

London Voluntary Service Council

A Company Limited by Guarantee

Report and Financial Statements For the year ended 31 March 2005

Charity Registration Number: 276886

Company Registration Number: 1395546



LVSC
London's Network
of Networks

Version - Final

LONDON VOLUNTARY SERVICE COUNCIL

Contents	Page
Chair's Introduction	1
Legal and Administrative Information	2
Report of the Trustees	3 – 14
Statement of Trustees' Responsibilities	15
Independent Auditor's Report	16-17
Statement of Financial Activities	18
Balance Sheet	19
Notes to the Financial Statements	20 –27

Chair's Introduction

This has been a turn-around year for LVSC, financially and in service delivery.

On the financial side, after two very difficult years in which significant funding streams came to an end across the sector, we finished last year by securing an increase of £26,918 in unrestricted reserves. This was partly due to our major funders continuing to grant aid or commission work – for which we are extremely grateful. But it was also because our new Chief Executive, Elizabeth Balgobin, tackled some remaining issues with huge energy, determination and skill – particularly in the area of financial control. She was greatly helped by our new treasurer, Golam Morshed, and by Olu Olasode, who not only helped get a firm grip on the budget, but put new regulations and procedures in place.

The funding environment for the sector remains tight, but we are now seeing some significant new grants awarded to LVSC to expand our work in supporting the sector and I am confident that the progress achieved last year will be maintained and surpassed.

**“...a good year
which has
radically
changed LVSC”**

Of course, the underlying basis for securing resources lies in sound service delivery and clarity of purpose. We have focussed on reinforcing our service delivery, centred around a new mission statement (and logo), a new senior management team and a new structure with clearer, customer-centred targets. Elizabeth has also been tireless in meeting funders and key customers, both understanding their needs and exploring new ways of delivery.

It has been a good year which has radically changed LVSC to align it better to a changed external environment. It has been a year on which we shall build, reflecting also the increased government support for expanding the role of the voluntary sector in service delivery.

**“...a new sense
of purpose and
confidence”**

My thanks, first, to our funders without whom we could not provide the vital support to the development of the sector. In particular, my thanks to the Association of London Government and the London Development Agency.

We all owe a huge debt to Mark Clarke who, as acting Chief Executive, steered us through the first part of the year and to Elizabeth and her staff team for meeting difficult challenges and turning the organisation around with a new sense of purpose and confidence – thank you.

Finally my thanks to my Vice Chair, Paul Butler, and all Board members for their continuing hard work and determination to put LVSC on a secure financial footing and at the forefront of support to the sector in London.



Drew Stevenson, Chair
1st November 2005

London Voluntary Service Council

Report of the Trustees

Legal and Administrative Information

Name of charity: London Voluntary Service Council

Charity registration number: 276886

Company limited by guarantee number: 1395546

Principal and registered office: 356 Holloway Road, London N7 6PA

Charity's trustees and officers:

Drew Stevenson, Chair

Paul Butler, Vice Chair

Golam Morshed, Treasurer

Linda Butcher

Melanie Danan

Gilbert Igboaka

Allison Ogden-Newton

Jagdish Patel

Habib Rahman

Kamal Rasul

Noel Vallely

Sharon Walker

Resigned during the year: Beth Follini

Chief Executive Officer and senior staff members to whom day-to-day management of the charity is delegated by the trustees:

Elizabeth Balgobin, Chief Executive

Mark Clarke, Deputy Chief Executive and Director of Fundraising and Marketing

Louise Garner, Director of Projects and Services

Susan George, Company Secretary

Names and addresses of principal advisers:

Banker: National Westminster Bank plc
Tavistock Square
London
WC1H 9HA

Auditor: PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London
EC1M 3AP

Note: The Board of LVSC resolved to transfer their business from PKF to PKF (UK) LLP on 15 June 2005 with immediate effect in accordance with Section 26(5) of the Companies Act 1989.

London Voluntary Service Council

Report of the Trustees

The trustees are pleased to present their report and LVSC's audited financial statements for the year ended 31 March 2005. These comply with current statutory requirements and the memorandum and articles of association and the requirements of the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP) 2000.

Structure, governance and management

London Voluntary Service Council is a registered charity and a company limited by guarantee, governed by a memorandum and articles of association.

The Company has an Executive Committee, known as the Board of Trustees, of not less than ten and not more than eighteen people comprising:

- up to six people elected by and from the full members
- the honorary officers, Chair, Vice Chair and Treasurer
- up to nine co-opted persons including up to three from the networks hosted by the Company

The Executive Committee may appoint any person to fill a casual vacancy.

The Executive Committee has agreed a policy and procedure for the recruitment and selection of new members. Vacancies for co-opted Board members will always be advertised although candidates for co-option to the Board may also be identified through networking or contacts. Advertisements will be based on the role description and any skills gaps identified through the most recent Board skills audit.

Policies and procedures for the induction and training of trustees are being developed and will be agreed by the Executive Committee and implemented during 2005-6.

The business of the Company is managed by the Executive Committee which is responsible for:

- deciding LVSC's strategy in meeting its objectives and agreeing its values
- setting policies that facilitate LVSC's work towards its charitable objectives
- ensuring that LVSC provides equality of opportunity for all sections of the community in its own affairs and in access to its services and facilities
- appointing a Chief Executive to manage the day-to-day business of LVSC
- appointing a Company Secretary

London Voluntary Service Council

Report of the Trustees

- approving and reviewing terms of reference for the Executive Committee and Sub-Committees and deciding the functions and duties of the honorary officers
- approving criteria for the admission of members to LVSC and admitting new members
- approving large or long-term contracts
- approving the annual budget
- approving LVSC's banking arrangements and borrowing
- approving audited income and expenditure accounts, balance sheets and trustees' reports before they are laid before the Annual General Meeting

The Executive Committee has delegated the following responsibilities to the Finance Sub-Committee:

- overseeing the development and implementation of financial control systems
- ensuring the development and implementation of sound financial strategies
- overseeing the preparation of the draft annual budget and considering quarterly financial reviews

The main duties and responsibilities of the Chief Executive are:

- ensuring that LVSC acts in accordance with its governing document and within the law
- working with the Executive Committee to develop and review LVSC's strategic goals and leading the formulation, dissemination and implementation of annual plans and targets
- maintaining and developing the profile of LVSC and its members
- ensuring that LVSC's work programmes are relevant and able to deliver and designing and overseeing the implementation of new programmes
- initiating and responding to related policy developments at national, regional and local level across all sectors
- leading, managing and motivating staff

London Voluntary Service Council

Report of the Trustees

- directing financial planning, management and control
- ensuring that LVSC's technology and systems are suitable and effective and that staff are adequately equipped
- ensuring the organisation complies with and works towards best practice in all aspects of health and safety legislation and that its premises are managed in a way that complies with all relevant legislation

Risk management

The trustees and senior management team have reviewed LVSC's activities and identified the risks to which it is exposed, in particular those related to operations and finances. This process involved identifying the types of risk and prioritising them in terms of potential impact and likelihood of occurrence. Controls to prevent or minimise the risks were then identified, together with deadlines for their implementation. The resulting risk register is reviewed by the trustees, via the Finance Sub-Committee, twice a year.

Objectives and activities

The objects for which the Company is established are:

- to promote any charitable purposes for the benefit of the community in Greater London, in particular the advancement of education, the furtherance of health and the relief of poverty, distress and sickness
- to promote and organise co-operation in the achievement of these purposes between voluntary organisations, and with statutory authorities and other bodies by bringing together representatives of such bodies

LVSC's vision is for the voluntary and community sector to play a fully empowered and effective role in the diverse life of London.

LVSC's mission is to represent, champion and enhance London's diverse voluntary and community sector through:

- Developing and promoting voluntary sector led solutions to meet the diverse needs and aspirations of Londoners
- Providing strategic direction for the sector by developing policy and influencing decisions
- Providing a range of accessible, high-quality services around information, support, learning and advice

London Voluntary Service Council

Report of the Trustees

Bringing second-tier organisations together to share knowledge, promote best practice and co-ordinate activity and opinion

LVSC's main objectives for 2004-5 were:

- Take forward the priorities for the five-year business plan agreed following the Tank external review carried out in March 2004.
- Develop a service strategy. We carried out an initial consultation at our Annual General Meeting in January 2005. This was followed by a full service area review then a meeting with second-tier organisations in April. During 2005-6 we will carry out an in-depth review of our Library and Information, Learning, PEACe and Support and Advice services.
- Develop a new visual identity and brand statement. The Executive Committee agreed on a new vision and mission statement and LVSC launched a new logo at its Annual General Meeting in January 2005.
- Develop a fundraising strategy. A short-term fundraising strategy was presented to the Executive Committee in February 2005. A long-term strategy was approved in June 2005. LVSC decided to bring fundraising activities in-house and appointed a Director of Fundraising and Marketing in April 2005.
- Improve finance and accounting systems. All managers received training on an account management model of service delivery and the 2005-6 budget was produced to this model. In April 2005 we introduced new finance software.
- Agree and implement senior management structure. A permanent Chief Executive, Elizabeth Balgobin, was appointed in September 2004 and a new organisational structure agreed in January 2005. Since then a Director of Projects and Services and Director of Fundraising and Marketing have been appointed.
- Revise constitution around a mixed model of governance. LVSC's articles of association were altered at the Annual General Meeting in January 2005, to allow for more co-options to the Executive Committee and to allow up to three places to be reserved for representatives of the networks hosted by LVSC. We have also carried out an audit of board skills and experience which will be used to inform recruitment of new members during 2005-6.

Activities and achievements

This is a summary of significant activities and achievements during 2004-5.

London Voluntary Service Council

Report of the Trustees

ChangeUp

The ChangeUp programme is part of central government's 10-year capacity-building and infrastructure framework plan for the voluntary and community sector (VCS). In January 2005 LVSC was commissioned by the Government Office for London (GOL) to carry out the following ChangeUp activities:

- produce a London Regional ChangeUp Plan by March 2006, including a dissemination and consultation strategy. This Plan is required to incorporate relevant parts of local and sub-regional ChangeUp plans
- a specialist information service comprising a monthly email bulletin, a dedicated website area including links to other sites and dealing with enquiries
- an events programme during the ChangeUp Plan development period (to March 2006), targeted at infrastructure providers, users and funders.

Progress to date has been concentrated on providing the information and enquiries service, including regular briefings to Councils for Voluntary Service (CVSs) in London (who are leading on local and sub-regional ChangeUp Plans and spending). LVSC is contributing to many ChangeUp events across the capital and is now planning significant development of ChangeUp information on the LVSC website. A skeleton version of the London ChangeUp Plan is being drafted and will be available from early June 2005. This will be followed by a full draft Plan in the autumn and then a three-month consultation period over the winter.

Coping with Multiple Funders

This project is funded through the GOL Early Spend programme and aims to produce a best practice manual (after undertaking research and consultancy with participating organisations) on how to develop, implement and maintain appropriate mechanisms for managing funding criteria and effective reporting to a variety of funders. The best practice manual will enable front-line and second-tier VCS organisations to cope better with reporting to their various funders and will build and enhance their capacity and sustainability. The project is aimed at organisations that can be categorised as small, new, Black and minority ethnic (BME), women, disabled, first- or second-tier, and are based in central London or the outer London boroughs.

Learning

The Learning service provided training for more than 800 London VCS organisations, including staff, volunteers and trustees. During the year the training included management, staff and organisational development courses, on an open or in-house basis according to the needs of users and three new courses were added. This service provides a flexible and diverse range of

London Voluntary Service Council

Report of the Trustees

organisational support and staff development courses that are relevant to London's voluntary sector.

The courses were generally run over one or two days and were designed to be affordable to smaller groups. Courses were attended by 1,751 participants, 50% of whom were from organisations with 10 or fewer paid staff and 36% of whom were from outer London boroughs.

In the past year 93% of applicants for courses obtained a place. Over 200 open courses and around 100 locally delivered, in-house courses were run and course attendee feedback demonstrated consistently high satisfaction levels.

Library and Information

This service promotes access to resources and information provided by LVSC and other London-based VCS organisations. It also collates and disseminates information about VCS groups, jobs, events, training and news. The service is delivered through the LVSC static library and the Action Link website plus other LVSC staff with an information provision remit.

In order to set a balanced budget at the start of the year, the library was closed and the staff were made redundant. After a number of weeks of closure the library was reopened though staff volunteering.

Using funding from the London Development Agency (LDA), two Resource Officers were recruited to maintain and help improve the Information service. Their role includes information exchange with and visits to CVSs and arranging seminars and learning sessions aimed at small groups, particularly those that are less able to pay to attend. Staff have also been working in partnership with other networks, such as London Connects. Between September 2004 and March 2005 there were 293 visits to the Library, 55% of which were by first-time users and 26% of which were by people from BME groups.

LVSC's Action Link web site is one of the leading sites for information and resources for London VCS organisations. The site resources include a database of London VCS organisations, model policies and procedures and signposting and an increasing number of information pages. An on-line learning course is being piloted, with more planned for the coming year. During 2004-5 daily visits and usage of the site were high, with an increase of 35% compared with 2003-4. However, feedback from users, including CVSs, Third Sector Alliance (3sa) and Voluntary Sector Forum (VSF) told us consistently of a number of deficiencies in the site. In response, we reviewed Action Link and decided that the most effective and cost-effective solution was to replace the site with a more modern, tailored one that better met the needs of London VCS users. A specification has been produced for the new website and the work is being tendered.

London Voluntary Service Council

Report of the Trustees

Networks (3sa, VSF, STAN, CVSN)

LVSC facilitates three pan-London networks, the Councils for Voluntary Service Network (CVSN), Third Sector Alliance (3sa) and Voluntary Sector Forum (VSF).

CVSN includes all London CVS Directors and provides a forum for information exchange and discussion and analysis of policy developments that may impact upon CVSs and voluntary organisations generally.

3sa is a regional 'network of networks' for voluntary and community organisations in London, with over 200 networks as members. Priorities are to enable London's voluntary and community agencies to play a leading role in the development and implementation of regional policy, to increase the effectiveness of the sector and to unlock further funds for the sector at regional level.

VSF provides a space for organisations funded by the Association of London Government (ALG) to be represented across all funding sectors to ensure concerns are heard by ALG and to disseminate and consult on ALG funding policy.

All the networks have been through a period of uncertainty and a diminution of the human resources available to them over the last year. Nonetheless, members' interest and commitment has been maintained. In addition to activity being maintained - notably studies on two key areas (housing strategy and the Single Regeneration Budget), which have involved network members - we have used the time to build the foundations of a secure and successful programme for 2005 and beyond.

We have clarified the areas around which there needs to be closer cooperation with the CVSN and the areas in which LVSC or one of the other networks will take the lead. We have also clarified the boundaries around each of the networks and identified areas of common cause. A programme arising from that discussion will be designed for April 2005 and beyond.

In summary, whilst 2004-05 presented several difficult challenges, we have been able to achieve most of our goals and have gained support and agreement for future activity from a broadening membership. Job descriptions for new dedicated workers have been prepared and recruitment began in April 2005. There has been consultation about the job descriptions and representatives of the networks will be involved in the recruitment process.

LVSC has made strenuous efforts to ensure the active participation of the networks in its Board structure. From 2005-06 there will be active involvement of networks at Board level and networks will be policy driven - something with which all are agreed.

London Voluntary Service Council

Report of the Trustees

Personnel, employment advice and conciliation service (PEACe)

The PEACe service provides personnel and employment law support and advice to voluntary sector employers in London. It also provides capacity-building support to staff in CVSs and second-tier organisations and training and networking opportunities through its annual training conference. User feedback indicates that the service is of a very high quality, relevant to sector needs and consistently more than meets the needs of users. In the past year the service has received two unsolicited donations from organisations who felt the service had helped them considerably.

During the year, 46% of the total cases dealt with were from second-tier organisations - an increase of 5% on the previous year - and 78% of training in employment practice and policy was delivered in outer London boroughs. PEACe dealt with 37 cases relating to redundancy and 50 organisations used the service more than once during the year.

During the year we found a slight decrease in the number of outer London organisations accessing the service. This was partly due to an increase in the number of enquiries from CVSs in the same borough, which meant that instead of referring groups directly to PEACe, CVS staff are getting more confident in supporting these groups directly and were themselves contacting PEACe for additional advice and guidance. However, in order to reach as many VCS organisations in the outer London boroughs and build on our target, PEACe circulated a short article about its activities to all outer London CVSs. In response, the article appeared in six local newsletters, with an immediate effect.

Project Synergy

Project Synergy is a major development at LVSC, which started in January 2004 with funding worth £2 million over three years from LDA. The project has aimed to develop flexible, customer-focused advice and information services to the voluntary and community sector to build capacity across London. Existing projects at LVSC have been enhanced by this funding, in particular the Support and Advice Team, PEACe and Information Management. This has resulted in stronger integration of LVSC projects and services, thus enabling users to receive more joined-up services.

Activity in the first three months of 2004 concentrated on preparing the ground for new staff, including the appointment of a project director. Project Synergy is delivered by a team of nine staff at LVSC, growing to 11 by the end of 2005. Services are being targeted at first- and second-tier VCS groups across London, including emerging groups, and at promoting equality and social inclusion.

London Voluntary Service Council

Report of the Trustees

Publications and marketing

This team publishes LVSC's bi-monthly magazine, Voluntary Voice, as well as promotional material and annual reports. Voluntary Voice has new editors and a new design and layout, in keeping with the logo launched at our AGM in January 2005.

This team is also responsible for sales and marketing of other LVSC publications. Voluntary But Not Amateur is now in its seventh edition; 1749 copies were sold in 2004-5. Just About Managing is now in its third edition; 1099 copies were sold.

Ready, Steady, Start

The Ready Steady Start programme is funded by the LDA. The programme provides resources as well as skills and organisational development training to small voluntary and community groups wishing to understand how to go about setting up or developing an organisation and network with others in similar situations. The programme also encourages participants to reflect and consider whether setting up an organisation is the right path for their group. The programme is free to eligible participants, runs over one full day and three half day sessions and covers the modules: Setting up a Sustainable Organisation, Governance, Project Development and Fundraising.

LVSC's Support and Advice Team ran three Ready Steady Start sessions for 44 participants from 27 organisations.

Support and Advice

The Support and Advice service provides networking opportunities via the Second-Tier Advisors Network (STAN). It also provides a telephone advice line, fundraising and start-up support to small VCS organisations, written and on-line information, training sessions and one-to-one advice. It produces a resources listing for organisational development work and an on-line directory of advice provision across London. During 2004-5 the team received 200 enquiries from 163 organisations.

During the year there were eight training events and three conferences, involving 242 participants from 91 organisations. STAN members have received 12 e-bulletins and four newsletters and LVSC has distributed 225 copies of Funding Formula, a holistic guide to resource development. Evaluation summaries from all STAN activities have rated the service at 3.4 on a scale of 1 to 4. All activities, in particular training, have been oversubscribed.

The STAN project achieved its goals in terms of workforce development, promoting cohesiveness, partnership working and sharing of skills and

London Voluntary Service Council

Report of the Trustees

knowledge. Over 30% of the organisations served by the Support and Advice service were from outer London boroughs.

Technical Assistance

This project, funded by GOL, was designed to provide European Social Fund (ESF) Objective 3 Technical Assistance, in the form of support, advice, training and networking, to London VCS organisations in receipt of co-financed support.

The project has worked with 12 VCS provider organisations, which are led by and serving women, people with disabilities, BME communities and other marginalised groups that are in receipt of Objective 3 co-financed ESF. The objectives of the project are to ensure that these organisations are able to obtain ESF funding and are supported in the delivery of their projects by being able to meet the contractual, legal and quality requirements of structural funds.

Workforce Futures

The Workforce Futures Partnership is a South London regional development partnership that receives funding from the ESF under the Equal Community Initiative. Its purpose is to test and promote new ways of recognising and promoting equality and diversity, developing lifelong learning and inclusive work practices to encourage the recruitment and retention of individuals at risk of discrimination in the labour market.

LVSC's main role so far has been in developing an equal opportunities policy for the Partnership. We will also play a part in mainstreaming the Partnership's work to the London VCS.

Internal services

LVSC's delivery of services is supported by internal finance, HR, ICT and facilities functions. At the start of 2004-5 HR, ICT and facilities formed the Central Services Department, with finance as a separate team. We consolidated all these internal functions into one Resources Directorate, which is overseen by the Chief Executive.

Membership

At the end of the year, LVSC membership stood at 201. Membership benefits will be improved during 2005-6 though fees will remain the same. Full membership is open to second-tier VCS organisations and those working in more than one London borough. Other organisations and individuals may apply for associate membership. LVSC thanks all its members for their continued support.

London Voluntary Service Council

Report of the Trustees

Financial review

LVSC ended the year with a small surplus on general funds of £27,574 (2004 – deficit £66,233) and cumulative unrestricted funds of £120,321. This position was achieved through financial recovery actions implemented during the last quarter of the financial year. The deficit on restricted funds mainly reflects the delivery of projects funded and brought forward from previous years.

Reserves policy

The trustees aim to maintain free reserves, that is funds not tied up in fixed assets and restricted funds, at a level required to meet fluctuations in income and other financial risks, while keeping in line with the requirements of our main funders. Our aim is to hold the equivalent of three months expenditure for the purpose – based on this, the current level required is about £189,000.

Plans for the future

LVSC's aims and key objectives for 2005-6 are:

- to improve services, fill service gaps and become more customer-oriented
- to build the new LVSC brand of a reliable, trusted umbrella for London
- to build an effective relationship with the CVS Network in London and to develop a clear strategy for each network hosted by LVSC
- to develop a new website and build up a body of on-line learning materials
- to deliver ESF Technical Assistance to BME Co-financed organisations
- to ensure that PEACe is offered to more BME organisations
- to support ChangeUp across London
- to develop a service to address the failure rate of small VCS organisations
- to build on 'Working with Multiple Funders'
- to improve the membership offer and increase membership
- to develop a service-based fundraising strategy and build strong relationships with funders
- to continue to improve the financial management of LVSC

London Voluntary Service Council

Report of the Trustees

- to develop the skills of the LVSC workforce and to recruit and develop new trustees
- to improve the ICT systems
- to achieve a recognised quality mark
- to improve evaluation and performance management and carry out a review of terms and conditions
- to strengthen links with the social enterprise sector

Auditors

On 23 May 2005, PKF transferred their business to PKF (UK) LLP, a limited liability partnership. Under section 26(5) of the Companies Act 1989, the company consented to extend the audit appointment to PKF (UK) LLP from 16 June 2005. Accordingly, the audit report has been signed in the name of PKF (UK) LLP and a resolution for the reappointment of PKF (UK) LLP will be proposed at the forthcoming annual general meeting.

Company Secretary

(Name and Signature) S. George SUSAN GEORGE

Date: 1st November 2005

London Voluntary Service Council

Statement of responsibilities of the Trustees

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 at the end of the year and of its income and expenditure during the financial period. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charitable company and which enables them to ensure that the financial statements comply with applicable law. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for ensuring that the Report of the Trustees is prepared in accordance with law applicable to charitable companies.

Independent Auditor's Report to the members of London Voluntary Service Council

We have audited the financial statements of London Voluntary Service Council for the year ended 31 March 2005, which comprise the Statement of Financial Activities, the Balance Sheet and related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The responsibilities of the trustees (who are also the directors of the company for the purposes of company law) for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Trustees is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Report of the Trustees and the Chair's Introduction. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 March 2005 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PKF (UK) LLP
Registered Auditors

London, UK
3rd November 2005

London Voluntary Service Council

Statement of Financial Activities

(Incorporating an Income and Expenditure Account)

For the year ended 31 March 2005

	Note	Unrestricted Funds £	Restricted Funds £	2005 Total £	2004 Total £
Incoming Resources					
Activities to further the charity's objects:					
Grants and donations	4c	495,268	942,754	1,438,022	1,558,323
Training fees		220,906	-	220,906	245,014
Publication sales		40,251	-	40,251	41,509
Other income	4b	13,635	2,056	15,691	31,442
Interest receivable		14,147	-	14,147	6,404
Total Incoming Resources		784,207	944,810	1,729,017	1,882,692
Resources Expended					
Cost of generating funds:					
Fundraising and publicity	5	38,308	-	38,308	54,059
Charitable expenditure:					
Information services		152,361	89,310	241,671	368,846
Support and advice services		251,163	252,831	503,994	524,218
Strategy		19,001	281,039	300,040	366,391
Support costs		80,355	460,422	540,777	444,730
Management and administration		215,445	-	215,445	153,701
Total Resources Expended		756,633	1,083,602	1,840,235	1,911,945
Net Incoming/(Outgoing) Resources		27,574	(138,792)	(111,218)	(29,253)
Transfers		(656)	656	-	-
Funds at 1 April 2004		93,403	199,390	292,793	322,046
Funds at 31 March 2005	9	120,321	61,254	181,575	292,793

All the above results are derived from continuing activities.

There are no other recognised gains or losses other than those stated above.

The notes on pages 20 to 27 form part of these financial statements.

London Voluntary Service Council

Balance Sheet as at 31 March 2005

		2005	2004
	Note	£	£
Fixed Assets			
Tangible assets	6	46,420	15,874
Current Assets			
Debtors	7	47,316	212,489
Cash at bank		<u>247,627</u>	<u>235,590</u>
		294,943	448,079
Creditors			
Amounts falling due within one year	8	<u>(159,788)</u>	<u>(171,160)</u>
Net current assets		<u>135,155</u>	<u>276,919</u>
Net Assets	10	<u>181,575</u>	<u>292,793</u>
Represented By:-			
Funds	9		
General funds		85,321	48,403
Designated funds		<u>35,000</u>	<u>45,000</u>
Unrestricted funds		120,321	93,403
Restricted funds		<u>61,254</u>	<u>199,390</u>
Total Funds		<u>181,575</u>	<u>292,793</u>

The notes on pages 20 to 27 form part of these financial statements.

Approved by the Board of Trustees on 1st November 2005.

Signed on behalf of the Board by:



Drew Stevenson
Chair

London Voluntary Service Council

Notes to the Financial Statements

For the year ended 31 March 2005

1 Accounting policies

The financial statements have been prepared under the historic cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2000). The following principal accounting policies have been applied:

a) Incoming resources

(i) Income from grants and donations, including capital grants, is included in the Statement of Financial Activities when the charity is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where it is received for use in a future accounting period. The Statement of Financial Activities shows the gross amount received together with the changes in the amount deferred. Deferred income is included in creditors.

(ii) Income received in respect of ESF projects, is matched against expenditure incurred, any unexpended balances are carried forward until the projects are completed.

(iii) Income from charitable trading activities is included in incoming resources in the period in which the activity takes place and includes income receivable for training, conferences and publication sales.

b) Resources expended and allocation of costs

(i) All expenditure is accounted for on an accruals basis and is recognised when there is a legal or constructive obligation to pay. Expenditure has been directly attributed to the charity's objects, support costs, costs of generating funds and the costs of managing and administering the charity.

(ii) Charitable expenditure comprises expenditure including staff costs, depreciation and other costs which are directly attributable to each activity. Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with use of the resources.

(iii) Support costs include staff costs, depreciation and other costs incurred by directorate, finance and central services departments. Costs, based on a percentage of time spent by each department, are allocated to activities or projects engaged in carrying out the objects of the charity.

(iv) Costs of generating funds are the costs incurred in seeking grants and similar incoming resources. It includes direct fundraising costs, a proportion of salaries and overhead costs of staff engaged in raising funds for their respective projects and publicity costs incurred in raising the profile of the charity.

(v) Management and administration costs are staff costs, depreciation and other costs incurred by directorate, finance and central services departments attributed to the management of the charity's assets, organisational administration and compliance with constitutional and statutory requirements.

London Voluntary Service Council

c) Fund accounting

The funds held by the charity are:

(i) *Restricted funds* – these are funds which have been given for specific purposes and projects as specified by funders

(ii) Designated funds are unrestricted funds that have been set aside at the discretion of the trustees for particular purposes.

(iii) Unrestricted general funds are incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds to be spent at the discretion of the trustees in furtherance of the charitable objectives of the charity.

Further explanation of the nature and purpose of each fund is included in note 9 to the financial statements.

d) Conduit funding

Where the charity receives grants as agents for other bodies such transactions are shown separately and are not included in the Statement of Financial Activities.

e) Operating leases

Rental charges for operating leases are charged to the Statement of Financial Activities on a straight-line basis over the life of the lease.

f) Depreciation of fixed assets

All items costing less than £1,000 are written off in the year of purchase. Assets costing £1,000 and over are depreciated over an estimated four-year expected useful life. A full year's depreciation is charged in the first year of use of the asset.

2 Taxation

As a registered charity under the Charities Act 1993, LVSC's income from charitable activities is exempt in accordance with section 505 of the Income and Corporation Taxes Act 1988.

3 Pension costs

The charity is a member of a defined contribution pension scheme to which contributions are made by the employees and the charity at rates determined by the charity. The assets of the scheme are administered by The Pensions Trust in a fund, independent from that of the charity. Employer contributions at 3.5% of earnings are charged to the Statement of Financial Activities in the year in which they become payable.

LONDON VOLUNTARY SERVICE COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2005

4 Grants and similar incoming resources	Unrestricted Funds	Restricted Funds	2005 Total	2004 Total
	£	£	£	£
a) Grants and donations receivable:				
Central / local government and statutory				
Association for London Government (i)	468,868		468,868	631,621
Community Fund				-
Project Synergy	-	-	-	15,035
Funding Advice Workers Network	-	-	-	21,841
Responding to Regionalisation	-	-	-	25,499
Capacity Building	-	-	-	25,177
Reduction of Barriers	-	-	-	4,941
Research Project	-	-	-	8,530
European Social Fund		8,402	8,402	
Action Link	-	-	-	126,869
Support and Advice	-	-	-	36,995
Focus Central London - Legacy Fund	-	54,887	54,887	31,751
Legacy	-	500	500	-
Home Office				
Regional Infrastructure	-	58,000	58,000	58,000
EIP	-	21,500	21,500	-
Regionalisation (Change up)	-	42,373	42,373	-
Central London Learning and Skills Council				
The Forum	-	8,359	8,359	99,977
Third Sector Skills - Donation	-	104,279	104,279	106,692
Third Sector Skills	-	2,200	2,200	6,700
London Development Agency				
BME Fundraising	-	46,430	46,430	45,079
Project Synergy	-	465,671	465,671	111,235
Renaissi	1,400	-	1,400	-
National Health Service Executive	-	-	-	4,000
New Opportunities Fund	-	16,501	16,501	6,063
Health Development Agency	-	-	-	4,000
Charitable trusts and foundations				
Bridge House Estates Trust Fund	25,000		25,000	45,000
City Parochial Foundation	-		-	20,000
Lloyds/TSB Foundation	-		-	35,105
Peabody Trust	-		-	3,000
Other				
Secondment Income				
Government Office for London	-			32,853
Home Office	-	113,652	113,652	34,053
Office of the Deputy Prime Minister	-			42,176
	495,268	942,754	1,438,022	1,582,192
Deferred Grants				(23,869)
Total Grants Receivable in the year	495,268	942,754	1,438,022	1,558,323

i) As required by Section 37 of the Local Government and Housing Act 1989, LVSC confirms that all grants from the Association for London Government have been expended on the purposes for which they were

LONDON VOLUNTARY SERVICE COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2005**

4 Incoming Resources (continued)

	Unrestricted Funds	Restricted Funds	2005 Total	2004 Total
	£	£	£	£
b Other Income				
Affiliation fees	1,960	0	1,960	3,460
Charges for services	2,839	2,056	4,895	1,458
Conference fees	533	0	533	6,565
Commission and recoveries	8,303		8,303	8,806
Intangible income	0	0	0	11,153
Total Other Income	13,635	2,056	15,691	31,442

c Deferred Income - Grants	Unrestricted Funds	Restricted Funds	2005 Total	2004
	£	£	£	£
Balance at 1 st April 2004	-	23,869	23,869	69,282
Grants received in year	495,268	918,885	1,414,153	1,512,910
Grants deferred at 31 st March 2005	-	-	-	(23,869)
Released to Incoming Resources	495,268	942,754	1,438,022	1,558,323

Deferred income represents grants which have been received for future accounting periods

LONDON VOLUNTARY SERVICE COUNCIL

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2005

5 Resources Expended	Staff Costs £	Depreciation £	Other Costs £	2005 Total £	2004 Total £
Direct Charitable Expenditure		-			
Information services	126,980	-	114,691	241,671	368,846
Support and advice services	242,717	-	261,277	503,994	524,218
Strategy	95,325	-	204,715	300,040	366,391
Support costs	404,466	-	136,311	540,777	444,730
	<u>869,488</u>	<u>-</u>	<u>716,994</u>	<u>1,586,482</u>	<u>1,704,185</u>
Other Expenditure					
Fundraising and publicity	14,085	-	24,223	38,308	54,059
Management and administration	54,552	30,563	130,330	215,445	153,701
	<u>68,637</u>	<u>30,563</u>	<u>154,553</u>	<u>253,753</u>	<u>207,760</u>
Total Resources Expended	<u>938,125</u>	<u>30,563</u>	<u>871,547</u>	<u>1,840,235</u>	<u>1,911,945</u>

	2005 £	2004 £
Staff costs include:		
Salaries and wages (including redundancy costs)	811,339	954,663
Social security costs	86,044	94,459
Pension costs	7,874	13,100
Agency staff costs	<u>32,868</u>	<u>40,363</u>
	<u>938,125</u>	<u>1,102,585</u>

The average number of employees during the year	27	28
The average number of agency staff during the year	1	1
Number of employees earning between £50,000 - £60,000	-	-

Other costs include:

Auditors' remuneration:

Statutory audit- Current year	10,000	8,500
- Previous year under-accrual	-	9,500
- other advice	-	3,800
Grant audits- Current Year	3,090	3,500
- Previous year under-accrual	-	4,100
Operating lease rentals - Land and buildings	31,000	31,000
- Other	3,421	3,421

Trustees' expenses

No trustees received remuneration or were reimbursed for any expenses during the year (2004: nil).

LONDON VOLUNTARY SERVICE COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2005**

6 Fixed Assets

	Freehold Property £	Computers and Other Equipment £	Total £
Cost /Valuation			
At 1 st April 2004	225	180,546	180,771
Additions during the year	0	61,109	61,109
Disposals during the year	0	0	0
At 31 st March 2005	225	241,655	241,880
Accumulated Depreciation			
At 1 st April 2004	0	164,897	164,897
Disposals during the year	0	0	0
Charged during the year	0	30,563	30,563
At 31 st March 2005	0	195,460	195,460
Net Book Value			
At 31st March 2005	225	46,195	46,420
At 31 st March 2004	225	15,649	15,874

The freehold property represents two flats in Barnes, subject to a 99 year lease from 1992. The last valuation was carried out in July 1969, and the Board of Trustees is taking advantage of the Transitional provisions of Financial Reporting Standard 15 'Tangible Fixed Assets' to maintain this valuation.

	2005 £	2004 £
7 Debtors		
Trade debtors	24,978	57,407
Prepayments	9,966	37,267
Accrued income	8,404	52,263
Other debtors	3,968	65,552
	47,316	212,489

	2005 £	2004 £
8 Creditors: amounts falling due within one year		
Tax and social security	32,425	1,957
Deferred income – grants	0	23,869
Deferred income – fees	0	22,287
Trade creditors	27,220	0
Overdraft	31,378	0
Other creditors	22,381	80,935
Accruals	46,384	42,112
	159,788	171,160

LONDON VOLUNTARY SERVICE COUNCIL

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2005

Reconciliation of Funds	Balance at	Movement in Funds			Balance at
	1 April 2004	Incoming	Outgoing	Transfers	31 March 2005
	£	£	£	£	£
Restricted Funds					
GOL Technical Assistance	-	8,402	-	-	8,402
Legacy	-	55,387	(55,327)	-	60
Third Sector Alliance	-	58,000	(57,048)	-	952
EIP	-	21,500	(21,220)	-	280
Regionalisation	-	42,373	(14,507)	-	27,866
Learning & Skills Forum	42,788	8,359	(51,735)	588	-
Third Sector Skills	21,035	106,479	(127,505)	-	9
BME Fundraising	-	46,430	(95,945)	50,000	485
Project Synergy	86,973	467,728	(486,669)	(68,032)	-
Action Link-On line Learning	-	16,501	(27,974)	18,100	6,627
Support & Advice	18,913	-	(18,913)	-	-
Sub-regional Development	13,832	-	(13,800)	-	32
Health & Social Care	535	-	-	-	535
Secondments	-	113,651	(112,959)	-	692
Fixed asset fund	15,314	-	-	-	15,314
	199,390	944,810	(1,083,602)	656	61,254
Designated Funds					
Staff contingency fund	25,000	-	-	-	25,000
Equipment and leasehold fund	10,000	-	-	-	10,000
Publications fund	10,000	-	(10,000)	-	-
	45,000	-	(10,000)	-	35,000
General Fund	48,403	784,207	(746,633)	(656)	85,321
Total Unrestricted Funds	93,403	784,207	(756,633)	(656)	120,321
Total Funds	292,793	1,729,017	(1,840,235)	-	181,575

Purposes of funds:

Restricted funds represent the unexpended portion of grants received for the purposes stated above

Designated funds are unrestricted funds which have been set aside as follows:

- The staff contingency fund has been set aside to meet unexpected responsibilities and matters arising from staffing and employment law.
- The equipment and leasehold fund is set aside to contribute to the replacement of office equipment and obligations under leasehold agreements.
- The publications fund was set aside to contribute to updating and republishing LVSC publications.

Transfers

The transfers of £50,000 into BME Fundraising and £18,100 into online learning from Project Synergy represent variations to funding originally provided. These transfers were agreed with the funder, the LDA.

Other transfers represent the extent to which work has been carried out on projects using unrestricted funds.

LONDON VOLUNTARY SERVICE COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2005

10	Analysis of Net Assets between Funds	Unrestricted Funds £	Restricted Funds £	2005 Total £	2004 Total £
	Balances at 31 March 2005 are represented by :-				
	Tangible fixed assets	30,546	15,874	46,420	15,874
	Net current assets	<u>89,775</u>	<u>45,380</u>	<u>135,155</u>	<u>276,919</u>
	Total Net Assets	<u>120,321</u>	<u>61,254</u>	<u>181,575</u>	<u>292,793</u>

11 Commitments

Annual commitments under lease agreements expiring in 2-5 years, amounted to:

Premises - £37,622 (2004 - £31,000)

Equipment - £1,140 (2004 - £3,421)

12 Related Party Transactions

No related party transactions occurred in the year