

ROYAL VOLUNTARY SERVICE

TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDING 31 March 2019

CHARITY NUMBER: 1015988

CHARITY NUMBER (SCOTLAND): SCO38924

COMPANY NUMBER: 2520413

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We are pleased to present Royal Voluntary Service's Trustees' Annual Report and Financial Statements for 2018-19.

Letter from our Chair, Richard Greenhalgh and CEO, Catherine Johnstone CBE

Royal Voluntary Service's 80th year has been exciting and productive. The first year (2018-19) of our new five year Strategic Framework 2018-23 has seen us reposition the charity as the nation's leading voluntary service organisation. Our dedicated volunteers have delivered support and services across a wide range of areas and activities throughout the year providing the equivalent of more than £37.5m of activity. We think that our founder, Lady Stella Reading, would be proud of the work we are doing 'to inspire and enable people to give the gift of voluntary service to meet the needs of the day in their communities'. Our focus is now in the two key settings of the NHS and local communities and our very successful work over the last decade in supporting the ageing population has been expanded to all ages with a life course focus.

During our 80 years of activity we have enabled around 2 million people to volunteer to meet the pressing and urgent 'needs of the day'. Volunteering is at the heart of civil society and our refreshed focus on voluntary service reflects our proud heritage and continued need in society. In 2018 we published 'Principles of Volunteering' setting out what we think about volunteering; that the gift of time is precious and one that can make an extraordinary difference both to our society and to the individuals who choose to volunteer. This coincides with the various Governmental Civil Society Strategies that see a renewed focus on community, the driver for which was a society facing an extended period of austerity at the same time as health and social care challenges.

As a large scale national charity we recognise the importance of being clear about our role in society and the difference that we are seeking to make. Our new Strategic Framework has given us renewed focus and energy and we are making good progress with each of our 5 key outcomes which can be seen later in this report.

At the same time we have been realigning the way in which we work. We have developed a number of important partnerships in support of maximising the difference that we can make. Our work with Helpforce, Alzheimer's Society and Eden (Big Lunch) are particularly exciting as we see our joint approaches increase our reach across both the NHS and local communities. Our Board of Trustees continues to evolve and recruit relevant skills and experience to support the delivery of our new strategy and we particularly thank Rosemary Brook and Fiona Joyce whose terms of office ended during the year. We welcomed Charlotte Lambkin as a new Trustee in November 2018.

We have worked hard with policy makers across our spheres of influence and were particularly delighted to see the inclusion of the valuable role that volunteers can play in support of the NHS in the recently published NHS (England) Long Term Plan. Looking to the future we will be seeking to work more closely with the public health institutions across all jurisdictions to support their remits around health and well-being in the community.

Good governance and compliance are at the heart of what we do and we also work hard to espouse our cherished 'Stella Values' inspired by our founder, Lady Stella Reading - Stronger Together, Better When Simple, Care and Protect, Spark Brilliance and Step Forward.

We feel passionately about how we can enable all people in our society to step forward to volunteer and therefore a lot of our work will continue to look at how we enable people to positively contribute to their community. To actively support an increase in our volunteer numbers, during the year we developed and started to roll-out our new “Step Forward” advertising and volunteer recruitment campaign.

The charity has made good progress with the strategic investments required in the first year of our new Strategic Framework. It is important that we recognise the need for sustainability in the long term and we have commenced work to challenge ourselves that we are building sustainability into all aspects of our frontline services as we plan for the next decade. As part of this we have a comprehensive programme of work that looks at the continued internal development (our essential enablers) of our own capabilities. This includes work and investment to enhance our IT and data capabilities, fundraising compliance and effectiveness, staff training and our volunteer accreditation.

Part of the financial success during the year has been down to the relationships that we have with our funders and corporate partners. We acknowledge and thank all of our supporters (see page 26) but would like to pay a special tribute to Legal & General, People’s Health Trust, Players of People’s Postcode Lottery and Prudential who have worked extensively with us on large scale programmes of work.

We continued to support and strengthen our relationship with WRVS Services Welfare Limited. They are a much loved legacy service providing support to our Armed Services on more than 40 bases in 5 countries around the world. Over half a million visits were made during the year to our Service Welfare Centres showing just how vital this service is.

The support of our President, Her Royal Highness, The Duchess of Cornwall has again been immense. Interacting with us on a regular basis she attends service visits, supports communication with our staff and volunteers and acts as an inspirational ambassador for volunteering. We thank her for her continued support. We are fortunate also to have the continued support of a range of ambassadors (see page 24) - their generosity of time and spirit has seen multiple benefits for the charity. We would both like to take this opportunity to thank our dedicated and determined volunteers, Trustees and staff team for their continued time, energy and passion for what we do. Lady Reading could not have put it better - *“For this, there is only you to thank”*.



Richard Greenhalgh, Chair



Catherine Johnstone CBE, CEO

Our Vision, Mission and Values

Royal Voluntary Service puts voluntary service at the heart of our purpose. Like our founders, we will be prepared to address the needs of the day whatever they are.

<p>Vision</p> <p>People across Britain are engaged in voluntary service – freely giving their time, talent and life experience to help tackle pressing challenges in their communities. Their service makes them, and Britain, healthier and happier.</p>				
<p>Mission</p> <p>Inspiring and enabling people to give the gift of voluntary service to meet the needs of the day in their communities.</p>				
<p>Stella Values (inspired by our Founder)</p> <p>Stronger Together Better When Simple Spark Brilliance Care and Protect Step Forward</p>				
<p>Outcomes - the difference we want to make by 2023</p>				
1	2	3	4	5
More people are giving their time, talent and life experience to voluntary service .	More older people move from crisis to confidence .	The NHS has been enabled to maximise the gift of voluntary service to make more time to care .	More older people are connected to their communities .	Key organisations and influencers support our philosophy of voluntary service.
<p>Essential enablers</p>				
Diversify our income	Communicate who we are	Support our staff	Support our volunteers	Develop our IT
Deliver Services Welfare	Manage our finances	Take care of our archive	Comply with the law	Look after our property

Making a Difference

In 2018-19 we have made substantial progress towards achieving the five outcomes set out in our new Strategic Framework which continues to be the reference point for all our major decisions and the foundation for all our plans. We are confident that the charity is in a strong position to deliver on our plans in 2019-20 and beyond in step with fulfilling its stated mission.

1. MORE PEOPLE ARE GIVING THEIR TIME, TALENT AND LIFE EXPERIENCE TO VOLUNTARY SERVICE

What have we achieved in 2018-19

At Royal Voluntary Service we know that volunteering offers tremendous value for the person making the gift of volunteering and to those receiving it. It changes lives, changes communities and changes society. During the year we began the implementation of our Volunteer Plan developed in 2017-18 with the overall aim of ensuring a world class volunteer journey and experience for all volunteers that is consistent across the charity. Building on the work initiated in 2017-18 we began the roll out of the key deliverables from the Volunteer Plan. We:

- have seen 3,344 volunteers step forward to join us;
- published our Philosophy and Principles of Volunteering;
- developed and embedded a suite of volunteering resources to include our volunteer recruitment toolkit, our volunteer Welcome/Induction Handbooks and our Safe & Legal Toolkit;
- reviewed and updated our volunteer Reward and Recognition processes to ensure that our volunteers receive badges, citations and medals for their service;
- reconnected our volunteers through the publication of a new magazine, 'The Volunteer', which is distributed to all volunteers and our Friends of RVS group three times a year;
- developed a new look volunteer recruitment campaign 'Step Forward' to reach and inspire more and new audiences to join in;
- transferred or closed our remaining Meals on Wheels services in response to falling demand;
- undertook our annual volunteer survey.

Over 2,500 volunteers completed our annual National Survey of Volunteers. The results demonstrated that volunteering has a real impact on people's lives:

- 91% of volunteers felt that being part of a service helps them make a positive contribution to their community;
- 91% of volunteers believed that volunteering helps give them a sense of purpose or satisfaction;
- 90% of volunteers would recommend Royal Voluntary Service to friends and family;
- 79% of volunteers said that volunteering helps them feel more connected to their community;
- 77% of volunteers confirmed that the service gives them an opportunity to use their existing skills and knowledge;
- 66% of volunteers said that volunteering has helped them understand people from different walks of life.

Our volunteers delivered support and services across a wide range of areas and activities throughout the year providing the equivalent of £37.5m of activity (applying Kings Fund research to our data).

What will we do in 2019-20

- continue to develop our world class volunteer journey and experience to include our Investors in Volunteering re-accreditation;
- evolve our volunteer management systems and processes to drive simplicity and consistency;
- roll out our Step Forward Campaign across multiple areas utilising a phased approach, applying the learning and ongoing evaluation to each wave;
- continue to create more volunteer led activity and groups in community.

2. MORE OLDER PEOPLE MOVE FROM CRISIS TO CONFIDENCE

What have we achieved in 2018-19

During 2018-19 we:

- refreshed and improved key services - “Supporting Your Recovery”, “Supporting You at Home” and “Supporting Healthy and Happy Lives” which contributed to over 150,000 interactions with patients and visitors in health settings;
- helped more than 500 clients a week attend our dementia groups;
- planned a new “Living Well with Dementia” Centre in addition to three other existing Centres, all enabled by generous funding from the Ballinger Charitable Trust;
- extended our reach through the:
 - Positive Steps programme in Wales. Focused on improving the independence of older people through the delivery of essential services. This was delivered in partnership with British Red Cross and funded through the Welsh Government Sustainable Social Services Wales grant fund and the National Lottery Community Fund (previously Big Lottery Fund);
 - Drink Wise, Age Well programme which helps people make healthier choices about their alcohol intake as they age. As part of a partnership programme led by Addaction, Royal Voluntary Service volunteers help support individuals and communities in Glasgow, Sheffield, Devon and Cwm Taf. 447 people attended the Live Wise Age Well course and 1,849 people attended group sessions offering skills development and social opportunities;
 - newly formed Ministry of Giving which saw Admiral fund a full-time Community Engagement and Development Worker to work across south Wales to inspire, recruit and enable volunteer coordinators to develop and deliver activities to meet the needs of local older people and support their well-being;
 - ongoing support of Legal & General which saw its Retirement Team commit to voluntary service every week for a year on their local hospital trolley round in addition to the provision of substantial funding and support of our flagship “Step Forward” volunteer recruitment campaign;

- we rolled out an extensive targeted programme of training and development to over 450 staff and volunteers to ensure our teams are fully trained to deliver our high quality services at front line with confidence and competence.

What will we do in 2019-20

Following the review and refresh of our commissioned service offers to maximise the outcomes for our clients and provide solutions for our funders we will:

- develop our offers in 2019-20 to embed a carers' support element;
- launch a new offer in response to the Social Prescribing agenda;
- have a greater focus on our work to support Primary Care;
- plan the full launch of our "Falls" offer;
- expand our range of services to help people live well with dementia through work with Dementia Adventure;
- continue to develop our collaboration with the Alzheimer's Society to look at optimum community based services for people living with dementia.

3. ENABLING THE NHS TO MAXIMISE THE GIFT OF VOLUNTARY SERVICE TO MAKE MORE TIME TO CARE

What have we achieved in 2018-19

We have defined and begun to roll out our new NHS Offer and business model to better support our objective of enabling the NHS to maximise the gift of voluntary service to make more time to care. Our new NHS Offer invites NHS Trusts and Health Boards to fund sustainable Royal Voluntary Service volunteer led activity in their hospitals using income generated by us in a hospital setting.

This integrated approach combines the power of our individual hospital based offers with a sustainable financial model and chimes strongly with the aims of the successful Helpforce volunteer movement. Helpforce aims to see structured volunteering roles within the NHS becoming the norm. To accelerate the value and growth of volunteering in the NHS, we have set up and are running Helpforce pilots at Morecambe Bay and at Leeds.

As well as developing our NHS Offer, we continued to provide support to the NHS to enable it to maximise the gift of voluntary service:

- we provided £2.4m (defined as Other in note 6 of the financial statements) to various NHS Trusts and Health Boards all of which was generated by our use of NHS hospital sites, including significant amounts to the NHS Trusts/Health Boards of Clatterbridge, Brighton and Sussex University Hospitals, Cambridge University Hospitals, Greater Glasgow and Clyde, Morecambe Bay and the Betsi Cadwaladr Health Board. During the year 11 outlets closed, largely due to retendering by the hospitals;
- we have concentrated on our strength and balance offer within the NHS, encouraging patients to move more and get out of bed if possible preventing "PJ paralysis". This work is growing rapidly, the Morecambe Bay service alone supported 3,000 participants in the year, with new services opening in Cardiff and Birmingham too;

- our home from hospital services continue to be highly valued by health professionals and patients and are under pressure to increase capacity. Our Leicester services supported 2,400 patients during the year;
- we continued to build our in-hospital trolley service and continued with “The Big Trolley Push” campaign to attract volunteers to manage the trolleys. Our trolley volunteers visit hospital wards with newspapers, magazines, practical items such as toothpaste and a range of healthy refreshments for patients who aren’t well enough to get up and about to visit the hospital shop. They also stop for a chat with patients enabling extra support through signposting to other services to take place. Thanks to support from players of People’s Postcode Lottery we were able to launch 8 new trolley rounds in Aberdeen, Livingston, Leeds, Kettering, Brighton, South Wales and Edinburgh and now have a total of 108 trolley services;
- we delivered our Winter Pressures Initiative providing free water and fruit to patients, staff and customers (provided by our partner AF Blakemore through their Social Responsibility programme) in 21 NHS sites during the year. This increase from 9 sites during the previous year saw our volunteers make over 500 extra trolley rounds, deliver over 17,000 pieces of fruit and 31,000 bottles of water whilst putting in 500 extra shifts and 1,000 extra hours.

What will we do in 2019-20

Building on the work done in 2018-19 around the new NHS Offer, we plan to:

- focus on “Making Retail Simpler” so that our activities in hospital settings are at the heart of and can drive our new and enhanced offer to the NHS;
- bring our current discussions with NHS Trusts and Health Boards to a conclusion to develop new services and to explore how we can extend our reach further within the NHS;
- focus on our work within Primary Care settings to increase reach and wider impact within our community health settings;
- develop a methodology for measuring the impact of our NHS Offer on staff, patients and volunteers and the impact of volunteering within the NHS;
- communicate the breadth of our work within the NHS to the public and organisational stakeholders;
- explore opportunities to work with Public Health England to look at how the charity can support PHE to deliver its remit;
- engage with the NHS operation plan leads regarding the NHS 10 Year Plan to ensure that the focus on volunteering is maintained and embedded.

4. MORE OLDER PEOPLE ARE CONNECTED TO THEIR COMMUNITIES

What have we achieved in 2018-19

Much of our work relating to this outcome relies upon our 500 established volunteer-led services including home libraries, transport, community companions and lunch clubs. During the year, we:

- saw over 15,000 people benefit from our volunteer led activities. Our 2018 National Survey of Service Users demonstrated the impact of services on people’s lives. Of over 1,500 submissions from service users:

- 94% of service users would recommend the particular service to family or friends;
- 90% of service users felt happier as a result of using the service;
- 80% of service users felt more a part of their community as a result of using the service;
- 79% of service users said that they are helped to do important things that they enjoy;
- 78% of service users have more social contact and spend more time with other people;
- 71% are more able to cope with challenges or difficulties;
- worked with our volunteers to inspire and enable over 100 new volunteer-led groups to be established in their communities;
- supported and grew our network of volunteer led activities largely thanks to support from Players of People's Postcode Lottery, with £1.2m of funds raised in 2017-18 used to support the development of 65 new volunteer led groups;
- partnered with Marks & Spencer to establish friendship groups in M & S cafes to improve wellbeing and to bring older people together as part of its goal to support people in 1,000 communities across Britain;
- continued to support target neighbourhoods in Peterborough, Lincolnshire, Norfolk, Staffordshire, Telford & Wrekin and Angus County through our Local People Projects, funded generously through People's Health Trust's Local People Programme;
- continued our partnership with Prudential UK to successfully collaborate on two strategically important programmes, Bring People Together and First Time for Everything with the shared aims of reducing loneliness and enhancing the lives of older people. 254 events were held with 3,483 participants during the year;
- delivered our Sheds and Dining Clubs projects, both funded by the Asda Foundation. Over 2,200 older people have already benefitted from community activities developed through these projects, which provide opportunities for people to share creativity, companionship and a meal;
- we continued our work to help combat loneliness and isolation in people aged 50 and over across Batley and Spennings in West Yorkshire thanks to previous years' grant funding from the Government's Libor Funding Scheme and the Jo Cox Foundation.

What will we do in 2019-20

Building on our achievements in 2018-19 we will:

- continue to grow our volunteer led groups, supported by targeted volunteer-led recruitment campaigns and external funding;
- ensure that where services are at risk of closure, a transition offer is in place that sees the community being supported to lead the services;
- continue to deliver the key programmes funded by Prudential that will improve voluntary service opportunities as well as enabling older people to be more involved in a range of activities in their communities;
- deliver the Legal & General funded programme, "Step Forward into Retirement" at scale;
- Over the next three years, we hope to grow our teams of Community Companions, volunteers who provide support, companionship and help to some of the most vulnerable

older people in their neighbourhoods. Funding from the Asda Foundation will enable us to develop 30 new Community Companions groups over three years, reaching over 700 older people.

5. KEY ORGANISATIONS AND INFLUENCERS SUPPORT OUR PHILOSOPHY OF VOLUNTARY SERVICE

What have we achieved in 2018-19

During the year we used our experience, knowledge and evidence to be a voice of influence with key strategic partners and external policy makers to support and fund the growth of voluntary service, placing Royal Voluntary Service at the forefront of thought leadership. We:

- met with the Secretary of State for Health and Social Care and influenced the NHS (England) Long Term Plan published in early January 2019. The plan recognises the valuable role volunteers can play supporting the health service in hospitals and in the community and spells out the Government's commitment to doubling the number of volunteers over the next three years through strategic funding to our partner, Helpforce;
- developed our relationship with Helpforce and together we commissioned a Kings Fund report which found that more than 70% of frontline NHS staff agreed that volunteering in hospitals adds value for patients, staff and volunteers;
- worked closely with the Alzheimer's Society, became active members of the Dementia Friendly Hospital Task Force and the National Dementia Awareness Alliance and trained over 4,500 Dementia Friends across our staff and volunteer networks;
- valued our contact with HRH The Duchess of Cornwall who wholeheartedly backed our 80th anniversary Celebratory Concert in Covent Garden and our OXO Gallery exhibition;
- worked with Public Health England on the health, wellbeing and healthy eating agenda and attended the Government's Sugar Summit as part of the drive towards healthy eating;
- pro-actively managed and sought out new relationships with key stakeholders to support our philosophy of volunteering;
- Increased our interaction with The Richmond Group and actively participated in influencing through collaboration.

What will we do in 2019-20

Building on our progress in 2018-19, we will:

- continue to position the charity at the forefront of the voluntary service space;
- endeavour to ensure that we are represented and our voice is heard at all key strategic partner meetings and discussions, including those that are Government led;
- continue to be a full member of The Richmond Group, participating in joint initiatives that enable greater voice and impact;
- maintain and develop our relationships with key stakeholders and the Royal Household;
- endeavour to work hand in hand with NHS Trusts and Health Boards via our new NHS Offer (described at section 5 below) to support them to develop effective volunteering strategies and provide greater clarity around the role volunteers can play in hospitals;
- endeavour to work with the various public health institutions on the value of volunteering to health and well-being.

Other achievements in the year

In addition to progress on our 5 outcomes, we have also made significant strides during the year in our own enablers. We have made good progress on the implementation of a broader and more ambitious fundraising plan and have improved brand awareness, volunteer recruitment and retention alongside the development and early implementation of a plan to transform our technological and data capabilities.

We have devised our flagship 'Step Forward' advertising campaign. This was launched in April 2019 to raise awareness of the charity and position us as Great Britain's leading volunteering charity. We are also using the campaign to inspire the public from all generations and backgrounds to gift their time to support those in need in hospitals and the community. Through the campaign we aim to support the growth of our volunteer numbers. Early results are showing a 45% uplift in volunteer enquiries when the campaign is live.

During the year, we also undertook a detailed and thorough review of our IT systems and processes and determined that significant investment is needed to transform our technology and data environment so that it can effectively support the successful delivery of our Strategic Framework. The transformation programme will likely span 2 years (2019-21), be supported by an investment of broadly £3.4m and be delivered in three key phases of to stabilise, improve and finally transform to new technology solutions. We will continue to roll out this programme during 2019-20 ensuring that key milestones and budgets are met.

In January 2019 we opened a new reading room at our Archive & Heritage Collection in Devizes so that members of the public may visit our heritage collections. Our collections also ably supported a fruitful relationship with the Black Country Living Museum and provided much of the source material for our 80th anniversary exhibitions at Wiltshire Museum and the OXO Gallery in London.

Fundraising

As a charity we are dependent on charitable income streams to deliver our services. In many areas it is becoming more difficult for charities to attract donations as there is more competition for the funding available. This has been compounded by a decline in public trust in charities and a difficult economic climate. During the year we have invested in and implemented our fundraising plan to meet the specific needs of Royal Voluntary Service. Our fundraising plan includes a mixed portfolio of fundraising streams to balance risk. Our fundraising plan is being delivered across 5 areas of fundraising – community and volunteer fundraising, legacy fundraising, corporate fundraising, regular giving and trusts and statutory fundraising. Each fundraising stream is supported by its own business plan and model:

Community and volunteer- this will aim to increase unrestricted income for the charity using the charity's national identity and the charity's vast touch points in local communities across Great Britain

Legacy – we are developing a powerful legacy proposition that will inspire our donors and volunteers, supported by improved stewardship and a positive legacy culture within Royal Voluntary Service.

Corporate – we are seeking out organisations supportive of our vision, our voluntary service ethos, our volunteer-led models and who align with the ‘needs of the day’ we are supporting. Opportunities for non-financial support such as joint marketing campaigns and volunteer recruitment activity will also be pursued

Regular giving - regular givers have proved to be the bedrock of our voluntary donations fundraising over the last eight years or so and remain core to the fundraising strategy. We are establishing a regular giving recruitment team and are developing plans for online and social media fundraising.

Trusts and statutory - we are fortunate to benefit from a number of long term relationships with funders who are supporting large scale, national projects and programmes as well as many regional and local trusts who play an important part in funding our local delivery. We aim to build on all of these relationships.

During the year, we have not directly used any third party professional fundraisers or commercial participators. We have worked with partner agencies (Flow Caritas and Pick) to deliver high-quality temporary fundraisers working on our behalf.

We have registered with the Fundraising Regulator, demonstrating our commitment to good fundraising practice, and are committed to the Fundraising Regulator’s Code of Fundraising Practice and Fundraising Promise.

We are authorised to use the Fundraising Regulator badge on our fundraising materials. In addition to following the Code of Fundraising Practice we also have a panel of older people who review the suitability of any potential fundraising material before it is used. We are very aware of our obligations to the public in this area and are vigilant in our fundraising activities to ensure that there is no intrusion on people’s privacy or any undue pressure applied. We have signed up to receive suppressions under the Fundraising Preference Service and we have received no complaints through this channel during the year.

During the year we undertook a variety of fundraising communications including our popular prize draw and raffle which was sent to over 214,500 people. We spoke to 521 people about legacy giving and 2,000 people received a call about the free will-making service. We take any concern about our fundraising very seriously and were pleased therefore during the year to receive only 7 complaints about our fundraising practices.

In 2019-20 we will continue to build on the start we have made in 2018-19 across all areas of fundraising with particular focus on regular giving. Our plans are in place and are in the process of being implemented.

Our Financial Review

In line with our 5 Year Strategic Plan and view of delivering a stable environment for the future, Royal Voluntary Service delivered a deficit in the year of £5.5m compared to a surplus of £0.8m in 2017-18. This deficit is in line with the charity's expectations and reflects expenditure commitments associated with the 2017-18 income from the People's Postcode Lottery, the investments needed to deliver the strategic plan and commitments to support NHS organisations from surpluses reported in previous periods which are held in the hospital fund reserve (see the Reserves below).

Income of £53.0m was generated compared to £64.8m in 2017-18 and reserves are £23.6m at the end of the year compared to £29.1m in 2017-18.

Operating income

During the year a total of £53.0m (2017-18: £64.8m) income arose from the following sources:

- hospital shops, cafes and trolleys £40.8m (2017-18: £42.9m). The reduction in income reflects the closures of 11 outlets with a loss of £1.2m sales and like for like sales are down by 1%, the same as in 2017-18;
- fundraising, see note 2 of the financial statements, which is comprised of voluntary income and activities for generating funds, £4.2m (2017-18: £11.4m). This includes income from Trusts and Statutory of £1.6m (2017-18: £8.0m). During 2017-18 we benefitted from six lottery draws managed by People's Postcode Lottery as our external lottery manager, which generated £5.8m for our work. People's Postcode Lottery did not manage any draws for Royal Voluntary Service in our 2018-19 financial year, although we continued to invest in our community services thanks to income generated in the previous year (note 14 of the financial statements). We continue to be supported by People's Health Trust, Asda Foundation, the National Lottery Community Fund and the Welsh Government amongst others;
- community services generated income of £4.9m (2017-18: £7.2m) with the reduction driven by the closure of Meals on Wheels services £1.6m, the natural cessation of funding for services from local authorities and lower income from small clubs and branches;
- Services Welfare £2.7m (2017-18: £2.9m);
- other £0.4m (2017-18: £0.4m).

Operating expenditure

Total operating expenditure for the year was £58.8m (2017-18: £64.1m) and was spent on the following areas:

- hospital shops, cafes and trolleys retail services have reduced costs of £40.0m in the year (2017-18: £44.1m) due to two key areas: goods for resale are £1.6m lower at £22.7m (2017-18: £24.3m) as a result of the closed services mentioned above, plus grants to NHS trusts (generated by occupation of NHS sites, see Other in note 6 of the financial statements) are £1.3m lower at £2.4m (2017-18: £3.7m).
- community services £14.5m (2017-18: £16.3m). The direct costs to deliver services at £7.8m (2017-18: £10.0m) has reduced by £2.2m and is mainly due to the closure of the

remaining food services £1.8m which is offset by an increase in allocation of support costs of £0.4m to £6.6m (2017-18: £6.2m);

- fundraising £1.6m (2017-18: £1.2m). Expenditure has increased in line with the plan to increase donor recruitment, promote regular giving through prize draws and raffles, build corporate partnerships and develop our legacy pipeline;
- other costs £2.7m (2017-18: £2.5m). At £2.5m Services Welfare expenditure is slightly above prior year (2016-17: £2.4m). At £0.1m investment management costs have remained static.

Support costs are included in the activities above and listed in note 6 of the financial statements, and amount to £11.6m (2017-18: £10.8m). This reflects investment in volunteer and staff training (part of Human Resources); in-depth review of our IT capabilities which has resulted in the need for a Technology Transformation Programme; growth in the fundraising team to deliver the strategic plan objectives; and marketing expenditure to promote the Step Forward Volunteering Campaign and 80th Birthday celebrations.

Investments

Since 2013 the portfolio of investments had been managed through a combination of three external investment managers - Schroder & Co. (trading as Cazenove Capital), Ruffer and Blackrock. During the year the Finance & Investment Committee reviewed this arrangement along with the charity's Investment Policy.

The review resulted in the reshaping of the portfolio of managers to provide a better balanced portfolio, with three managers (Cazenove, Ruffer and Sarasin) having a third of the portfolio each which they would invest in their Charity Authorised Investment Funds and the withdrawal of the services of Blackrock. The changes took place in quarter 4 of the financial year and the portfolios are now structured as follows:

<i>Manager</i>	<i>2019</i>	<i>2018</i>
Cazenove	£6.0m	£10.7m
Ruffer	£5.7m	£5.6m
Sarasin	£5.7m	-
Blackrock	-	£5.7m
Total	£17.4m	£22.0m

During the year £5m was withdrawn from the investment portfolios to fund strategic investments in line with the Corporate Plan.

The return on investments included in operating income in 2018-19 was £0.3m (2017-18: £0.4m).

The net gains on investments in the year was £0.2m (2017-18: £0.1m) which includes realised gains achieved in the year from trading activities £1.3m (2017-18: £0.3m) and an unrealised loss at the year end to reflect year on year changes in market value of £1.1m (2017-18: £0.2m).

Within the new fund, the income objective of the portfolio is to achieve a benchmark rate of return of 2.5% per annum, after fees and costs, above the rate of UK Consumer Price Index. Due to the change in fund managers and portfolios during the final quarter, the annual performance is complex to quantify. However, information available at the year-end indicates a combined

portfolio performance of 1% compared to the benchmark of 4%, mainly driven by the quarter 4 results.

The capital objective is to maintain a diversified portfolio, with equities representing no more than 70% of the mix of investments. At the year-end 2018-19 equities were 52% of the portfolio and diversification objectives were met in the balance of Bonds (26%), Alternatives (14%) and Cash (8%).

The Trustees have considered and adopted an ethical investment position reflected by its decision to invest the entirety of the charity's Investment Portfolio in Charity Authorised Investment Funds (CAIF) which integrate environmental, social and governance considerations in both equities and engagement and impose strict restrictions on investments in products including alcohol, armaments, gambling, pornography and tobacco.

Reserves

Trustees regularly monitor the level of reserves via the monthly management accounts. When planning and budgeting, Trustees consider reserve levels to ensure an appropriate balance between the short and long term needs of the organisation. Once identified, projects are provided for in designated reserves, consistent with the 5 year strategic plan. This is combined with the need for prudent management of services and programme commitments, and for provision for the potential impact of contingent events.

It is the policy of Royal Voluntary Service to maintain reserves at a minimum level of 6 month's costs to ensure that there are sufficient reserves to cover costs during the estimated time it would take to restore income generation to a sustainable level. The relevant costs used to determine the level of reserves required are the following year's forecast support costs. Support costs are the underlying costs required to run the Charity and exclude the costs of operating retail units and community services.

The minimum level of general reserve required is £6.3m, compared to the year-end reserve of £7.5m.

Total fund balances decreased by £5.5m to £23.6m during the year. As at 31 March 2019 these comprise £2.2m of funds restricted for specific purposes (2017-18: £3.0m); £13.9m of funds designated for specific use (2017-18: £16.3m); and £7.5m of general funds (2017-18: £9.8m).

Designated funds include £5.8m for the hospital fund; £2.2m for fixed asset fund; £1.9m for the Players of People's Postcode lottery projects fund; new designation of £1.7m for the Technology Transformation Programme and others at £2.3m as detailed in note 14 of the financial statements.

Subsidiary undertakings

Royal Voluntary Service has two wholly owned subsidiary companies registered in England and Wales which are consolidated into the group Statement of Financial Activities.

1. WRVS Services Welfare Limited provides emotional and practical support to service personnel within the army and some tri service locations in the UK, including Northern Ireland and overseas in Germany, Cyprus and Canada.

Paid trained staff work predominantly in the evening and at weekends to ensure welfare support is available to service personnel during their down-time and where no physical welfare support is available. WRVS Services Welfare Officers manage areas, allocated by the Chain of Command at the unit, including for example a games room, communal lounge, TV/film room and study/quiet space. During 2018-19 just under 550,000 visits were made to Services Welfare centres and over 2,000 one to one meetings took place between Service Welfare Officers and service personnel at various locations.

For the financial year 2018-19 the reported income in the subsidiary was £2.7m (2017-18: £2.7m) and the expenditure £2.7m (2017-18: £2.3m). Royal Voluntary Service receives a management fee for delivering the service amounting to £0.2m (2017-18: £0.2m).

2. Royal Voluntary Service Meals on Wheels Limited delivers meals to those in need in their homes, via commercial contracts with local authorities. At the end of the year the final contract for meals on wheels closed. All profits are gifted to the charity and in the year ended 31 March 2019 income was £0.3m (2017-18: £0.4m) with an operating profit of £0.03m (2017-18: operating loss £0.023m).

The charity's subsidiary undertakings are set out in Note 11 of the financial statements. Income from trading subsidiaries has been included within income from charitable activities in the Statement of Financial Activities.

Principal risks and uncertainties

The charity records significant risks in its Risk Register. This is monitored by the Leadership Team under the oversight of the Risk Monitoring Group, the Audit and Risk Committee and the Trustees who consider that the principal risks arising from the Risk Register are as follows:

Principal risk	Management of risks
Financial sustainability as a result of significantly lower income due to a failure of the charity's fundraising strategy to deliver the planned income and/or failure in the charity's NHS offer to deliver the planned retail income through a loss of retail sites and lack of growth due to an inability to deliver a compelling NHS offer.	Our fundraising strategy and our NHS offer are rigorously and proactively managed and monitored. Performance is measured against a suite of KPIs that are designed to identify areas of concern which are remedied swiftly and appropriately. Income risk is mitigated by focusing on a range of income streams.
Failure to deliver on the strategic outcome of increasing the number of volunteers due to failure in part or in whole of the Volunteer Plan as a result of poor recruitment and volunteer experience, lack of training and support, inadequate communication of the charity's ethos of volunteering and a failure to align with the charity's voluntary partners.	The charity's Volunteer Plan contains detailed performance measurements, KPIs and accountabilities across all key aspects relating to the delivery of the required outcomes. Any significant deviation from the desired deliverable is remedied accordingly.
Failure to deliver on the Technology Transformation Programme (TTP) resulting in an unstable IT infrastructure, poor systems security, a lack of systems development, diminished data integrity and adverse project management capabilities. These outcomes would have a significant impact on staff and volunteer morale and productivity.	The TTP has rigorous and extensive project governance with an experienced Programme Board including the CEO as the programme sponsor and regular oversight by the Audit and Risk committee. There are clearly defined and measureable deliverables and success criteria, with discrete projects.
There is a risk that the charity's strategy around the NHS offer fails to maximise on the opportunities that arise due to a lack of volunteers, disconnected retail and services and a failure to communicate appropriately to the relevant parties.	The NHS offer is managed and measured against a number of KPIs, with specific accountability for each. Governance is cross-functional ensuring excellent connectivity and a joined up approach between retail, services and volunteering.
Risk of the loss of reputation or funds arising from failure to adequately manage the charity's property portfolio, including the failure to meet statutory and insurance requirements, adequate maintenance levels and the absence of property documentation leading to lack of clarity over charity obligations.	Property governance is now undertaken by an internal project team that manages all key issues around management of the charity's property portfolio. An actively managed property database provides details of each individual property across the estate.

The charity works to mitigate these risks by applying the structure, governance and management below.

Our Structure, Governance and Management

Our people and advisors are set out on page 24.

Structure and public benefit

Royal Voluntary Service is a charitable company limited by guarantee in England and Wales (number 2520413). It was incorporated on 10 July 1990 and registered as a charity in England and Wales (number 1015988) on 31 December 1992 and in Scotland (number SC038924) on 27 November 2007. Its registered office and principal address is at Beck Court, Cardiff Gate Business Park, Cardiff, CF23 8RP. The charity is governed by its Memorandum and Articles of Association dated 25 September 2015. These set out the charity's legal objects and describe the public benefit as:

The relief of poverty, distress, suffering or need among all sections of the community primarily in the United Kingdom by all charitable means and particularly by providing:

- assistance largely in kind and facilities for individuals in the community;
- assistance in kind to victims of emergencies or disasters; and
- advice and facilities to relieve the needs of those in hospital, in prison or in the armed service and their families; and such other purposes for the benefit of the community as shall be exclusively charitable.

The Trustees confirm that they have complied with the duty of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit. When reviewing Royal Voluntary Service's aims and objectives and in planning future activities they refer to the guidance and consider, in particular, how planned activities will contribute to the aims and objectives they have set.

The charity has two wholly owned subsidiary companies both registered in England and Wales. These are Royal Voluntary Service Meals on Wheels Limited (number 2778481) and WRVS Services Welfare Limited (number 2778476).

Governance and Management

The charity's Trustees are responsible for the overall governance of Royal Voluntary Service. It must have no less than six and no more than twelve Trustees (including the Chair) each of whom is also a member of the company. Trustees may be appointed for a maximum of 2 three-year terms of office. The methods used to recruit and appoint new trustees involve the engagement of a specialist recruitment consultancy and a process of interview and reference. Those who have served during the year are set out in the appendix at page 24.

The Board of Trustees exists to safeguard and promote the vision and purpose of Royal Voluntary Service, to determine its strategy and structure and to ensure that it operates effectively and responsibly. Responsibility for the day to day running of Royal Voluntary Service is delegated to the Chief Executive Officer via the charity's Governance Framework, a fresh version of which was adopted by the Trustees on 22 May 2018 following a review of the charity's Governance Framework during the year.

The review of the Governance Framework included a consideration of the Charity Governance Code and how the seven principles of the Code may be applied in the charity. Trustees concluded that they supported the Code and so the new Governance Framework incorporates the principles

of the Code. Trustees consider the Code to be of constant application and review the Charity's performance against it annually and agree the priorities for any improvements to be made during the following year.

Trustees agreed that two of the Code's recommendations were not of particular pertinence to the charity:

- the charity's internal Governance Team which sits independently of operational matters determines that an external governance review every three years is not an immediate focus;
- the charity benchmarks its performance through use of its own KPIs and engagement with other charities, particularly via its membership of The Richmond Group. There is no need therefore to formally seek benchmarking material from other organisations.

Trustees agreed that during the year focus would be brought to reviewing the charity's Complaints Policy, Reserves Policy and Trustee Code of Conduct, developing appropriate KPIs to monitor performance against the Strategic Framework 2018-23 and refreshing the role profiles for the Chair and Trustees. Work on all of these was undertaken and completed. Emphasis is now being given to reviews of Board effectiveness and the charity's relationship with its two wholly owned subsidiaries, production of the charity's first formal Diversity Report and the possible appointment of a Vice Chair.

Trustees hold at least 5 face to face scheduled meetings a year with additional meetings as necessary. Between these meetings Trustees receive updates as necessary from the Chief Executive Officer. She is supported by her Leadership Team including the Director of Finance, Director of Commissioned Services, Director of Fundraising, Marketing and Communication, Director of Retail, Director of Volunteering and the Head of Governance.

There are currently three Board committees and they meet as required to support the work of the Trustees. Each committee has terms of reference setting out the scope of its authority and its work, is chaired by a Trustee supported by two other Trustees and reports to the Board of Trustees. The committees all reviewed their existing terms of reference during the year and adopted fresh terms as part of the Governance Framework review. One substantive improvement was to extend the scope of the existing Investment Committee to become the Investment and Finance Committee. Each committee is supported by members of the Leadership Team as appropriate and occasionally seek external advice as necessary. The three committees are:

- The Audit and Risk Committee – this meets at least four times a year to consider reports from both external and internal auditors regarding internal control systems and risk management processes. It also receives and considers the charity's risk register and any horizon risks before recommendation to Trustees;
- The Investment and Finance Committee - this meets at least four times a year to oversee the performance of the charity's investment portfolio (including meeting with the charity's Investment Managers and its external investment advisor) and liquidity reserve and to scrutinise the business cases for the charity's proposed project investments and its financial performance;
- The People and Remuneration Committee – this meets at least four times a year to consider volunteer and employee issues and to review the performance and remuneration

of the Chief Executive Officer, the size, structure and composition required of the Trustee Board and succession planning for Trustees and senior management. It also considers the charity's Pay Policy and Remuneration Strategy.

The Board of Trustees retains authority for all matters that are not delegated by the charity's Governance Framework or separate specific delegation. Responsibility for financial matters (including reviewing and approving the annual budget), the (re)appointment of Trustees and the appointment of the Chief Executive Officer rests with the Board of Trustees.

A Trustee induction programme is in place and each new Trustee visits services and meets with senior management within Royal Voluntary Service at an early stage of their Trusteeship. Ongoing support is provided as required to ensure Trustees are aware of changes to the legal and regulatory framework affecting the charity and their roles and responsibilities within it. Royal Voluntary Service has also purchased trustee indemnity insurance, as outlined in Note 8 of the financial statements.

Changes in Trustees and Executive Directors

During the year Rosemary Brook and Fiona Joyce retired as Trustees at the end of their second terms of office. Rosemary had significant input into the Charity's archive and heritage collection and Fiona's guidance on communication matters was greatly valued. We thank them both for their commitment to Royal Voluntary Service and wish them well for the future.

June Mulroy is currently taking a 12 month sabbatical from her Trustee role.

Charlotte Lambkin joined the charity as a Trustee in November 2018. She joins us from a communications background including time at Diageo where she was Corporate Affairs Director. Charlotte has joined the People and Remuneration Committee.

During the year we completed the recruitment process for a new Audit and Risk Committee chair and were delighted to appoint Mike Bury who formally joined the charity on 15 April 2019. We also started the recruitment process to find a successor to our chair, Richard Greenhalgh and that process will be completed during the year.

Risk management and internal controls

The Trustees, who are also the directors for the purposes of company law, have overall responsibility for the system of risk management and internal control for the charity and its subsidiaries. Trustees refer to the charity's Risk Management Policy and risk register when considering the main risks facing Royal Voluntary Service and the risk appetite of the organisation. The Risk Monitoring Group keeps the risk register under regular review and formally reports to Trustees at least twice a year on changes to the risk register. Trustees also review the key internal controls, systems and procedures that are implemented in order to deliver any necessary risk mitigation.

The charity produces an annual budget and reports monthly against that budget, which is monitored by the Leadership Team. Updated financial forecasting is undertaken at the half year stage to reflect changes to the original budget assumptions and the impact on income and expenditure.

The charity's Internal Audit Team reports to the Audit and Risk Committee and works with management to embed a risk management culture by using control and risk self-assessment to manage the working environment effectively. Internal Audit undertakes regular audits from a

Trustee approved internal annual audit work plan and monitors and tests controls to offer necessary assurance.

During the year a new Head of Assurance role was created and filled which now draws together different constituent parts of the charity's assurance activities. The charity's internal audit, data protection and health and safety functions now combine under this wider assurance umbrella and reports to the Audit and Risk Committee.

Remuneration and pensions

The People and Remuneration Committee reviews employee reward and recognition, including salaries, annually for all employees including key management personnel. During the year the Committee recommended for approval by the Trustees a new Pay Policy and Remuneration Strategy and the changes set out in those documents will be applied in 2019-20. The Committee also undertook and published the charity's second gender pay review which showed a decrease in the charity's mean pay gap from 14.1% to 12.7%; the median gap remained constant at 1%.

The charity's group personal pension plans, operated by Aegon and AVIVA (previously Friends Life) and its workplace auto-enrolment scheme (operated through NEST) continued to be considered by the internal Pensions Governance Committee to ensure that the charity discharges its statutory obligations relating to these schemes and, where it can, to signpost employees to relevant advice. During the year, it also undertook a review of the Aegon and AVIVA schemes and started to implement a move to one AVIVA scheme.

Volunteers and employees

Our Strategic Framework 2018-23 specifically and deliberately puts the inspiration and enablement of voluntary service at the heart of everything we do. Our dedicated volunteers continue to make a massive difference in their communities and the NHS. Their commitment and impact are of immeasurable benefit and during the year they provided the equivalent of over £37.5m of volunteering contribution (applying Kings Fund research to our data) of which we are enormously proud.

The charity has continued to develop and deliver its People Plan during the year and this has seen the creation of a new training plan and training team so that the Charity can better support and retain its staff. Progress on the People Plan was also shared with staff at eleven staff engagement events "Valuing Our People, Sharing Our Progress". Led by the Chief Executive and members of the Leadership Team, these events successfully shared Trustee approved plans to improve the working environment via improvements to the charity's IT infrastructure, communications and training provision.

The role of the previous Employee Involvement Group has also been reviewed and this now meets as "The Forum" providing a direct communication channel between the charity's staff and the Chief Executive.

Time was also taken in the year to review and refresh a host of staff policies including the Charity's Equality and Diversity Policy which makes it clear that the charity is committed to providing equality for all and eliminating discrimination in its workforce.

Trustees' responsibilities

The Trustees are responsible for preparing the Annual Report (including strategic 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 which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group and 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 estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Trustees have considered the latter point and reviewed detailed financial and cash projections for the charity and are satisfied that there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the group and the charity to continue as a going concern.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group to enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditor

The Trustees, who are also directors for the purposes of company law and, who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Trustees has confirmed he/she has taken all the steps he/she ought to have taken as a Trustee in order to make him/herself aware of any relevant audit information and to establish it has been communicated to the auditor.

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor.

This Report of the Trustees (including the Strategic Report) was approved by the Board of Trustees on 17 September 2019.



Richard Greenhalgh
Chair of the Board of Trustees

Appendix - Our People and Advisers

Patron

HM, The Queen

President

HRH, The Duchess of Cornwall

Ambassadors

Felicity Kendal

Roy Noble OBE

Elaine Paige OBE

Dame Patricia Routledge

Phillip Schofield

Wayne Sleep OBE

Trustees

Unless otherwise indicated, the Trustees listed below were in office from 1 April 2018. Committee membership is also noted:

Richard Greenhalgh (Chair) PR

Rosemary Brook I, PR

Mike Bury AR

Ian Cranna AR I

Dr Alison Fielding AR I

Fiona Joyce PR

Charlotte Lambkin PR

Sophie Livingstone PR

Tracey McNeill PR, I

Andrew Moys AR

June Mulroy MBE AR

David Rose AR

Martin Smith AR

Josephine Swinhoe I

Retired 1 December 2018

Appointed 15 April 2019

Retired 1 December 2018

Appointed 20 November 2018

On sabbatical with effect from 31 October 2018

Committee chairs

AR: Audit and Risk Committee

I: Investment and Finance Committee

PR: People and Remuneration Committee

Martin Smith

Dr Alison Fielding

Rosemary Brook until 1 December 2018

Tracey McNeill with effect from 2 December 2018

Chief Executive, Executive Directors and Company Secretary

Unless otherwise indicated, the employees listed below were in office from 1 April 2018:

Catherine Johnstone CBE, Chief Executive

John Clark, Executive Director of Finance and Company Secretary – resigned 17 April 2019

Karyn Maria Shepperd, Company Secretary – appointed 9th July 2019

Auditor

Crowe U.K. LLP, St Bride's House, 10 Salisbury Square, London EC4Y 8EH

Banker

Barclays Commercial Bank, 4th Floor, Apex Plaza, Forbury Road, Reading, RG1 1AX

Investment Managers

BlackRock Investment Management Limited, 12 Throgmorton Avenue, London, EC2N 2DL

Ruffer LLP, 80 Victoria Street, London, SW1E 5JL

Sarasin & Partners LLP, Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU
Schroder & Co Limited (trading as Cazenove Capital), 31 Gresham Street, London, EC2V 7QA

Solicitors

Geldards LLP, Dumfries House, Dumfries Place, Cardiff, CF10 3ZF

Royal Voluntary Service would like to thank all the individuals, organisations, companies and grant makers who have supported our work, including:

Admiral, Ministry of Giving

Asda Foundation

Jo Cox Foundation

Lady Margaret Skiffington Trust

LIBOR grant scheme

Legal & General

M&GPrudential

National Lottery Community Fund

People's Health Trust

Players of People's Postcode Lottery

Shetland Charitable Trust

Simplyhealth

Welsh Government

Independent Auditor's Report to the Members and Trustees of Royal Voluntary Service

Opinion

We have audited the financial statements of Royal Voluntary Service for the year ended 31 March 2019 which comprise Consolidated Statement of Financial Activities, Consolidated and Charity Balance Sheets, Consolidated and Charity Cash Flow Statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees 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, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2019 and of the group's outgoing resources and application of resources 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, the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the 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 group's or 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.

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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; 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.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 19, 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 group's or 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

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

N. Hashemi

Naziar Hashemi
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
St Brides House
10 Salisbury Square
London
EC4Y 8EH

27/9/19

Royal Voluntary Service

Consolidated Statement of Financial Activities (incorporating the Income and Expenditure account) for the year ended 31 March 2019

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000
Income							
Income from donations and legacies							
Voluntary Income	2	1,289	1,650	2,939	7,213	2,323	9,536
Income from charitable activities							
- Hospital services		40,800	-	40,800	42,925	-	42,925
- Community services		4,873	-	4,873	7,167	-	7,167
- Services welfare		2,699	-	2,699	2,863	-	2,863
Other trading activities							
- Activities for generating funds	2	733	506	1,239	1,045	839	1,884
Investments	5	339	-	339	398	-	398
Other							
- Net gain on the disposal of tangible fixed assets		154	-	154	6	-	6
Total Income		50,887	2,156	53,043	61,617	3,162	64,779
Expenditure							
Expenditure on raising funds							
- Expenditure on raising voluntary income		282	-	282	141	-	141
- Expenditure on activities for raising funds		1,283	-	1,283	1,054	-	1,054
- Investment management costs		105	-	105	142	-	142
Expenditure on charitable activities							
- Hospital services		40,042	-	40,042	44,056	1	44,057
- Community services		11,596	2,908	14,504	13,556	2,743	16,299
- Services welfare		2,547	-	2,547	2,384	-	2,384
Total expenditure	6	55,855	2,908	58,763	61,333	2,744	64,077
Net gains on investments	11a	231	-	231	138	-	138
Net (expenditure)/income		(4,737)	(752)	(5,489)	422	418	840
Transfers	14	5	(5)	-	58	(58)	-
Net movement in funds		(4,732)	(757)	(5,489)	480	360	840
Total fund balances brought forward at 2 April	14	26,089	2,993	29,082	25,609	2,633	28,242
Total fund balances carried forward at 31 March	14	21,357	2,236	23,593	26,089	2,993	29,082

All the above results derive from continuing activities and there were no gains or losses other than those shown above.
The accompanying notes on pages 33 - 47 are an integral part of these financial statements.

Royal Voluntary Service

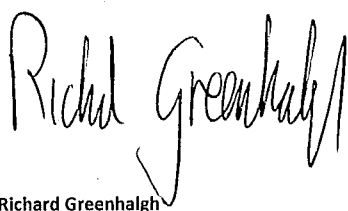
Balance sheets

	Notes	31-Mar-19		01-Apr-18	
		Group £'000	Charity £'000	Group £'000	Charity £'000
Fixed assets					
Tangible fixed assets	10a	2,900	2,900	2,890	2,890
Intangible assets	10b	48	48	27	27
Investments	11a	17,447	17,447	22,044	22,044
Assets held for sale	10a	-	-	238	238
		20,395	20,395	25,199	25,199
Current assets					
Stocks		739	739	786	783
Debtors	12	2,473	2,184	3,198	2,646
Investments	11b	-	-	1,501	1,501
Cash at bank and in hand		7,442	6,114	6,340	5,126
		10,654	9,037	11,825	10,056
Creditors: Amounts falling due within one year	13	(7,456)	(7,178)	(7,942)	(7,519)
Net current assets		3,198	1,859	3,883	2,537
Total assets less current liabilities		23,593	22,254	29,082	27,736
Net assets	15	23,593	22,254	29,082	27,736
Funds:					
Restricted funds	14	2,236	2,236	2,993	2,993
Unrestricted funds					
- designated funds	14	13,882	13,882	16,320	16,320
- general funds	14	7,475	6,136	9,769	8,423
Total funds		23,593	22,254	29,082	27,736

The parent company's net (resources expended)/incoming resources for the year ended 31 March 2019 totalled £(5,483,000) (2018: £668,000).

The accompanying notes on pages 33 - 47 are an integral part of these financial statements.


The financial statements on pages 30 - 47 were approved and authorised for issue by the Board of Trustees on and were signed on its behalf by:



Richard Greenhalgh

Chairman

17th September 2019



Martin Smith

Trustee

17th September 2019

Royal Voluntary Service
Consolidated cash flow statement
for the year ended 31 March 2019

	Notes	2019 £'000	2018 £'000
Net cash used in operating activities	a	(5,745)	(766)
Cash flows from investing activities:			
Dividends and interest from investments		339	398
Purchases of property, plant and equipment		(183)	(66)
Purchase of Intangible fixed assets		(39)	(8)
Proceeds from sale of fixed assets		401	6
Investment released to cash		5,029	96
Reinvested income into Fixed Asset Investments		(306)	(382)
Investment Management Fees		105	142
Net cash provided by investing activities		5,346	186
Change in cash and cash equivalents in reporting period		(399)	(580)
Cash and cash equivalents at beginning of reporting period		7,841	8,421
Cash and cash equivalents at the end of the reporting period	b	7,442	7,841

Notes to the cash flow statement

a) Reconciliation of cash flows from operating activities	2019	2018
operating activities	£'000	£'000
Net (expenditure)/income	(5,489)	840
Adjustments for:		
Depreciation charges	190	480
Amortisation on intangibles	18	84
Fixed asset adjustment	(25)	-
Unrealised loss on investments	1,048	204
Realised gain on investments	(1,279)	(342)
(Profit) on disposal of assets	(154)	(6)
Dividends and interest from investments	(339)	(398)
Decrease in stocks	47	21
Decrease/(increase) in debtors	725	(843)
Decrease in creditors	(487)	(806)
Net cash used in operating activities	(5,745)	(766)

b) Analysis of cash and cash equivalents	At 31 March	At 31 March
	£'000	£'000
Cash at bank and in hand	7,442	6,340
Notice deposits (less than 3 months)	-	1,501
Total cash and cash equivalents	7,442	7,841

Notes to Financial Statements for the year ended 31 March 2019

1 Principal accounting policies

a) Basis of accounting

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year, except where stated.

The financial statements have been prepared in accordance with the Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with FRS102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Charities Act 2011, the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006, and UK Generally Accepted Accounting Practice as it applies from 1 January 2015. The charity has taken the exemption from presenting its unconsolidated SOFA under section 408 of Companies Act 2006. All income is accounted for on an accruals basis unless otherwise stated. The financial statements have been prepared to Sunday 31 March 2019 in line with the weekly income and cash returns which are received from our services.

Royal Voluntary Service is a charitable company limited by guarantee registered in England and Wales under company number 2520413. It is also a registered charity in England and Wales number 1015988 and in Scotland SC038924. The financial statements have been prepared on the basis that it is a public benefit entity under FRS102.

After making enquires, the trustees are not aware of material uncertainties that cast doubt on going concern and have a reasonable expectation that the group has adequate resources to continue its activities for the foreseeable future as reflected in the Trustees' Report. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

b) Basis of consolidation

The statement of financial activities and balance sheet consolidate the financial statements of the charity and all its subsidiary undertakings made up to the balance sheet date. The results of subsidiary undertakings are included in the group accounts from their effective date of acquisition (or up to their effective date of disposal). The financial statements and balance sheets of all subsidiary companies have been consolidated on a line by line basis.

c) Grants receivable

i) Grant from the Ministry of Defence

Funding from the Ministry of Defence is accounted for on an accruals basis. Any funding received for payroll, operating and capital costs unappropriated at the end of each accounting period is deemed to be repayable apart from agreed disallowable expenses.

ii) Other capital grants

Other capital grants received towards the cost of tangible fixed assets are credited to the statement of financial activities in full in the year in which they are received and treated as restricted funds where applicable. Annual transfers of amounts equivalent to any depreciation charges reduce the restricted funds.

iii) Other grants are received for specific services from local authorities and are recognised in accordance with their terms and conditions.

d) Income from the provision of hospital services

Income receivable from services provided in hospital cafés and shops is accounted for on an accruals basis in line with the timing of the underlying transaction.

e) Income from the provision and delivery of meals

Income receivable from local authorities for the provision and delivery of meals is credited to the statement of financial activities in accordance with the terms of the contract with the relevant local authority.

f) Donations and other voluntary income

Donations are accounted for in the year in which they are receivable.

g) Legacies receivable

Legacies are credited to the statement of financial activities when either the estate accounts or monies have been received. This uses the three recognition criteria of probability of receipt, ability to estimate with sufficient accuracy and entitlement in accordance with the charities SORP FRS102.

h) Other charitable and trading income

Income is recognised in the statement of financial activities when there is evidence to entitlement to the gift or trading activity, receipt is probable and the amount can be measured reliably.

Notes to Financial Statements for the year ended 31 March 2019

1 Principal accounting policies (continued)

i) Expenditure

Charitable expenditure comprises direct expenses incurred on the defined charitable purposes of the charity and its charitable subsidiaries and includes direct staff attributable to the activity and an allocation of the general management and overhead costs. Support costs are apportioned based on cost drivers that reflect the type of activities carried on within the support departments.

Grants are given to hospitals and other institutions in line with the charity's objects and the amounts included represent the total cost incurred by the charity in the year and are recognised when a legal or constructive obligation exists which commits the charity to the cost.

Expenditure on raising voluntary income and on activities for raising funds comprises expenditure incurred by the charity in encouraging others to make contributions to it and apportioned overheads of the fundraising team.

Support costs are allocated to the different categories of activities. This is based on a judgement of the percentage the specific activity represents in relation to the total non-support expenditure. Support costs include processing and administration, budgeting and accounting, quality assurance, human resources and information technology. Governance costs other than those disclosed specifically in the notes to these accounts are included within support costs and allocated on the same basis.

j) Governance

Governance costs are those associated with constitutional and statutory requirements, external audit, legal advice and insurance.

k) Leased assets

Rentals applicable to operating leases, where substantially all the benefits and risk of ownership remain with the lessor, are charged to the statement of financial activities on a straight line basis.

l) Tangible fixed assets

Purchased tangible fixed assets excluding office properties are recorded at cost or deemed cost, as at the date of transition to FRS102, when the cost of the expenditure is greater than £1,000.

Office properties were last valued in March 2014 and trustees were satisfied that this represented the fair value of the assets, which will be used as the basis for deemed cost going forward.

Subsequent costs are included in an asset's carrying value or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the charity and the cost of the item can be measured reliably.

Depreciation on all other tangible assets is calculated so as to write off the cost or deemed cost of an asset, less its estimated residual value, over the useful economic life of that asset on a straight line basis. The following useful economic lives are given to each asset class unless there is a reason to use a different length of time:

Freehold buildings	50 years
Long leaseholds	Over the length of the lease
Short leaseholds	Over the length of the lease
Vehicles, IT, equipment and furniture	3-5 years

No depreciation is provided on freehold land, which is taken to be equal to 10% of the purchase price of the freehold land and buildings. Donated assets are included within the balance sheet at their current value at the date of the gift and also included within the statement of financial activities as income.

Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the recoverable amount is lower than the carrying amount. Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell the asset and its value in use, are recognised as impairments. Impairment losses are recognised as expenditure in the statement of financial activities.

m) Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

n) Investments

Stock exchange listed investments are stated at market value. Net realised and unrealised gains and losses in the year are included in the statement of financial activities. Cash deposits not expected to be utilised within 12 months are included in fixed asset investments and are stated at cost. The investment in the trading subsidiaries is also stated at cost.

Notes to Financial Statements for the year ended 31 March 2019

1 Principal accounting policies (continued)

o) Fund accounting

General funds comprise those monies that may be used towards meeting the charitable objectives of the group at the discretion of the Trustees. The restricted funds are monies raised for a specific purpose, or donations subject to donor imposed restrictions. The designated funds are monies set aside out of general funds and designated for specific purposes by the Trustees.

Non-charitable trading funds consist of the retained profits or accumulated losses of activities conducted through non-charitable trading subsidiaries.

p) Stocks

Stocks, being goods for resale, are valued at the lower of cost and net realisable value.

q) Retirement benefits - defined contribution

For defined contribution schemes contributions are charged to the statement of financial activities as incurred.

r) Intangible fixed assets

Purchased intangible fixed assets are recorded at cost or carrying value, as at the date of transition to FRS102, when the cost of the expenditure is greater than £1,000.

Subsequent costs are included in an asset's carrying value or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the charity and the cost of the item can be measured reliably.

Amortisation on all intangible assets is calculated so as to write off the cost, or valuation, of an asset, less its estimated residual value, over the useful economic life of that asset on a straight line basis. The following useful economic life is given to each intangible asset unless there is a reason to use a different length of time:

Computer software

3 years

Intangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the recoverable amount is lower than the carrying amount. Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell the asset and its value in use, are recognised as impairments. Impairment losses are recognised as expenditure in the statement of financial activities.

s) Financial instruments

The provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 have been applied in full, to all financial instruments.

Financial assets and financial liabilities are recognised when the Royal Voluntary Service becomes a party to the contractual provisions of the instrument, and are offset only when there is a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

i) Financial assets

Financial assets include cash, trade debtors, intercompany debtors, other debtors and accrued income.

Financial assets held at fair value include investments.

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Notes to Financial Statements for the year ended 31 March 2019

1 Principal accounting policies (continued)

s) Financial Instruments (continued)

ii) Financial liabilities and equity

Financial liabilities include trade creditors, other creditors, finance leases, loans and accruals.

Financial instruments are classified as liabilities.

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

iii) Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

t) Redundancy and termination costs

Employee benefits paid on redundancy or termination include accrued amounts where RVS is demonstrably committed to make these payments but they had not yet been made at 31 March 2019.

All accrued amounts are fully funded and expected to be settled within 12 months of the balance sheet date.

u) Deferred Income

Grants that have been received will be treated as deferred income where there is a specific requirement in the terms of the grant that the income recognition is dependent on certain activities being completed in a future accounting period(s).

v) Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, which are described in this note, trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

Significant areas of estimate and judgement include provisions and the remaining useful life of assets. Related accounting policies for these items are noted within these accounting policies.

w) Cash and cash equivalents

Cash and cash equivalents include deposits repayable on demand without penalty. Short term money market deposits, and fixed term cash deposits which do not meet this criterion are held under current assets as short term investments.

Notes to Financial Statements for the year ended 31 March 2019

2 Voluntary Income & Activities for generating funds

Group	2019			2018		
	Unrestricted funds £'000	Restricted funds £'000	Total £'000	Unrestricted funds £'000	Restricted funds £'000	Total £'000
Voluntary Income:						
Donations	990	5	995	1,129	54	1,183
Trusts & lotteries	7	1,639	1,646	5,810	2,222	8,032
Legacies	179	6	185	250	47	297
Other	113	-	113	24	-	24
Total voluntary income	1,289	1,650	2,939	7,213	2,323	9,536
	2019			2018		
	Unrestricted funds £'000	Restricted funds £'000	Total £'000	Unrestricted funds £'000	Restricted funds £'000	Total £'000
Activities for generating funds:						
Property rental	93	-	93	102	-	102
Prize draws, raffles and corporate income	603	506	1,109	889	826	1,715
Fundraising & events	37	-	37	54	13	67
Total activities for generating funds	733	506	1,239	1,045	839	1,884

48% of the proceeds of the raffle were applied to good causes during the year.

3 Grants receivable

Group and Charity	2019 £'000	2018 £'000
People's Health Trust	230	320
Asda Foundation	152	321
Big Lottery Fund (Reaching Communities)*	(10)	118
Big Lottery Fund (Rethink Good Health programme)	914	985
Big Lottery Fund (People & Places)	116	58
Big Lottery Fund (Awards for All)	3	3
Jessie Spencer Trust	1	-
Garfield Weston Foundation*	(25)	-
Welsh Government (Sustainable Social Services Wales grant fund)	83	135
Shetland Charitable Trust	47	47
Department of Health (HSCVF Grant)	-	46
The Royal British Legion*	(9)	-
Players of People's Postcode Lottery (net income) (see note 4)	-	5,803
Other grants	144	-
Total grants receivable (Included within voluntary income and where the funder requires disclosure in the statutory accounts)	1,646	7,836

* During the year unspent grant was returned to Big Lottery Fund, Garfield Western Foundation and The Royal British Legion.

4 Lottery Income

Lottery income included in Trusts and lotteries in Note 2 and 3 reflects the proceeds from the People's Postcode Lottery (PPL). Royal Voluntary Service has continued to utilise the funds generated in prior years and remaining income is designated in note 14(n).

	2019 £'000	2018 £'000
People's Postcode Lottery ticket value	-	16,662
People's Postcode Lottery prize fund	-	(6,660)
People's Postcode Lottery management fee	-	(4,195)
Prize Indemnity Insurance	-	(4)
Total net lottery income	-	5,803

Royal Voluntary Service also run raffles during the year the income and expenditure relating to these draws are reported within Activities for generating funds on the Statement of Financial Activities.

5 Investment Income

Group	2019 £'000	2018 £'000
Income from fixed asset investments	306	382
Bank interest	33	16
Total investment income	339	398

Notes to Financial Statements for the year ended 31 March 2019

6 Total Expenditure - Group	Other	Direct costs	Support costs	2019	Other	Direct costs	Support costs	2018
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Hospital services	2,398	33,536	4,108	40,042	3,738	36,376	3,943	44,057
Community services	-	7,839	6,665	14,504	-	10,059	6,240	16,299
Services welfare	-	2,547	-	2,547	-	2,384	-	2,384
Fundraising*	-	735	830	1,565	-	623	572	1,195
Investment management costs	-	105	-	105	-	142	-	142
Total expenditure	2,398	44,762	11,603	58,763	3,738	49,584	10,755	64,077

Included within 'Hospital services' expenditure above are costs of inventories expensed of £22.7m (2017-18: £24.3m). Included in Other is £2,398k (2017-18: £3,738k) given to hospitals, NHS Trusts and similar institutions in line with the charity's objects and the amounts represent the total cost incurred by the group in the year.

The support costs of the charity have been allocated on the basis of time spent by departments supporting the various activities and are made up of several functions such as finance, personnel, IT and communications.

	Hospital services	Community services	Fundraising*	2018	
Support costs comprise:	£'000	£'000	£'000	£'000	Basis
Governance	437	486	-	923	No. people
Operations	2,038	2,638	-	4,676	Direct allocation
Marketing	236	825	-	1,061	No. services
IT	440	878	-	1,318	Direct and time allocated
Fundraising*	-	-	572	572	Direct allocation
Human Resources	278	278	-	556	No. operational people
Central services	461	948	-	1,409	Allocation of duties
Properties	53	187	-	240	Number of services
Total Support	3,943	6,240	572	10,755	

	Hospital services	Community services	Fundraising*	2019	
Support costs comprise:	£'000	£'000	£'000	£'000	Basis
Governance	410	460	-	870	No. people
Operations	1,988	2,600	-	4,588	Direct allocation
Marketing	305	1,068	-	1,373	No. services
IT	500	998	-	1,498	Direct and time allocated
Fundraising*	-	-	830	830	Direct allocation
Human Resources & Training	352	353	-	705	No. operational people
Central services	490	966	-	1,456	Allocation of duties
Properties	63	220	-	283	Number of services
Total Support	4,108	6,665	830	11,603	

*Fundraising represents expenditure on raising voluntary income and raising funds in the statement of financial activities. Support costs have increased over the year as we developed our in house training capability; reviewed our IT systems and promoted the Step Forward campaign in marketing costs.

This expenditure is stated after charging:

Auditor's remuneration in the year:

Fees payable to the charity auditor for the audit of the parent charity and the consolidation

Fees payable to the charity auditor and its associates for other services:

- The audit of the charity's subsidiaries pursuant to legislation

Depreciation - tangible fixed assets

Amortisation - intangible fixed assets

Operating lease rentals

- land and buildings

- other

2019	2018
£'000	£'000
47	46
2	-
-	8
190	480
18	84
2,099	1,963
225	356

Notes to Financial Statements for the year ended 31 March 2019

7 Staff costs and Trustees' remuneration

Group

Staff costs during the year were as follows:

	2019	2018
	£'000	£'000
Wages and salaries	17,197	17,191
Social security costs	1,330	1,309
Other pension costs	589	468
Subtotal staff costs	19,116	18,968
Redundancy	136	333
Other staff costs	798	996
Total staff costs	20,050	20,297

The number of employees who earned £60,000 p.a. or more (including taxable benefits) during the year was as follows:

	Excluding Severance		Including Severance	
	2019	2018	2019	2018
	No.	No.	No.	No.
£60,001 - £70,000	2	1	2	1
£70,001 - £80,000	3	5	3	5
£80,001 - £90,000	2	2	2	2
£90,001 - £100,000	3	1	3	-
£100,001-£110,000	-	1	-	-
£110,001-£120,000	1	-	1	1
£120,001-£130,000	-	1	-	1
£130,001-£140,000	1	1	1	2
£140,001-£150,000	-	1	-	1
£150,001-£160,000	1	-	1	-

The total contribution in the year for the provision of money purchase pension benefits was £103,369 (2017-18: £102,382) in respect of higher paid employees. At the year-end there were 10 (2017-18: 10) higher paid staff with benefits accruing under a money purchase scheme and no higher paid staff with benefits accruing under defined benefit schemes.

The key management personnel comprise the Executive Team members in post during the financial year ending 31 March 2019. The total salary including benefits of the key management personnel was £317k (2017-18: £498k).

The average number of employees of the group, analysed by function was:

	2019	2018
	No.	No.
Operations	848	949
Support	264	265
	1,112	1,214
Full time	463	475
Part time	649	739
	1,112	1,214
FTE Equivalent	811	816

No Trustees received remuneration for any services as Trustees during the year to 31 March 2019 (2017-18: Nil). Expenses reimbursed to, or incurred on behalf of, all Trustees during the year were as follows:

	2019	2018
	£'000	£'000
Trustee travel expenses	1	2

8 Indemnity Insurance

During the year, the group and charity purchased insurance to protect the charity from loss arising from any wrongful or dishonest act of any Trustee and to indemnify any Trustee against the consequence of any wrongful act on their part other than any actual dishonest, fraudulent or malicious act. The total cover provided by the Charity Trustee Insurance is £5.0m (2017-18: £5.0m) and Professional Indemnity is £5.0m (2017-18: £5.0m) and the total premium paid in respect of such insurance was £18,325 (2017-18: £16,850).

9 Taxation

Royal Voluntary Service is a registered charity and is exempt from taxation on its income and gains to the extent that they are applied to its charitable purposes. The charity's subsidiary, Royal Voluntary Service Meals on Wheels Limited, has not incurred a tax charge in the period due to its policy of paying its taxable profits to the charity under Gift Aid. Both subsidiaries are registered for VAT as part of the group.

Notes to Financial Statements for the year ended 31 March 2019

10 Fixed assets

(a) Tangible fixed assets

Group (including Charity)	Freehold land and buildings £'000	Leasehold buildings long £'000	Leasehold buildings short £'000	Vehicles, IT, equipment and furniture £'000	Total Tangible Assets £'000
Cost					
At 27 March 2017	2,988	655	68	6,694	10,405
Additions	-	-	-	66	66
Disposals	-	-	(68)	(92)	(160)
Assets held for sale	(260)	-	-	-	(260)
At 1 April 2018	2,728	655	-	6,668	10,051
Depreciation & Impairment					
At 27 March 2017	301	155	68	6,339	6,863
Charge for year	74	152	-	254	480
Disposals	-	-	(68)	(92)	(160)
Assets held for sale	(22)	-	-	-	(22)
At 1 April 2018	353	307	-	6,501	7,161
Net book values					
At 1 April 2018	2,375	348	-	167	2,890
Cost					
At 2 April 2018	2,728	655	-	6,668	10,051
Additions	-	-	-	183	183
Disposals	-	-	-	(998)	(998)
At 31 March 2019	2,728	655	-	5,853	9,236
Depreciation & Impairment					
At 2 April 2018	353	307	-	6,501	7,161
Charge for year	70	4	-	116	190
Disposals	(3)	(2)	-	(1,010)	(1,015)
At 31 March 2019	420	309	-	5,607	6,336
Net book values					
At 31 March 2019	2,308	346	-	246	2,900

Included in freehold land and buildings and leasehold land and buildings are office properties at a deemed cost of £1.1m, this was fair value at transition to FRS 102 (historic cost of £1.5m) at 27 March 2016. If office properties were held on an historic cost basis, the amounts included after depreciation would be £1.2m (2017-18: £1.3m).

Notes to Financial Statements for the year ended 31 March 2019

(b) Intangible fixed assets

Group (Including Charity)

	Intangible Assets Under Construction £'000	Intangible Assets £'000	Total Intangible Assets £'000
Cost			
At 27 March 2017	-	1,666	1,666
Additions	-	8	8
At 1 April 2018	-	1,674	1,674
Amortisation & Impairment			
At 27 March 2017	-	1,563	1,563
Charge for year	-	84	84
At 1 April 2018	-	1,647	1,647
Net book values			
At 1 April 2018	-	27	27
Cost			
At 2 April 2018	-	1,674	1,674
Additions	39	-	39
At 31 March 2019	39	1,674	1,713
Amortisation & Impairment			
At 2 April 2018	-	1,647	1,647
Charge for year	-	18	18
At 31 March 2019	-	1,665	1,665
Net book values			
At 31 March 2019	39	9	48

Notes to Financial Statements for the year ended 31 March 2019

11 a) Fixed asset investments

	Cash & Securities	Cash & Securities
Group and Charity	2019	2018
	£'000	£'000
Market value at 2 April 2018	22,044	21,762
Reinvested Income	306	382
Investment Management Fees	(105)	(142)
Investment released to cash	(5,029)	(96)
Increase in value of investment	231	138
Market value at 31 March 2019	17,447	22,044
Historic cost	16,628	19,195
Unrealised gain	819	2,849
Market value at 31 March 2019	17,447	22,044

Securities held at 31 March 2019 comprised the following:

	2019	2018
	£'000	£'000
Equity	9,041	9,778
Bonds	4,551	5,267
Cash & other	3,855	6,999
Fair value	17,447	22,044

Charity

In addition to the investments shown above, the charity holds shares in subsidiary companies at a cost of £13 (2017-18 :£13). Royal Voluntary Service has 2 wholly owned subsidiary companies. All companies are incorporated in England. A summary of the activities and financial position of the subsidiaries is given in the table below:

	Income £'000	Expenditure £'000	Net surplus/(deficit) before distribution under gift aid £'000	Net Assets £'000
2019				
Royal Voluntary Service Meals on Wheels Limited (company number 2778481)	343	311	32	1,023
The provision and delivery of meals to those in need in their home				
WRVS Services Welfare Limited (company number 2778476)	2,698	2,718	(20)	320
The provision of welfare and support to army service men and women serving on military bases throughout the world				
2018				
Royal Voluntary Service Meals on Wheels Limited (company number 2778481)	383	406	(23)	1,010
The provision and delivery of meals to those in need in their home				
WRVS Services Welfare Limited (company number 2778476)	2,678	2,338	340	340
The provision of welfare and support to army service men and women serving on military bases throughout the world				

b) Current asset investments

Group and Charity

This is cash held on short-term money market deposits to maximise return while enabling Royal Voluntary Service to meet potential short-term liabilities.

Notes to Financial Statements for the year ended 31 March 2019

12 Debtors

	2019		2018	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Trade debtors	1,639	1,373	1,724	1,169
Other debtors	15	15	17	17
Amounts due from group undertakings*	-	-	-	56
Prepayments and accrued income	819	796	1,457	1,404
	2,473	2,184	3,198	2,646

*The amounts due from group undertakings are trading balances and are therefore unsecured and do not attract interest.

Included in the group figures above are £1,926k of assets at amortised cost (2017-18: £2,794k). Included in the charity figures above are £1,639k of assets at amortised cost (2017-18: £2,244k). There are no assets measured at fair value through profit or loss, except for the investments disclosed in Note 11a.

13 Creditors: amounts falling due within one year

	2019		2018	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Trade creditors	3,015	2,996	2,772	2,758
Amounts due to group undertakings*	-	15	-	-
Social security and other taxes	697	517	607	364
Other creditors	357	332	133	109
Accruals and deferred income	2,101	2,032	2,523	2,381
Amounts due to hospitals	1,286	1,286	1,907	1,907
	7,456	7,178	7,942	7,519

*The amounts due to group undertakings are trading balances and are therefore unsecured and do not attract interest.

Included in the group figures above are £6,386k of liabilities at amortised cost (2017-18: £6,995k). Included in the charity figures above are £6,288k of liabilities at amortised cost (2017-18: £6,846k). There are no liabilities measured at fair value through profit or loss.

Pension commitments are detailed in Note 18.

Deferred Income movement

	2019		2018	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Balance at 2 April 2018	340	309	384	351
Amount released in the year	(251)	(220)	(336)	(303)
Amount deferred in the year	138	138	292	261
Balance at 31st March 2019	227	227	340	309

Deferred income relates to local authority grants which have been received to carry out community services and where the terms and conditions state that any underspend is repayable.

Notes to Financial Statements for the year ended 31 March 2019

14 Funds

The income funds of the group and the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust to be applied for specific purposes. The transfer of funds represent:

- movement of funds where the restriction or designation has been expended or lifted
- release of funds back to general reserves where projects in designated reserves have been completed and costs are below budget
- the creation of community services funds and closed hospital reserves out of the main hospital fund
- newly designated strategic funds during the year
- a transfer of funds from general reserves to hospital funds for sites that are underperforming and require central funds

		Movement in funds			
Group	Note		Income & gains	Expenditure & losses	Transfers
		At 27 March 2017			At 1 April 2018
		£'000	£'000	£'000	£'000
Restricted funds					
Legacy fund	(a)	714	47	(37)	(58)
Fixed asset fund	(b)	98	-	(2)	-
Community centres fund	(c)	589	-	(16)	-
Other funds	(d)	1,232	3,115	(2,689)	-
Total restricted funds		2,633	3,162	(2,744)	(58)
Designated funds					
Services Welfare fund	(e)	350	-	(2)	(348)
Hospital fund	(f)	6,839	30,276	(31,630)	(51)
Community services commitments	(f)	739	-	(600)	668
Closed hospital reserves	(f)	1,084	-	-	-
Fixed asset fund	(g)	2,809	-	(518)	73
Community centres fund	(c)	125	-	(3)	-
Community bank accounts	(h)	857	-	(903)	942
IT Investment fund	(i)	24	-	(24)	-
Fit for Future	(j)	53	-	(21)	-
Strategic Fund - Innovation	(k)	271	-	(158)	(113)
Strategic Fund - Investment	(l)	736	-	(919)	812
Infrastructure Investment	(m)	-	-	-	685
Players of People's Postcode Lottery projects	(n)	-	-	(2,107)	5,200
Investment in fundraising	(o)	-	-	-	1,174
Total designated funds		13,887	30,276	(36,885)	9,042
General funds		11,722	31,479	(24,448)	(8,984)
Total unrestricted funds		25,609	61,755	(61,333)	58
Total funds		28,242	64,917	(64,077)	-

		At 2 April 2018	Income & gains	Expenditure & losses	Transfers	At 31 March 2019
		£'000	£'000	£'000	£'000	£'000
Restricted funds						
Legacy fund	(a)	666	6	(38)	(5)	629
Fixed asset fund	(b)	96	-	(2)	-	94
Community centres fund	(c)	573	-	(16)	-	557
Other funds	(d)	1,658	2,150	(2,852)	-	956
Total restricted funds		2,993	2,156	(2,908)	(5)	2,236
Designated funds						
Hospital fund	(f)	5,434	28,600	(29,216)	981	5,799
Community services commitments	(f)	807	-	(362)	30	475
Closed hospital reserves	(f)	1,084	-	(324)	(105)	655
Fixed asset fund	(g)	2,364	-	(186)	(38)	2,140
Community centres fund	(c)	122	-	(4)	-	118
Community bank accounts	(h)	896	808	(773)	-	931
Fit for Future	(j)	32	-	(32)	-	-
Strategic Fund - Investment	(l)	629	-	(298)	(151)	180
Infrastructure Investment	(m)	685	-	(448)	(237)	-
Players of People's Postcode Lottery projects	(n)	3,093	-	(1,213)	-	1,880
Investment in fundraising	(o)	1,174	-	(424)	(750)	-
Technology Transformation Programme	(p)	-	-	(49)	1,753	1,704
Total designated funds		16,320	29,408	(33,329)	1,483	13,882
General funds		9,769	21,710	(22,526)	(1,478)	7,475
Total unrestricted funds		26,089	51,118	(55,855)	5	21,357
Total funds		29,082	53,274	(58,763)	-	23,593

Notes to Financial Statements for the year ended 31 March 2019

14 Funds (continued)

The specific purposes for which the restricted funds must be applied are as follows:

- a) The legacy fund comprises monies that must be used according to specific terms laid down by the legator. The fund is represented by the level of outstanding restricted legacies.
- b) This represents the net book value of properties purchased with restricted funds and the balance reduces each year with the relevant depreciation charge.
- c) The community centres fund represents funding from donors for the enhancement of community centres. The depreciation of the capital cost, which is included in fixed assets, is charged against this fund.
- d) Other funds represent trust and corporate income received which is to be spent in accordance with the wishes of the donor and will be expended in the following year.
- e) Services welfare fund contains the income and expenditure from the MOD contract, all of which has been released to general reserves in 2017-18.
- f) Hospital fund. Royal Voluntary Service has an obligation over a period to direct the 'surplus' earned in certain hospital services either to that hospital or for refurbishment of that service, subject to a retention of monies to fund the ongoing working capital requirements of each service. The arrangements that Royal Voluntary Service has with hospitals do not involve advance undertakings to pay specific amounts on specific dates to specific hospitals. However, these general obligations become specific ones when Royal Voluntary Service communicates with the hospital making a grant offer or a proposal to refurbish the service. The Trustees believe that these general obligations should be treated as unrestricted designated funds until such times as they become specific in nature. Royal Voluntary Service is working with the trusts to expend these reserves in line with lease expectations and agreed timeframes. In 2018-19, the transfer of funds includes: £981k from general reserves to hospital sites which are underperforming and require central funds.

Community services commitments - £30k has been transferred in from hospital funds to cover requirements to be expended within one year.

Closed hospital services represents surplus funds which will be utilised to develop retail strategy in line with the NHS Offer. £105k of designation has been lifted and transferred to general funds.

- g) The fixed asset fund represents the written down value of tangible fixed assets, excluding those held as restricted funds or other designated funds and will be expended in line with depreciation policies.
- h) Community bank account fund represents those funds held in community project bank accounts that have been raised by community projects, and for which the Trustees consider the funds raised should be used in the community project that the money has been raised by.
- i) The IT Investment fund includes expenditure for the upgrade of our finance system and was fully expended by September 2017.
- j) Fit for the Future programme represents the balance on the restructuring project and the remaining IT expenditure for server replacement was concluded in 2018-19.
- k) The Strategic Fund Innovation invests in three distinct projects, in line with strategic goals. We developed services to increase the Charity's impact; "build one Royal Voluntary Service" by investing in our people, rolling out cultures and values and people management training and improving the volunteer journey. We have been improving our marketing brand and developing a digital strategy to facilitate growth in reach and impact of the charity in the future. These funds were fully expended by March 2018.
- l) The Strategic Fund Investment has been set up in line with our strategic objective to Grow Retail including refurbishment of 17 key hospital shops and cafes, finalising the rebranding roll out and securing leases for future income generation. All funds to be expended by March 2020.
- m) The Infrastructure Investment includes planned improvements to our archive facility and investing in volunteers. All funds have been expended and the remainder of the designation has been lifted and transferred back to general funds.
- n) Players of People's Postcode Lottery projects include supporting volunteer led activities, funding community engagement workers, developing a dementia friendly Royal Voluntary Service, working with carers and frail older people and investing in our hospital trolleys. These projects will be delivered before the end of March 2020.
- o) Investment in line with the strategic plan to increase the fundraising team, recruit new donors and increase campaigns to attract volunteers. Funds have been expended and the remaining designation has been lifted and transferred to general funds.
- p) Technology Transformation Programme - following a thorough review of our IT systems and processes, investment over 2 years was approved by the Trustees. This will transform our technology and data environment into a platform that supports the 5 year plan. The first year approved expenditure is £1,753k.

Notes to Financial Statements for the year ended 31 March 2019

15 Analysis of net assets between funds

Group	General funds £'000	Designated funds £'000	Restricted funds £'000	Total £'000
2018				
Fund balances at 1 April 2018 are represented by:				
Fixed assets	-	2,487	668	3,155
Fixed asset investments	14,719	7,325	-	22,044
Net current assets	(4,950)	6,508	2,325	3,883
Net assets	9,769	16,320	2,993	29,082
2019				
Fund balances at 31 March 2019 are represented by:				
Fixed assets	-	2,298	650	2,948
Fixed asset investments	10,518	6,929	-	17,447
Net current assets	(3,043)	4,655	1,586	3,198
Net assets	7,475	13,882	2,236	23,593

16 Financial and capital commitments

Operating leases

At 31 March 2019 the commitments under non-cancellable operating leases were as follows:

Group	Land and buildings		Other	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Expiring:				
- within one year	627	827	5	78
- within two to five years	1,484	1,410	-	16
- thereafter	1,560	1,754	-	-
Total	3,671	3,991	5	94

Capital commitments

At 31 March 2019 the group and charity had capital commitments of £151k (2017-18: £nil).

17 Related parties

Catherine Johnson, Chief Executive, is currently a board member of Helpforce with whom Royal Voluntary Service have a strategic partnership. During the year 2 members of staff were seconded to Helpforce and an initial funding payment of £100,000 was also made.

The only other relevant related party transactions as required by FRS102 at 31 March 2019 are with the subsidiaries of the charity:

Charity intercompany balances at year end	2019 £'000	2018 £'000
WRVS Services Welfare Limited	(17)	32
Royal Voluntary Service Meals on Wheels Limited	2	24
	(15)	56

In 2018-19 the following transactions took place between the charity and its wholly owned subsidiaries:

WRVS Services Welfare Limited

Payments are made on behalf of WRVS Services Welfare Limited by the charity to enable efficient management of creditors. These payments are recharged via the intercompany which is periodically settled with a cash transfer. These transactions include trade creditors and HMRC. No recharges are made from the charity in relation to overheads as the amounts are immaterial. The registered office is Royal Voluntary Service, Cardiff Gate, Beck Court, Cardiff Gate Business Park, Cardiff, CF23 8RP

Royal Voluntary Service Meals on Wheels Limited

The transfer under gift aid of the trading profits of Royal Voluntary Service Meals on Wheels Limited to the charity of £19k (2017-18 £145k), this balance was outstanding at year end. The registered office is Royal Voluntary Service, Cardiff Gate, Beck Court, Cardiff Gate Business Park, Cardiff, CF23 8RP

Payments are made on behalf of Royal Voluntary Service Meals on Wheels Limited by the charity to enable efficient management of creditors. These payments are recharged via the intercompany which is periodically settled with a cash transfer. These transactions include trade creditors and HMRC. No recharges are made from the charity in relation to overheads as the amounts are immaterial.

18 Pension commitments

Royal Voluntary Service Meals on Wheels Limited

All commitments were settled and the final employee ceased employment in 2017-18. No contribution for 2018-19 were made (2017-18; £1,280).

Notes to Financial Statements for the year ended 31 March 2019

19 Analysis of changes in net debt

	At start of year	Cash-flows	Fair Value Movement	At end of year
	£'000	£'000	£'000	£'000
Cash	6,340	1,102	-	7,442
Cash equivalents	1,501	(1,501)	-	-
Total	7,841	(399)	-	7,442

