

SERVOL COMMUNITY SERVICES
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

SERVOL COMMUNITY SERVICES
(A company limited by guarantee)

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SERVOL COMMUNITY SERVICES
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITABLE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2020

Trustees	G Branch, Chair L Bugby (resigned 31 July 2019) J Roberts V Taylor L Found (appointed 11 February 2021) A Grant (appointed 26 July 2019) K Jackson (appointed 5 March 2020) R Smith (appointed 5 March 2020)
Company registered number	03470752
Charity registered number	1125896
Registered office	51 Pinfold Street Birmingham England B2 4AY
Company secretary	P Gayle
Chief executive officer	P Gayle
Senior management team	K Monero - London Regional Operations Manager C Leek - Birmingham Operations Manager (to July 2019) M James - Finance and Business Manager
Independent auditor	MHA MacIntyre Hudson Chartered Accountants and Registered Auditor Statutory Auditors Rutland House 148 Edmund Street Birmingham B3 2FD
Bankers	Barclays Bank Plc 351-359 Soho Road Birmingham B21 9SE

SERVOL COMMUNITY SERVICES
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CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

The chairman presents his statement for the year.

Servol Community Services focus in this financial year was to ensure we retain our existing services and look to develop new ones.

This was a challenging year for the organisation in many ways, however, we have retained all our existing contracts in both London and Birmingham, and we were successful in securing a 3-year contract with Walsall Borough Council providing supported accommodation to people with mental health complex needs. We have continued a strong relationship, with Wandsworth Health and Social Care and South West London & St George Mental Health Trust for all our London services, receiving referrals from both the City Council Housing Allocation Group team and St George Mental Health Trust. Our staff have worked hard maintaining a productive close working relationship with our partners in both London and Birmingham. It is also reassuring to note that we have achieved full occupancy levels in our residential service.

We continue our journey to deliver our strategic business plan with our focus being delivering safe good care, quality, placing our service users at the center of everything we do. We have achieved 100% 'Good' rating with the Care Quality Commission regulated services within Servol although we are in the process of de-registering our supported living services as CQC inspector team no longer feel these services fit the criteria of providing 'Personal Care'. We have maintained our Investors in People Award and we are aspiring to achieve a higher level. As mentioned previously we are pleased that we have retained all our existing contracts, achieving 88% occupancy levels, and supporting 86 new service users.

Staff retention levels sustained above sector industry benchmark levels. Yet, this was a challenging year with regards to recruiting staff. There was a significant reliance on agency staff in both Birmingham and London, causing the organisation's spend to spiral. This was due to exceptional circumstances that were quite concerning for the Board and wider organisation. Although, in the final quarter of this financial year (2019) the HR manager and our service managers were able to curtail spend and recruit bank and substantive staff which helped to resolve the concerning issues. There were a few other areas of spend which also occurred in this financial year that were unforeseen and required additional use of our stretched resources. Due to this unexpected expenditure, it resulted in the organisation producing a loss. Nevertheless, it has been imperative for Servol to quickly address this issue and put cost improvement measures in place, providing assurance to the Board that going forward the issue around sufficient appropriate staffing no longer presented a significant risk to Servol Community Services. The Board were assured that spend had been significantly reduced and indeed within the first quarter of the following year we have already witnessed encouraging signs of zero spend on agency and recruitment of both substantive and bank staff has been successful.

The Board of Trustees continue to show a high level of commitment and dedication to the organization and I am sincerely grateful for their time. We have seen two Trustees leave the organisation but we have recruited an additional Trustee and are looking to recruit further Board members. This year we opened another unit in Alcester Road, South Maypole in Birmingham. This is a 9-unit self-contained bedsit accommodation, and we were pleased to have this unit almost at full occupancy in the first two months of opening. During this year we recruited two new managers in London, following the departure of previous managers due to securing alternative roles outside of the business.

At Servol Community Services it is our belief that those who are vulnerable and require our support to live independent lives should be provided with as much support as possible to enable them to aspire to achieve the dreams they have for their lives. The Board of Trustees will continue to monitor the high-level risks, that are faced particularly whilst experiencing this global pandemic. The organisation is fortunate that the pandemic has not affected our ability to provide this much needed service and we will continue to perform from a position of strength.

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CHAIRMAN'S STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

Chairman
Date: 24 March 2021

SERVOL COMMUNITY SERVICES
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2020

The Trustees present their annual report together with the audited financial statements of the Charitable Company for the year 1 April 2019 to 31 March 2020. The Annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

Since the Charitable Company qualifies as small under section 382 of the Companies Act 2006, the Strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Objectives and activities

a. Policies and objectives

The Objects for which the Company is established are the promotion of any charitable purpose for the benefit of the inhabitants of the City of Birmingham, nationally and internationally and in particular the advancement of education; the protection of health; the relief of poverty, distress and sickness and in the interests of social welfare to provide or assist in the provision of facilities for the recreation of leisure time occupation of the said inhabitants with the object of improving their condition of life.

To accomplish our objectives, we set ourselves challenging targets, which are in line with our strategic delivery plan as set out in our 3 year forward planning which is reviewed regularly by the Board to ensure we remain on course and have the sufficient resources available to support our plans.

The Trustees consider how planned activities will contribute to meeting the objectives they have set. We have demonstrated how Servol delivers its principal charitable objective, to promote the safety and support and care of our service users. The Trustees consider this by providing services that support and empower our service users. By providing services that support and empower those who have experienced mental health problems will only improve the lives of those we serve. Servol assists some of the most vulnerable service users with mental health problems to reach their full potential to the benefit of society as well as to the benefit of the beneficiaries themselves.

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

Achievements and performance

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

Achievements and performance (continued)

a. Main achievements of the Charitable Company

At the end of this financial year, we have faced some setbacks due to COVID which will be expanded on in our 2020/21 audited accounts.

1. Safe, Good Standard of Care

Provide a good standard and quality of care and support to our service users.

Targets were set for each service to allow them to demonstrate and evidence improvements made that are relevant to their service area which were achieved.

2. Well Trained Staff

This year our staff in Birmingham were all trained and received certification on mental health first aid and maintaining the key core mandatory training and this was the case for our London staff also. We are pleased to announce that 95% of our staff has embarked on continuous professional development and it is our endeavor to continue this year on year training all our staff in Recovery Star training.

3. High Standard of Accommodation

Ensure our services are provided from buildings fit for purpose and at a high standard. This year we refurbished most of our services and we are continuing to improve our homes and upgrade them in line with our strategic plan.

4. Effective, Engaged Organisation

Effective engaged organisation will reinforce all we are striving to achieve. We will develop our workforce, promote training, and make best use of resources to drive improvements in all areas of the business. This is a continual progression to ensure all is engaged from our service users to the staff.

b. COVID 19

The global pandemic affected several services. It was important for our services to be maintained and protected as much as possible. All our services were identified as essential services and therefore, our commissioners made sure we had all of the necessary PPE equipment we needed. We were fortunate that we were not impacted by the pandemic greatly. All our staff worked tirelessly, and we are appreciative for their dedication and hard work during this time. Our services remained safe and well and continue to do so.

c. Fundraising activities

Plans had been arranged to organise a fundraising event in conjunction with Barclays Bank to take place, but this was postponed. However, due to the pandemic we were unable to plan any fundraising events as our focus was mainly on maintaining our services and keeping both staff and service users safe.

Financial review

a. Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Charitable Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

Financial review (continued)

b. Reserves policy

It is the Trustees intention that Servol Community Services should hold a reserve sufficient to allow it to operate effectively for a period given the current practice of contracting bodies making payments in arrears (generally per quarter). The objective is that Servol Community Services 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 carefully monitored so that funds are not retained unnecessarily. 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 access 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.

Current free reserves (excluding fixed assets and investment property) stand at £111,868.

Servol Community Services is exposed to financial and operational risks. The Trustees assess the risks to which Servol Community Services could be exposed and the appropriate systems are in place to mitigate these identified risks. Servol Community Services' major financial risks continues to come from running services with voids and the possibility long term contracts being re-tendered in the future. The systems of control are now robust and these now provide assurance to the board albeit not full assurance against material misstatement or loss. Servol Community Services intends where necessary to implement further systems and procedures if and when new risks are identified.

c. Overall financial health

Throughout 2019-20 and seeing ahead, Servol Community Services has positively secured an increase in our income to support its charitable activities (from £2,022,474 to £2,265,055) and deliver its objectives in accordance with the business plan. The current public sector funding situation with regards reduced contract levels appears quite stable mainly due to our services being deemed as essential services notwithstanding, the Trustees have in place contingency arrangements to minimise the effect on our charitable activities should our income be adversely affected.

2019/20 audited accounts

The audited accounts have revealed a loss of £41K which represents approximately 10% of unrestricted funds.

The Trustees approve that the company accounts comply with the statutory requirements of the Articles of Association and the requirements of the Statement of Recommended Practice on Accounting and Reporting by Charities (SORP 2015). The Trustees believe that Servol Community Services has sufficient resources to continue in business for the foreseeable future and therefore, it does hold the view of retaining the going concern basis in preparing the accounts.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

Financial review (continued)

d. Internal control and risk management

Servol Community Services' Board of Trustees have the responsibility for ensuring the organisation has in place the appropriate systems of financial and non-financial controls in order to provide sufficient assurance that the Charity is operating competently and effectively; its' assets are safeguarded against unauthorised use or disposition; proper records are maintained; financial and operational information used within the Charity or for publication is reliable and Servol Community Services complies with relevant laws and regulations.

The key components of Servol Community Services' internal control and risk management environment include the following:

- A documented framework of delegated authority with procedures for reporting decisions
- Approved business plan and annual budget against which progress is reported on a regular basis, including monthly financial reporting of actual results compared with budgets and forecasts.
- Policies on whistleblowing and reporting in relation to safeguarding vulnerable adults, health and safety and complaints to ensure compliance with statutory requirements.
- Formal consideration by the Board of annual governance statement in which the effectiveness of the charity's financial and operational internal controls has been reasonably reviewed against objective. This process complies with the Charity Commission's recommended practice.

A formal risk management process (risk register) is in operation across the Charity, culminating in a Corporate Risk Register where Trustees and senior managers jointly identify top-level business risks, their likelihood and impact and the consequent actions necessary to manage those risks. This procedure follows good practice approaches and guidance.

Structure, governance and management

a. 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. The charity initially began its work as an unincorporated charity in 1983.

The company was established under a Memorandum of Association, which sets out the objects and powers of the charitable company and is governed under its Articles of Association.

b. Methods of appointment or election of Trustees

The organisation is a charitable company limited by guarantee. The Charity is governed by a Board of Trustees, who are the Directors of the Company. Board members are recruited through open advertisement in the local press, all being interviewed by existing Board members. We also recruit by co-opting people with a skill set to support the function and objectives of the Board. The criteria for selection are an interest in mental ill health or offender management and learning disability, plus additional skills defined by existing Board members, using guidance provided by the Charity Commission.

All members of the Board of Trustees give their time voluntarily and receive a small one-off remuneration awarded after 12 months of service in line with Servol Community Trust governing documents.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

Structure, governance and management (continued)

c. Organisational structure and decision-making policies

Servol Community Services' Board of Trustees is led by a competent team of individuals who are fully committed to the charity's development and sense of purpose. They are determined to strengthen and utilise the charity's resources to maximise services to the community. The Board has guided the organisation to a positive financial position. The Board is fully committed to the goals of the charity and are keen to see it take a more dynamic role in the community. The Board comprises of individuals who have overall responsibility for the strategic direction; the Chair of the Board and five Trustees. The Trustees bring knowledge and expertise in HR, finance, academia, housing, and governance. The composition of the Board also has diversity in gender and ethnicity reflecting the client group with whom we work. Day to day management falls within the remit of the Chief Executive Officer (CEO) who also acts as company secretary.

The board were unable to hold its annual Away Day but do have plans in the forthcoming year to hold one to discuss strategic business planning.

The Board meets four times each year with additional subcommittee meetings being held. These meetings are business meetings that review operational progress, finances, human resources and monitoring key performance indicators. The Board also meets for strategic review and planning. The Trustees employ a Chief Executive and Regional Manager for London services, Operational Manager for Birmingham, Finance and Business Manager and HR Manager to ensure the effective leadership and management of the organisation.

d. Policies adopted for the induction and training of Trustees

Trustees receive Induction Training and are encouraged to visit all our projects in both Birmingham and London. Further training is provided on an ad hoc basis as necessary. A Board of Trustees pack consisting of detailed information of the role and history of the organisation and national information on Trustees roles is contained within the pack. In addition to this it contains a Servol Community Services handbook of all the projects and our Policy file is provided for each Trustee.

e. Pay policy for key management personnel

The Board of Trustees apply a pay policy which is reflective of the sector. The remuneration package for the CEO is determined by the Trustees considering permanent responsibilities and any specific challenges together with any other relevant considerations.

The CEO has delegated authority to set and review appraisal objectives for the wider senior management team and pay reviews will be considered in conjunction with the appraisals with the outcome being reported to the Board annually.

f. Trustees' indemnities

Trustees benefit from indemnity insurance to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the charity.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

Plans for future periods

We will be reviewing our business plan to ensure the direction of travel for the organisation is based on current funding and contract arrangements. The Board recognise that some additions will need to be made to the current plan to reflect where the organisation is and to include 'new' opportunities. The priority remains to extend the reach of our work and to increase our unrestricted income and diversify in service provision.

Acknowledgements

Our financial year ended under challenging times and we are very appreciative of our staff, and management team, for their commitment to the vision of Servol Community Services, despite pressures and organisational and national change. We would like to extend our thanks to our corporate partners, family, friends, and partner organisation's in London and Birmingham. We do look forward to working with you in the future.

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 year. 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 judgments 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.

SERVOL COMMUNITY SERVICES
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

Auditor

The auditor, MHA MacIntyre Hudson, has indicated his willingness to continue in office. The designated Trustees will propose a motion reappointing the auditor at a meeting of the Trustees.

Approved by order of the members of the board of Trustees on 24 March 2021 and signed on their behalf by:

G Branch

SERVOL COMMUNITY SERVICES
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INDEPENDENT AUDITOR'S REPORT 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 2020 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 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; 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 Auditor's 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SERVOL COMMUNITY SERVICES
(CONTINUED)

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 Auditor's report 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 Trustees' report.

We have nothing to report in respect of the following matters in relation to which 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a Strategic report.

SERVOL COMMUNITY SERVICES
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SERVOL COMMUNITY SERVICES
(CONTINUED)

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, 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.

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.

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 Auditor's report.

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 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Helen Blundell LLB FCA FCIE DChA (Senior statutory auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants and Registered Auditor

Statutory Auditors

Rutland House

148 Edmund Street

Birmingham

B3 2FD

25 March 2021

SERVOL COMMUNITY SERVICES
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**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2020**

		Restricted funds 2020 £	Unrestricted funds 2020 £	Total funds 2020 £	As restated Total funds 2019 £
	Note				
Income from:					
Charitable activities	3	-	2,223,591	2,223,591	1,998,632
Investments	4	-	41,464	41,464	23,842
Total income		-	2,265,055	2,265,055	2,022,474
Expenditure on:					
Charitable activities		163	2,306,258	2,306,421	1,963,270
Total expenditure	5	163	2,306,258	2,306,421	1,963,270
Net movement in funds		(163)	(41,203)	(41,366)	59,204
Reconciliation of funds:					
Total funds brought forward		2,362	442,886	445,248	386,044
Net movement in funds		(163)	(41,203)	(41,366)	59,204
Total funds carried forward		2,199	401,683	403,882	445,248

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 18 to 34 form part of these financial statements.

SERVOL COMMUNITY SERVICES
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REGISTERED NUMBER: 03470752

BALANCE SHEET
AS AT 31 MARCH 2020

	Note	2020 £	As restated 2019 £
Fixed assets			
Tangible assets	10	142,014	133,307
Investment property	11	150,000	150,000
		292,014	283,307
Current assets			
Debtors	12	246,786	157,652
Cash at bank and in hand		134,162	204,865
		380,948	362,517
Creditors: amounts falling due within one year	13	(269,080)	(198,441)
Net current assets		111,868	164,076
Total assets less current liabilities		403,882	447,383
Creditors: amounts falling due after more than one year	14	-	(2,135)
Total net assets		403,882	445,248
Charity funds			
Restricted funds	16	2,199	2,362
Unrestricted funds	16	401,683	442,886
Total funds		403,882	445,248

SERVOL COMMUNITY SERVICES
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REGISTERED NUMBER: 03470752

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2020

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

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

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:

G Branch

Trustee

Date: 24 March 2021

The notes on pages 18 to 34 form part of these financial statements.

SERVOL COMMUNITY SERVICES
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	2020 £	As restated 2019 £
Cash flows from operating activities		
Net cash used in operating activities	(75,749)	75,815
Cash flows from investing activities		
Dividends, interests and rents from investments	41,463	23,842
Purchase of tangible fixed assets	(32,756)	(5,767)
Net cash provided by investing activities	8,707	18,075
Cash flows from financing activities		
Repayments of borrowing	(3,661)	(3,661)
Net cash used in financing activities	(3,661)	(3,661)
Change in cash and cash equivalents in the year	(70,703)	90,229
Cash and cash equivalents at the beginning of the year	204,865	114,636
Cash and cash equivalents at the end of the year	134,162	204,865

The notes on pages 18 to 34 form part of these financial statements

SERVOL COMMUNITY SERVICES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

1. Accounting policies

1.1 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 11 Cannon Street, Ingleby House, Birmingham, England, B2 5EN.

1.2 Basis of preparation of 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 2015), 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.

1.3 Company status

The charitable company is a company limited by guarantee. The members of the charitable company are the Trustees named on page 1. 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.

1.4 Fund accounting

General funds are unrestricted funds which are available for use 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 are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charitable Company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

1.5 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.

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

1. Accounting policies (continued)

1.6 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.

All expenditure is inclusive of irrecoverable VAT.

1.7 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 12 months from authorising these financial statements. These considerations have taken into account the impact of COVID 19 on activities. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

1.8 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:

Improvements to leasehold property	- over the lease term
Fixtures and fittings	- 10% on cost per annum
Office equipment	- 33.3% on cost per annum

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

1. Accounting policies (continued)

1.9 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.

1.10 Finance leases and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Charitable Company. Obligations under such agreements are included in creditors, net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of financial activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.11 Operating leases

Rentals paid under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.12 Interest receivable

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

1.13 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.

1.14 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.

SERVOL COMMUNITY SERVICES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

1. Accounting policies (continued)

1.15 Liabilities and provisions

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 the settlement can be estimated reliably.

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.

1.16 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.

1.17 Pensions

The Charitable Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. Critical accounting estimates and areas of judgment

Estimates and judgments 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 assumptions 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.

3. Income from charitable activities

	Unrestricted funds 2020 £	Total funds 2020 £
Community & Residential Care - Local authority	1,804,410	1,804,410
Community & Residential Care - CCG	416,831	416,831
Government grants receivable	2,350	2,350
Total 2020	2,223,591	2,223,591

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

3. Income from charitable activities (continued)

	As restated Unrestricted funds 2019 £	As restated Total funds 2019 £
Community & Residential Care - Local authority	1,667,180	1,667,180
Community & Residential Care - CCG	331,452	331,452
Total 2019 as restated	<u>1,998,632</u>	<u>1,998,632</u>

4. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £
Rents receivable	30,498	30,498
Management fees	10,608	10,608
Deposit account interest	358	358
Total 2020	<u>41,464</u>	<u>41,464</u>

	Unrestricted funds 2019 £	Total funds 2019 £
Rents receivable	23,695	23,695
Deposit account interest	147	147
Total 2019	<u>23,842</u>	<u>23,842</u>

SERVOL COMMUNITY SERVICES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

5. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £
Community & Residential Care	2,101,141	205,280	2,306,421
Total 2020	<u>2,101,141</u>	<u>205,280</u>	<u>2,306,421</u>

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £
Community & Residential Care	1,782,166	181,104	1,963,270
Total 2019	<u>1,782,166</u>	<u>181,104</u>	<u>1,963,270</u>

Analysis of direct costs

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NOTES TO THE FINANCIAL STATEMENTS
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5. Analysis of expenditure by activities (continued)

Analysis of direct costs (continued)

	Total funds 2020 £	Total funds 2019 £
Agency staff and training	116,575	76,766
Business development consultancy	7,538	15,131
Property costs	486,629	447,339
Office costs	17,356	28,855
Telephone	30,807	24,682
Postage and stationery	26,134	23,896
Advertising	1,308	3,447
Sundries	3,783	2,674
Motor and travelling expense	4,469	4,875
Food cleaning & laundry	30,772	26,665
Wages, salaries and pension costs	1,346,810	1,111,712
Depreciation	24,050	15,944
Bad debts write off	4,910	180
	2,101,141	1,782,166

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

5. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2020 £	Total funds 2019 £
Staff costs	114,621	94,419
Recruitment expenses	19,723	12,977
Office costs	13,655	7,531
Room hire	3,276	840
Insurance	21,616	30,893
Bank charges	593	506
Legal and professional fees	16,594	25,384
Governance costs	15,202	8,554
	205,280	181,104

Of the governance costs, £8,000 (2019: £6,761) are attributable to Auditors' remuneration and £7,586 (2019: £1,793) are attributable to Trustees' remuneration and expenses.

6. Net income/(expenditure)

This is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets:		
- owned by the charity	20,388	12,284
- held under finance leases	3,661	3,660

7. Auditor's remuneration

The auditor's remuneration amounts to a fee for the audit of the financial statements of £6,800 (2019: £5,731) and accounts preparation of £1,200 (2019: £1,030).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

8. Staff costs

	2020	2019
	£	£
Wages and salaries	1,314,068	1,100,001
Social security costs	118,696	90,043
Contribution to defined contribution pension schemes	28,667	16,087
	1,461,431	1,206,131

The average number of persons employed by the Charitable Company during the year was as follows:

	2020	2019
	No.	No.
Administration	7	8
Care and support	56	44
	63	52

No employee received remuneration amounting to more than £60,000 in either year.

Key management personnel comprises Trustees and the senior management team. Remuneration and benefits received by key management personnel during the year amounted to £139,583 (2019: £172,332).

Included within wages and salary costs is an amount of £Nil (2019: £6,059) relating to an ex-gratia settlement payment to an employee made during the financial year.

9. Trustees' remuneration

During the year, in accordance with the provisions of the charity's articles of association, two (2019: none) of the Trustees received remuneration of £6,000 for their services to the organisation and attendance at board meetings throughout the year.

Remunerated trustees were:

G Branch	£3,500
V Taylor	£2,500

During the year, expenses totalling £1,586 (2019: £1,793) were reimbursed or paid directly to 3 (2019: 3) trustees for travel, training and meetings.

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**NOTES TO THE FINANCIAL STATEMENTS
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10. Tangible fixed assets

	Improvement to leasehold property £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation				
At 1 April 2019	196,783	14,146	44,252	255,181
Additions	-	10,872	21,884	32,756
At 31 March 2020	196,783	25,018	66,136	287,937
Depreciation				
At 1 April 2019	88,014	8,190	25,670	121,874
Charge for the year	6,199	1,241	16,609	24,049
At 31 March 2020	94,213	9,431	42,279	145,923
Net book value				
At 31 March 2020	102,570	15,587	23,857	142,014
At 31 March 2019	108,769	5,956	18,582	133,307

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2020 £	2019 £
Office equipment	3,661	7,322

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**NOTES TO THE FINANCIAL STATEMENTS
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11. Investment property

	Freehold investment property £
Valuation	
At 1 April 2019	150,000
At 31 March 2020	150,000

The property was formally valued in June 2015 by Marwood Surveyors at a market value of £150,000. The 2020 valuations were made by the Board of Trustees, taking into consideration the current market value and previous formal valuation.

The historical cost of the property is £300,000 (2019: £300,000).

12. Debtors

	2020 £	2019 £
Due within one year		
Trade debtors	214,220	128,454
Prepayments and accrued income	32,566	29,198
	246,786	157,652

13. Creditors: Amounts falling due within one year

	2020 £	As restated 2019 £
Trade Creditors	104,395	68,465
Other taxation and social security	33,639	26,125
Net obligations under finance leases	2,135	3,661
Other creditors	16,563	29,644
Accruals and deferred income	112,348	70,546
	269,080	198,441

Net obligations under finance leases are secured on the assets to which they relate.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

13. Creditors: Amounts falling due within one year (continued)

	2020 £	2019 £
	2020 £	2019 £
Deferred Income		
Deferred income at 1 April 2019	9,100	4,306
Resources deferred during the year	9,310	9,100
Amounts released from previous periods	(9,100)	(4,306)
Deferred income at 31 March 2020	9,310	9,100

Deferred income represents service user income received in advance.

14. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Net obligations under finance leases	-	2,135

15. Prior year adjustments

A prior year adjustment has been made in respect of overpayments of top up fees in the prior period. These amounts were recouped in the year ended 31 March 2020. However, as these overpayments relate to the prior period an adjustment has been made to reduce the income previously recognised in that period and recognise a corresponding creditor.

The adjustment has resulted in a reduction in income from charitable activities and a reduction in the surplus for the year ended 31 March 2019 of £20,643. These overpayments have been recognised within other creditors at 31 March 2019 with a corresponding reduction to the unrestricted funds carried forward at 31 March 2019 of £20,643.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

16. Statement of funds

Statement of funds - current year

	Balance at 1 April 2019 As restated £	Income £	Expenditure £	Balance at 31 March 2020 £
Unrestricted funds				
General Fund	442,886	2,265,055	(2,306,258)	401,683
	<hr/>	<hr/>	<hr/>	<hr/>
Restricted funds				
Capital fund	2,362	-	(163)	2,199
	<hr/>	<hr/>	<hr/>	<hr/>
Total of funds	445,248	2,265,055	(2,306,421)	403,882
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Capital fund

This represents restricted funding in relation to capital items less the associated depreciation.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

16. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 April 2018 £	As restated Income £	Expenditure £	Balance at 31 March 2019 As restated £
Unrestricted funds				
General fund	383,456	2,022,474	(1,963,044)	442,886
Restricted funds				
Capital fund	2,588	-	(226)	2,362
Total of funds	<u>386,044</u>	<u>2,022,474</u>	<u>(1,963,270)</u>	<u>445,248</u>

17. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Restricted funds 2020 £	Unrestricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	2,199	139,815	142,014
Investment property	-	150,000	150,000
Current assets	-	380,948	380,948
Creditors due within one year	-	(269,080)	(269,080)
Total	<u>2,199</u>	<u>401,683</u>	<u>403,882</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior period

	Restricted funds 2019 £	Unrestricted funds As restated 2019 £	Total funds As restated 2019 £
Tangible fixed assets	2,362	130,945	133,307
Investment property	-	150,000	150,000
Current assets	-	362,517	362,517
Creditors due within one year	-	(198,441)	(198,441)
Creditors due in more than one year	-	(2,135)	(2,135)
Total	2,362	442,886	445,248

18. Reconciliation of net movement in funds to net cash flow from operating activities

	2020 £	As restated 2019 £
Net income/expenditure for the period (as per Statement of Financial Activities)	(41,366)	59,204
Adjustments for:		
Depreciation charges	24,049	15,944
Interest and rents from investments	(41,464)	(23,842)
Increase in debtors	(89,134)	(46,081)
Increase in creditors	68,505	66,929
Finance lease costs	3,661	3,661
Net cash provided by/(used in) operating activities	(75,749)	75,815

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**NOTES TO THE FINANCIAL STATEMENTS
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19. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	134,162	204,865
Total cash and cash equivalents	134,162	204,865

20. Analysis of changes in net debt

	At 1 April 2019 £	Cash flows £	At 31 March 2020 £
Cash at bank and in hand	204,865	(70,703)	134,162
Finance leases	(5,796)	3,661	(2,135)
	199,069	(67,042)	132,027

21. Pension commitments

The charitable company operates a defined contributions 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 £28,667 (2019: £16,087). Contributions totalling £5,333 (2019: £2,941) were payable to the fund at the balance sheet date and are included in creditors.

22. Operating lease commitments

At 31 March 2020 the Charitable Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Amounts payable:		
Not later than 1 year	13,654	337,546
Later than 1 year and not later than 5 years	-	13,654
Total	13,654	351,200

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

23. Related party transactions

In the prior year the daughter of the Chief Executive was employed by the charitable company and received remuneration of £8,316.

Expenses of £1,586, were paid on behalf of Trustees' training, travel and meetings during the year (2019: £1,793).

Remuneration totalling £6,000 was paid to two trustees for their services to the organisation and attendance of board meetings during the year (2019: £Nil) as permitted by the constitution.

24. Amounts held as custodian trustee

The charity holds funds of £75,000 (2019: £75,000) 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.