

ROYAL VOLUNTARY SERVICE

Together for older people

ANNUAL REPORT & ACCOUNTS 2012-13



Contents

Our Supporters	3
Key achievements	4
Message from the Chair	5
About us	6
Review of 2012-13	7
Looking Ahead to 2013-14	8
Financial Review	9
Report of the Trustees	16
Independent Auditor's Report	22
Our Governance and Administration	24
Consolidated Accounts	25-51

Our Supporters

On behalf of all the people we help, we would like to thank everyone who has helped ensure we are able to continue and extend our work by giving their time, their money, their custom in our shops, their enthusiasm and support. However you support us, **thank you**. A list of donors who have indicated that they wish their identity to be disclosed is available on our website www.royalvoluntaryservice.org.uk

Key Achievements

Together life's happier

Today our 40,000 volunteers change the lives of older people every day in practical ways, helping people live at home as long as they choose and building relationships which keep everyone feeling valued and involved

Our key achievements for 2012-13 include

- 3,000,000 interactions with older people, be these a chat, a laugh or moral support
- 2,000,000 healthy and delicious meals on wheels
- 134,000 books read and imaginations fed
- 90,000 journeys with people to the shops, appointments or to visit friends
- 500 cafes, trolley services and shops in hospitals
- 450 community centres and lunch clubs
- 67 Community hubs across the country
- 1,000 years of volunteer time shared

Message from the Chair

I feel especially privileged to be the Chair of Trustees in the 75th Anniversary year of the Royal Voluntary Service. The charity was founded in 1938 to meet the needs of the time and to help with the war effort and today the practical work we do is needed just as much. The number of over 65s today is approximately 10 million and this is due to increase to 13 million by 2023. With the state contracting and many older people no longer eligible to receive support, the Royal Voluntary Service has a vital role to play providing support and kindness that enable older people to stay independent in their own homes for longer.

Recognising this gap in society, we have big ambitions to extend our services and to reach 2 million older people over the next ten years. To achieve our big ambitions, everyone needs to know who we are, what we do and how we help improve the lives of older people in Britain.

Research showed that the name WRVS (which stood for Women's Royal Voluntary Service) did not reflect what we do, and hindered new people understanding and feeling inspired by our work.

'Royal Voluntary Service' is more easily understood, it conveys a sense of our history and belief in the power of volunteering, as one of the largest volunteer organisations in Britain. It is also more inclusive, showing that we are here for men as well as women. Our new strapline – 'together for older people' – sums up our commitment to older people by keeping them feeling well, involved and valued.

We believe that 'Royal Voluntary Service – together for older people' is a strong identity that we can carry with us to bring together many more volunteers with many older people in the future.

The organisation I joined feels like one that is poised for great success. There has been an immense effort to establish the infrastructure of an organisation that will address the challenges that ageing will present to British Society in the 21st century. That such solid foundations are in place is a credit to my predecessor Ruth Markland from whom I took over as chair in November 2012. I would like to thank Ruth personally and on behalf of the Board of Trustees for her six years of stewardship which were a great success. I am thrilled to be taking the Chair at such a momentous moment in our history. I have been touched by the stories I have heard from our volunteers and customers since I have been appointed and it has reinforced to me what a truly wonderful institution the Royal Voluntary Service has been for many years. We are determined that the Royal Voluntary Service will be as successful in the future as it has been in the past and we look forward to that future with optimism.

Richard Greenhalgh
Chair, Royal Voluntary Service
17 September 2013

About us

Our purpose

Royal Voluntary Service is a volunteer organisation that enriches the lives of older people and their families across Britain. We support older people by giving time and practical help to help them get the best from life. Our volunteers – ordinary men and women of all ages and ethnicities - love spending time with the older people.

Our vision

Our vision is that life is richer and fuller whatever our age, to help create a society where everyone matters, no matter their age.

Our beliefs

- Old age should be celebrated
- Sharing time with older people is enjoyable, rewarding and inspiring for all of us, young and old
- all employees are entitled to understand and feel proud of the critical part they play in the success of Royal Voluntary Service,
- we can have a greater impact through working in partnership with others, and
- everyone deserves the opportunity to both contribute and feel that they belong to their community

Review of 2012-13

In March 2011 the Royal Voluntary Service Trustees approved an ambitious plan for extending our reach to help more older people in the UK

Our five year strategic plan, which has now been updated through to 2017, focuses on creating integrated services within Community Hubs and 2012-13 has seen us successfully roll out the hub concept to 67 locations covering the whole of Britain. Each hub, run by a locality manager, will manage a set of core services such as transport, companionship and social activities. This integration will mean that the Royal Voluntary Service can offer older people a bespoke service to meet their individual needs and tastes, whether that is a trip to the shops, regular companionship or help with meals. It will also mean that councils will have one point of contact to access services for local older people provided by the Royal Voluntary Service.

Pivotal to each hub are “customer support volunteers” who visit older people and discuss their needs with them to find out what kind of services would help most. This enables the Royal Voluntary Service to design the support around what the individual older person requires.

The hub structure also allows our volunteers to play an even more vital role within Royal Voluntary Service creating opportunities to be involved in more than one service. This has broadened their knowledge of the Royal Voluntary Service which has benefited both the volunteer and the charity.

Our objectives for 2012-13 were

- Roll out of Royal Voluntary Service hubs to 67 GB locations with appropriate management, processes and systems in place – this was complete by March 2013. Restructuring took place in 2012 to realign all services into the 67 community hubs and appoint 67 locality managers. New standard processes and procedures have been rolled out to the 67 hubs. These are now in the process of being digitalised with the rollout of a Coldharbour System to manage the Charity’s day to day community operations.
- Deliver a financial result no worse than £2.4m deficit before the cost of transition. This was delivered with a £2.3m deficit before transitional costs and investment gains.
- Trial an improved Café experience within the retail estate. New format cafés have been implemented at Sunderland and Merthyr. Feedback has been positive and early results indicate a significant uplift in revenue from the investments which have been made.

Looking Ahead to 2013-14

Royal Voluntary Service Strategic Aims

In 2007 we set four guiding principles to keep our strategy focused on what we do best and what we can achieve in the next five to ten years.

- We should concentrate on the kind of practical, volunteer-powered support which enables older people to maintain their dignity and independence,
- Our services should derive value from being part of a national organisation,
- We should focus on ways in which we can achieve optimum outcomes, and
- We need to have a financially sustainable model

Our objectives for 2013-14 are:

- Set out our strategic plan in order to begin the journey to supporting 2 million older people by 2023,
- Work in partnership to enable communities to support each other, connecting those that need support with those who'd like to help.
- Renew our focus on volunteers being the driving force of the organisation, supported by employees,
- Finalise the infrastructure and systems roll-out necessary to give all our Hubs the capacity to support a greater number of older people;
- Deliver a financial result no worse than £1 5m deficit before the cost of transition,

Financial Review

Our income of £73.2m (2011-12 £74.7m) came from five sources.

- £49.1m (2011-12 £48.5m) from services provided by shops and cafés within hospitals throughout the country,
- £9.6m (2011-12 £11.8m) from food contracts with local authorities providing Meals on Wheels services,
- £8.2m (2011-12 £7.8m) directly from people who use our services in the community, local authority commissioners, from the Ministry of Defence and from commissioners of emergency services work;
- £0.8m (2011-12 £1.2m) from investment & property income, and
- £5.4m (2011-12 £5.4m) from voluntary income and activities for generating funds

Our expenditure of £77.2m (2011-12 £78.7m) comprised.

- £29.0m (2011-12 £29.0m) on purchasing stock and meals for our shops and cafés,
- £21.2m (2011-12 £22.9m) in providing care services in the community (£10.8m on Meals on Wheels, £7.0m on community services, £0.3m on emergency services and £3.1m on services welfare);
- £16.7m (2011-12 £15.5m) on carrying out our work in hospitals;
- £3.7m (2011-12 £5.6m) gifted to hospitals to fund equipment and develop services,
- £4.9m (2011-12 £5.0m) on governance, investment and fundraising costs, and
- £1.7m (2011-12 £0.7m) on transition costs resulting from the strategic development plans

At 31 March 2013 the total reserves were £44.4m (2011-12 £47.1m). 2012-13 was a successful year which included the implementation of a new operational structure to rollout 67 community hubs.

We also invested in IT capability in our drive to modernize the way in which community services are being delivered within Royal Voluntary Service.

Hospital services

In 2012-13, our hospital services generated income of £49.1m (2011-12 £48.5m). During the year we reviewed our supply arrangements for sandwiches, ambient and chilled products (through a fair and open tender process) to enable us to expand upon our range of services both in hospitals and within the community.

During the year we completed the rollout of our new electronic point of sale system and we have experienced the benefits including increased operating efficiencies and higher rebate income from our promotional sales.

We worked in Partnership with NHS trusts to develop other services, including those on-ward services where our trained volunteers provide practical and emotional support to older patients

The resources expended excluding grants payable was £45.7m (2011-12 £44.5m) which includes the additional cost of investment in our EPOS system and direct costs to deliver the services

Gifting to hospitals was £3.7m (2011-12 £5.6m) and during the year we concentrated on building relationships with our external partners and continued discussions to develop services that would focus gifts on supporting older people in hospitals. We have started to use the funds to develop on-ward services which will increase the social return on investment not only for Royal Voluntary Service but also for our partners

Food services

In 2012-13 the income from food services was £9.6m (2011-12 £11.8m) and the change in the strategy on meal delivery by some Local Authorities has resulted in contracts not being renewed as they source alternative options, reduce or remove subsidies and require continued price reductions which are not compatible with our desire to deliver a service which is more than just a meal for the older people we help

During the year, one notable contract, Essex, was not renewed. The annual income lost from this contract will be £2.6m and the impact on 2012-13 was a reduction of £1.3m. Royal Voluntary Service is investigating new initiatives that will replace the way in which hot meals are delivered to service users in the future combining nutrition with education on how to live a healthy lifestyle

Resources expended was £10.7m (2011-12 £13.0m) including an overall reduction of £2.2m to deliver services in line with the reduced income. This included £0.6m reduced employee costs and £0.2m property dilapidation costs on contract terminations

Community services

Income from Community Services is £4.8m (2011-12 £4.4m) while expenditure to support our mission was £7.0m (2011-12 £6.6m) including the recovery of support costs of £1.5m (2011-12 £1.4m)

Our income year on year has risen by £0.4m as we have benefited from additional funding from restricted trusts and lotteries such as the Peoples Health Trust and Big Lottery

During the year we have focused on implementing community hubs after the successful pilot was

concluded in 2011-12. We consolidated services into 67 regional hubs that deliver a range of services by trained volunteers and we recruited locality managers to run them which have resulted in increased employee costs and property costs of £1.4m during 2012-13.

We also invested in training and development for both our staff and volunteers and ran a range of workshops and conferences as part of our Investors in People strategy.

We continue to offer a range of services in the community to ensure we provide the help that older people require to live an independent life in their own homes. Whilst our Books on Wheels services are essential to the rural communities, our transport schemes help individuals engage in social activities by getting out and about. As well as developing services, we have continued our investment in Community Clubs and Social Centres where a range of activities are offered.

Emergency services

Incoming resources in 2012-13 were £0.1m (2011-12: £0.2m) and the costs of generating activities was £0.3m (2011-12: £0.3m). The direct costs are minimal whereas the allocation of central overheads is £0.3m as a result of operational staff reallocating activities as we disband the central team and push out to the hubs with an emphasis on community resilience rather than purely supporting the blue light services. The central call handling team is also dealing with the first line response for emergencies and will co-ordinate activities for operations.

Services welfare

2012-13 incoming resources were £3.3m (2011-12: £3.2m) and costs of generating activities £3.1m (2011-12: £3.0m). Royal Voluntary Service retains a management fee for running activities of £0.2m (2011-12: £0.2m).

Support costs

These comprise a range of centrally provided services to support the 1,723 employees, 40,000 volunteers and 1,200 services that make up Royal Voluntary Service.

Central support costs were higher at £10.0m (2011-12: £7.9m) as we continue to improve the brand; increase fundraising capacity, introduce a central call handling team to provide better customer support, and continue our transformation program.

A central call handling team, who are multi-skilled to deliver first line support, has been set up to

assist our operations team and to provide excellent customer care. The team will be further expanded in 2013-14 to incorporate administrative and processing teams as part of our development plans to streamline central support services.

During 2012-13 our marketing and fundraising teams have worked hard to improve brand awareness by increased campaign activity and working with trusts to secure increased funding to develop community services.

In line with our transformation goals during 2012-13 activity has focused on the restructuring plan, improving processes and rolling out the new Coldharbour system within community hubs. A review of our retail activities was also conducted by external consultants.

Investments

Investment income is reduced to £0.5m (2011-12 £0.7m) in line with the planned changes within our investment policy during 2012-13. Our investment policy ensures risks are spread across several institutions and throughout the year we have had £23m cash invested with up to five UK banks. Due to market conditions and in particular, the rates of interest being offered, the level of interest earned on these accounts has fallen by £0.1m. All deposits are monitored by the Investment Committee.

Fundraising strategy

Our fundraising income has remained steady at £5.4m (2011-12 £5.4m) while fundraising costs reduced to £4.1m including allocation of central overheads and fundraising staff (2011-12 £4.3m). The plan up to 2016-17 is to focus on a sustainable mixed portfolio with longer term investment in corporate partnerships and legacy income.

• Individual donations

Gross income from individual donations was £2.0m (2011-12 £2.6m). The number of donors is 120,120 (2011-12 126,021) and reflects the strategic move towards 2016-17.

• Legacies

Legacy income is £0.2m (2011-12 £0.3m) and we continue to focus our efforts on ensuring we are doing everything we can to maximize legacy income in the future.

- **Trusts and lotteries**

Total income has increased in line with our plan and is £1 3m (2011-12. £0 5m) During the year we received funding from the Big Lottery Fund and the Peoples Health Trust to develop local services

- **Gift Aid, corporate and other income**

Total Gift Aid and other income was £1 9m (2011-12 £2 0m which included £0 6m of Text Santa income featured on ITV over the Christmas holidays)

Our funds' position and reserves policy

Total funds stand at £44 4m (2011-12 £47 1m) Of this, £3 1m (2011-12 £2 8m) is restricted for specific purposes while £41 3m (2011-12 £44 3m) is unrestricted

Within unrestricted funds Trustees have designated £25 6m of the funds for particular purposes Of this, £11 7m has been set aside for future hospital gifting We are working NHS trusts to plan the release of funds for gifting and for developing additional services A further £0 4m of unrestricted funds has been allocated to deliver the final phases of the strategic review The balance of designated funds is made up of funds invested in fixed assets (£6 6m) and designated for developing community services (£2 5m), improving IT infrastructure (£2 1m), financing vehicles for service delivery (£0 3m), local community services bank accounts (£0.9m), Fundraising capacity fund (£1 0m) and enhancement of community centres (£0 1m)

We actively encourage investment proposals from our network of hospital and community services and a committee of the Executive has been set up to approve proposals to ensure they meet our strategic aims and objectives and help to improve the lives of older people to live independently

In the light of continued uncertainties in fundraising, hospital and meals on wheels markets and the social care agenda, we continue to believe it is prudent to retain the policy of setting a minimum level of reserves of £15 0m, which represents approximately three months of operating costs of the charity (excluding the cost of sales of our retail units).

Results for the year ended 31 March 2013 are shown in the Statement of Financial Activities on pages 26 and 27 Our assets and liabilities as at 31 March 2013 are shown in the Balance Sheet on page 28 These statements should be read together with the notes to the accounts, which appear on pages 30 to 51 and have been prepared in accordance with relevant law and SORP 2005 Our general funds at £15 7m (2011-12 £15 4m) remain in line with the required amount of £15m as set out in our reserves policy

Approach to investments

At March 2013, our equities and securities were valued at £13.4m (2011-12 £12.1m) managed by our investment managers BlackRock, Sarasin Chiswell and CCLA. At the end of the year these investments showed a net unrealised gain of £1.3m (2011-12 net realised and unrealised loss £0.01m). We had £3.5m cash invested at the year-end (2011-12 £3.6m) and we sold our land investment resulting in an overall loss of £6k. During the year we invested £23m in short term cash deposits with UK banks and prior to the year end these funds expired and are included in the cash at bank balances on our balance sheet. The funds have since been re-invested as directed by our investment policy.

The Trustees review the medium to long term cash requirements of Royal Voluntary Service, together with our reserves policy. The short term cash investments are spread across major UK banks and are managed in line with the current investment policy.

Our investment managers have the discretion to invest our portfolio within agreed risk profiles and their performance is judged against appropriate benchmarks. Trustees recognise that investments should be viewed over the long term and so believe these benchmarks to be better indicators of performance than year-on-year comparisons. Regular meetings are held with investment managers and the Investment Committee, a sub-committee of Trustees, to review performance and to advise the Committee on each manager's current analysis of the marketplace.

At the 31st March 2013 Sarasin Chiswell managed 32.9% of the portfolio and had a benchmark that is a weighted average of UK government bonds, MSCI World Net Total return and one month LIBOR (actual performance 3.4%, benchmark 4.4%).

At the 31st March 2013 BlackRock managed three separate portfolios on our behalf

- 17% of the portfolio covering restricted legacies and managed for capital growth
- 17.1% of the portfolio to produce a return in line with LIBOR less 10%, whilst seeking to achieve long-term capital growth benchmarked against a weighted average of FTSE All-Share, FTSE Government All Stocks and seven day LIBID (Actual 1.84% benchmark 3.3%)
- 32.6% of the overall portfolio, to maximise long-term total return benchmarked against the WM (independent performance monitoring organisation) unconstrained (excluding property) fund (Actual 2.21% benchmark 8.1%)

At the 31st March 2013 CCLA Investment Management Ltd managed 0.4% of the portfolio. These funds are specific restricted legacies managed for capital growth.

As part of the investment review carried out during the year, funds were withdrawn in full from Sarasin and partially withdrawn from Blackrock and transferred to Schroders and Ruffer post the balance sheet date

Report of the Trustees

The financial review of 2012-13 is outlined on pages 9-15

Activities, achievements and future plans

Key achievements in 2012-13 against our key objectives are set out on pages 7 and plans for our future are on page 8

Royal Voluntary Service Group and subsidiary undertakings

Royal Voluntary Service is constituted as a company limited by guarantee and, as such, in the event of the company being wound up, each company member is required to contribute an amount not exceeding £1. The company is registered in England and Wales, number 02520413. It is also a registered charity in England and Wales, number 1015988 and a registered charity in Scotland, number SC038924.

The charity's principal subsidiary undertakings at March 2013 are set out in note 10 of the accounts. Subsidiaries were all wholly owned companies registered in England and Wales. Income from trading subsidiaries has been included within incoming resources from charitable activities within the accounts.

Trustee responsibilities

Royal Voluntary Service is governed by a Memorandum and Articles of Association that was last updated on 30 March 2011. This sets out that the Board of Trustees shall be not less than six and not more than twelve, including the Chairman and Deputy Chairman, all of whom must be company members. Each trustee may be elected for a maximum of two three-year terms of office. The Trustees are directors of the charity for the purposes of the Companies Act 2006 and Trustees of the charity for the purposes of the Charities Act 2011, and those who have served during the year are set out on page 24.

The Trustees are responsible for preparing the Trustees' Annual 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 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material 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 charitable company will continue in business

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charitable company and 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.

Trustees are responsible for Royal Voluntary Service policy and strategic direction and are advised by the Chief Executive, to whom responsibility for the day-to-day operation of the charity has been delegated.

The Trustees confirm 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. Further, when reviewing Royal Voluntary Service 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.

Royal Voluntary Service is committed to best practice in corporate governance and constantly reviews governance processes. The Board of Trustees exists to safeguard and promote the vision and purpose of Royal Voluntary Service, determine strategy and structure and ensure that it operates effectively and responsibly.

The Board meets five times a year with four additional sub-committees meeting as required within the corporate governance framework. Each sub-committee exists to consider certain aspects of the charity in more detail and is chaired by a Trustee, has terms of reference and reports to the Board of Trustees.

The Nominations Committee meets at least once a year to review the structure, size and composition (including the skills, knowledge and experience) required of the Board of Trustees and reports on succession planning for Trustees and executive directors. In recruiting new Trustees, the Nominations Committee is responsible for recommending new Trustees for appointment by the Board of Trustees.

The Remuneration Committee meets at least once a year to review the performance and remuneration of executive directors.

The Audit and Risk Committee meets four times a year to consider reports from both external and internal auditors regarding the internal control systems and risk management processes and the annual financial statements.

The Finance and Investment Committee has been replaced with effect of 17 September 2013 by the Investment Committee which meets at least three times a year to oversee the performance of WRVS's investment portfolio, to monitor restricted legacy funds and their application in accordance with the wishes of the testator, to monitor other restricted funds and their application in accordance with the wishes of the donor and of the designated community development fund, to receive capital expenditure and other investment proposals from time to time which require approval by the Investment Committee and to monitor the financial position of the Services Welfare Defined Benefit Scheme and its potential impact on WRVS.

The Board of Trustees appoints all new Trustees and looks to ensure that skills and experience on the Board continue to be relevant. 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 training is provided as required to Trustees to ensure that they remain aware of changes to the legal and regulatory framework affecting the organisation and their roles and responsibilities within it. Royal Voluntary Service has also purchased trustee indemnity insurance, as outlined in note 7 of the accounts.

Changes in Trustees and Executive Directors

During the year, Ruth Markland retired as Chairman at the end of her term and Royal Voluntary Service welcomed Richard Greenhalgh (who joined the Board of Trustees in December 2012)

Ruth Markland, who has been our Board Chairman for the last 6 years, retired in November 2012 after completing her second term in office. Ruth has led the organisation through a period of great change and has enabled us to steer through the global financial crisis with our cash reserves in a strong position. That has enabled us to make significant investments in community hubs, locality managers and systems to support our community and retail services. She leaves with our thanks for ensuring that Royal Voluntary Service is in a great position to become an even more significant force in supporting older people in Britain.

Richard Greenhalgh joined us at the end of his term as Chair of Care International, one of the four biggest international development charities. Richard's working career has been spent mostly with Unilever, with his last six years as the Executive Chairman of Unilever UK. Richard is also Senior Independent Director at Rank Group Plc, Chair of the Surrey and Borders Mental Health Foundation Trust and a Fellow of Green Templeton College Oxford University.

Within our executive team, we said farewell to the Director of Older People's Services, Angela Geer and the Director of People, Alastair McDougall.

We welcomed John Pearson who joined us as Operations Director, responsible for the delivery of services and volunteering. John has a background in the commercial sector where he was latterly Director of Retail and Director of Multi-Channel Strategy for Everything Everywhere, the joint venture between Orange and T-Mobile.

Employees and volunteers

Royal Voluntary Service encourages the involvement of staff in its management through regular meetings of a senior management group which has responsibility for disseminating information of particular concern to staff and volunteers and for receiving their views on important matters of policy.

Royal Voluntary Service actively encourages applications for employment from disabled people. Every effort is made to ensure they are given full and fair consideration when vacancies arise. Royal Voluntary Service makes adjustments where practical to enable such employment and also to allow a member of staff to continue in employment should they become disabled. Royal Voluntary Service actively encourages disabled persons to become volunteers, working in partnership with disability organisations and making adjustments for people with long term conditions.

Internal controls

The Trustees have overall responsibility for the system of internal control for the charity and its subsidiaries. However, such a system can provide only reasonable and not absolute assurance against errors and fraud.

Each year Royal Voluntary Service updates its longer-term plans and prepares a budget which is approved by the Board of Trustees. Actual performance against budget is monitored on a monthly basis by senior managers and the executive team and the Trustees are regularly informed of progress. Strategic projects are monitored through the Board of Trustees.

In 2012-13 we have continued to embed a risk management culture throughout the organisation with risk identification and evaluation continuing to be an integral part of the annual budgeting and five year business planning exercise.

At least once a year the Trustees consider the main risks facing Royal Voluntary Service and the risk appetite of the organisation which is used by internal audit to develop its risk mitigation plan. Trustees review the key internal controls, systems and procedures that are implemented in order to deliver the risk mitigation plan.

The Trustees consider the principal risks to be:

- Financial risks associated with income streams and the current economic conditions with regard to fundraising, local government and trust funding,
- Risks to the recruitment of sufficient volunteers,
- Risks to the implementation of our service delivery strategy,
- Risks to our management systems for health and safety and food safety,
- Risks to reputation through the behaviour of our people or business partners, and
- Risks to the internal control environment in a complex organisation operating across multiple sites

Internal audit continues to work with management to embed a risk management culture by using control and risk self-assessment to manage the working environment effectively Internal audit monitors and tests the controls to give due assurance to the executive and Board of Trustees

Disclosure of information to the auditor

The Trustees 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

On behalf of the Board of Trustees

A handwritten signature in black ink, appearing to read 'R Greenhalgh', with a stylized flourish at the end.

Richard Greenhalgh

Chairman of the Board of Trustees

17 September 2013

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

We have audited the group and parent charitable company's financial statements of Royal Voluntary Service ("the financial statements") for the year ended 31 March 2013 on pages 25 to 51. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made exclusively 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 section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charitable company's 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, its members as a body, and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on pages 16 to 17, 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.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at

[http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-Assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-Assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx)

Opinion on financial statements

In our opinion the financial statements.

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2013, and of the group's and the parent charitable company's incoming resources and application of resources, including their income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion

- the parent charitable company has not kept proper and adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent charitable company 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

Baker Tilly UK Audit LLP

MIKE HUGGINS (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP,

Chartered Accountants

St Philips Point

Temple Row

Birmingham, B2 5AF

Date *24 September 2013*

BAKER TILLY UK AUDIT LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Our Governance and administration

Patron

Her Majesty the Queen

President

Duchess of Cornwall

Chairman

Ruth Markland (retired 30th November 2012)
Richard Greenhalgh^{N,R} (appointed 1st December 2012)

Other Trustees

Rosemary Brook^I (appointed 18th July 2012)
Liz Burnley^{AR}
Sylvia Fox^{N,R}
Ruth Gadsden (resigned 20th May 2013)
Alexis Jay^{AR}
Fiona Joyce^{N,R} (appointed 19th July 2012)
Trevor Jones^{AR}
Derek Lewis^{AR, I}
Roger Paffard^{I, N, R}
Christine Paley^{AR, I}
Sir Paul Williams OBE DL^I (appointed 18th July 2012)

Committee members

AR Audit and risk committee - Chairman Trevor Jones
I Investment committee - Chairman Derek Lewis
N Nominations committee – Chairman Richard Greenhalgh
R Remuneration committee – Chairman Richard Greenhalgh

Chief Executive

David McCullough

Executive Directors

Angela Geer – Director of Strategy, Innovation & Development (resigned 31st March 2013)
Verity Haines – Director of Marketing & Development
Alastair McDougall – Director of People (resigned 31st October 2012)
Darren Xiberras – Director of Corporate Services
John Pearson – Director of Operations (appointed 1st October 2012)

Auditor

Baker Tilly UK Audit LLP, St Phillips Point, Temple Row, Birmingham B2 5AF

Bankers

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

Solicitors

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

**Consolidated Statement of Financial Activities (incorporating the Income and Expenditure account)
for the year ended 31 March 2013**

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total 2013 £'000	Total 2012 £'000
Incoming resources					
Incoming resources from generated funds.					
- Voluntary income	2	2,199	1,262	3,461	3,466
- Activities for generating funds	2	2,097	160	2,257	2,438
- Investment income	4	527	-	527	655
Incoming resources from charitable activities					
- Hospital services		49,074	-	49,074	48,508
- Food services		9,414	182	9,596	11,799
- Community services		4,840	-	4,840	4,385
- Emergency services		139	-	139	200
- Services welfare		-	3,261	3,261	3,168
Other incoming resources					
- Net gain on the disposal of assets held for sale/ tangible fixed assets		62	-	62	87
Total incoming resources		68,352	4,865	73,217	74,706
Resources expended					
Cost of generating funds					
- Costs of generating voluntary income		1,615	1,255	2,870	2,931
- Costs of activities for generating funds		1,262	-	1,262	1,323
- Investment management costs		102	-	102	101
Cost of charitable activities					
- Hospital services		49,420	-	49,420	50,153
- Food services		10,543	176	10,719	12,963
- Community services		7,017	24	7,041	6,598
- Emergency services		338	-	338	321
- Services welfare		-	3,076	3,076	2,952
- Transition costs		1,660	-	1,660	713
Governance costs		695	-	695	624
Total resources expended	5	72,652	4,531	77,183	78,679
Net outgoing resources before other recognised gains and losses		(4,300)	334	(3,966)	(3,973)
Other recognised gains and losses					
- Net realised loss on investments		(6)	-	(6)	(10)
- Net unrealised gains on investments	10	1,272	-	1,272	-
- Actuarial (loss) on defined benefit pension scheme	18	(1,692)	-	(1,692)	(120)
- MOD Funding for defined benefit pension scheme	18	1,692	-	1,692	84
Net movement in funds		(3,034)	334	(2,700)	(4,019)
Total fund balances brought forward at 1 April	13	44,363	2,764	47,127	51,146
Total fund balances carried forward at 31 March	13	41,329	3,098	44,427	47,127

All the above results derive from continuing activities and there were no gains or losses other than those shown above

For the purposes of the Companies Act 2006 the shortfall for the charitable group for the year was £3,968k (2011-12 £3,983k shortfall)

There is no difference between gross income and the amounts shown as total incoming resources in this or previous years

The accompanying notes on pages 30 - 51 are an integral part of these financial statements

There is no material difference between the historic cost result and the results reported and so a separate note of historic cost surplus and deficit has not been presented

**Charity Statement of Financial Activities (Incorporating the Income and Expenditure Account)
for the year ended 31 March 2013**

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total 2013 £'000	Total 2012 £'000
Incoming resources					
Incoming resources from generated funds					
- Voluntary income	2	2,195	1,262	3,457	3,462
- Activities for generating funds	2	2,042	160	2,202	2,387
- Investment income	4	1,507	-	1,507	4,105
Incoming resources from charitable activities					
- Hospital services		49,074	-	49,074	48,508
- Food services		1,742	182	1,924	1,986
- Community services		4,840	-	4,840	4,388
- Emergency services		139	-	139	200
- Services welfare		186	-	186	216
Other incoming resources					
- Net gain on the disposal of assets held for sale/ tangible fixed assets		62	-	62	87
Total incoming resources		61,787	1,604	63,391	65,339
Resources expended					
Cost of generating funds					
- Costs of generating voluntary income		1,615	1,255	2,870	2,931
- Costs of activities for generating funds		1,262	-	1,262	1,323
- Investment management costs		102	-	102	101
Cost of charitable activities					
- Hospital services		49,419	-	49,419	50,177
- Food services		3,993	153	4,146	4,190
- Community services		7,020	20	7,040	6,601
- Emergency services		338	-	338	321
- Services welfare		-	-	-	-
- Transition costs		1,660	-	1,660	660
Governance costs		692	-	692	625
Total resources expended	5	66,101	1,428	67,529	66,929
Net outgoing resources before other recognised gains and losses		(4,314)	176	(4,138)	(1,590)
Other recognised gains and losses					
- Net realised loss on investments		(6)	-	(6)	(10)
- Net unrealised gain on investments	10	1,272	-	1,272	-
- Actuarial (loss) on defined benefit pension scheme	18	-	-	-	(33)
Net movement in funds		(3,048)	176	(2,872)	(1,633)
Total fund balances brought forward at 1 April	13	43,130	1,974	45,104	46,737
Total fund balances carried forward at 31 March	13	40,082	2,150	42,232	45,104

All the above results derive from continuing activities and there were no gains or losses other than those shown above

For the purposes of the Companies Act 2006 the shortfall for the charitable company for the year was £4,140k (2011-12 £1,600k shortfall)

There is no difference between gross income and the amounts shown as total incoming resources in this or previous years

The accompanying notes on pages 30 - 51 are an integral part of these financial statements

There is no material difference between the historic cost result and the results reported and so a separate note of historic cost surplus and deficit has not been presented


**Balance sheets
as at 31 March 2013**

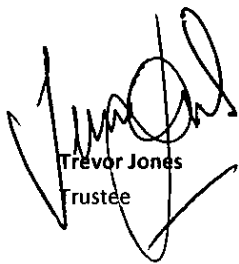
	Notes	2013		2012	
		Group £'000	Charity £'000	Group £'000	Charity £'000
Fixed assets					
Tangible fixed assets	9	7,793	7,764	6,594	6,534
Investments	10a	13,451	13,451	12,344	12,344
		21,244	21,215	18,938	18,878
Current assets					
Stock		1,073	1,034	1,230	1,176
Debtors	11	3,021	2,057	4,097	3,608
Investments	10b	3,464	3,464	3,652	3,652
Cash at bank and in hand		24,935	23,724	28,838	26,135
Assets held for sale		702	702	820	820
		33,195	30,981	38,637	35,391
Creditors Amounts falling due within one year	12	(10,012)	(9,964)	(10,319)	(9,036)
Net current assets		23,183	21,017	28,318	26,355
Total assets less current liabilities		44,427	42,232	47,256	45,233
Defined benefit pension scheme asset/(liability)	18	98	-	1,623	(129)
MOD liability for defined benefit pension scheme	18	(98)	-	(1,752)	-
Net assets including pension scheme asset/(liability)	14	44,427	42,232	47,127	45,104
Funds					
Restricted funds	13	3,098	2,150	2,764	1,974
Unrestricted funds					
- designated funds*	13	25,629	25,320	28,922	28,106
- general funds	13	15,700	14,762	15,441	15,024
Total funds		44,427	42,232	47,127	45,104

* Group designated funds include a revaluation reserve of £4,609K (2011-12 £3,396k)
Charity designated funds include a revaluation reserve of £4,485k (2011-12 £3,272k)

The accompanying notes on pages 30 - 51 are an integral part of these financial statements

The financial statements on pages 25 - 51 were approved and authorised for issue by the Board of Trustees on 17 September 2013 and were signed on its behalf by


Richard Greenhalgh
Chairman


Trevor Jones
Trustee

Consolidated cash flow statement for the year ended 31 March 2013

	Notes	2013 £'000	2012 £'000
Net cash outflow from operating activities	(a)	(3,065)	(5,129)
Returns on investments and servicing of finance			
Interest received		527	655
Net cash inflow from returns on investments and servicing of finance		527	655
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(1,741)	(668)
Receipts from assets held for sale (2012 tangible fixed assets)		180	194
Payments to acquire fixed asset investments		-	(1,500)
Receipts from the disposal of fixed asset investments (land)		244	2,428
Net cash (outflow)/inflow from capital expenditure and financial investment		(1,317)	454
Management of liquid resources			
(Decrease) in money market deposits		(188)	(25,588)
Net cash (outflow) from management of liquid resources		(188)	(25,588)
Decrease in cash in the year	(b)	(4,043)	(29,608)
Reconciliation to net funds			
Net funds at 1 April		31,403	35,423
Movement in respect of liquid resources		(188)	25,588
Decrease in cash in the year		(4,043)	(29,608)
Net funds at 31 March		27,172	31,403

Notes to the cash flow statement

a) Reconciliation of net outgoing resources to net cash outflow from operating activities	2013 £'000	2012 £'000
Net outgoing resources before other recognised gains and losses	(3,966)	(3,973)
Depreciation	542	534
Net gain on disposal of assets held for sale (2012 tangible fixed assets)	(62)	(86)
Decrease in stock	157	45
Decrease in debtors	1,076	(330)
(Decrease) in creditors	(387)	(748)
Movement in MOD liability	-	343
Interest received	(527)	(655)
FRS17 pension contributions to defined benefit scheme	-	(364)
FRS17 charges and interest on defined benefit scheme	-	4
Other non cash changes – investment management costs	102	101
Net cash outflow from operating activities	(3,065)	(5,129)

b) Analysis of increase in net funds	At 1 April £'000	Cash £'000	At 31 March £'000
Cash at bank and in hand	28,838	(3,903)	24,935
Bank overdrafts	(1,087)	(140)	(1,227)
Sub-total	27,751	(4,043)	23,708
Short term money market deposits	3,652	(188)	3,464
Net funds	31,403	(4,231)	27,172

**Charity cash flow statement
for the year ended 31 March 2013**

	Notes	2013 £'000	2012 £'000
Net cash outflow from operating activities	(a)	(2,553)	(7,454)
Returns on investments and servicing of finance			
Interest received		522	655
Donations received from subsidiaries under gift aid		985	1,478
Net cash inflow from returns on investments and servicing of finance		1,507	2,133
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(1,741)	(668)
Receipts from assets held for sale (2012 tangible fixed assets)		180	194
Payments to acquire fixed asset investments		-	(1,500)
Receipts from the disposal of fixed asset investments (land)		244	2,428
Net cash (outflow)/inflow from capital expenditure and financial investment		(1,317)	454
Management of liquid resources			
(Decrease)/increase in money market deposits		(188)	(25,588)
Net cash (outflow) from management of liquid resources		(188)	(25,588)
Decrease in cash in the year	(b)	(2,551)	(30,455)
Reconciliation to net funds			
Net funds at 1 April		28,700	33,567
Movement in respect of liquid resources		(188)	25,588
(Decrease) in cash in the year		(2,551)	(30,455)
Net funds at 31 March		25,961	28,700

Notes to the cash flow statement

a) Reconciliation of net outgoing resources to net cash outflow from operating activities		2013 £'000	2012 £'000
Net outgoing resources before other recognised gains and losses		(4,138)	(1,590)
Depreciation		511	495
Net gain on disposal of assets held for sale (2012 tangible fixed assets)		(62)	(86)
Decrease in stock		142	36
Decrease in debtors		1,551	(1,420)
Increase in creditors		848	(871)
FRS17 pension contributions to defined benefit scheme		-	(17)
FRS17 charges and interest on defined benefit scheme		-	3
Interest received		(522)	(655)
Donations received from subsidiaries under gift aid		(985)	(1,478)
Donation of WRVS Office Premises Limited net current assets		-	(1,972)
Other non cash changes – investment management costs		102	101
Net cash outflow from operating activities		(2,553)	(7,454)
b) Analysis of decrease in net funds	At 1 April £'000	Cash £'000	At 31 March £'000
Cash at bank and in hand	26,135	(2,411)	23,724
Bank overdrafts	(1,087)	(140)	(1,227)
Sub-total	25,048	(2,551)	22,497
Short term money market deposits	3,652	(188)	3,464
Net funds	28,700	(2,739)	25,961

Notes to Financial Statements ended 31 March 2013

Notes to Financial Statements for the year ended 31 March 2013

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 accounts have been prepared under the historical cost convention as modified by the inclusion of certain assets at market value and in accordance with applicable accounting standards and with the statement of recommended practice for accounting and reporting for charities (SORP2005). All income is accounted for on an accruals basis unless otherwise stated. Certain comparative figures have been reanalysed in the SOFA so as to provide information on a consistent basis. The amounts involved are not material.

b) Basis of consolidation

The statement of financial activities and balance sheet consolidate the accounts 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 results and balance sheets of all subsidiary companies have been consolidated on a line by line basis. The group accounts do not include the results and net assets of connected entities (Note 16).

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. The Ministry of Defence has entered into an agreement to provide the group with sufficient resources to ensure the pension scheme will be 100% funded on the Minimum Funding Requirement basis (or its successor) by 31 July 2012. Amounts are therefore recognised in the Statement of Financial Activities as MOD funding equal to the actuarial gains or losses in the year.

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 cafes 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 once they are receivable by the group or charity and the 3 recognition criteria of certainty, reliability of measurement and entitlement have been met in accordance with SORP 2005.

Notes to Financial Statements ended 31 March 2013

Notes to Financial Statements for the year ended 31 March 2013

1 Principal accounting policies

h) 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.

Fundraising costs comprise expenditure incurred by the charity in encouraging others to make contributions to it and apportioned overheads of the fundraising team.

Governance costs include expenditure on compliance with constitutional and statutory requirements.

i) 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.

j) Tangible fixed assets

Purchased tangible fixed assets excluding office properties are recorded at cost or carrying value, as at the date of transition to FRS15, when the cost of the expenditure is greater than £1,000.

Office Properties are valued every 5 years in accordance with FRS15 and land held for investment is valued each year in accordance with SSAP19.

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 is not provided on assets in the course of construction.

Depreciation on all other tangible 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 as follows:

Freehold buildings	2% per annum
Long leaseholds (50 years or more)	2% per annum
Short leaseholds	shorter of 5 years or length of lease
Motor vehicles	25% per annum
Furniture and office equipment	20% per annum
Computer equipment	33 ¹ / ₃ % per annum

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 an incoming resource.

Notes to Financial Statements ended 31 March 2013

Notes to Financial Statements for the year ended 31 March 2013

1 Principal accounting policies

k) Investments

Investments listed on a recognised stock exchange are included in the balance sheet at their market value at the end of the period. Investments in subsidiary companies are included in the accounts at cost, which is considered by the trustees to be appropriate and approximate to market value given the arrangements for gift aid to the charity of surpluses generated. Investment properties are stated at the Trustees' best estimate of market value. Current asset investments represent cash held on short-term money market deposits to maximise investment returns whilst enabling the charity to meet short-term liabilities. Current asset investments are stated at the market value.

l) 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.

m) Stocks

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

n) Retirement benefits

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

For defined benefit schemes the amount charged to the statement of financial activities in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on assets are included within other finance costs.

Defined benefit schemes are funded, with the assets held separately from the company in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and are updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the Trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the company has a legal or constructive obligation to settle the liability.

Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the Statement of Financial Activities within other gains and losses and after net (outgoing)/incoming resources.

Notes to Financial Statements ended 31 March 2013

Notes to Financial Statements for the year ended 31 March 2013

2 Voluntary income & Activities for generating funds

Group	Unrestricted funds £'000	Restricted funds £'000	2013 Total £'000	2012 Total £'000
Voluntary income				
Donations	1,971	26	1,997	2,645
Trusts & lotteries	25	1,232	1,257	508
Legacies	170	4	174	268
Other	33	-	33	45
Total voluntary income	2,199	1,262	3,461	3,466
	Unrestricted funds £'000	Restricted funds £'000	2013 Total £'000	2012 Total £'000
Activities for generating funds				
Property rental	314	-	314	543
Prize draws, raffles and corporate income	1,620	160	1,780	1,718
Fundraising & Events	163	-	163	177
Total activities for generating funds	2,097	160	2,257	2,438

Voluntary income & Activities for generating funds

Charity	Unrestricted funds £'000	Restricted funds £'000	2013 Total £'000	2012 Total £'000
Voluntary income				
Donations	1,968	26	1,994	2,642
Trusts & lotteries	25	1,232	1,257	508
Legacies	170	4	174	268
Other	32	-	32	44
Total voluntary income	2,195	1,262	3,457	3,462
	Unrestricted funds £'000	Restricted funds £'000	2013 Total £'000	2012 Total £'000
Activities for generating funds				
Property rental	260	-	260	492
Prize draws, raffles and corporate income	1,620	160	1,780	1,718
Fundraising & Events	162	-	162	177
Total activities for generating funds	2,042	160	2,202	2,387

Notes to Financial Statements ended 31 March 2013

Notes to Financial Statements for the year ended 31 March 2013

3 Grants receivable

Group and Charity	2013 £'000	2012 £'000
Peoples Health Trust	575	188
Big Lottery Fund	179	115
Bank of Scotland Foundation	10	-
Evan Cornish Foundation	15	15
Jessie Spencer Trust	1	1
Ashley Family Foundation	9	-
Welsh Government	65	-
Harpur Trust	15	-
WCVA	32	-
Garfield Weston Foundation	30	-
Leicester County Council	176	-
Northern Rock Foundation	30	-
Total grants receivable (included within incoming resources Charitable Activities)	1,137	319

4 Investment income

Group	2013 £'000	2012 £'000
Unit trusts income	321	363
Bank interest	206	292
Total investment income	527	655
Investment income		
Charity	2013 £'000	2012 £'000
Unit trusts income	321	363
Bank interest	201	292
Donations received from subsidiaries under gift aid	985	1,478
Donation of WRVS Office Premises Limited assets (on cessation)	-	1,972
Total investment income	1,507	4,105

Notes to Financial Statements ended 31 March 2013

Notes to Financial Statements for the year ended 31 March 2013

5 Total resources expended

Group	Grants £'000	Direct costs £'000	Support costs £'000	Total 2013 £'000	Total 2012 £'000
Hospital services	3,707	43,352	2,361	49,420	50,153
Food services	-	8,198	2,521	10,719	12,963
Community services	-	5,494	1,547	7,041	6,598
Emergency services	-	18	320	338	321
Services welfare	-	3,076	-	3,076	2,952
Governance	-	-	695	695	624
Fundraising	-	3,377	755	4,132	4,254
Investment management costs	-	-	102	102	101
Transition costs	-	-	1,660	1,660	713
Total resources expended	3,707	63,515	9,961	77,183	78,679

Included within 'Hospital services' expenditure above are costs of goods sold of £29.0m (2011-12 £29.0m). Grants included above of £3,707k (2011-12 £5,648k) are given to hospitals and other institutions in line with the charities objects and the amounts represent the total cost incurred by the charity in the year. A list of grants made is available upon request from the registered office. 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. For details of significant fundraising activities see pages 12 and 13 of the Trustees' Report.

	2013 £'000	2012 £'000
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	45	35
Fees payable to the charity auditor and its associates for other services		
- The audit of the charity's subsidiaries pursuant to legislation	5	16
- Fees payable for other services – tax advisory services	3	-
Depreciation	542	534
Operating lease rentals		
- land and buildings	2,145	2,046
- other	391	684

5 Total resources expended

Charity	Grants £'000	Direct costs £'000	Support costs £'000	Total 2013 £'000	Total 2012 £'000
Hospital services	3,707	43,351	2,361	49,419	50,177
Food services	-	1,625	2,521	4,146	4,190
Community services	-	5,493	1,547	7,040	6,586
Emergency services	-	18	320	338	321
Governance	-	-	692	692	625
Fundraising	-	3,377	755	4,132	4,254
Investment management costs	-	-	102	102	101
Transition costs	-	-	1,660	1,660	660
Grants made	-	-	-	-	15
Total resources expended	3,707	53,864	9,958	67,529	66,929

Notes to Financial Statements ended 31 March 2013

Notes to Financial Statements for the year ended 31 March 2013

5 Total resources expended (continued)

Included within 'Hospital services' expenditure on page 35 are cost of goods sold of £29.0m (2011-12 £29.0m). Grants included above of £3,707k (2011-12 £5,648k) are given to hospitals and other institutions in line with the charities objects and the amounts represent the total cost incurred by the charity in the year. A list of grants made is available upon request from the registered office.

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. For details of significant fundraising activities see page 12 and 13 of the Trustees' Report.

	2013	2012
	£'000	£'000
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	45	35
Fees payable to the charity auditor and its associates for other services		
- Fees payable for other services – tax advisory services	3	-
Depreciation	511	495
Operating lease rentals		
- land and buildings	1,793	1,638
- other	237	282

6 Staff costs and Trustees' remuneration

Group

Staff costs during the year were as follows

	2013	2012
	£'000	£'000
Wages and salaries	18,873	19,047
Social security costs	1,372	1,359
Other pension costs	306	542
Sub total staff costs	20,551	20,948
Other staff costs	2,604	1,801
Total staff costs	23,155	22,749

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	
	2013	2012	2013	2012
	No	No	No	No
£60,001 - £70,000	6	9	6	10
£70,001 - £80,000	5	7	5	6
£80,001 - £90,000	1	1	1	1
£90,001 - £100,000	-	1	1	2
£100,001-£110,000	3	2	4	2
£140,001 - £150,000	1	-	1	1
£160,001- £170,000	-	-	1	-

The total contribution in the year for the provision of money purchase benefits was £94,456 (2011-12 £88,547) in respect of higher paid employees. At the year end there were sixteen (2011-12 twenty) higher paid staff with benefits accruing under a money purchase scheme and no higher paid staff with benefits accruing under defined benefit schemes.

Notes to Financial Statements ended 31 March 2013

Notes to Financial Statements for the year ended 31 March 2013

6 Staff costs and Trustees' remuneration (continued)

Group

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

	2013	2012
	No	No
Operations	1,416	1,683
Support	307	291
	1,723	1,974
Full time	572	504
Part time	1,151	1,470
	1,723	1,974

No Trustees received any remuneration for any services as Trustees during the year to 31 March 2013. Expenses reimbursed to, or incurred on behalf of, all Trustees during the year were as follows

	2013	2012
	£'000	£'000
Travel expenses	4	4

Charity

Staff costs during the year were as follows

	2013	2012
	£'000	£'000
Wages and salaries	14,488	13,638
Social security costs	1,126	1,054
Other pension costs	194	187
Sub total staff costs	15,808	14,879
Other staff costs	2,123	1,255
Total staff costs	17,931	16,134

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	
	2013	2012	2013	2012
	No	No	No	No
£60,001 - £70,000	6	7	6	8
£70,001 - £80,000	4	7	4	6
£80,001 - £90,000	1	1	1	1
£90,001 - £100,000	-	1	1	2
£100,001-£110,000	3	2	4	2
£140,001 - £150,000	1	-	1	1
£160,001 - £170,000	-	-	1	-

The total contribution in the year for the provision of money purchase benefits was £94,456 (2011-12 £83,039) in respect of higher paid employees. At the year-end there were fifteen (2011-12 eighteen) higher paid staff with benefits accruing under a money purchase scheme and no higher paid staff with benefits accruing under defined benefit schemes.

Notes to Financial Statements ended 31 March 2013

Notes to Financial Statements for the year ended 31 March 2013

6 Staff costs and Trustees' remuneration (continued)

The average number of employees of the charity, analysed by function was

	2013	2012
	No	No
Operations	997	992
Support	230	204
	1,227	1,196
<hr/>		
Full time	471	383
Part time	756	813
	1,227	1,196

No Trustees received any remuneration for any services as Trustees during the year to 31 March 2013. Expenses reimbursed to, or incurred on behalf of, all Trustees during the year were as follows

	2013	2012
	£'000	£'000
Travel expenses	4	4

7 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 such insurance is £5.0m (2011-12 £5.0m) and the total premium paid in respect of such insurance was £11,851 (2011-12 £11,180).

8 Taxation

Royal Voluntary Service is a registered charity and as such is exempt from taxation of its income and gains falling within part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied to its charitable objectives. No tax charge has arisen in the year. Subsidiary companies that do not have Crown Exemption from direct taxation have entered into gift aid donations with Royal Voluntary Service under which any taxable profits or surpluses are transferred to the charity each year. The charity and group are not able to reclaim all VAT suffered on expenditure due to the partial exemption rules.

Notes to Financial Statements ended 31 March 2013

Notes to Financial Statements for the year ended 31 March 2013

9 Tangible fixed assets

Group	Freehold buildings £	Leasehold buildings long £'000	Leasehold buildings short £'000	Vehicles, IT, equipment and furniture £'000	Total £'000
Cost or valuation					
At 1 April 2012	4,604	665	354	7,137*	12,760
Additions	-	-	-	1,741	1,741
At 31 March 2013	4,604	665	354	8,878	14,501
Depreciation					
At 1 April 2012	1,206	93	351	4,516	6,166
Charge for year	76	14	1	451	542
At 31 March 2013	1,282	107	352	4,967	6,708
Net book values					
At 31 March 2013	3,322	558	2	3,911	7,793
At 31 March 2012	3,398	572	3	2,621	6,594

Included in freehold land and buildings and leasehold land and buildings are office properties at a valuation of £2.3m (historic cost of £2.1m). If office properties were held on a historic cost basis, the amounts included after depreciation would be £2.0m (2011-12: £2.0m).

The office properties were last valued as at March 2011 on the basis of open market value by Parker Parr, independent chartered surveyors. Therefore, no revaluation (loss) / gain has been reported in the year (2011: revaluation loss of £15k). The trustees are not aware of any material changes since the last valuation.

The Trustees have elected to adopt the transitional rules of Financial Reporting Standard 15 and retain the freehold land and buildings (excluding office properties) at their historic valuation and not adopt a policy of revaluation going forward.

No impairment review of freehold buildings (excluding office properties) was required during 2012-13 as there were no circumstances indicating an impairment and therefore no impairment loss was recognised as additional depreciation (2011-12: £Nil).

*During the year £1,268k was transferred from assets in the course of construction to IT in the fixed asset register in relation to the new EPOS system. As at 31 March 2013 £538k for Coldharbour was not being depreciated as, effectively, these assets were not brought into use (2011-12: £1,268k).

On 31st May 2013 Royal Voluntary Service sold two properties at Milton Hill and the sale proceeds were £1,025k with a net profit on the sale amounting to £192k. These properties were included in fixed assets (Net book value £104k) and assets held for sale (£702k) at the year end. The costs associated with the sale amounted to £27k.

Notes to Financial Statements ended 31 March 2013

Notes to Financial Statements for the year ended 31 March 2013

9 Tangible fixed assets (continued)

Charity	Freehold buildings £'000	Leasehold buildings long £'000	Leasehold buildings short £'000	Vehicles, IT, equipment and furniture £'000	Total £'000
Cost or valuation					
At 1 April 2012	4,519	631	256	5,741*	11,147
Additions	-	-	-	1,741	1,741
At 31 March 2013	4,519	631	256	7,482	12,888
Depreciation					
At 1 April 2012	1,121	60	254	3,178	4,613
Charge for year	76	14	1	420	511
At 31 March 2013	1,197	74	255	3,598	5,124
Net book values					
At 31 March 2013	3,322	557	1	3,884	7,764
At 31 March 2012	3,398	571	2	2,563	6,534

Included in freehold land and buildings and leasehold land and buildings are office properties at a valuation of £2.3m (historic cost of £2.1m). If office properties were held on a historic cost basis, the amounts included after depreciation would be £2.0m (2011-12: £2.0m).

The office properties were last valued as at March 2011 on the basis of open market value by Parker Parr, independent chartered surveyors. Therefore, no revaluation (loss) / gain has been reported in the year (2011: revaluation loss of £139k). The trustees are not aware of any material changes since the last valuation.

The Trustees have elected to adopt the transitional rules of Financial Reporting Standard 15 and retain the freehold land and buildings (excluding office properties) at its historic valuation and not adopt a policy of revaluation going forward.

*During the year £1,268k was transferred from assets in the course of construction to IT in the fixed asset register in relation to the new EPOS system. As at 31 March 2013 £538k for Coldharbour was not being depreciated as, effectively these assets were not brought into use (2011-12: £1,268k).

On 31st May 2013 Royal Voluntary Service sold two properties at Milton Hill and the sale proceeds were £1,025k with a net profit on the sale amounting to £192k. These properties were included in fixed assets (Net book value £104k) and assets held for sale (£702k) at the year end. The costs associated with the sale amounted to £27k.

Notes to Financial Statements ended 31 March 2013

Notes to Financial Statements for the year ended 31 March 2013

10 a) Fixed asset investments

Group and Charity	Land £'000	Securities £'000	2013 £'000	2012 £'000
Market value at 1 April	250	12,094	12,344	13,386
Additions	-	-	-	1,500
Disposals	(244)	-	(244)	(1,511)
Movement from/(to) cash	-	187	187	(917)
Management fees	-	(102)	(102)	(101)
Realised loss on sale of investments	(6)	-	(6)	(39)
Net investment gain	-	1,272	1,272	26
Market value at 31 March	-	13,451	13,451	12,344
Historic cost	-	9,151	9,151	9,190
Unrealised gain	-	4,300	4,300	3,154
Market value at 31 March	-	13,451	13,451	12,344

The investment property is land shown at its open market value. Securities held at 31 March 2013 comprised the following

	2013 £'000	2012 £'000
Unit trusts	13,451	12,094
Market value at 31 March	13,451	12,094

All listed investments were quoted on a recognised UK stock exchange

Charity

In addition to the investments shown above, the charity holds shares in subsidiary companies at a cost of £13 (2011-12 £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 gift aid £'000	Net assets/ (liabilities) £'000
Royal Voluntary Service Meals on Wheels Limited	7,706	6,555	1,151	2,189
The provision and delivery of meals to those in need in their home				
WRVS Services Welfare Limited	2,787	2,787	-	-
The provision of welfare and support to army service men and women serving on military bases throughout the world				

Notes to Financial Statements ended 31 March 2013

Notes to Financial Statements for the year ended 31 March 2013

10 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

11 Debtors

	2013		2012	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Trade debtors	1,155	547	1,595	835
Amounts due from group undertakings*	-	183	-	939
Other debtors	15	15	282	283
Prepayments and accrued income	1,851	1,312	2,220	1,551
	3,021	2,057	4,097	3,608

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

12 Creditors amounts falling due within one year

	2013		2012	
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Bank overdrafts	1,227	1,227	1,087	1,087
Trade creditors	2,416	2,135	3,358	2,918
Amounts due to group undertakings	-	1,343	-	-
Social security and other taxes	589	146	912	862
Other creditors	534	233	726	335
Accruals	4,219	3,849	3,372	2,970
Amounts due to hospitals	1,027	1,027	864	864
	10,012	9,964	10,319	9,036

Pension commitments are detailed in Note 18

Notes to Financial Statements ended 31 March 2013

Notes to Financial Statements for the year ended 31 March 2013

13 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 transfers represent movement of funds where the restriction has been satisfied.

Group	Note	Movement in funds				At 31 March 2013 £'000
		At 1 April 2012 £'000	Incoming resources £'000	(Expenditure), gains and (losses) £'000	Transfers £'000	
Restricted funds		£'000	£'000	£'000	£'000	£'000
Legacy fund	(a)	885	4	(52)	-	837
Fixed asset fund	(b)	80	-	(2)	-	78
Community centres fund	(c)	634	-	(23)	-	611
Food services fund	(d)	42	182	(176)	-	48
Services welfare fund	(e)	785	3,261	(3,076)	-	970
Other funds	(f)	338	1,418	(1,202)	-	554
Total restricted funds		2,764	4,865	(4,531)	-	3,098
Designated funds						
Hospital fund	(g)	11,537	35,052	(35,294)	454	11,749
Investment property fund	(h)	250	-	(256)	6	-
Fixed asset fund	(i)	5,745	818	2	-	6,565
Community centres fund	(c)	135	-	(5)	-	130
Community bank accounts	(j)	987	-	(57)	-	930
Strategic review	(k)	856	-	(1,660)	1,113	309
IT Investment fund	(l)	2,845	-	(2,240)	1,475	2,080
Service development fund	(m)	4,020	-	(1,496)	-	2,524
Fundraising capacity fund	(n)	1,620	-	(595)	-	1,025
Vehicle finance fund	(o)	927	-	(783)	173	317
Total designated funds		28,922	35,870	(42,384)	3,221	25,629
General funds		15,441	32,482	(29,002)	(3,221)	15,700
Total unrestricted funds		44,363	68,352	(71,386)	-	41,329
Total funds		47,127	73,217	(75,917)	-	44,427

Notes to Financial Statements ended 31 March 2013

Notes to Financial Statements for the year ended 31 March 2013

13. Funds (continued)

Charity	Note	Movement in funds			
		At 1 April 2012 £'000	Incoming resources £'000	(Expenditure), gains and (losses) £'000	At 31 March 2013 £'000
Restricted funds					
Legacy fund	(a)	885	4	(52)	837
Food services fund	(d)	43	182	(153)	72
Fixed asset fund	(b)	80	-	(2)	78
Community centres fund	(c)	634	-	(18)	616
Other funds	(f)	332	1,418	(1,203)	547
Total restricted funds		1,974	1,604	(1,428)	2,150
Designated funds					
Hospital fund	(g)	11,537	35,052	(35,294)	11,749
Investment property fund	(h)	250	-	(256)	-
Fixed asset fund	(i)	5,685	715	2	6,402
Community centres fund	(c)	135	-	(5)	130
Community bank accounts	(j)	987	-	(57)	930
Strategic review	(k)	909	-	(1,660)	309
IT Investment fund	(l)	2,845	-	(2,240)	2,080
Service development fund	(m)	4,020	-	(1,496)	2,524
Fundraising capacity fund	(n)	1,620	-	(595)	1,025
Vehicle finance fund	(o)	118	-	(676)	171
Total designated funds		28,106	35,767	(42,277)	25,320
General funds		15,024	26,020	(22,558)	14,762
Total unrestricted funds		43,130	61,787	(64,835)	40,082
Total funds		45,104	63,391	(66,263)	42,232

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

- 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.
- This represents the net book value of properties purchased with restricted funds.
- 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.
- Food services fund represents income and expenditure within restricted grant funded food projects.
- Services welfare fund contains the income and expenditure from the MOD contract.
- Other funds represent those lifetime gifts received which are to be spent in accordance with the wishes of the donor.

Notes to Financial Statements ended 31 March 2013

Notes to Financial Statements for the year ended 31 March 2013

13 Funds (continued)

The income funds of the charity and the group include the following designated funds, which have been set aside out of unrestricted funds by the Trustees for specific purposes

- g) 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.
- h) The investment property fund reflects the market value of the investment properties held at 31 March 2013.
- i) The fixed asset fund represents the written down value of tangible fixed assets, excluding those held as restricted funds or other designated funds.
- j) 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.
- k) Strategic review. The Trustees are committed to a 3 year programme to achieve the strategic review as detailed in the Trustees' report.
- l) The IT investment fund includes expenditure for the hub infrastructure solution and the retail electronic point of sale implementation.
- m) The service development fund is designated for future community investment.
- n) Fundraising capacity represents the planned investment to grow the donor base during 2013-14.
- o) Vehicle finance fund finances vehicles for service delivery.

The transfers between funds reflect the commitment required

Notes to Financial Statements ended 31 March 2013

Notes to Financial Statements for the year ended 31 March 2013

14 Analysis of net assets between funds

Group	General funds £'000	Designated funds £'000	Restricted funds £'000	2013 Total £'000
Fund balances at 31 March 2013 are represented by				
Tangible fixed assets	409	6,695	689	7,793
Fixed asset investments	-	13,451	-	13,451
Net current assets	15,291	5,483	2,409	23,183
Net assets	15,700	25,629	3,098	44,427

Charity

Fund balances at 31 March 2013 are represented by

Tangible fixed assets	538	6,532	694	7,764
Fixed asset investments	-	13,451	-	13,451
Net current assets	14,224	5,337	1,456	21,017
Net assets	14,762	25,320	2,150	42,232

Amounts shown above in respect of tangible fixed assets represent fund balances for fixed asset funds and community centres fund

15 Financial and capital commitments

Operating leases

At 31 March 2013 the annual commitments under non-cancellable operating leases were as follows

	Land and buildings		Other	
Group	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Expiring				
- within one year	890	1,023	94	425
- within two to five years	673	549	167	257
- thereafter	346	424	148	2
Total	1,909	1,996	409	684

Charity

Expiring

- within one year	789	839	23	154
- within two to five years	633	439	115	128
- thereafter	321	398	110	-
Total	1,743	1,676	248	282

Capital commitments

At 31 March 2013 the group and charity had capital commitments of £Nil (2011-12 £Nil)

Notes to Financial Statements ended 31 March 2013

Notes to Financial Statements for the year ended 31 March 2013

16 Connected charities and companies

There are a number of charities and companies with which the group is connected by virtue of common or related objectives and activities, or by unity of administration but which are not controlled by Royal Voluntary Service or its Trustees. These are listed below together with a brief description of their activities and are not incorporated within these accounts as they are not controlled by Royal Voluntary Service.

Company/charity	Activity
WRVS Trust	A charitable trust supporting the activities of Royal Voluntary Service
WRVS Trustees Limited	A corporate Trustee for certain Royal Voluntary Service Trusts
WRVS Benevolent Trust	Supports Royal Voluntary Service members in need
WRVS Association	For current and former volunteers to keep in touch
WRVS Guernsey	Provision of meals on wheels and day centre activity

Related Party Transactions The group paid a licence fee of £Nil for premises occupied by WRVS Association and WRVS Guernsey (2011-12 £15,000) shown in the Community Services line in resources expended on the face of the Group and Charity SOFA.

The charity has taken the exemption under Financial Reporting Standard 8 from disclosing those related party transactions with entities that are part of the Royal Voluntary Service group.

17 Contingent liabilities

The charity has, together with certain of its subsidiaries, a continuing joint and several liability to HM Revenue and Customs under group registration for VAT. The amount guaranteed by the charity at 31 March 2013 was £401k.

18 Pension commitments

Royal Voluntary Service Meals on Wheels Limited

Royal Voluntary Service Meals on Wheels Limited is a scheduled member of the Essex Pension Fund an admitting authority to the Local Government Pension Scheme (LGPS) a multi-employer scheme. Any surplus or deficit relating to employees transferred from Essex County Council under TUPE arrangements under certain contracts have become the surplus or deficit of the company. The company has paid contributions of £793 (2011-12 £1,087) under this arrangement. The company has one employee who was a member of this scheme. Accordingly no further details of this scheme are provided or included in the 2012-13 financial statements on the grounds of immateriality.

Notes to Financial Statements ended 31 March 2013

Notes to Financial Statements for the year ended 31 March 2013

18 Pension commitments (continued)

WRVS Services Welfare Limited

WRVS Services Welfare Limited operated a pension scheme providing benefits based on final pensionable pay. The company closed the scheme on 1 October 2000. The assets of the scheme are held independently of the company's finances. Contributions to the scheme in respect of past service are determined by a qualified actuary on the basis of triennial valuations. The latest actuarial valuation was carried out at 31 March 2011 and updated at 31 March 2013 by a qualified actuary, independent of the scheme's sponsoring employer.

Contributions paid by the group in the year in respect of this scheme amounted to £37,834 (2012: £227,004). The group also paid special contributions over the accounting period totalling £nil (2012: £116,332).

Investments have been valued, for this purpose, at fair value. The major assumptions used for the 31 March 2013, 2012, and 2011 FRS 17 actuarial valuations were:

Present values of scheme liabilities, fair value of assets and surplus (deficit)

	31/03/2013 £'000	31/03/2012 £'000	31/03/2011 £'000
Fair value of scheme assets	5,482	6,830	6,583
Present value of scheme liabilities	5,384	5,078	5,090
Surplus in scheme	98	1,752	1,493
Asset to be recognised	98	1,752	1,493

Arrangements in respect of Ministry of Defence funding of this pension scheme are set out on page 30 of the financial statements.

Movements in asset during the year were as follows

	2012 £'000	2012 £'000
Asset at start of year	1,752	1,493
Contributions	38	343
Other finance income	-	-
Actuarial (loss)	(1,692)	(84)
Asset at end of the year	98	1,752

Notes to Financial Statements ended 31 March 2013

Notes to Financial Statements for the year ended 31 March 2013

18 Pension commitments (continued)

Reconciliation of opening and closing balances of the present value of the scheme liabilities

	Year Ending 31/03/2013 £'000	Year Ending 31/03/2012 £'000
Scheme liabilities at start of year	5,078	5,090
Interest cost	228	275
Actuarial losses / (gains)	345	(63)
Benefits paid and death in service insurance premiums	(267)	(224)
Scheme liabilities at end of year	5,384	5,078

Reconciliation of opening and closing balances of the fair value of scheme assets

	Year Ending 31/03/2013 £'000	Year Ending 31/03/2012 £'000
Fair value of scheme assets at start of year	6,830	6,583
Expected return on scheme assets	228	275
Actuarial losses	(1,347)	(147)
Contributions by the group	38	343
Benefits paid and death in service insurance premiums	(267)	(224)
Fair value of scheme assets at end of year	5,482	6,830

The actual return on the scheme assets over the period ending 31 March 2013 was (£1,119,000) (2012 £128,000)

Total expense recognised in SOFA

	Year Ending 31/03/13 £'000	Year Ending 31/03/12 £'000
Current service cost	-	-
Interest cost	228	275
Expected return on scheme assets	(228)	(275)
Total expense recognised in statement of financial activities	-	-

Notes to Financial Statements ended 31 March 2013

Notes to Financial Statements for the year ended 31 March 2013

18 Pension commitments (continued)

Statement of total recognised gains and losses

	Year Ending 31/03/2013 £'000	Year Ending 31/03/2012 £'000
Difference between expected and actual return on scheme assets		
Amount loss	(1,347)	(147)
Experience gains and losses arising on the scheme liabilities		
Amount gain	3	238
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities		
Amount loss	(348)	(175)
Total actuarial gains and losses		
Amount (loss)	(1,692)	(84)

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since adoption of FRS17 is a loss of £1,648,000 (2011-12 £44,000 gain)

Assets

	31/03/2013 £'000	31/03/2012 £'000	31/03/2011 £'000
Equity	-	1,598	5,163
Bonds	-	4,807	962
Other	98	425	458
Buy-in policy	5,384	n/a	n/a
Total Assets	5,482	6,830	6,583

None of the fair values of the assets shown above include any of the company's own financial instruments or property occupied by, or other assets used by the company

Assumptions

	31/03/2013 % per annum	31/03/2012 % per annum	31/03/2011 % per annum
Inflation (RPI)	3.40%	3.10%	3.50%
Inflation (CPI)	2.40%	2.10%	3.00%
Rate of discount	4.10%	4.60%	5.50%
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	3.40%	3.10%	3.50%
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.40%	2.10%	3.00%
Allowance for commutation of pension for cash at retirement	None	None	None

Notes to Financial Statements ended 31 March 2013

Notes to Financial Statements for the year ended 31 March 2013

18 Pension commitments (continued)

The mortality assumptions adopted by 31 March 2013 imply the following life expectancies

Male retiring at age 65 in 2012	22.6
Female retiring at age 65 in 2012	24.7
Male retiring at age 65 in 2032	24.9
Female retiring at age 65 in 2032	27.1

Expected long term rates of return

The long-term expected rate of return on cash is determined by reference to the yield on long term government bonds at the balance sheet dates. The long term expected return on bonds is determined by reference to UK long dated government and corporate bond yields at the balance sheet date. The long-term expected rate of return on equities is based on the return on long dated government bonds with an allowance for out-performance.

The expected long term rates of return applicable for each year are as follows

	Year Commencing 01/04/2012 % per annum	Year Commencing 01/04/2011 % per annum
Equity	6.10%	6.90%
Bonds	3.90%	4.70%
Other	3.10%	4.40%
Overall for scheme	4.36%	6.40%

Amounts for the current and previous four years

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Fair value of scheme assets	5,482	6,830	6,583	5,720	3,981
Present value of scheme liabilities	5,384	5,078	5,090	4,962	4,355
Surplus (deficit) in scheme	98	1,752	1,493	758	(374)
Experience adjustment on scheme assets	(1,347)	(147)	297	1,491	(1,492)
Experience adjustment on scheme liabilities	3	238	1	60	215

The best estimate of contributions to be paid to the scheme for the period commencing 1 April 2013 is £nil