

**NEW SERVOL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2017**

MHA MACINTYRE HUDSON
Chartered Accountants and Registered Auditor
Rutland House
148 Edmund Street
Birmingham
B3 2FD

NEW SERVOL
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2017**

Trustees	L Bugby (appointed 4 August 2015) C E Corlis M Arnett (appointed 15 October 2015) B Banton (resigned 6 February 2017) L Harris M James (resigned 15 May 2017) E Gibbs (resigned 6 December 2015) G Branch
Company registered number	03470752
Charity registered number	1125896
Registered office	235-237 Dudley Road Winson Green Birmingham B18 4EJ
Company secretary	P Gayle
Chief executive officer	P Gayle
Independent auditor	MHA MacIntyre Hudson Chartered Accountants and Registered Auditor Rutland House 148 Edmund Street Birmingham West Midlands B3 2FD

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CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 MARCH 2017

The chairman presents his statement for the period.

NewServol's 3 year business plan came to an end in September 2016 and we are pleased to share that most of our key objectives have been met. We have continued to keep pace with changes in the mental health sector and extending our reach into the communities we serve. I am pleased to report excellent progress in many areas of our strategic delivery plan. Retaining existing services and growing new ones still remains a key objective for NewServol.

We can report that we have been successful in retaining all of our existing contracts and seeking possible opportunities for 'new' developments both in London and Birmingham. Our relationships remain strong, with Wandsworth Health and Social Care and the Mental Health Trusts for our London services at Bickersteth and at Trinity Road and Thurleigh Road, receiving referrals from Wandsworth Borough Council Housing Allocation Group team and St George Mental Health Trust. NewServol's priority is to preserve our close working relationships with our partners in both London and Birmingham. It is our endeavour to foster relationships with other commissioners in other areas across the country. Our residential service maintains its full occupancy levels and we have additional properties through the Empty Homes initiative.

The foundation to ensure we deliver our strategic delivery plan remains our prime focus; the importance to deliver safe good care, quality, service user focussed services and good standard accommodation. We have achieved 100% 'Good' rating across all of our Care Quality Commission regulated services and maintained our Investors in People Award. Our focus on quality has enabled us to achieve our objectives; highlights include: 100% retention of existing contracts, achieving 85% occupancy levels, and supporting 70 new people.

Staff retention levels maintained above sector industry benchmark levels. This year we have been able to sustain and increase our income levels thanks to careful management of our expenditure and as a result we have produced a modest surplus. This is a significant and imperative to helping NewServol continue our essential work. Without exception, these achievements allow us to explore innovative service models that benefit the users of our services.

Our dedicated Board of Trustees have been volunteering their time to visit and often chair staff meetings in both London and Birmingham. The Board have been focussing on Governance and reviewing our processes policies and procedures strengthening the Board in relation to our duty of care and responsibilities with regards to safeguarding and involvement of the people we provide support to. It goes without saying that there continues to be challenges within our sector. The relentless pressure to reduce public expenditure has continued to dictate to a degree all commissioning plans.

This in particular has been a challenge for NewServol with the introduction of the National Living Wage, the values of which we totally support and we are always looking at ways of how we can improve staff remuneration and working conditions. However, we will continue to invest our energies into delivering a safe standard of care, improving quality, being cost effective and investing in our staff.

During the past year staff, in both London and Birmingham, have commenced Recovery Star training ensuring our focus is on a recovery model for service users. We have also commenced the implementation stage of our comprehensive data base which will help us to capture key essential information and trends to enable us to improve and target our work.

Last year we appointed two managers in Birmingham, Andrew Davies Manager over our mental health supported living scheme in Birmingham and David Cookson Manager of our residential home Janet-Faye House in Birmingham. We also had a new manager for Trinity Road, Tooting London who replaced Jo Luke; she left to undertake further academic studies. We also recruited a deputy manager Kingsley Balogun for our London services.

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**CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 MARCH 2017**

At NewServol we believe in our service users irrespective of who they are and their past mental health history. We also believe in those who are vulnerable and require our support to live independent lives and aspire to achieve the dreams they have for their lives. We will encourage our service users to maximise their potential and bring out the best in each person.

The Board of Trustees will continue to monitor the high level risk, that is faced through further cuts and reducing contract values, which remain a significant threat to NewServol and our sector, ensuring we continue to perform from a position of strength..

Name Cyndi E Corlis
Chair

Date 3 October 2017

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2017

The Trustees present their annual report together with the audited financial statements of the charity for the year ended 31 March 2017. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the 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 (FRS 102) (effective 1 January 2015) as amended by Update Bulletin 1 (effective 1 January 2015).

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities published on 16 July 2014. Since the company qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulation 2013 is not required.

Objectives and Activities

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 particularly people of afro-caribbean origin 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.

In order to accomplish our objectives, we set ourselves challenging targets, which are reviewed regularly by the Board to ensure that we remain on course and have the sufficient resources available to support our plans.

Governance

NewServol is a registered charity. Trustees are elected and serve for a term of five years, although this can be extended by up to a maximum of a further two years by mutual agreement. We are recruiting two new members to ensure we have the skills and experience necessary for NewServol's continued success. NewServol operates an open recruitment policy and uses a range of methods to recruit new members. This can include external and internet based advertising and, where specific skills are required, direct approaches. We recognise the responsibilities placed by law on a Trustee and a thorough induction programme is in place for all new Trustees; including meetings with key staff and visits to our services to meet staff and service users. Trustees attend regular briefing sessions, external training and seminars, receive updates on activities within our sector and, have access to relevant publications. The Chair appraises Trustees on an annual basis.

Achievements and performance

Activities for achieving objectives

2013-16 was the first year of a three year business plan that sets out our strategic direction through to September 2016. The plan focuses on key strategic areas where NewServol is able to make the greatest impact on the lives of vulnerable mental health clients and those disadvantaged and develop the services and resources within the organisation. Five key objectives were set, against which we have measured performance at the end of the first year of the plan. The objectives and results are as follows:

1. Safe, Good Standard of Care

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

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2017

Ensuring Targets were set for each service to ensure they focus attention on demonstrating evidence of improvement relevant to their particular service area which has been achieved.

2. Well Trained Staff

Ensure our staff are well trained having every opportunity to develop their knowledge and expertise in the work they carry out. We are pleased to announce that 90% of our staff has embarked on continuous professional development and it is our endeavour to continue this year on year training all our staff in Recovery Star training and QPOP.

3. High Standard of Accommodation

Ensure our services are provided from buildings fit for purpose and at a high standard. This year we began our refurbishment programme across all of our accommodation services. We have upgraded 100% of our properties and know there is still room for improvements but we are pleased with the outcome.

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.

Effective Use of Finances

We will ensure we utilise effective use of public funds and aim to expand our unrestricted funds. We set measures to ensure we deliver value for money. We have made significant progress in this area which has been demonstrated in the effective use of implanting our cost improvement plan and operating in a culture where we can show value for money in all of our services.

Plans for future periods

Plans for 2017-18 newly devised strategic business plan

2017-18 will be the first year of our Strategic Business Plan. 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. This has been reviewed at the recent Boards annual Strategic Away Day.

Public benefit

The Trustees consider how planned activities will contribute to meeting the objectives they have set. We have demonstrated how NewServol 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. The Trustees consider that by providing services that support and empower those who have experienced mental health problems this will only improve the lives of those we serve. NewServol assists some of the most vulnerable service users with mental health to reach their full potential to the benefit of society as a whole as well as to the benefit of the beneficiaries themselves.

Financial review

Reserves and risk management strategy

It is the Trustees intention that NewServol should hold a reserve sufficient enough to allow it to operate effectively for a period of time given the current practice of contracting bodies making payments in arrears

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2017

(generally per quarter). The objective is that NewServol 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.

NewServol is exposed to financial and operational risks. The Trustees assess the risks to which NewServol could be exposed and the appropriate systems are in place to mitigate these identified risks. NewServol's 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 mis-statement or loss. NewServol intends where necessary to implement further systems and procedures if and when new risks are identified

Overall financial health

Throughout 2016-17 and seeing ahead, NewServol has positively secured increase in our income to support its charitable activities and deliver its objectives in accordance with the business plan. The current public sector funding situation with regards reduced contract levels is expected to remain challenging for some time therefore, the Trustees have in place contingency arrangements to minimise the effect on our charitable activities should our income be adversely affected.

2017/18 audited accounts

The audited accounts have revealed a surplus of £19,086 in 2016/2017 (2015/16 deficit (£117,717)). The current year's surplus represents a significant turnaround of £136,803 on last year. Total reserves now stand at £285,331 (2015/16 £266,245) of which £282,451 represents 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 NewServol 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.

Internal control and risk management

NewServol's 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 NewServol complies with relevant laws and regulations.

The key components of NewServol's 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 have been reasonably reviewed against objective. This

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2017

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

Constitution

The company 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.

Leadership and management

NewServol's 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

In 2016 the board had its Away Day, which had a focus on devising and reviewing the strategic business plan for the forthcoming year.

The Organisation

The Charity's main activities are organised in the following terms:

- Respite and Residential care units Birmingham - Operations Manager
- Supported Accommodation units London – Regional Operations Manager
- Learning Disability Scheme
- CEO Head Office
- Finance Manager
- HR Manager

The Board of Trustees delegate the day-day operations of the charity to the CEO. The Trustees work with the CEO to develop the longer-term strategic business and development plan and delegate the responsibility for the implementation of those plans in order to achieve our long-term strategy.

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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2017

information of the role and history of the organisation and national information on Trustees is contained within the pack. In addition to this a NewServol handbook of all the projects and NewServol's Policy file is provided for each Trustee.

Organisational structure and decision making

The Board meets six times each year. 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.

Method 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 no benefits from the charity.

Pay policy for senior staff

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 taking into account 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.

Acknowledgements

NewServol's greatest thanks go to our staff, management and volunteers, for their incredible dedication and extraordinary commitment to the vision of NewServol, despite all the economic pressures and organisational change, and also to NewServol's corporate partners, family, friends and partner organisations in London and Birmingham. You all have the Board's deepest gratitude for everything you do to help us achieve our aim in providing much needed services for our service users. We do look forward to working with you in the future.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2017

Trustees' responsibilities statement

The Trustees (who are also directors of New Servol 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 the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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 charitable company'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 charitable company's auditor is aware of that information.

This report was approved by the Trustees, on 3 October 2017 and signed on their behalf by:

C E Corlis
Trustee

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW SERVOL

We have audited the financial statements of New Servol for the year ended 31 March 2017 set out on pages 12 to 25. 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).

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 opinion we have formed.

Respective responsibilities of Trustees and auditor

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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 2017 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW SERVOL

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 Trustee's Report.

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.

Helen Blundell 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

West Midlands

B3 2FD

3 October 2017

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**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Income from:					
Charitable activities	3	1,537,870	-	1,537,870	1,261,661
Investments	2	11,246	-	11,246	14,181
Total income		<u>1,549,116</u>	<u>-</u>	<u>1,549,116</u>	<u>1,275,842</u>
Expenditure on:					
Charitable activities		1,525,764	3,850	1,529,614	1,393,559
Total expenditure	6	<u>1,525,764</u>	<u>3,850</u>	<u>1,529,614</u>	<u>1,393,559</u>
Net income / (expenditure) before transfers		23,352	(3,850)	19,502	(117,717)
Transfers between Funds	14	24,508	(24,508)	-	-
Net income / (expenditure) before other recognised gains and losses		<u>47,860</u>	<u>(28,358)</u>	<u>19,502</u>	<u>(117,717)</u>
Net movement in funds		47,860	(28,358)	19,502	(117,717)
Reconciliation of funds:					
Total funds brought forward		235,007	31,238	266,245	383,962
Total funds carried forward		<u>282,867</u>	<u>2,880</u>	<u>285,747</u>	<u>266,245</u>

The notes on pages 15 to 25 form part of these financial statements.

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REGISTERED NUMBER: 03470752

BALANCE SHEET
AS AT 31 MARCH 2017

	Note	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	10	138,346		150,945	
Investment property	11	150,000		150,000	
			<u>288,346</u>	<u>300,945</u>	
Total tangible assets			288,346		300,945
Current assets					
Debtors	12	60,634		42,940	
Cash at bank and in hand		56,423		8,000	
		<u>117,057</u>		<u>50,940</u>	
Creditors: amounts falling due within one year	13	(119,656)		(85,640)	
Net current liabilities			(2,599)		(34,700)
Net assets			<u>285,747</u>		<u>266,245</u>
Charity Funds					
Restricted funds	14		2,880		31,238
Unrestricted funds	14		282,867		235,007
			<u>285,747</u>		<u>266,245</u>
Total funds					

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

The financial statements were approved and authorised for issue by the Trustees on 3 October 2017 and signed on their behalf, by:

C E Corlis
Trustee

The notes on pages 15 to 25 form part of these financial statements.

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	16	37,177	(74,885)
Cash flows from investing activities:			
Dividends, interest and rents from investments		11,246	14,181
Purchase of tangible fixed assets		-	(10,607)
Net cash provided by investing activities		11,246	3,574
Change in cash and cash equivalents in the year		48,423	(71,311)
Cash and cash equivalents brought forward		8,000	79,311
	17	56,423	8,000

The notes on pages 15 to 25 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

New Servol 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.

1.2 Reconciliation with previous Generally Accepted Accounting Practice

In preparing these accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

No restatements were required.

1.3 Company status

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

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 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 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. Accounting Policies (continued)

1.5 Income

All income is recognised once the 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.

Donated services or facilities are recognised when the company has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the company of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of the Friends is not recognised and refer to the Trustees' report for more information about their contribution.

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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

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 and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

Charitable activities and Governance costs are costs incurred on the company's educational operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. Accounting Policies (continued)

1.7 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities incorporating income and expenditure account.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Improvements to leasehold property	-	over the lease term
Motor vehicles	-	10% on reducing balance
Fixtures and fittings	-	10% on cost
Office equipment	-	33.3% on cost

1.8 Leasing 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 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 incorporating income and expenditure account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.9 Operating leases

Rentals under operating leases are charged to the statement of financial activities incorporating the income and expenditure account 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.

1.10 Interest receivable

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

1.11 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.

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**NOTES TO THE FINANCIAL STATEMENTS
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1. Accounting Policies (continued)

1.12 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.

1.13 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 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. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.14 Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.15 Pensions

The 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. Investment income

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Rents receivable	11,216	-	11,216	14,000
Deposit account interest	30	-	30	181
	<hr/>	<hr/>	<hr/>	<hr/>
	11,246	-	11,246	14,181
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total 2016</i>	14,181	-	14,181	
	<hr/>	<hr/>	<hr/>	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

3. Income from charitable activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Community & Residential Care	1,537,870	-	1,537,870	1,261,661
<i>Total 2016</i>	1,261,661	-	1,261,661	

4. Direct costs

	Total 2017 £	Total 2016 £
Employee costs	77,293	60,646
Business development consultancy	19,550	10,770
Property costs	320,003	314,528
Office costs	12,506	14,461
Telephone	26,408	20,886
Postage and stationery	17,164	15,439
Advertising	678	354
Sundries	4,276	1,644
Motor and travelling expenses	7,339	5,780
Bad debt write off	2,969	-
Food, cleaning and laundry	20,108	22,831
Wages and salaries	685,047	598,641
National insurance	51,989	46,691
Pension cost	5,837	2,979
Depreciation	12,599	14,350
	1,263,766	1,130,000
<i>At 31 March 2016</i>	1,130,000	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

5. Support costs

	Governance £	Activities £	Total 2017 £	Total 2016 £
Recruitment expenses	-	25,349	25,349	13,659
Office costs	-	4,569	4,569	8,783
Insurance	-	28,659	28,659	26,782
Bank charges	-	798	798	721
Legal and professional fees	-	20,159	20,159	14,566
Auditor's remuneration	7,300	-	7,300	7,910
Loss on disposal of fixed assets	-	-	-	34,269
Wages and salaries	-	163,834	163,834	143,232
National insurance	-	15,180	15,180	13,637
	<u>7,300</u>	<u>258,548</u>	<u>265,848</u>	<u>263,559</u>
<i>At 31 March 2016</i>	<u>7,910</u>	<u>255,649</u>	<u>263,559</u>	

6. Analysis of Expenditure by expenditure type

	Staff costs 2017 £	Depreciation 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Community & Residential Care	921,887	12,599	587,828	1,522,314	1,385,649
Expenditure on governance	-	-	7,300	7,300	7,910
	<u>921,887</u>	<u>12,599</u>	<u>595,128</u>	<u>1,529,614</u>	<u>1,393,559</u>
<i>Total 2016</i>	<u>805,180</u>	<u>14,350</u>	<u>574,029</u>	<u>1,393,559</u>	

7. Net income/(expenditure)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets: - owned by the charity	<u>12,599</u>	<u>14,351</u>

8. Auditors' remuneration

The auditor's remuneration amounts to a fee for the audit the financial statements of £7,300 (2016: £7,910) and included no other services.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

9. Staff costs

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	848,881	741,873
Social security costs	67,169	60,328
Other pension costs	5,837	2,979
	<u>921,887</u>	<u>805,180</u>

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

	2017 No.	2016 No.
Administration	6	5
Care and support	39	42
	<u>45</u>	<u>47</u>

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

Remuneration and benefits received by key management personnel during the year amounted to £154,375 (2016: £148,095). Key management personnel comprises trustees, who do not receive remuneration, and the senior management team.

10. Tangible fixed assets

	Improvement to leasehold property £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost					
At 1 April 2016 and 31 March 2017	196,783	24,740	14,146	18,144	253,813
Depreciation					
At 1 April 2016	69,854	24,029	1,123	7,862	102,868
Charge for the year	6,199	71	1,415	4,914	12,599
At 31 March 2017	76,053	24,100	2,538	12,776	115,467
Net book value					
At 31 March 2017	120,730	640	11,608	5,368	138,346
At 31 March 2016	126,929	711	13,023	10,282	150,945

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

11. Investment property

	Freehold investment property £
Valuation	
At 1 April 2016 and 31 March 2017	150,000

The 2017 valuations were made by the board, on an open market value for existing use basis.

The historical cost of the property is £300,000 (2015: £300,000).

12. Debtors

	2017 £	2016 £
Trade debtors	40,614	17,975
Other debtors	565	1,835
Prepayments and accrued income	19,455	23,130
	<u>60,634</u>	<u>42,940</u>

13. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	51,358	32,677
Other taxation and social security	17,543	20,732
Other creditors	1,422	1,031
Accruals and deferred income	49,333	31,200
	<u>119,656</u>	<u>85,640</u>
Deferred income		£
Deferred income at 1 April 2016		1,438
Amounts released from previous years		(1,438)
Deferred income at 31 March 2017		<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

14. Statement of funds

Statement of funds - current year

	Balance at 1 April 2016 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2017 £
Unrestricted funds					
General fund	125,202	1,549,116	(1,525,764)	24,508	173,062
Revaluation reserve	109,805	-	-	-	109,805
	<u>235,007</u>	<u>1,549,116</u>	<u>(1,525,764)</u>	<u>24,508</u>	<u>282,867</u>
Capital fund	27,748	-	(360)	(24,508)	2,880
Empty homes	3,490	-	(3,490)	-	-
	<u>31,238</u>	<u>-</u>	<u>(3,850)</u>	<u>(24,508)</u>	<u>2,880</u>
Total of funds	<u>266,245</u>	<u>1,549,116</u>	<u>(1,529,614)</u>	<u>-</u>	<u>285,747</u>

Statement of funds - prior year

	Balance at 1 April 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2016 £
Unrestricted funds						
General fund	235,238	1,275,842	(1,385,878)	-	-	125,202
Revaluation reserve	109,805	-	-	-	-	109,805
	<u>345,043</u>	<u>1,275,842</u>	<u>(1,385,878)</u>	<u>-</u>	<u>-</u>	<u>235,007</u>
Capital fund	31,606	-	(3,858)	-	-	27,748
Empty homes	7,313	-	(3,823)	-	-	3,490
	<u>38,919</u>	<u>-</u>	<u>(7,681)</u>	<u>-</u>	<u>-</u>	<u>31,238</u>
Total of funds	<u>383,962</u>	<u>1,275,842</u>	<u>(1,393,559)</u>	<u>-</u>	<u>-</u>	<u>266,245</u>

Capital Fund

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

Empty Homes

This fund represents amounts received for the renovation and use of properties under the Empty Homes Scheme.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

15. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Tangible fixed assets	135,467	2,880	138,347
Investment property	150,000	-	150,000
Current assets	117,057	-	117,057
Creditors due within one year	(119,657)	-	(119,657)
	<u>282,867</u>	<u>2,880</u>	<u>285,747</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
Tangible fixed assets	150,945	-	150,945
Investment property	150,000	-	150,000
Current assets	19,702	31,238	50,940
Creditors due within one year	(85,640)	-	(85,640)
	<u>235,007</u>	<u>31,238</u>	<u>266,245</u>

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

	2017 £	2016 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	19,502	(117,717)
Adjustment for:		
Depreciation charges	12,599	14,351
Dividends, interest and rents from investments	(11,246)	(14,181)
Loss on the sale of fixed assets	-	34,269
(Increase)/decrease in debtors	(17,694)	30,095
Increase/(decrease) in creditors	34,016	(21,702)
Net cash provided by/(used in) operating activities	<u>37,177</u>	<u>(74,885)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

17. Analysis of cash and cash equivalents

	2017	2016
	£	£
Cash in hand	56,423	8,000
Total	<u>56,423</u>	<u>8,000</u>

18. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £5,837 (2016: £2,979). Contributions totalling £2,837 (2015: £964) were payable to the fund at the balance sheet date and are included in creditors.

19. Operating lease commitments

At 31 March 2017 the total of the charity's future minimum lease payments under non-cancellable operating leases was:

	2017	2016
	£	£
Amounts payable:		
Within 1 year	119,570	115,665
Between 1 and 5 years	109,024	89,307
Total	<u>228,594</u>	<u>204,972</u>

20. Related party transactions

During the year the daughter of the Chief Executive was employed by the charity and received remuneration of £13,583 (2016: £6,059).

Expenses of £1,192 were paid on behalf of trustees travel and meetings.