

# serco FOUNDATION

KPMG LLP  
15 Canada Square  
London  
E14 5GL

29 September 2023

Dear Sirs,

This representation letter is provided in connection with your audit of the financial statements of The Serco Foundation ("the Charitable Company"), for the year ended 31 December 2022, for the purpose of expressing an opinion:

- i. as to whether these financial statements give a true and fair view of the state of the Charitable Company's affairs as at 31 December 2022 and of its surplus or deficit for the financial year then ended;
- ii. whether the financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice (including Charities SORP FRS 102: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)); and
- iii. whether the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

These financial statements comprise the Balance Sheet, the Statement of Financial Activities, and notes, comprising a summary of significant accounting policies and other explanatory notes.

The Board of Trustees confirms that the Charitable Company meets the definition of a qualifying entity and meets the criteria for applying the disclosure exemptions with FRS 102.

The Board of Trustees confirms that the representations it makes in this letter are in accordance with the definitions set out in the Appendix to this letter.

The Board of Trustees confirms that, to the best of its knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing itself:

## Financial statements

1. The Board of Trustees has fulfilled its responsibilities, as set out in the terms of the audit engagement dated 5<sup>th</sup> October 2020 for the preparation of financial statements that:



Serco Foundation

Serco House, 16 Bartley Wood Business Park, Bartley Way, Hook, Hampshire RG27 9UY, United Kingdom

T: +44 (0)1256 745 900 | F: +44 (0)1256 744 111 | E: [info@sercofoundation.org](mailto:info@sercofoundation.org) | [www.sercofoundation.org](http://www.sercofoundation.org)

Serco Foundation, a company registered in England and Wales No. 08332279 and a charity registered with the Charities Commission for England and Wales No. 1150338

Registered Office: Serco House, 16 Bartley Wood Business Park, Bartley Way, Hook, Hampshire RG27 9UY, United Kingdom

- i. give a true and fair view of the state of the Charitable Company's affairs as at the end of its financial year and of its surplus or deficit for that financial year;
- ii. have been properly prepared in accordance with UK Generally Accepted Accounting Practice ("UK GAAP") (including Charities SORP FRS 102: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)); and
- iii. have been prepared in accordance with the requirements of the Companies Act 2006.

The financial statements have been prepared on a going concern basis.

2. The methods, the data and the significant assumptions used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.
3. All events subsequent to the date of the financial statements and for which section 32 of FRS 102 requires adjustment or disclosure have been adjusted or disclosed.

### Information provided

4. The Board of Trustees have provided you with:
  - access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
  - additional information that you have requested from the Board of Trustees for the purpose of the audit; and
  - unrestricted access to persons within the Charitable Company from whom you determined it necessary to obtain audit evidence.
5. All transactions have been recorded in the accounting records and are reflected in the financial statements.
6. The Board of Trustees confirm the following:
  - i) The Board of Trustees has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Included in the Appendix to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.

- ii) The Board of Trustees has disclosed to you all information in relation to:
  - a) Fraud or suspected fraud that it is aware of and that affects the Charitable Company and involves:
    - management;
    - employees who have significant roles in internal control; or
    - others where the fraud could have a material effect on the financial statements; and

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- b) allegations of fraud, or suspected fraud, affecting the Charitable Company's financial statements communicated by employees, former employees, analysts, regulators or others.

In respect of the above, the Board of Trustees acknowledge their responsibility for such internal control as they determine necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, the Board of Trustees acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error, and we believe we have appropriately fulfilled those responsibilities.

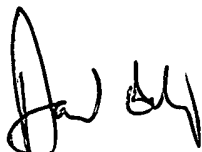
- 7. The Board of Trustees has disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- 8. The Board of Trustees has disclosed to you and have appropriately accounted for and/or disclosed in the financial statements, in accordance with section 21 of FRS 102, all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
- 9. The Board of Trustees has disclosed to you the identity of the the Charitable Company's related parties and all the related party relationships and transactions of which it is aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with section 33 of FRS 102 and as defined in the Charities SORP (FRS 102) .

Included in the Appendix to this letter are the definitions of both a related party and a related party transaction as we understand them and as defined in FRS 102 and Charities SORP (FRS 102).

- 10. The Board of Trustees confirms that:
  - a) The financial statements disclose all of the matters that are relevant to the Charitable Company's ability to continue as a going concern, key risk factors, assumptions made and uncertainties surrounding the Charitable Company's ability to continue as a going concern as required to provide a true and fair view.
  - b) No events or circumstances exist that may cast significant doubt on the ability of the Charitable Company to continue as a going concern.

This letter was tabled and agreed at the meeting of the Board of Trustees on 29 September 2023.

Yours faithfully,



David Eveleigh

Chair of Trustees

Serco Foundation

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**Appendix to the Board of Trustees Representation Letter of The Serco Foundation :  
Definitions per FRS 102**

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**Criteria for applying the disclosure exemptions within FRS 102 and in accordance with Charities SORP (FRS 102)**

- The Charitable Company discloses in the notes to its financial statements:
  - These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on October 2019, Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011. SORP Update Bulletin 1 which was issued 2 February 2016 has also been adopted.
  - The Serco Foundation qualifies as a small company under the Companies Act 2006 and accordingly has taken advantage of the exemption available in the FRS 102 SORP applicable for periods commencing after 1 January 2016 to not prepare a cash flow statement.

**Financial Statements**

A complete set of financial statements (before taking advantage of any of the FRS 102/Charities SORP exemptions) comprises:

- a Statement of Financial Activities (including income and expenditure account) for the period;
- a Balance Sheet as at the end of the period; and
- notes, comprising a summary of significant accounting policies and other explanatory information.

**Material Matters**

Certain representations in this letter are described as being limited to matters that are material.

FRS 102 states that:

Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or combination of both, could be the determining factor.

**Fraud**

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

**Error**

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- a) was available when financial statements for those periods were authorised for issue; and
- b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

### **Management**

For the purposes of this letter, references to "management" should be read as "management and, where appropriate, those charged with governance".

### **Qualifying Entity**

A member of a group where the parent of that group prepares publicly available consolidated financial statements which are intended to give a true and fair view (of the assets, liabilities, financial position and profit or loss) and that member is included in the consolidation by means of full consolidation.

### **Related Party and Related Party Transaction**

#### **Related parties**

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in FRS 102 as the "reporting entity").

- a) A person or a close member of that person's family is related to a reporting entity if that person:
  - i. has control or joint control over the reporting entity;
  - ii. has significant influence over the reporting entity; or
  - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions apply:
  - i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - iii. Both entities are joint ventures of the same third party.
  - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - vi. The entity is controlled, or jointly controlled by a person identified in (a).
  - vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

**Related party transaction:**

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

**Appendix to the Board of Trustees Representation Letter of The Serco Foundation :**  
**Definitions per Charities SORP (FRS 102):**

**Charitable company**

Charitable companies (company charities) are those charities established under company law for exclusively charitable purposes. The reference to company law is the law as it applies in England and Wales, Scotland, Northern Ireland and the Republic of Ireland. A feature of charitable companies is that of dual registration with the regulator for companies and the charity regulator. Both company law and charity law apply to the annual reporting requirements of a charitable company.

**Charity**

Charity is any institution established for purposes which are exclusively charitable in the law applying in England and Wales, Scotland, Northern Ireland or the Republic of Ireland. A charity includes all those activities, administrative branches and funds falling within the scope of a single governing instrument or for which the trustees are otherwise legally liable to account. The reference to a single governing instrument includes a situation where instruments are supplemental to the main instrument apply.

**Charity Trustees**

Charity trustees are the people who under the governing document are responsible for the general control and management and administration of the reporting charity. Charity trustees are those defined in section 177 of the Charities Act 2011, section 106 of the Charities and Trustee Investment (Scotland) Act 2005, section 180 of the Charities Act (Northern Ireland) 2008 or Part 1 of the Charities Act 2009 (Republic of Ireland). In the charity's governing document trustees may be called trustees, committee members, governors or directors, or they may be referred to by some other title. In the case of a company charity it is the directors who are the charity trustees.

**Financial statement**

Financial statement is a term used in FRS 102 to describe the accounts.

**Related party and Related Party transactions**

Related parties is a term used by the SORP that combines the requirements of charity law, company law and the Financial Reporting Standard applicable in the UK and the Republic of Ireland. The term is used to identify those persons or entities that are closely connected to the reporting charity or its trustees.

The following 'natural persons' are classed as related parties:

- A. any charity trustee and custodian trustee of the charity;
- B. a person who is the donor of any land to the charity (whether the gift was made on or after the establishment of the charity); and
- C. any person who is:

- 1. . a child, parent, grandchild, grandparent, brother or sister of any such trustee (A) or donor

- (B) of land;
2. an officer, agent or a member of the key management personnel of the charity;
  3. the spouse or civil partner of any of the above persons (A, B, C1 and C2);
  4. carrying on business in partnership with any of the above persons (A, B, C1, C2 and C3);
  5. a person, or a close member of that person's family, who has control or joint control over the reporting charity;
  6. a person, or a close member of that person's family, who has significant influence over the reporting charity.

'Close member of a person's family' refers to:

- a) that person's children or spouse;
- b) the children, stepchildren or illegitimate children of that person's spouse or domestic partner;
- c) dependents of that person; and
- d) that person's domestic partner who lives with them as husband or wife or in an equivalent same-sex relationship.

A charity is not necessarily related to another charity simply because a particular person happens to be a trustee of both. It will only be 'related' if the relationship means that one charity, in furthering its charitable aims, is under the direction or control of the trustees of another charity.

The following entities, which are not 'natural persons', are classed as related parties of a reporting entity (including a reporting charity) if any of the following conditions apply:

- the entity and the reporting charity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- one entity is an associate or joint venture of the other entity (or a member of the group in which the other entity is the parent or a member);
- both entities are joint ventures of the same third entity;
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity;
- the reporting charity provides/receives key management personnel services to/from the entity;
- an entity that is controlled or jointly controlled by a person, or two or more persons, identified in A, B or C;
- an entity in which a person, or two or more such persons, identified in A, B or C, taken together, have a substantial interest or significant influence over the entity.

Control is presumed to exist when one or more persons identified in A, B or C, taken alone or together, hold directly or indirectly, more than half the voting power of an entity.

However, control can also exist when they, directly or indirectly, control half or less than half of the voting power of an entity, if they have:

- power over more than half of the voting rights by virtue of agreement with other investors;
- the power to govern the financial and operating policies of the entity under a statute or an agreement;
- the power to appoint or remove the majority of the members of the board of directors or equivalent governing body, and control of the entity is by that board or body; or
- the power to cast the majority of votes at the meetings of the board of directors or equivalent governing body, and control of the entity is by that board or body.

An individual has a substantial interest or significant influence in an entity where that person, or two or more persons identified in A, B or C, taken together, have an interest in the equity share capital of that entity of a nominal value of more than one-fifth of that share capital, or is entitled to





exercise, or control the exercise of, more than one-fifth of the voting power at any general meeting of that entity.

Related party transactions are the transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

**Company Registration No. 08332279**  
**Charity Registration No. 1150338**

**The Serco Foundation**  
**(a company limited by guarantee)**

**Annual Report and Financial Statements**  
**for the year ended 31 December 2022**

# **The Serco Foundation**

## **Report and Financial Statements 2022**

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## **The Serco Foundation**

### **Legal and Administrative Details**

#### **Directors/Trustees**

Keith Archer-Jones

David Richardson

John Weller

Kate Steadman (resigned 10 May 2023)

David Eveleigh (appointed 10 May 2023)

Chris May (appointed 19 September 2023)

#### **Secretary**

David Eveleigh

#### **Registered office**

Serco House

16 Bartley Wood Business Park

Bartley Way, Hook

Hampshire, RG27 9UY

#### **Company number**

08332279

#### **Charity number**

1150338

#### **Bankers and investment manager**

Barclays Bank

11 Melville Crescent

Edinburgh, EH3 7LU

#### **Solicitor**

Farrer & Co. LLP

66 Lincoln's Inn Fields

London, WC2A 3LH

#### **Auditor**

KPMG LLP

15 Canada Square

London, E14 5GL

# **The Serco Foundation**

## **Trustees' Report**

The Trustees present their annual report on the affairs of the Foundation, together with the financial statements, for the year ended 31 December 2022. This report and the financial statements have been prepared in accordance with the provisions applicable to small companies entitled to the small companies' exemption under Companies Act 2006, and accordingly, exemption has been taken from preparing a Strategic Report. The financial statements have been prepared in accordance with the accounting policies set out on pages 12 and 13.

The legal and administrative details set out on page 1 form part of this report. The financial statements comply with the current statutory requirements of the Companies Act 2006, its Articles of Association and the Statement of Recommended Practice 2019 – Accounting and Reporting by Charities. The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting standards, the Charities Act 2011 and the Companies Act 2006.

## **Principal activity**

The principal activity of the Foundation is to work as an independent charity operating within the geographical regions where Serco Group plc ('Serco') operates.

## **Objectives and activities**

The objectives of the charity are:

- For the benefit of the public, the promotion and improvement of the efficiency and effectiveness of charities, in particular by the provision of advice and other forms of support to charities.
- Such other purposes for the benefit of the public as shall be exclusively charitable as the Trustees from time to time may determine.

As detailed in the 2017 Trustees' Report, the Trustees came together in 2017 to refresh the Foundation's strategy and in the process of doing so also constituted a more specific mission for the Foundation. This was decided to be: 'to support non-profit distributing organisations to enhance public service outcomes for citizens'. Such organisations to be supported include charities, social enterprises, academic organisations and others that do not distribute profit. Since this decision, the Foundation has sought to support these initiatives delivered by chosen charitable partners through grant-making activities or through the donation of Serco employee skills and time.

In 2022 the Serco Foundation continued to have the full support of the Serco Group plc management team. Our principal activities in 2022 were: one, to focus on helping with the issues in Ukraine as a result of the invasion by Russia by initially donating to the Disasters Emergence Committee and then launching a Ukraine Appeal, where it pledged to match-fund the donations of Serco colleagues from around the world up to a further £250,000, for humanitarian support to the people of Ukraine; and two, focussing our support on those charities and causes sponsored by and most relevant to Serco employees.

## **Forward Plans**

The Serco Foundation is continuing to embed Serco employees into its activities in 2023 and these build on the focus from previous years. This includes continuing to prioritise applications for support that are sponsored by Serco colleagues as opposed to those received 'cold' from external organisations; the prioritisation of applications for support which in addition to a request for a financial grant also offer a good likelihood of in-kind support from Serco colleagues, such as providing charities with professional know-how or volunteering time; and finally, the prioritisation of those applications which more closely align with Serco employees' regions and sectors, in order to make our work as impactful and relevant as possible.

## **The Serco Foundation**

### **Trustees' Report (continued)**

#### **Structure, governance and management**

The Serco Foundation was incorporated on 14 December 2012 as a company limited by guarantee, which is governed by its Articles of Association. The operations and running of the Serco Foundation are fully independent from Serco Group plc, however unpaid governance support is provided where necessary. The Articles of Association of the Foundation were updated and finalised at the end of June 2016 and provide for an Ex Officio Chairman, up to three Internal Trustees selected by Serco Group plc from employees of the Serco Group of companies, and three External Trustees who are appointed by the Board of Trustees and are not employees of the Serco Group. No other person or body external to the charity is entitled to appoint trustees.

All Trustees are inducted into the aims and objectives of the Serco Foundation before they are appointed. At one Board meeting each year as an early agenda item there is a reminder to Trustees of their key responsibilities.

The Chairman and the Trustees take the strategic decisions and approve the way ahead at formal Board meetings where they also make decisions about applications put to the Serco Foundation. Between Board meetings they delegate the tactical day-to-day decisions to the Secretary, who circulates information to Trustees as necessary, if an Out of Committee decision is required. To consider particular decisions in more depth, temporary sub groups are set up, led by a Trustee, but with the ability to draw on expertise from external advisers and the wider Serco Group. The Foundation's policy is to issue grants or support 'in kind' in accordance with our charitable objectives. The primary purpose of the Trustees' grant giving activities is to support charities which align with the Serco Foundation objectives.

The Trustees have considered the major risks to which charities are exposed and have established appropriate systems and processes to manage these risks.

Four formal Serco Foundation Board meetings took place in 2022: in March 2022, May 2022, September 2022 and December 2022.

#### **Trustees**

The Members and Trustees who held office during the year and to the date of this report were as follows:

Keith Archer-Jones  
David Richardson  
John Weller  
Kate Steadman (resigned 10 May 2023)  
David Eveleigh (appointed 10 May 2023)  
Chris May (appointed 19 September 2023)

#### **Trustees' indemnities**

The Foundation has made qualifying third party indemnity provisions for the benefit of the Trustees which were made during the period and remain in force at the date of this report.

#### **Related party transactions**

The Serco Foundation had a related party relationship with Serco Group plc as in 2022 Kate Steadman was a Trustee of the Serco Foundation and an employee of Serco. Kate ceased being an employee of Serco in May 2023. As noted above, David Eveleigh was appointed as Chair of Trustees' in May 2023 and Chris May was appointed as a Trustee in September 2023; both are employees of Serco. There have been no transactions between the Foundation and any of its related parties or any trustees during the year.

# **The Serco Foundation**

## **Trustees' Report (continued)**

### **Achievements and performance**

In 2022 the Serco Foundation moved away from a focus on the COVID pandemic which had been the subject of much of the activities in 2020 and 2021 and shifted its attention. It focused on support for Ukraine, largely through the Disasters Emergency Committee Ukraine Humanitarian appeal (£50k), and then the Foundation started a match-funding scheme to raise money for humanitarian work in Ukraine with £1 donated matched to make £2. The scheme promised to match fund employee donations up to £250,000, with £50,000 paid up front. (To date £35,775 has been donated). As part of our objectives and priorities, the Serco Foundation also concentrated on the increasing number of employee-sponsored and other charitable applications in 2022, a significant majority of which were sponsored by a Serco employee and were drawn from Serco employees across all regions. It also consolidated the Foundation's financial position.

With the strong administrative support available to the Serco Foundation, as well as the continually increasing goodwill of Serco employees and ongoing commitment of the Trustees, the Foundation is on a strong footing from which to deliver continued positive impact to citizens and communities around the world.

### **Public benefit**

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Serco Foundation's aims and objectives and in planning future activities. In particular the Trustees considered how planned activities will contribute to the aims of the Serco Foundation and the objectives they have set and have therefore complied with the duty in section 17 of the Charities Act 2011.

Taking into account the achievements and beneficiaries of the Serco Foundation as described below, the Trustees confirm that due regard had been paid to the public benefit guidance published by the Charity Commission.

### **Financial review and reserves**

The Serco Foundation received income of £115,002 (2021: £108,424) from investments and bank interest, and £nil (2021: £nil) from other individual donations. Along with net loss on investments of £424,668 due to market volatility (2021: gain of £334,861) and funds carried over from the previous financial year, this has enabled us to deliver our activities as outlined in the achievements and performance section above and resulted in a deficit in 2022 of £554,671 (2021: Surplus of £227,353) for the year. The trustees consider the results of the Serco Foundation to be satisfactory.

As at 31 December 2022, unrestricted funds for the year were £5,630,971 (2021: £6,185,642).

Barclays Wealth and Investment Management manage the investments on the Foundation's behalf within guidelines related to ethical and investment activities as set by the Foundation and provide regular updates to Trustees.

### **Reserves policy and going concern**

Whilst there's no current formal policy, the Trustees intend to hold sufficient funds in reserve so as to ensure the charity can continue to meet its long-term objectives. The Trustees will finalise its full fundraising strategy with the aim of expanding its charitable activities in the future.

The financial statements have been prepared on a going concern basis which the Trustees consider to be appropriate for the following reasons.

The business model of the charity is such that its charitable activities are limited to those which it has sufficient funds and investments held to support from the excess of income received over the costs of

## **The Serco Foundation**

### **Trustees' Report (continued)**

administering the charity. The charity therefore has no specific commitments and no committed costs beyond its fixed costs of operation which are detailed in note 3 and 4.

The Trustees have reviewed the cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that the charity will have sufficient funds to meet its liabilities as they fall due for that period. The Trustees consider that even if no further external funding is received in the 12-month period, the charity has sufficient cash reserves and available investments to pay all committed costs. There have been no material post balance sheet date events that would affect this assessment.

Consequently, the Trustees are confident that the charity will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the statements.


### **Disclosure of information to auditor**

The Trustees who held office at the date of approval of this Trustees' report confirm that, so far as they are each aware, there is no relevant audit information of which the Foundation's auditor is unaware; and each director has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the Foundation's auditor is aware of that information.

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board of Trustees and signed on its behalf by:

DocuSigned by:  
  
C5F92E3BB5E4495...

David Eveleigh  
Trustee

Serco House  
16 Bartley Wood Business Park  
Bartley Way, Hook  
Hampshire, RG27 9UY

29 September 2023



## **The Serco Foundation**

### **Statement of Trustees' responsibilities in respect of the Trustees' annual report and the financial statements**

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the excess of expenditure over income of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

## **Independent auditor's report to the members of The Serco Foundation**

### **Opinion**

We have audited the financial statements of The Serco Foundation ("the charitable company") for the year ended 31 December 2022 which comprise the Statement of financial activities (including income and expenditure account), Balance Sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the charitable company or to cease its operations, and as they have concluded that the charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the trustees' conclusions, we considered the inherent risks to the charitable company's business model and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the trustees' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the charitable company will continue in operation.

### **Fraud and breaches of laws and regulations – ability to detect**

#### ***Identifying and responding to risks of material misstatement due to fraud***

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Trustees, as to the charitable company's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected, or alleged fraud;
- Reading Board minutes; and
- Using analytical procedures to identify any usual or unexpected relationships.

We communicated identified fraud risks throughout the audit and remained alert to any indications of fraud throughout the audit.

## **Independent auditor's report to the members of The Serco Foundation**

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries.

On this audit we do not believe there is a fraud risk related to revenue recognition because the only source of income is from investments transactions. We did not identify any additional fraud risks.

We performed procedures including agreeing all accounting entries in the period to supporting documentation.

### ***Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations***

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Trustee and management (as required by auditing standards) and discussed with the Trustee and management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, charities legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

This charitable company, as a Charities, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustee and management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### ***Context of the ability of the audit to detect fraud or breaches of law or regulation***

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Other information**

The trustees are responsible for the other information, which comprises the Trustees' Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Trustees' Report, which constitutes the directors' report

## **Independent auditor's report to the members of The Serco Foundation**

- for the financial year, is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

### **Trustees responsibilities**

As explained more fully in their statement set out on page 6, 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

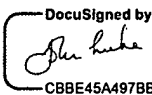
### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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**John Luke (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor Chartered Accountants**

15 Canada Square  
London E145GL  
United Kingdom

29 September 2023

## The Serco Foundation

### Statement of Financial Activities (including income and expenditure account) Year ended 31 December 2022

|   | Notes | 2022<br>£        | 2021<br>£        |
|---|-------|------------------|------------------|
| <b>Income from:</b>                                       |       |                  |                  |
| Investments   | 2     | 115,002          | 108,424          |
| <b>Total income</b>                                       |       | <b>115,002</b>   | <b>108,424</b>   |
| <b>Expenditure on:</b>                                    |       |                  |                  |
| Fees  | 3     | (34,388)         | (35,413)         |
| Charitable activities and governance costs                | 4     | (210,617)        | (180,519)        |
| <b>Total expenditure</b>                                  |       | <b>(245,005)</b> | <b>(215,932)</b> |
| <b>Net expenditure before net movement on investments</b> |       | <b>(130,003)</b> | <b>(107,508)</b> |
| Net (loss)/gain on investments                            | 7     | (424,668)        | 334,861          |
| <b>Net movement in funds</b>                              |       | <b>(554,671)</b> | <b>227,353</b>   |
| <b>Total unrestricted funds at start of year</b>          |       | <b>6,185,642</b> | <b>5,958,289</b> |
| <b>Total unrestricted funds at end of year</b>            |       | <b>5,630,971</b> | <b>6,185,642</b> |

All amounts represent unrestricted funds.

There are no recognised gains or losses for the current period other than as stated in the Statement of Financial Activities. Accordingly, no separate statement of total recognised gains and losses has been presented.

The results for the year are wholly attributable to the continuing operations of The Serco Foundation. The accompanying notes form an integral part of the financial statements.

## The Serco Foundation

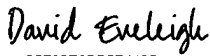
### Balance Sheet As at 31 December 2022

|  | Notes | 2022<br>£        | 2021<br>£        |
|--|-------|------------------|------------------|
| <b>Current assets</b>                                  |       |                  |                  |
| Investments  | 7     | 5,399,555        | 6,127,166        |
| Cash held by investment managers                       |       | 177,293          | 18,395           |
| Cash at bank and in hand                               |       | 62,123           | 50,081           |
| <b>Creditors: Amounts falling due within one year:</b> |       |                  |                  |
| Accruals and deferred income                           | 8     | (8,000)          | (10,000)         |
| <b>Net current assets</b>                              |       | <b>5,630,971</b> | <b>6,185,642</b> |
| <b>Funds of the charity</b>                            |       |                  |                  |
| Unrestricted funds                                     |       | 5,630,971        | 6,185,642        |
| <b>Total funds</b>                                     |       | <b>5,630,971</b> | <b>6,185,642</b> |

All amounts represent unrestricted funds.

The accompanying notes form an integral part of the financial statements.

The financial statements of The Serco Foundation (company number 08332279) were approved by the Board of Trustees and were signed on its behalf by:

DocuSigned by:  
  
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David Eveleigh  
Trustee

29 September 2023

# **The Serco Foundation**

## **Notes to the Financial Statements For the Year Ended 31 December 2022**

### **1. Accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding year.

#### **Basis of accounting**

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on October 2019, Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011. SORP Update Bulletin 1 which was issued 2 February 2016 has also been adopted.

The Serco Foundation qualifies as a small company under the Companies Act 2006 and accordingly has taken advantage of the exemption available in the FRS 102 SORP applicable for periods commencing after 1 January 2016 to not prepare a cash flow statement.

#### **Going concern**

The Trustees consider the Serco Foundation to have sufficient reserves to meet its forecast commitments and they believe that the Serco Foundation has adequate resources to continue for a period of at least 12 months from the date of this report. In particular, the Trustees have considered the level of investments held both at 31 December 2022 and at the date of signing these financial statements, together with the value of donations committed but not yet paid. The Trustees have confirmed that sufficient reserves exist to make all committed payments along with other payments required to be made for at least 12 months from the date of this report. Accordingly, the Trustees consider it appropriate to adopt the going concern basis in the preparation of the Serco Foundation's financial statements.

#### **Income**

These are recognised in the Statement of Financial Activities (SoFA) when:

- The company becomes entitled to the resources;
- The Trustees are of the opinion that receipt is probable; and
- The monetary value can be measured with sufficient reliability.

Where incoming resources have related expenditure (as with fundraising or contract income) the incoming resources and related expenditure are reported gross in the SoFA.

#### **Donated services and facilities**

These are only included in the SoFA (with an equivalent amount in resources expended) where the benefit to the charity is reasonably quantifiable, measurable and material. The value placed on these resources is the estimated value to the charity of the service or facility received. It is not possible to reliably measure the value of donated administrative services supplied by Serco Group plc.

## **The Serco Foundation**

### **Notes to the Financial Statements (continued) For the Year Ended 31 December 2022**

#### **Accounting policies (continued)**

##### **Expenditure**

Expenditure is included in the SoFA on an accruals basis when incurred and includes attributable VAT which cannot be recovered.

Resources expended comprise the following:

- Charitable expenditure – being those costs incurred by the charitable company in the delivery of its activities and services for its beneficiaries.
- Governance costs – being costs associated with meeting the constitutional and statutory requirements of the charity.

##### **Tax**

As a registered charity, the Foundation is exempt from corporation tax under the Corporation Tax Act 2010 or Section 256 of the Taxation for Chargeable Gains Act 1992, to the extent surpluses are applied to its charitable purposes.

##### **Fund accounting**

All funds are unrestricted and are available to be used in accordance with the charitable objects at the discretion of the Trustees.

##### **Investments**

The Foundation invests in a mixture of listed equities, ETFs and non-listed funds with investments in equities and fixed income securities. All investments are initially recognised at their transaction value including fees and duty. They are subsequently measured at their fair value as at the balance sheet date using the closing quoted market price or NAV per share provided by the fund managers. Changes in fair value are recognised in the statement of financial activities. Realised and unrealised investment gains and losses are combined and shown in the heading "Net gains on investments" in the statement of financial activities. The charity does not use short selling, enter into derivative contracts or other complex financial instruments. Fees payable in relation to the management of the Foundation's investments are recognised in the statement of financial activities on an accrual's basis.



## The Serco Foundation

### Notes to the Financial Statements (continued) For the Year Ended 31 December 2022

#### 2. Income from investments

|                                   | 2022           | 2021           |
|-----------------------------------|----------------|----------------|
|                                   | £              | £              |
| Dividends and distribution income | 74,657         | 70,247         |
| Interest on investments           | 40,150         | 38,165         |
| Bank interest                     | 195            | 12             |
|                                   | <u>115,002</u> | <u>108,424</u> |

#### 3. Fees

|                 | 2022          | 2021          |
|-----------------|---------------|---------------|
|                 | £             | £             |
| Investment fees | 34,388        | 35,413        |
|                 | <u>34,388</u> | <u>35,413</u> |

#### 4. Charitable activities and governance costs

|   | 2022           | 2021           |
|---|----------------|----------------|
|   | £              | £              |
| Other grants                              | 212,577        | 175,506        |
| Support costs – Governance costs (note 5) | (1,960)        | 5,013          |
|   | <u>210,617</u> | <u>180,519</u> |

#### 5. Support costs

|  | 2022           | 2021         |
|--|----------------|--------------|
|  | £              | £            |
| Administrative expenses  | 40             | 13           |
| Fees payable to the auditor for the audit of the charity's annual accounts | 3,000          | 5,000        |
| Other  | (5,000)        | -            |
|  | <u>(1,960)</u> | <u>5,013</u> |

There were no employees in the year (2021: none) and accordingly no employee benefits paid (2021: nil).

#### 6. Trustees' remuneration

The Trustees do not receive any remuneration or reimbursement of expenses in respect of their services to the Serco Foundation. Where Trustees are also employees of the Serco Group, their services to the Serco Foundation are incidental in the context of their wider role within the Serco Group and whilst they may be remunerated by other companies in the Group, they do not receive any remuneration specifically in relation to their qualifying services to the Foundation. As such, there is no Trustees' remuneration for the year ended 31 December 2022 (2021: none).

## The Serco Foundation

### Notes to the Financial Statements (continued) For the Year Ended 31 December 2022

#### 7. Investments

|  | 2022<br>£        | 2021<br>£        |
|--|------------------|------------------|
| Fair value at start of year  | 6,127,166        | 5,415,386        |
| Additions at cost  | 833,666          | 3,105,465        |
| Disposal proceeds  | (1,136,609)      | (2,728,546)      |
| Net gain on change in fair value                                     | (424,668)        | 334,861          |
| Fair value at end of year  | <u>5,399,555</u> | <u>6,127,166</u> |
| Historic cost at the end of the year                                 | 5,147,393        | 5,327,158        |
| Investments comprise:  | 2022<br>£        | 2021<br>£        |
| UK investments   | 757,573          | 993,934          |
| Non-UK investments   | <u>4,641,982</u> | <u>5,133,232</u> |
|  | <u>5,399,555</u> | <u>6,127,166</u> |
| Investments representing over 5% by value of the portfolio comprise: | 2022<br>£        | 2021<br>£        |
| Fidelity Investment Funds - Asia Fund                                | 293,694          | 351,610          |
| GSQuartix  | <u>518,656</u>   | <u>583,684</u>   |
|  | <u>812,350</u>   | <u>935,294</u>   |

#### 8. Creditors: amounts falling due within one year

|                              | 2022<br>£    | 2021<br>£     |
|------------------------------|--------------|---------------|
| Accruals and deferred income | <u>8,000</u> | <u>10,000</u> |
|                              | <u>8,000</u> | <u>10,000</u> |

#### 9. Liabilities of members

The Serco Foundation is a company limited by guarantee. In the event of winding up, the maximum amount guaranteed to be contributed by each member is £1.

#### 10. Related party transactions

The Serco Foundation had a related party relationship with Serco Group plc as in 2022 Kate Steadman was a Trustee of the Serco Foundation and an employee of Serco. Kate ceased being an employee of Serco in May 2023. David Eveleigh was appointed as Chair of Trustees in May 2023 and Chris May was appointed as a Trustee in September 2023; both are employees of Serco. There have been no transactions between the Foundation and any of its related parties or any trustees during the year.

**THE SERCO FOUNDATION**

**Subsequent events questionnaire for the year ended 31 December 2022**

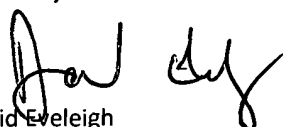
To KPMG LLP,

I, David Eveleigh as a chair of Trustees of The Serco Foundation provide the following responses to KPMG's requests with respect to subsequent events:

| <b>Consideration</b>   | <b>Serco Response</b>   |
|--|---|
| Please detail what procedures management and Directors have established to ensure that subsequent events are identified.   | Management have held board meetings post year-end and are involved with the approval of donations and payments and have not identified any subsequent events. |
| Provide us with the current status of any changes to regulatory and litigation claims post 31/12/22. (Any updates not already discussed)   | None noted  |
| Have there been any unusual accounting adjustments made or are any being contemplated not already discussed or disclosed to us?<br><br>If so, please can you provide full details and support for these transactions.                            | None  |
| Are there any changes in the value of substantial contingent liabilities or commitments (made or required) which existed at the date of the balance sheet?<br><br>If so, please can you provide full details and support for these transactions. | None  |
| Are there any changes in the entity's related parties? (Including both entities and individuals such as directors)<br><br>If yes, please provide full details of any amendments made to the financial statements as a result.                    | No other changes other than disclosed in the related parties' notes to the financial statements.  |
| Are there any significant new related party transactions?<br><br>If yes, please provide full details.  | No other changes other than disclosed in the related parties' notes to the financial statements.  |
| Has the latest interim financial information (if any) been prepared on the same basis as that used for the financial statements under audit?   | N/a   |

|  |  |
|--|--|
| Have any new commitments, borrowings or guarantees have been entered into?<br>If yes, please provide full details.   | None   |
| Have you identified any other subsequent events which might affect the financial statements?<br>If so, please can you provide full details and support for these transactions. | None identified other than changes to related parties already disclosed. |
| Have any sales or acquisitions of assets occurred or are planned? (Excluding matters already discussed)  | N/a  |
| Have any assets been appropriated by government or destroyed, for example, by fire or flood?   | N/a  |
| Have any events occurred or are likely to occur that will bring into question the appropriateness of accounting policies used in the financial statements?                     | No   |
| Have any events occurred that are relevant to the measurement of estimates or provisions made in the financial statements?   | No   |
| Have any events occurred that are relevant to the recoverability of assets?  | No   |
| Have there have been any significant changes in the capital, stock, long-term debt or working capital of the entity?   | None   |
| Have there been any unusual accounting adjustments made or are any being contemplated?<br>If so, please can you provide full details and support for these transactions.       | None noted   |

Signed by:

  
David Eveleigh

Dated:

29 September 2023