguarding vulnerable adults

It had been agreed in the previous year that inspected services are still a risk. However, this is no longer the case as revised robust processes have been put in place throughout our services.

Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that Servol has adequate resources to continue in operational existence for the foreseeable future. It therefore continues to adopt the going concern basis in preparing the financial statements.

Key management personnel remuneration

The Trustees consider the Senior Management Team, who are comprised of: the Trustees, CEO, the Director of Services, the London Regional Operations Manager, the Finance and Business Manager and the HR manager as being the key management personnel of Servol, who are in charge of running and operating the charity on a day-to-day basis. The pay of the charity's management team is reviewed annually. The remuneration is bench-marked with other charities of a similar size and activity in the West Midlands area to ensure that the remuneration is fair and not out of line with that paid for similar roles.

SERVOL COMMUNITY SERVICES

REPORT OF THE TRUSTEES for the year ended 31 March 2023

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Company law requires the Trustees to prepare financial statements for each financial. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 Charitable Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable 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 Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charity's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Approved by order of the board of trustees on 31 January 2024 and signed on its behalf by:

G Branch - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SERVOL COMMUNITY SERVICES

Opinion

We have audited the financial statements of Servol Community Services (the 'charitable company') for the year ended 31 March 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable 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 trustees' 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 the charitable company'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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

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 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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SERVOL COMMUNITY SERVICES

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable 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 trustees 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 trustees are responsible for assessing the charitable 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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Independent Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The audit process includes an assessment of the entity's risk environment, through enquiry of and discussion with management and those charged with governance, including an assessment of any key laws and regulations with which the charitable company must comply in the ordinary course of its operations.

Additionally, the overall risks of irregular transactions occurring are assessed following our observations and confirmation of the design and implementation of management's controls. Whilst we are mindful of these risks, our audit focus is geared towards the risk of material misstatement in the financial statements as a whole.

As such, our procedures cannot guarantee that all transactions have been fully compliant with all relevant laws and regulations, including those regulations relating to fraud, as our procedures are not designed to detect all instances of non-compliance. By definition, the risk of our detection of non-compliance is greater where compliance with a law or regulation is removed from the events and transactions reflected in the financial statements. The risk is also greater regarding irregularities due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SERVOL COMMUNITY SERVICES**

Use of our report

This report is made solely to the charitable 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 charitable company's members those matters we are required to state to them in an auditors' 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Gregg Olnier MPhil BA (Hons) FCA (Senior Statutory Auditor)
for and on behalf of Harrison Beale & Owen Limited
Chartered Accountants and Statutory Auditors
Seven Stars House
1 Wheeler Road
Coventry
CV3 4LB

31 January 2024

SERVOL COMMUNITY SERVICES

**STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2023**

	Notes	Unrestricted fund £	Designated fund £	Restricted fund £	2023 Total funds £	2022 Total funds £
INCOME AND ENDOWMENTS FROM						
Charitable activities	5					
Community and residential care		2,663,025	-	39,188	2,702,213	2,684,284
Investment income	4	32,021	-	-	32,021	34,017
Total		<u>2,695,046</u>	<u>-</u>	<u>39,188</u>	<u>2,734,234</u>	<u>2,718,301</u>
EXPENDITURE ON						
Charitable activities	6					
Community and residential care		<u>2,864,726</u>	<u>15,968</u>	<u>38,819</u>	<u>2,919,513</u>	<u>2,614,451</u>
NET INCOME/(EXPENDITURE)						
Transfers between funds	19	(169,680) (28,939)	(15,968) 28,939	369 -	(185,279) -	103,850 -
Net movement in funds		(198,619)	12,971	369	(185,279)	103,850
RECONCILIATION OF FUNDS						
Total funds brought forward		364,434	292,453	-	656,887	553,037
TOTAL FUNDS CARRIED FORWARD		<u>165,815</u>	<u>305,424</u>	<u>369</u>	<u>471,608</u>	<u>656,887</u>

The notes form part of these financial statements

SERVOL COMMUNITY SERVICES

BALANCE SHEET
31 March 2023

	Notes	Unrestricted fund £	Designated fund £	Restricted fund £	2023 Total funds £	2022 Total funds £
FIXED ASSETS						
Tangible assets	12	-	122,514	-	122,514	109,543
Investment property	13	-	182,910	-	182,910	182,910
		<u>-</u>	<u>305,424</u>	<u>-</u>	<u>305,424</u>	<u>292,453</u>
CURRENT ASSETS						
Debtors	14	298,684	-	-	298,684	261,922
Cash at bank and in hand		291,112	-	369	291,481	447,251
		<u>589,796</u>	<u>-</u>	<u>369</u>	<u>590,165</u>	<u>709,173</u>
CREDITORS						
Amounts falling due within one year	15	(396,942)	-	-	(396,942)	(306,585)
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CURRENT ASSETS		<u>192,854</u>	<u>-</u>	<u>369</u>	<u>193,223</u>	<u>402,588</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		192,854	305,424	369	498,647	695,041
CREDITORS						
Amounts falling due after more than one year	16	(27,039)	-	-	(27,039)	(38,154)
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS		<u>165,815</u>	<u>305,424</u>	<u>369</u>	<u>471,608</u>	<u>656,887</u>
FUNDS	19					
Unrestricted funds					471,239	656,887
Restricted funds					369	-
TOTAL FUNDS					<u>471,608</u>	<u>656,887</u>

These financial statements have been prepared in accordance with the provisions applicable to charitable companies subject to the small companies regime.

The financial statements were approved by the Board of Trustees and authorised for issue on 31 January 2024 and were signed on its behalf by:

G Branch - Trustee

The notes form part of these financial statements

SERVOL COMMUNITY SERVICES

**CASH FLOW STATEMENT
for the year ended 31 March 2023**

	Notes	2023 £	2022 £
Cash flows from operating activities			
Cash generated from operations	1	<u>(147,737)</u>	<u>173,729</u>
Net cash (used in)/provided by operating activities		<u>(147,737)</u>	<u>173,729</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		<u>(28,939)</u>	<u>(4,227)</u>
Interest and rent from investments		<u>32,021</u>	<u>34,017</u>
Net cash provided by investing activities		<u>3,082</u>	<u>29,790</u>
Cash flows from financing activities			
Loan repayments in year		<u>(11,115)</u>	<u>(1,846)</u>
Net cash used in financing activities		<u>(11,115)</u>	<u>(1,846)</u>
		<u> </u>	<u> </u>
Change in cash and cash equivalents in the reporting period		(155,770)	201,673
Cash and cash equivalents at the beginning of the reporting period		<u>447,251</u>	<u>245,578</u>
Cash and cash equivalents at the end of the reporting period		<u><u>291,481</u></u>	<u><u>447,251</u></u>

The notes form part of these financial statements

SERVOL COMMUNITY SERVICES

**NOTES TO THE CASH FLOW STATEMENT
for the year ended 31 March 2023**

1. RECONCILIATION OF NET (EXPENDITURE)/INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2023 £	2022 £
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(185,279)	103,850
Adjustments for:		
Depreciation charges	15,968	20,068
Interest and rent from investments	(32,021)	(34,017)
(Increase)/decrease in debtors	(36,762)	125,691
Increase/(decrease) in creditors	90,357	(41,863)
	<u> </u>	<u> </u>
Net cash (used in)/provided by operations	(147,737)	173,729
	<u> </u>	<u> </u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.22 £	Cash flow £	At 31.3.23 £
Net cash			
Cash at bank and in hand	447,251	(155,770)	291,481
	<u> </u>	<u> </u>	<u> </u>
	447,251	(155,770)	291,481
	<u> </u>	<u> </u>	<u> </u>
Debt			
Debts falling due within 1 year	(10,000)	-	(10,000)
Debts falling due after 1 year	(38,154)	11,115	(27,039)
	<u> </u>	<u> </u>	<u> </u>
	(48,154)	11,115	(37,039)
	<u> </u>	<u> </u>	<u> </u>
Total	399,097	(144,655)	254,442
	<u> </u>	<u> </u>	<u> </u>

The notes form part of these financial statements

SERVOL COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2023

1. GENERAL INFORMATION

Servol Community Services is a charitable company limited by guarantee, incorporated and domiciled in England and Wales and registered with Companies House and the Charity Commission. The charitable company's principal place of business and registered office is 51 Pinfold Street, Birmingham, England, B2 4AY.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Servol Community Services meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

Company status

The charitable company is a company limited by guarantee. The members of the charitable company are the Trustees named in the Report of the Trustees. In the event of the charitable company being wound up, the liability in respect of the guarantee is limited to £1 per member of the charitable company.

Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for the 12 months from authorising these financial statements and concluded that the charity has adequate resources to continue operating as a going concern.

Income

All income is recognised once the Charitable Company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Support costs are those costs incurred directly in support of expenditure on the objects of the company. Governance costs are those incurred in connection with administration of the charitable company and compliance with constitutional and statutory requirements.

SERVOL COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2023

2. ACCOUNTING POLICIES - continued

Expenditure

All expenditure is inclusive of irrecoverable VAT.

Tangible fixed assets and depreciation

Tangible fixed assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives on the following bases: using the straight-line and reducing balance methods

Long-term leasehold property - over the lease term

Fixtures and fittings - 10% reducing balance

Office equipment - 33% straight line

Investment property

Investment property is carried at fair value determined annually by either external valuers or the trustees and is derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any differences in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Financial Activities.

Fund accounting

General funds can be used in accordance with the charitable objectives at the discretion of the trustees in furtherance of the general objectives of the Charitable Company and which have not been designated for other purposes.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Pensions

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Debtors

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

Cash at bank and in hand

Cash at bank and 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.

Liabilities

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of settlement can be estimated reliably.

SERVOL COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2023

2. ACCOUNTING POLICIES - continued

Liabilities are recognised at the amount that the Charitable Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Financial instruments

The Charitable 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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Operating leases

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Charitable Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical areas of judgement:

Depreciation

Depreciation is charged against assets so as to write them down to their residual value at the end of their useful lives. At each reporting date the Charitable Company assesses whether there is any indication of impairment or deviation from the expected useful lives. If such indication exists, the recoverable amount of the asset is determined to be the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Provision for doubtful debts

The Charitable Company provides against debts based on the ageing of the debts and the circumstances surrounding the recovery on a case-by-case basis. Large potential bad debts are referred to the Trustees and specific provisions introduced from a prudent review of after date events and correspondence.

SERVOL COMMUNITY SERVICES

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 March 2023**

4. INVESTMENT INCOME

	2023	2022
	£	£
Rents received	20,439	23,169
Deposit account and other interest	974	240
Management fee	10,608	10,608
	<u>32,021</u>	<u>34,017</u>

5. INCOME FROM CHARITABLE ACTIVITIES

		2023	2022
	Activity	£	£
Local authority	Community and residential care	2,222,397	2,089,783
CCG/ ICB	Community and residential care	440,563	418,750
Government grants receivable	Community and residential care	39,253	175,751
		<u>2,702,213</u>	<u>2,684,284</u>

6. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Support costs (see note 7) £	Totals £
Community and residential care	<u>2,773,349</u>	<u>146,164</u>	<u>2,919,513</u>

7. SUPPORT COSTS

	Management £	Other £	Totals £
Community and residential care	<u>134,993</u>	<u>11,171</u>	<u>146,164</u>

8. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2023	2022
	£	£
Depreciation - owned assets	15,968	20,068
Auditor's remuneration - audit	8,000	8,200
Payments under operating leases	<u>20,000</u>	<u>-</u>

SERVOL COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2023

9. TRUSTEES' REMUNERATION AND BENEFITS

During the year, in accordance with the provisions of the Charity's articles of association, four (2022: two) of the Trustees received remuneration for their services to the organisation and attendance at board meetings. In the prior year, the Chair also received a salary for having acted as Interim Chief Executive Officer between December 2021 and February 2022. The total value of Trustees' remuneration was as follows:

Name	Remuneration type	2023 £	2022 £
G Branch	Board remuneration	4,900	3,500
	Salary as Interim CEO	-	4,810
V Taylor	Board remuneration	3,900	2,500
A Grant	Board remuneration	2,500	-
K Jackson	Board remuneration	2,500	-

During the year, expenses totalling £234 (2022: £243) were reimbursed or paid directly to 1 trustee (2022: 1 trustee) for telecommunication costs.

10. STAFF COSTS

	2023 £	2022 £
Wages and salaries	1,775,562	1,495,032
Social security costs	157,827	132,508
Pension costs	34,597	28,851
	<u>1,967,986</u>	<u>1,656,391</u>

The average monthly number of employees during the year was as follows:

	2023	2022
Administration	9	7
Care and support	75	68
	<u>84</u>	<u>75</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2023	2022
£60,001 - £70,000	<u>1</u>	<u>-</u>

Key management personnel comprises the Trustees, CEO and Senior Management Team.

Aside from the trustees, the key management personnel during the year to 31 March 2023 comprised:-

P Gayle - CEO
G Brooke - Head of Services
K Monero - London Regional Operations Manager
M James - Finance and Business Development Manager
H Elmore - HR manager

From April 2023, J McMillan became part of the Senior Management Team.

SERVOL COMMUNITY SERVICES

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 March 2023**

10. STAFF COSTS - continued

Remuneration and benefits received by the key management personnel during the year amounted to £281,045 (2022: £211,121).

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Designated fund £	Total funds £
INCOME AND ENDOWMENTS FROM			
Charitable activities			
Community and residential care	2,684,284	-	2,684,284
Investment income	34,017	-	34,017
Total	<u>2,718,301</u>	<u>-</u>	<u>2,718,301</u>
 EXPENDITURE ON			
Charitable activities			
Community and residential care	<u>2,594,383</u>	<u>20,068</u>	<u>2,614,451</u>
 NET INCOME/(EXPENDITURE)	123,918	(20,068)	103,850
Transfers between funds	<u>(4,227)</u>	<u>4,227</u>	<u>-</u>
Net movement in funds	119,691	(15,841)	103,850
 RECONCILIATION OF FUNDS			
Total funds brought forward	244,743	308,294	553,037
 TOTAL FUNDS CARRIED FORWARD	<u><u>364,434</u></u>	<u><u>292,453</u></u>	<u><u>656,887</u></u>

12. TANGIBLE FIXED ASSETS

	Long leasehold £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 April 2022	196,783	27,892	78,585	303,260
Additions	<u>-</u>	<u>28,083</u>	<u>856</u>	<u>28,939</u>
At 31 March 2023	<u>196,783</u>	<u>55,975</u>	<u>79,441</u>	<u>332,199</u>
 DEPRECIATION				
At 1 April 2022	112,362	12,975	68,380	193,717
Charge for year	<u>6,198</u>	<u>1,810</u>	<u>7,960</u>	<u>15,968</u>
At 31 March 2023	<u>118,560</u>	<u>14,785</u>	<u>76,340</u>	<u>209,685</u>
 NET BOOK VALUE				
At 31 March 2023	<u><u>78,223</u></u>	<u><u>41,190</u></u>	<u><u>3,101</u></u>	<u><u>122,514</u></u>
At 31 March 2022	<u><u>84,421</u></u>	<u><u>14,917</u></u>	<u><u>10,205</u></u>	<u><u>109,543</u></u>

SERVOL COMMUNITY SERVICES

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 March 2023**

13. INVESTMENT PROPERTY

	£
FAIR VALUE	
At 1 April 2022	
and 31 March 2023	182,910
NET BOOK VALUE	
At 31 March 2023	182,910
At 31 March 2022	182,910

The property was valued by the Board of Trustees at 31 March 2023.

The historical cost of the property is £300,000 (2022: £300,000).

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	2022 £
Trade debtors	212,328	240,158
Other debtors	19,800	-
VAT	23,798	-
Prepayments and accrued income	42,758	21,764
	298,684	261,922

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	2022 £
Bank loans and overdrafts (see note 17)	10,000	10,000
Trade creditors	107,951	69,542
Social security and other taxes	36,486	4,291
Other creditors	77,979	43,565
Accruals and deferred income	164,526	179,187
	396,942	306,585

	2023 £	2022 £
Deferred income		
Deferred income at 1 April 2022	86,274	106,326
Resources deferred during the year	88,207	86,274
Amounts released from previous periods	(86,274)	(106,326)
	88,207	86,274

Deferred income represents service user income billed in advance.

SERVOL COMMUNITY SERVICES

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 March 2023**

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2023	2022
	£	£
Bank loans (see note 17)	<u>27,039</u>	<u>38,154</u>

17. LOANS

An analysis of the maturity of loans is given below:

	2023	2022
	£	£
Amounts falling due within one year on demand:		
Bank loans	<u>10,000</u>	<u>10,000</u>
Amounts falling between one and two years:		
Bank loans - 1-2 years	<u>10,000</u>	<u>10,000</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>17,039</u>	<u>28,154</u>

The charitable company received a £50,000 bounce back loan in February 2021. The loan is repayable in equal instalments beginning in March 2022. The interest rate is fixed at 2.5% over the term of the loan, with the first 12 months of interest being paid by the UK Government.

18. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2023	2022
	£	£
Within one year	30,000	-
Between one and five years	<u>25,000</u>	<u>-</u>
	<u>55,000</u>	<u>-</u>

19. MOVEMENT IN FUNDS

	At 1.4.22	Net movement	Transfers	At
	£	in funds	between	31.3.23
		£	funds	£
Unrestricted funds				
General fund	364,434	(169,680)	(28,939)	165,815
Designated fund	292,453	(15,968)	28,939	305,424
	<u>656,887</u>	<u>(185,648)</u>	-	471,239
Restricted funds				
Projects fund	-	369	-	369
TOTAL FUNDS	<u>656,887</u>	<u>(185,279)</u>	<u>-</u>	<u>471,608</u>

SERVOL COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2023

19. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	2,695,046	(2,864,726)	(169,680)
Designated fund	-	(15,968)	(15,968)
	<u>2,695,046</u>	<u>(2,880,694)</u>	<u>(185,648)</u>
Restricted funds			
Projects fund	39,188	(38,819)	369
	<u>39,188</u>	<u>(38,819)</u>	<u>369</u>
TOTAL FUNDS	<u><u>2,734,234</u></u>	<u><u>(2,919,513)</u></u>	<u><u>(185,279)</u></u>

Comparatives for movement in funds

	At 1.4.21 £	Net movement in funds £	Transfers between funds £	At 31.3.22 £
Unrestricted funds				
General fund	244,743	123,918	(4,227)	364,434
Designated fund	308,294	(20,068)	4,227	292,453
	<u>553,037</u>	<u>103,850</u>	<u>-</u>	<u>656,887</u>
TOTAL FUNDS	<u><u>553,037</u></u>	<u><u>103,850</u></u>	<u><u>-</u></u>	<u><u>656,887</u></u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	2,718,301	(2,594,383)	123,918
Designated fund	-	(20,068)	(20,068)
	<u>2,718,301</u>	<u>(2,614,451)</u>	<u>103,850</u>
TOTAL FUNDS	<u><u>2,718,301</u></u>	<u><u>(2,614,451)</u></u>	<u><u>103,850</u></u>

General fund

The general unrestricted fund represents the free funds of the charity which are not designated for particular purposes.

Designated fund

The designated unrestricted fund comprises reserves invested in fixed assets and investment property. Any changes in the carrying value of the underlying assets are dealt with through income, expenditure or fund transfers, as appropriate.

SERVOL COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2023

19. MOVEMENT IN FUNDS - continued

Restricted fund

The Projects fund relates to amounts which have been used in accordance with restrictions imposed by donors or funds which have been raised by the charity for specific purposes, either directly for, or in support of, its main charitable activities.

20. EMPLOYEE BENEFIT OBLIGATIONS

The charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The pension cost charge represents contributions payable by the charitable company to the fund and amounted to £34,597 (2022: £28,851). Contributions totalling £8,000 (2022: £6,301) were payable to the fund at the balance sheet date and are included in creditors.

21. RELATED PARTY DISCLOSURES

P Gayle, CEO of the charity, is also Chair of Birmingham and Solihull Mental Health Foundation Trust (BSMHFT). As a charity, Servol Community Services in turn has a contract with BSMHFT.

BSMHFT work in partnership with The Integrated Care Board (ICB) as part of the Birmingham and Solihull Integrated Care System (ICS), which brings together the local NHS, councils and the voluntary, community and faith sector to achieve better outcomes for citizens across the area. Together, all of the ICS's partner organisations work in collaboration, building further on what has been achieved through integrated working so far.

The value of the contract to deliver services was £434,455 in 2022/23 (2021/22: £418,571).

Other than the transactions above and the trustee related transactions as shown in the preceding notes, there were no other related party transactions for the year ended 31 March 2023.

22. AMOUNTS HELD AS CUSTODIAN TRUSTEE

The charity holds funds of £100,709 (2022: £89,549) on behalf of a client as custodian trustee. This amount is held in a separate bank account and is not included in the balance sheet of the charity.

SERVOL COMMUNITY SERVICES

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2023**

	2023 £	2022 £
INCOME AND ENDOWMENTS		
Investment income		
Rents received	20,439	23,169
Deposit account and other interest	974	240
Management fee	10,608	10,608
	32,021	34,017
Charitable activities		
Local authority	2,222,397	2,089,783
CCG/ ICB	440,563	418,750
Government grants receivable	39,253	175,751
	2,702,213	2,684,284
Total incoming resources	2,734,234	2,718,301
EXPENDITURE		
Charitable activities		
Staff costs	1,967,986	1,656,391
Travel and transport	12,973	2,172
Property costs	536,377	485,615
Office costs	61,188	53,101
Depreciation	15,968	20,068
Postage and stationery	13,858	17,666
Sundries	11,104	7,162
Office and computing costs	11,021	13,981
Telephone	15,579	21,830
Agency staff and training	95,745	139,113
Food, cleaning and laundry	31,550	26,866
	2,773,349	2,443,965
Support costs		
Management		
Office costs	10,026	12,426
Insurance	34,755	32,629
Bad debts	42,565	38,771
Recruitment expense	11,787	15,288
Room hire	5,524	11,019
Advertising	2,043	1,042
Bank charges	818	827
Legal and professional fees	27,475	39,918
	134,993	151,920
Other		
Governance costs	11,171	18,566

This page does not form part of the statutory financial statements

SERVOL COMMUNITY SERVICES

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2023**

	2023 £	2022 £
Total resources expended	<u>2,919,513</u>	<u>2,614,451</u>
Net (expenditure)/income	<u><u>(185,279)</u></u>	<u><u>103,850</u></u>

This page does not form part of the statutory financial statements