



# ANNUAL REPORT AND ACCOUNTS 2019



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**ssafa** | the  
Armed Forces  
charity



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The Soldiers', Sailors', Airmen's and Families' Association - Forces Help

Queen Elizabeth House, 4 St Dunstan's Hill  
London EC3R 8AD  
ssafa.org.uk

Registered Charity Numbers

210760 (England and Wales)  
SC038056 (Scotland)  
149 (Gibraltar)  
20006082 (Republic of Ireland)

Auditor

Grant Thornton UK LLP, Statutory Auditor, Chartered Accountants, 30 Finsbury Square, London, EC2A 1AG

Bankers

Coutts & Co  
440 The Strand, London WC2R 0QS

Royal Bank of Scotland Plc  
West End Commercial Centre, 1st Floor, Argyll House, 246 Regent Street, London W1B 3PB

Investment Managers

BlackRock Investment Managers Ltd,  
12 Throgmorton Avenue, London EC2N 2DL

Solicitors

Withers LLP, 20 Old Bailey, London EC4M 7EG

A MESSAGE FROM OUR CHAIRMAN

Welcome to our 2019 Annual Report and Accounts

Reflecting on 2019, we are incredibly proud of what we have achieved for our beneficiaries. The SSAFA family – our volunteers, employees and partner organisations – has once again worked together to provide vital, life-changing services to the Armed Forces community.

Through our range of complementary services across the UK and overseas, we have supported 85,616 individuals in 2019. This is a fantastic achievement during a challenging period of economic and political uncertainty, within a crowded and increasingly regulated charitable sector.

Our 5,201 volunteers are the backbone of this support and the needs of the people we support continue to be more complicated. We are hearing from more people struggling with their mental health, which also impacts on their physical health and financial circumstances. Complicated cases such as these call for extra time and resources and so we are relying even more on the effort and expertise of our volunteers to offer bespoke support.

We are also reaching beneficiaries in more varied ways; rolling out new or expanded services that meet the changing needs of those who turn to us. SSAFA have invested in additional volunteer training so they can continue to help our beneficiaries in the best possible way.

We continue to hear from younger veterans struggling to transition to civilian life. To address this recurring need we have further evolved our mentoring programme, which has gone from strength to strength. We now have 180 mentors working with service leavers, giving tailored support to empower them to get their lives back on track. The number of mentee participants have increased by 45% since 2018. Last year, a total of 385 Wounded, Injured or Sick [WIS], non-WIS leavers and their families were supported by our mentors on a one-to-one basis.

Forcesline, our free and confidential helpline, has continued to see an increase in people seeking our support and, in 2019, our advisors dealt with 29,930 enquiries. In recognition of the changing needs and demographic of our beneficiaries, Forcesline launched a webchat platform reflecting the preferred means of communication for those younger veterans seeking help. In November 2019 alone, this new digital platform received 147 enquiries.

As we provide more support for our younger beneficiaries, we do not, cannot and will not forget those older veterans who need us. Through Joining Forces, our partnership with Age UK, we exceeded our target for working with veterans

born before 1950. Now reaching its third year of operation, a total of 48,912 Veterans (109% of our initial target) and 33,028 family and carers (290% of initial target) had been supported by this amazing joint initiative.

We also continue to support the serving Armed Forces community, with our service committees actively involved on military bases across the UK and overseas, as well as our unique military adoption service and our short breaks for those with additional needs and disabilities. We continue to provide high-quality health, welfare and social care services under contract to the Ministry of Defence (MOD) at home and abroad.

No-one could have imagined the impact of the COVID-19 lockdown and its subsequent challenges. Overall, we have sustained almost all of our benevolent outputs and some areas are busier than ever. Our UK-wide branch volunteering network continues to use technology to ensure support is available; web-chats, email and phone enables us to achieve this without face-to-face meetings. We are still very much open for business and, in some instances, remote working is helping our volunteers be more effective, removing their travel time.

However, our fundraising activities have been severely impacted, so in April 2020 we launched our Emergency Response Fund to support the most vulnerable of our beneficiaries. With this on-going, all-important fundraising and our unwavering commitment, SSAFA has been and still are succeeding to reach those who need our help.

I would like to thank our volunteers, employees, partners and supporters for their unbelievable dedication and hard work on behalf of our many beneficiaries. With their commitment, we will continue to hone our unique, personalised and bespoke services for the Armed Forces community - and be there as long as we are needed.



Gary Coward

Lieutenant General  
Sir Gary Coward KBE CB  
National Chairman

# SSAFA'S GOVERNANCE STRUCTURE

This page provides an overview of SSAFA's governance structure. Our Chief Executive, known as the Controller, is responsible to the charity's Trustees for the management of SSAFA's global activities. The Controller chairs the Management Board, which oversees SSAFA's wide range of activities in support of the Armed Forces community. He is answerable to our National Chairman who is also Chairman of Council, our Trustee body.

Trustees are ultimately responsible for all matters concerning governance, strategic direction, legal operation and financial probity. All are volunteers who are encouraged to get involved in any aspect of our work. They exercise authority only when making a majority decision at a duly constituted meeting of Council, comprising between seven and 17 members.

Officers of the Association (Chairman, Vice Chairman and Treasurer) and Members of the Council are all Trustees. They are incorporated as a body operating under the Association's Royal Charter. One third of our Trustees are required to retire each year but are eligible for re-election by the Association.

**PATRON**

Her Majesty The Queen

**PRESIDENT**

HRH Prince Michael of Kent

**VICE PRESIDENTS**

Field Marshal The Rt Hon The Lord Bramall  
(deceased 12 November 2019)  
Lady Carleton-Smith  
Lady Carter  
The Lady Dannatt  
The Baroness Fookes  
Air Chief Marshal Sir Michael Graydon  
The Lady Guthrie (retired December 2019)  
Lady Hillier  
Lieutenant Colonel Colin Hogg  
The Lady Houghton  
Surgeon Captain Alan McEwan  
Lady Peach (retired July 2020)  
The Lady Walker  
Lady Wall (retired November 2019)  
The Rt Hon The Lord Westbury

**CHAIRMAN**

Lieutenant General Sir Gary Coward

**VICE CHAIRMAN**

Wing Commander Kirsty Bushell

**HONORARY TREASURER**

Mr David Rowe

**COUNCIL MEMBERS**

Mr James Carleton  
Commodore Peter Cowling (retired March 2020)  
Warrant Officer Class 1 Glenn Haughton  
Mr David McCorkell  
Lieutenant Colonel (ret'd) Graham Meacher  
Mr Robert Murphy  
Air Vice-Marshal Charles Ness  
Colonel Stephen Oxlade (from March 2020)  
Mrs Sarah Rutherford-Jones (retired December 2019)  
Mr David Singletary  
Ms Evelyn Strouts  
Dr Diana Wood

**CONTROLLER**

Lieutenant General Sir Andrew Gregory

**SECRETARY AND FINANCE DIRECTOR**

Mr Simon Blum

SSAFA's council meets on a quarterly basis and ensures the charity is carrying out its purposes for the benefit of our beneficiaries, is accountable, complies with our governing documents and the law, as well as ensuring our resources are managed responsibly.

**There are also several standing Council agenda items which include;**

Safeguarding, Fundraising Strategy & Policy, Equality Diversity & Inclusion, as well as Data Protection and Information Management - which is managed by an independent Data Protection Officer.

# SSAFA COMMITTEES

SSAFA has a number of committees overseeing different work streams. Each is chaired by a trustee with the intention of providing advice and support for our Council in governance in order to achieve the objectives of the charity.

**The following committees meet on a quarterly basis :**

- **Risk Committee**, responsible for ensuring that SSAFA and its subsidiaries conduct their business to the highest standard of probity, reporting to Council thereon.
- **Finance Committee**, responsible for ensuring that SSAFA's financial position is sustainable and advising Council accordingly.
- **Regional Representatives' Forum** is a consultative, non-executive body with responsibility for effective two-way communication and facilitation between Council, committees and volunteers, reporting to Council.
- **Scottish Resources Committee**, working with SSAFA trustees, branches, service committees, volunteers, employees and external stakeholders to ensure the efficient and effective coordination of resources and activities to alleviate need amongst veterans, serving personnel and their families in Scotland.
- **Serving Community Forum**, responsible for enabling service committee chairs, community volunteers and volunteer support managers to discuss the needs of service personnel in their local areas and reporting to Council.
- **Vice Chairman's Committee**, responsible for making decisions about governance, human resources, remuneration, honours and awards, and reporting to Council.

Under the authority of Council, SSAFA operates three subsidiary companies and one Limited Liability Partnership;

- **SSAFA Family Health Services,**
- **SSAFA Forces Help Enterprises Limited,**
- **SSAFA CMS Limited,**
- **SSAFA GSTT Care LLP.**

For further information and governance details, please refer to pages 14-15.

# TRUSTEES' REPORT

We, the Trustees, are pleased to present the annual Trustees' Report and the consolidated financial statements of the Charity. These financial statements comply with SSAFA's governing document, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Act (Gibraltar) 1962-12, the Charities Act 2009 (Republic of Ireland) and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

## OUR CHARITABLE OBJECT AND ACTIVITIES FOR THE PUBLIC BENEFIT

SSAFA is a public benefit entity. The Trustees have given due consideration to the Charity Commission published guidance on the operation of the Public Benefit requirement, and confirm that the objects of SSAFA, as established and incorporated, are to relieve the need, suffering and distress of all those who are serving or have served in the Armed Forces of the Crown, and their families and dependants. There are only two criteria for assistance: eligibility and need.

## SSAFA'S SERVICES CAN BE DIVIDED INTO THREE TYPES:

**Welfare advice and support** — our network of branches in local communities and service committees on military bases offer practical, financial and emotional support. We help regulars, reserves, veterans and their families with everything from financial hardship to family breakdown.

**Tailored support services** — we mentor service leavers and their families as they transition from the military to civilian life, support veterans in the criminal justice system, provide a support service to the UK Gurkha veteran community and have partnered with Age UK to offer a bespoke programme of support for veterans born before 1950, called Joining Forces.

We also help older veterans struggling with disability, sourcing practical items such as mobility aids or replacing household goods. We

provide support to make sure families also have the help they need and offer a free confidential helpline, Forcesline, to give a wide range of financial, practical and emotional support to the Armed Forces community.

We offer long-term accommodation for older and disabled veterans and short-term housing for families of injured service personnel and victims of domestic violence. We also run a series of family support groups; ranging from families affected by injury or bereavement and those affected by the suicide of a loved one. We have a support forum for those in the military who have a family member with an additional need or disability which provides short break holidays for its members. In addition, SSAFA runs the UK's only adoption agency specifically designed for Armed Forces serving personnel.

**Health and social care services** — we provide primary and community health care, as well as social work services, on contract to the MOD in 12 countries, including the UK.

Crucial to the successful delivery of all our charitable activities is a network of over 5,000 volunteers across the globe. It is impossible to quantify the value of their contribution in monetary terms, and therefore no amounts are recorded in the financial statements.

## DELIVERING AGAINST OUR 2019 AIMS AND OBJECTIVES

We are focused on continuing to ensure that the needs of the Armed Forces, veterans and their families are met in an appropriate and timely way. We exist to relieve need, suffering and distress amongst the Armed Forces, veterans and their families - to support their independence and dignity.

Our five strategic aims deliver this through:

- 1. Understanding need:** We will ensure that we understand and adapt to the needs of those we support.
- 2. Effective support:** We will alleviate suffering and distress by providing appropriate, timely and effective support.
- 3. Awareness and understanding:** We will strive to be recognised, known and understood.
- 4. Sustainable resource:** We will ensure we have people

with the right skills and sufficient time to deliver our services, underpinned by a sustainable income.

- 5. Collaborative working:** We will work collaboratively within the organisation and with external partners.

We will continue to drive progress against these strategic objectives and meet client need against a dynamic backdrop of change. Our core services, which will always focus on the needs of our beneficiaries, are met, either through our volunteer casework, meeting serving communities' needs, mentoring and working with individuals at all stages of the criminal justice system. Our aim is that by 2022 we will have developed the quality and relevance of our services to such an extent that veterans, serving personnel and their families regard SSAFA as the primary organisation for personalised support.

We have seen a fall in income from contracted services and uncertainty around fundraising income due to the Covid-19 pandemic and the subsequent lockdown. We will respond to the reduction in contracted services income whilst maintaining our existing excellent standards of service, be creative in searching for solutions to drive greater fundraising activity and continue to be cost conscious. We will develop our existing talent and drive down staff turnover further by attracting and retaining the most appropriate candidates from inside or outside the sector.

SSAFA will aim to be true to its value of being courageous, by working collaboratively with Government and other service providers to drive change and improve support for our beneficiaries. We will aim to grow and improve our brand presence to assist beneficiaries seeking help, target volunteers and employees who want to work for SSAFA and grow one-off donors into life-long supporters of the Charity.

## OUR ACHIEVEMENTS AND PERFORMANCE IN 2019

- We supported 85,616 individuals with our charitable services in 2019. In addition, through our commercial contracts, we continue to support our serving Armed Forces and their families in 12 countries around the world, including the UK.
- Our volunteers completed 41,365 visits and cases. Despite a decrease in overall volunteer numbers, there was an increase of 15% in the total number of visits and cases completed in 2019 compared with 2018. Many of the cases encountered by are

volunteers are proving increasingly complicated to work through and find funding for, taking more time, visits and expertise to resolve.

- Our volunteer network raised £13.2 million for those who asked for our help, through applications to benevolent funds and other military and civilian charities.
- We dealt with 29,930 enquiries to Forcesline in 2019. In the first quarter of the year, only 8% of Forcesline calls were made by someone under the age of 30, despite 89% of under 30s admitting they needed help during or after their military career. To reach this younger cohort, whom our research had showed were uncomfortable calling a helpline, we launched a webchat platform for Forcesline in October 2019. In just one month, November 2019, the internet-based helpline received 147 text enquiries.
- We supported 385 people through our mentoring programmes, 45% more than last year, arranging mentoring for 330 people and referring 55 to other organisations for more appropriate support. SSAFA remains the only military charity to be accredited for mentoring by the National Council for Voluntary Organisations.
- We helped 2,206 prisoners or family members of prisoners through our veterans in the criminal justice system and Prison In-reach programmes – which we merged into one service in last year. This is a 118% increase on 2018, as we reach out into the VCJS community and build on our support for their families.
- 6,237 people were helped this year by our Gurkha support service. The project offers a wide range of services across the UK, including Nepali speaking caseworkers, our translation services, English lessons and a comprehensive programme of raising awareness amongst healthcare service providers, the local community and Government.
- Glasgow's Helping Heroes, our partnership with Glasgow City Council, supported 319 people in the city. The tenancy sustainment project - funded by the Nationwide Community Fund - was successful, with all households taking part maintaining their tenancy. Further funding has been awarded to facilitate another two years of the programme.
- We placed 12 children with adoptive families. Over half of the children placed with our adopters were



considered ‘harder to place’ as they are over the age of four or in a sibling group. We approved eight new households to adopt, 12.5% of which were LGBTQ+ households in line with the national average. We supported 43 families through our Post-Adoption Support (PAS) service. In November, following an inspection by Ofsted, our adoption service was awarded a rating of Outstanding across all categories.

- Our Forces Additional Needs and Disability Forum (FANDF) received 98 initial enquiries in 2019, and the database of members continues to grow. We ran a free short break holiday this year, 12 families totalling 45 people attended. 2019 also saw FANDF conduct the largest known survey into the issues faced by Forces families with additional needs and disabilities.

In 2019, we helped 2,080 people through our housing services:

- 784 personnel and family members in Norton House, Stanford Hall
- 161 women and children at our Stepping Stone Home, Gildea House, supporting residents and those in the local community; a 148% increase compared to 2018
- 955 residents at Fisher House; an 11% increase on 2018
- 75 residents in our independent living accommodation, the Royal Homes in Wimbledon
- 64 residents in our bungalows across the country.

Following the decision in 2018 to streamline our estate and housing services, we undertook to sell Longside Stepping Stone Home, which closed in April 2018, the sale of Longside was completed in January 2019. We also reduced our properties in the Isle of Wight selling St Vincents Residential Care Home and 19 bungalows. St Vincents Residential Care Home was sold as a going concern in March 2019, with SSAFA continuing to support St Vincents 15 residents until the new owners took over their care and the management of the home.

## HEALTH AND SOCIAL CARE SERVICES

In 2019, through our Ministry of Defence contracts, we provided primary health care, community health care and social work services to more than 40,000 Armed Forces personnel and their families both in UK and another 11 countries across the world. This included support to more than 30,000 currently serving personnel. Through 2019, our services continued to draw down in Germany, where we now have just one medical centre, together with the practice in SHAPE, Belgium. These will finally both close as our contract in North West Europe comes to an end in September 2020.

We continue to deliver Community Healthcare services in Cyprus, but the social work contract was transferred to another provider on 30 June 2020. Furthermore, and at the time of writing, our staff continue to deliver social work services in the Falklands, Gibraltar and Brunei. Community healthcare staff continue to work in Canada, Gibraltar and Brunei, and our peripatetic support to Kenya, Italy and Nepal is ongoing, facilitated and overseen by our team in Cyprus.

The RAF Personal Support and Social Work Service undertook 2,236 consultations, 1,287 referrals and 385 Long Term Sick (LTS) referrals in 2019. The need for our support to the RAF has never been greater, is highly rated by service users, and was found by an external strategic review to be a ‘quality service’

As well as providing essential and highly valued support to the Armed Forces around the world, these commercial contracts are an important source of income for the Charity and make a significant contribution to SSAFA's annual balance sheet.

## MEASURING AND EVALUATING THE IMPACT OF OUR WORK

In line with the charity's strategic plan, demonstrating the impact of SSAFA's services provided to beneficiaries is key in allowing us to understand the needs of the Armed Forces community and their families.

SSAFA's approach to outcomes measurement begins with developing a theory of change for each service which allows us to identify the outcomes of interest we wish to explore. This forms the basis for an evaluation plan where we develop or use existing validated tools to demonstrate how we have helped our beneficiaries. We do this using a range of methods, including outcome measures, feedback surveys, qualitative and economic studies – our approach depends on the service's need. SSAFA employs a continuous improvement approach when measuring impact. This allows us to not only measure success, but also learn how we can improve so we continually develop our services to meet our beneficiaries' needs.

Where appropriate, SSAFA appoints external evaluators to measure the success of our services. Currently work is being undertaken with our Gurkha Service and Glasgow's Helping Heroes, including a range of surveys, interviews and focus groups along with a Social Return on Investment study.

Exploring the impact of our services is of a high priority to SSAFA, and therefore we are working with our colleagues across the sector to develop a joined up, evidenced based approach to ensure all beneficiaries receive the same level of service no matter where they are or which military charity they approach.

## OUR FOCUS ON COLLABORATIVE WORKING

At the heart of SSAFA are our beneficiaries – those that need our support. It is vital that we continue to develop our services to meet the current and future needs of the Armed Forces community. We need to adapt and evolve what we offer, as their needs change. We will continue to monitor and analyse these changing needs in the service community, refining what we deliver, so that it continues to service these unmet needs.

To ensure this is done in the right way, at the right time, we have launched our SSAFA@140 programme, which focuses on our internal organisational development by creating a consistent support network and allowing our charity to thrive. We want to create a sustainable future for SSAFA through the successful recruitment and training of volunteers and employees, whilst ensuring the delivery of timely quality-assured support to our beneficiaries wherever they are. At the same time, we are working with and supporting the Confederation of Service Charities (Cobseo) to develop greater coherence and co-ordination with other military charities. We want to make certain that our shared beneficiaries get the best possible help in a timely, consistent manner so that our support services complement, rather than duplicate, those offered by other organisations.

## THE MILITARY WIVES CHOIRS

The Military Wives Choirs Foundation is a registered subsidiary charity of SSAFA, the Armed Forces charity. There are more than 2,000 women with a military connection in our 75 choirs in the UK and on bases abroad, including Cyprus, Belgium, Germany, the Netherlands and Italy. The choirs delivered over 800 performances in 2019 to both local and military communities around the world.

This included a network-wide global performance of 77 choirs to support the promotion of the film *Military Wives*, inspired by the true story of our choirs. As this film premiered in early March, its cinematic reach was restricted by the Covid-19 pandemic and lockdown, however the film - released on DVD in July - will help to raise the profile of this important support network within the Armed Forces Family.

RAISING OUR PROFILE

Since mid-2018 we have been concentrating on securing meaningful coverage to ensure that SSAFA is recognised as a leading expert voice on the issues faced by the military community. In 2019 we achieved over 2,820 pieces of coverage across the national and regional newspapers, broadcast outlets, plus consumers and military press. In total, we reached more than 254,352,800 people across a variety of communications platforms, both on and off-line.

SSAFA also benefitted from the substantial media and online coverage generated for Armed Forces Day, 75th Anniversary of D-Day and our on-going unique association with the VE Day 75 celebrations raising our profile further. SSAFA was ranked 50th in the UK’s top 150 charity brands, rising 21 places from our 71st place in 2018. This is our highest Charity Brand Index ranking since 2013 - when we were ranked 49.

FUNDRAISING FOR OUR WORK

In 2019, we raised £11.5 million from donations, grants, legacies, events and trading activities, of which £2.3 million was raised by volunteers in their local communities. We would like to extend a sincere thank you to all our donors: individual, corporate, grant-givers and commercial partners, as well as other collaborating organisations, for their support over the last year.

PARTICULAR THANKS GO TO:

- ABF The Soldiers’ Charity
- Age UK
- Aged Veterans Fund
- Amey Defence Services
- Aramark Defence Services
- Armed Forces Covenant Fund Trust
- Army Central Fund
- BAE Systems
- Battle Proms
- Boeing UK
- Church of Scotland
- City Bridge Trust
- Clarion Events
- Collins Aerospace
- ESS (Compass Group)
- Fujitsu
- General Dynamics UK
- Gosling Foundation
- Greenwich Hospital
- Hattons of London
- Landmarc
- LIBOR Fund
- Lloyd’s Patriotic Fund
- Nationwide Building Society
- Northrop Grumman
- Openreach
- QinetiQ
- Queen Mary’s Roehampton Trust
- Royal Air Force Benevolent Fund
- Royal Navy and Royal Marines Charity
- Sodexo
- Thales
- The Barbara Naylor Charitable Trust
- The Michael Uren Foundation
- The National Lottery Community Fund
- The Royal British Legion/Poppyscotland
- The Regimental and Corps Charities of the British Army
- The Syncona Foundation
- Thorntons

OPERATING AS A GOING CONCERN - IMPACT OF COVID-19

Like many other organisations across the UK and world-wide, SSAFA urgently focused on responding to the huge impact that the Covid-19 outbreak had on the lives of those we help. As our frontline services were unable carry on their vital support work face-to-face, from March 2020 onwards, all our volunteers and employees started to work remotely with all meetings or appointments taking place by phone, email or over the internet. The development of our website resources and our online volunteer training were accelerated and are regularly updated, so our volunteer network was informed as much as possible as the Covid-19 situation changed. Our advisors for Forcesline, our free, confidential helpline team moved to be home-based, and the service is being delivered as seamlessly as possible – answering all of our inbound calls, email and online web chat enquiries.

With the closure of most businesses and resulting social lockdown, many of our key fundraising events and activities have had to be cancelled or postponed, either for later in 2020 or to 2021. This has significantly impacted on our ability to raise income during 2020. As a result, in April 2020, we launched our Emergency Response Fund fundraising appeal to support SSAFA’s front-line response to the impact of the pandemic on serving men and women, veterans and their families and ensure the assistance we provide was able to continue at this critical time. With many of the challenge-linked events cancelled or postponed, the fundraising team had seized the opportunity to create a series of virtual events to continue to inspire our supporters and keep them engaged with SSAFA’s on-going fundraising activities.

The introduction of our online training and modular volunteer induction courses during the Covid-19 restrictions, has given us more flexibility and more cost effective training options. As a result we can continue to recruit and retain our volunteers and employees, ensuring that they receive the highest quality training so we can continue to provide effective, timely support to those who need it most.

The Trustees have assessed the impact of the Covid-19 crisis on the Charity and Group and have taken steps to ensure they have sufficient resources to continue operating for the foreseeable future. As explained in the financial statements, the Charity has secured a loan facility under the Coronavirus Business Interruption Loan Scheme, has reduced the working hours of certain staff, and has taken advantage of the Coronavirus Job Retention Scheme.

After making appropriate enquiries the Trustees are therefore of the opinion that the Charity has adequate resources to continue in operation for the foreseeable future and it is appropriate to prepare the financial statements on the going concern basis.

LOOKING TO THE FUTURE

The financial impact of Covid-19 will be with us for a long time, so close attention to our financial position is a priority for the Trustees and senior professionals who will continue to closely monitor the impact of the crisis on our income, expenditure and fundraising.

- We need to ensure that we continue to support our beneficiaries, employees and volunteers, deliver outstanding services as a virtual community and strengthen our cross-sector collaboration, as we move into 2021 and beyond.
- We will continue to meet our contractual obligations to provide high-quality health and social care to the Armed Forces in the UK and overseas, whilst effectively managing the drawdown and closure of health care services in Germany;
- Investment in fundraising and supporter engagement is vital to SSAFA’s future; ensuring we continue to generate the income needed in very challenging circumstances, to meet the current, and future, financial and social welfare needs faced by our serving and veteran communities, especially those needs arising from the impact of Covid-19 on our economy, society, and welfare services.
- Our continued emphasis on raising awareness of our charity and our profile will drive our ongoing improvement in external communications. We will still focus on our three communications of objectives; of offering support across the whole of the Armed Forces family, driving fundraising and building our volunteer network through active recruitment.

## FINANCIAL REVIEW

As required, the accounts have been prepared under Charity SORP (FRS 102). To meet the requirements of the Office of the Scottish Regulator of Scotland, a Statement of Activities (with supporting notes) has also been prepared for the Charity (as shown on page 22).

## FINANCIAL OUTCOME

The Consolidated Statement of Financial Activities for the year show that there was an overall surplus in the year before actuarial gains of £3.1 million (2018: deficit of £1.7 million after excluding the exceptional item of £35 million received from the MOD). This comprises a surplus on unrestricted funds of £2.8 million for the year (2018: deficit of £2.0 million) and a restricted fund surplus of £0.3 million (2018: £0.3 million).

Donations and legacies received in the year were £6.3 million (2018: £7.3 million) and £2.4 million (2018: £4.1 million) respectively. The costs of raising voluntary income were £757 thousand (2018: £671 thousand).

The branches continue, through their volunteer network, to raise significant funds of £13.2 million (2018: £13.0 million) from service and other charities to assist a wide variety of Forces-related individuals in need. At 31 December 2019, £1.9 million (2018: £2.0 million) was being held for unalmonised grants for imminent distribution to the individuals for whom the funds were raised.

Health and welfare activities contributed £2.1 million (2018: £1.7 million) to the Group. This includes the activities of SSAFA Family Health Services, which is responsible under contract for the delivery of health and social care services in Germany, Cyprus and the Falkland Islands, and the RAF Personal Support and Social Work Services in the UK. The principal Germany contract is provided under sub-contract to the Group's joint venture, SSAFA GSTT Care LLP. Whilst income and expenditure decreased significantly, the margin reflects improved cost-management initiatives. Costs incurred included £2.2 million for redundancies which arose as a result of the drawdown and relocation of patients and personnel to the UK from Germany, a programme which is due to be completed by 2020. These costs were reimbursed under the terms of the contract by the MOD and are included in turnover.

The pension fund deficit has decreased by £3.8 million to £1.7 million at the balance sheet date. Changes in the

valuation reflect a decrease in discount rate used to calculate the present value of fund liabilities to 2.1% (2018: 2.8%) offset against the lower return on investments experienced particularly around year end due to the economic climate and does not involve an outflow of cash.

## INVESTMENT POLICY

SSAFA's investment policy is to produce the best financial return within an acceptable level of risk. The investment objective is to generate a return in excess of inflation over the long term whilst generating an income to support the ongoing activities of SSAFA branches. SSAFA has a broad range of income sources that would allow it to continue with its activities were markets to fall. The key long-term risk is inflation, and the investment assets are invested to mitigate this risk. The Trustees understand that this is likely to mean that investment will be concentrated in real assets (equities and property) and that therefore the capital value will fluctuate. As a result they are prepared to take more than a moderate amount of risk. SSAFA's investment assets can be invested widely and be diversified by asset class and by security. Asset classes can include cash, bonds, equities, property, hedge funds, structured products, private equity, commodities and any other asset that is deemed suitable as defined by the Charity Commission in CC 14. The Investment Policy has no ethical restrictions.

The majority of SSAFA's funds are invested in the Armed Forces Charity Authorised Investment Fund, a fund specifically designed for service and ex-service charities. The objective of the fund is to achieve long-term growth of both capital and income.

Performance of the fund is measured against a benchmark constructed to represent a balanced portfolio of investments comprising UK and global equities, property and UK and overseas bonds. In 2019, the fund recorded a total return of 18.1%, which was above the benchmark. Dividends for the year were maintained at 7.9p per unit.

## RESERVES POLICY

Taking into account the long-term strategic plan that the Trustees agreed in 2018 and the analysis carried out since on the financial demands of providing a modern service that meets the needs of all stakeholders, the Trustees have agreed that the Charity needs to sustain its current level of reserves in real terms. This is made all the more necessary given the current crisis and pressures on income from the unavoidable decline in health and social care contracts. The Charity's reserves underwrite the day-to-day operation of the branch network as well as the many other capabilities SSAFA provides to its beneficiaries. The reserves are held in a combination of investment properties, listed investments and cash. The Trustees currently forecast that reserves will be used to cover annual deficits for the next five years if other sources of income do not increase to meet the rising costs of serving our beneficiaries' needs. The Reserves Policy of sustaining current levels in real terms means, after completing the new strategy, that the Charity's reserves should be able to fund annual core running costs in a crisis, as they will do in 2020. To do otherwise would put at risk the existence of the Charity. The Trustees have learnt from other charities that have not had a sustainable business model and not had sufficient reserves to maintain, over the long term, the vital service they deliver to their clients, many of whom have long-term needs, when income falls.

At 31 December 2019, the Charity held total funds of £53.8 million (2018- £46.2 million).

At 31 December 2019 the Charity held restricted funds not available for general purposes of £7.0 million (2018 - £6.7 million) . This includes fixed assets of £311,000 (2018- £314,000).

At 31 December 2019 the Charity held designated funds of £1.7 million (2018 - £1.7 million) for use as and when qualifying need arises.

At 31 December 2019, the level of unrestricted reserves which were not represented by fixed assets was 1.25 years' of running costs (2018: 1.69 years).

At 31 December 2019, the unrestricted general reserves (which include designated funds) that were not represented by fixed assets amounted to £35.8 million (2018: £26.8 million) including the pension deficit of £1.7 million (2018 - £5.5 million)

## GRANT MAKING

Assistance from the unrestricted funds may be used only to relieve the need, suffering and distress of those eligible for our help, as described in the Objects of SSAFA. The Regulations of SSAFA do not permit our funds to be used for gifts, grants or subscriptions to charities, hospitals, schools or other funds, societies or institutions.

## FUNDRAISING POLICIES

SSAFA carries out its core fundraising activities through a dedicated team of paid professional fundraisers managed from its London office, and through registered volunteers who engage in small-scale fundraising activities to help support branch-level activities.

SSAFA's central fundraising team generates income through a mix of grant, donation, contract, sponsorship and commercial activities. It also oversees branch-level fundraising activities and provides support, training and guidance to its volunteer fundraisers to ensure that the Fundraising Code is followed and that best practice and legal fundraising standards are applied consistently across the organisation.

As part of its activities to recruit individual supporters through payroll giving schemes, SSAFA engages three specialist Professional Fundraising Organisations (PFOs) to represent the charity. All such agreements are subject to legal contract, including how data is collected, stored, processed and shared.

SSAFA's merchandise and trading activities are managed through SSAFA Forces Help Enterprises Limited. Sponsorship and/or cause-affiliated marketing partnerships are managed through commercial participation agreements.

Since implementation of General Data Protection Regulations in May 2018, SSAFA has updated its data processing policies to ensure that it is fully compliant in the processing and sharing of personal data. Data-sharing agreements are now in place with third-party partner organisations who support SSAFA’s fundraising activities. SSAFA’s policies relating to GDPR are reflected in the Data Privacy Notice that is included in all direct communications with supporters and beneficiaries, as well as the Privacy Policy which is displayed on SSAFA’s website ([www.ssafa.org.uk/privacy](http://www.ssafa.org.uk/privacy)). In addition to having signed up for the Fundraising Preference Service, SSAFA also maintains its own suppression list. All volunteers and employees are mandated to complete training on GDPR.

SSAFA (The Soldiers’, Sailors’, Airmen’s and Families’ Association - Forces Help) is fully registered with the Fundraising Regulator, and in 2019 received two complaints, both of which were successfully resolved.

**STRUCTURE, GOVERNANCE AND MANAGEMENT GOVERNING DOCUMENT**

SSAFA The Soldiers’, Sailors’, Airmen’s and Families’ Association - Forces Help was established in 1885 under Royal Charter. SSAFA’s Charter and Rules and Regulations were extensively revised in 2013 and approved by Council in January 2014. The Charter allows the Trustees to establish Regulations for the day-to-day management of the Charity. SSAFA is registered as a charity in England and Wales (Number 210760) in Scotland (Number SC038056), in the Republic of Ireland (Number 20006082) and in Gibraltar (Number 149).

**TRUSTEE INDUCTION AND TRAINING**

Regulations require that each Trustee attends an introductory briefing. Each Trustee must attend formal annual training including GDPR, Safeguarding and Diversity & Inclusion.

**MANAGEMENT PAY**

The Vice Chairman’s Committee is responsible for reviewing and deciding any salary increases applicable to all employees including all levels of management. The Charity does not operate a performance related salary or bonus scheme. Any proposed changes to management pay will consider the remuneration of comparable internal roles and external roles in similarly sized charities.

**SUBSIDIARY CHARITIES**

The Charity has three subsidiary Charities: The Royal Homes, regulated under a Charity Commission Scheme in 1998; the Aircrew Association Charitable Fund, regulated under a Charity Commission Scheme in 2012 and The Military Wives Choirs Foundation, which was established on 30 May 2012 as a private charitable company limited by guarantee, Company Number 08089745, Registered Charity Number 1148302 and in Scotland, Charity Number SC045217. The Royal Homes and the Aircrew Association Charitable Fund are administered as part of SSAFA as a result of these schemes, and their results are included within the results of the Charity. The Military Wives Choirs Foundation is a subsidiary of SSAFA and prepares its own annual financial statements which are not included in SSAFA’s charity accounts but are consolidated within the Group financial statements together with the results of the Charity’s three commercial subsidiaries.

**SSAFA OPERATIONAL ENTITIES**

Under the authority of Council, SSAFA operates three subsidiary companies and one Limited Liability Partnership. Each company is run for the benefit of the Charity by paid employees who fill the key posts of Managing Director, Finance Director and Company Secretary, and includes Trustees as additional external members of the Board. Each Company and the Limited Liability Partnership report as required to Companies House.

**Details of the Companies and the Limited Liability Partnership are given below:**

- SSAFA Family Health Services, a company limited by guarantee not having a share capital, Registered Number 3137764, was established to provide community health, social work and other services for the Armed Forces worldwide.
- SSAFA Care CIC, a Community Interest Company (CIC), limited by shares, Registered Number 06611709, is wholly owned by SSAFA Family Health Services. The CIC ceased trading in 2017 and was dissolved in March 2019.
- SSAFA Forces Help Enterprises Limited, a company limited by shares, Registered Number 2493614, was established as a trading company to sell Christmas cards and other merchandise, and enter into other non-charitable commercial arrangements.
- SSAFA CMS Limited, a company limited by shares, Registered Number 11148036, was established to develop and maintain “CMS” a software tool for use by the majority of military charities for managing casework within the military charity sector.
- SSAFA GSTT Care LLP, an LLP, Registered Number OC333462, is equally owned by SSAFA Family Health Services and Guy’s and St Thomas’ NHS Foundation Trust. The LLP was formed to provide health services to the MOD.

**OTHER CHARITABLE JURISDICTIONS**

In order to operate in Scotland, SSAFA has been registered with the Office of the Scottish Charity Regulator Register of Charities under number SC038056.

In order to operate in Gibraltar, SSAFA has been registered with the Charity Commissioners for Gibraltar Register of Charities under number 149.

In order to operate in the Republic of Ireland , SSAFA has been registered with the Charities Regulator under number 20006082.

**RISK MANAGEMENT**

The Controller’s Management Board meets monthly and reviews the Risk Register to ensure compliance. The Risk Committee reviews the Risk Management Policy and Register at each meeting. Areas of significant risk are reported to Council at each meeting. Council then seeks assurance from the Controller that all mitigating action is being or has been taken. In addition, Council formally approved the appointment of Mazars LLP as internal auditors and agreed a risk-focused internal audit plan with them, covering a variety of areas (including finance) across the organisation.

The reviews have identified that financial sustainability is the main financial risk for both the Charity and its subsidiaries.



MANAGEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES:

- having detailed financial planning and processes in place to ensure oversight and ongoing monitoring of the financial position;
- detailed contract planning. A principal financial risk facing the Charity’s subsidiary, SSAFA Family Health Services, is related to the relocation of HM Forces from Germany to the UK. Income is associated to population bands, and the relationship between these bands, staffing levels and costs is not linear. The Company’s Board is monitoring the situation and continuing to look for ways to streamline costs without impacting the delivery of the quality of services supplied, ensuring awareness and compliance of regulatory standards that impact the different activities carried out by the Group;
- the impact of the Covid-19 crisis. Trustees consider that the Charity is well-placed to face the challenges posed by the crisis, and has taken measures such as securing a loan facility through the Coronavirus Business Interruption Loan Scheme, taking advantage of the Coronavirus Job Retention Scheme and reduction of some staff hours. Whilst fundraising income is expected to be impacted, a significant element of the group’s income derives from contracts to the MOD which are unaffected.
- ensuring that branches’ and committees’ volunteers have appropriate financial and other training and support available to them to aid them with the raising, recording, monitoring and the distributing of funds in delivering assistance to SSAFA’s many beneficiaries.

The Group has some transaction and currency exchange rate risk given its international spread of activities. The objective of the Group in managing its liquidity risk is to ensure that it can meet its liabilities when they fall due. The Group expects to meet its financial obligations through operating cash flows. In the event that operating cash flows would not cover all the Group’s financial obligations, Council is comfortable that suitable credit facilities are available.

The Group may offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. Certain Group entities are subject to a risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by strong on-going customer relationships.

Council is content that measures are in hand to manage and minimise all significant risks.

AUDITOR

Trustees believe it is good practice to re-evaluate their professional advisers periodically, but have also informed Grant Thornton that its proposals to be re-appointed will be welcomed.

TRUSTEES’ RESPONSIBILITIES STATEMENT

The Trustees are responsible for preparing the annual Trustees’ Report and the financial statements in accordance with applicable law and regulations.

The Charities Act 2011 and regulations made thereunder, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 1962-12 (Gibraltar) and the Charities Act 2009 (Republic of Ireland) require the Trustees to prepare financial statements for each financial year. The Trustees have to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. 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 Charity and the Group, and of the incoming resources and application of resources, including the income and expenditure, of the 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 (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity’s and Group’s transactions, and disclose with reasonable accuracy at any time the financial position of the Charity and the Group and enable them to ensure that the financial statements comply with the Charities Act 2011 and regulations made thereunder, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charity (Accounts and Reports) Regulations 2008, the Charities Act (Gibraltar) 1962-12 , the Charities Act 2009 (Republic of Ireland) and the provisions of the trust deed. They are also responsible for safeguarding the assets of the Charity 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 Charity and financial information included on the Charity’s website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by Council on 2 October 2020

And signed on 2 October 2020 by

*Gary Coward*  
Lieutenant General  
Sir Gary Coward KBE CB  
**Chairmans**

# INDEPENDENT AUDITOR’S REPORT

To the Trustees of The Soldiers’, Sailors’, Airmen’s and Families’ Association – Forces Help (SSAFA)

**OPINION**

We have audited the financial statements of SSAFA, the Armed Forces charity (the ‘parent charity’) and its subsidiaries (the ‘group’) for the year ended 31 December 2019 which comprise the Consolidated Statement of Financial Activities, the Charity Statement of Financial Activities, the Consolidated Group and Charity Balance Sheets, the Consolidated Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

**IN OUR OPINION THE FINANCIAL STATEMENTS:**

- give a true and fair view of the state of the group’s and parent charity’s affairs as at 31 December 2019 and of the Group’s and the parent charity’s incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011 (England and Wales), the Charities Act 2009 (Republic of Ireland) and the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

**BASIS FOR OPINION**

We have been appointed as auditor under sections 151 of the Charities Act 2011 (England and Wales), 50 of the Charities Act 2009 (Republic of Ireland) and 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under those Acts. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further

described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**THE IMPACT OF MACRO-ECONOMIC UNCERTAINTIES ON OUR AUDIT**

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Trustees and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on the assessments of the future economic environment and the group’s and parent charity’s future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the group’s and parent charity’s future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a group and charity associated with these particular events.

**CONCLUSIONS RELATING TO GOING CONCERN**

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

- the Trustees’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group or the parent charity’s ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

In our evaluation of the Trustees’ conclusions, we considered the risks associated with the group’s and parent charity’s business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect their resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor’s report is not a guarantee that the group and parent charity will continue in operation.

**OTHER INFORMATION**

The Trustees are responsible for the other information. The other information comprises the information included in the Trustee’s Annual Report and Accounts, other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Charities Act 2011 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Trustees’ Annual Report is inconsistent in any material respect with the financial statements;
- the parent charity has not kept sufficient and proper accounting records;
- the parent charity’s financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



RESPONSIBILITIES OF TRUSTEES FOR THE FINANCIAL STATEMENTS

As explained more fully in the Trustees’ Responsibilities Statement set out on pages 16-17, the Trustees are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group’s and the parent charity’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Trustees either intend to liquidate the group or parent charity or to cease operations, or have no realistic alternative but to do so.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC’s website at: frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

USE OF OUR REPORT

This report is made solely to the Charity’s Trustees, as a body, in accordance with Section 154 of the Charities Act 201, Section 50(1) of the Charities Act 2009 (Republic of Ireland), and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charity’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 Charity and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants  
London

Date: 2 October 2020

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Unrestricted Funds 2018 (restated) £'000	Restricted Funds 2018 (restated) £'000	Total 2018 (restated) £'000
<b>INCOME FROM:</b>							
<b>Donations and legacies</b>	1	<b>6,913</b>	<b>1,809</b>	<b>8,722</b>	<b>8,064</b>	<b>3,374</b>	<b>11,438</b>
<b>Charitable activities</b>							
Contributions — Service/other charities	2	-	13,188	13,188	-	13,026	13,026
Health and welfare	2	14,887	654	15,541	16,132	689	16,821
Care and accommodation	2	620	516	1,136	1,163	509	1,672
Adoption services	2	368	-	368	343	-	343
<b>Total charitable activities</b>		<b>15,875</b>	<b>14,358</b>	<b>30,233</b>	<b>17,638</b>	<b>14,224</b>	<b>31,862</b>
<b>Other trading activities</b>							
Fundraising activities		2,365	10	2,375	2,194	-	2,194
Commercial activities		413	-	413	516	-	516
<b>Total trading activities</b>		<b>2,778</b>	<b>10</b>	<b>2,788</b>	<b>2,710</b>	<b>-</b>	<b>2,710</b>
<b>Investments</b>	3	<b>1,542</b>	<b>113</b>	<b>1,655</b>	<b>1,272</b>	<b>42</b>	<b>1,314</b>
<b>Exceptional item - MOD contribution to pension scheme</b>	4	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,000</b>	<b>35,000</b>
<b>Other income</b>	4	<b>1,287</b>	<b>-</b>	<b>1,287</b>	<b>37</b>	<b>-</b>	<b>37</b>
<b>Total income</b>		<b>28,395</b>	<b>16,290</b>	<b>44,685</b>	<b>29,721</b>	<b>52,640</b>	<b>82,361</b>
<b>EXPENDITURE ON:</b>							
<b>Raising funds</b>							
Fundraising activities	5	2,283	-	2,283	2,106	-	2,106
Raising voluntary income	5	757	-	757	671	-	671
Other trading activities	5	119	-	119	116	-	116
<b>Total raising funds</b>		<b>3,159</b>	<b>-</b>	<b>3,159</b>	<b>2,893</b>	<b>-</b>	<b>2,893</b>
<b>Charitable activities</b>							
Supporting clients	5	10,432	14,855	25,287	8,967	14,873	23,840
Health and welfare	5	12,818	609	13,427	14,542	629	15,171
Care and accommodation	5	1,800	521	2,321	3,479	1,112	4,591
Adoption services	5	463	274	737	410	366	776
<b>Total cost of charitable activities</b>		<b>25,513</b>	<b>16,259</b>	<b>41,772</b>	<b>27,398</b>	<b>16,980</b>	<b>44,378</b>
Other expenditure	5	-	-	-	49	-	49
<b>Total expenditure</b>		<b>28,672</b>	<b>16,259</b>	<b>44,931</b>	<b>30,340</b>	<b>16,980</b>	<b>47,320</b>
Net gains/(losses) on investments	10	3,062	340	3,402	(1,436)	(263)	(1,699)
<b>Net income/(expenditure) before fund transfers</b>		<b>2,785</b>	<b>371</b>	<b>3,156</b>	<b>(2,055)</b>	<b>35,397</b>	<b>33,342</b>
<b>Transfer between funds</b>	15	<b>45</b>	<b>(45)</b>	<b>-</b>	<b>35,060</b>	<b>(35,060)</b>	<b>-</b>
<b>Other recognised gains and losses</b>							
Actuarial gains on defined benefit pension	20	4,391	-	4,391	6,258	-	6,258
<b>Net movement in funds</b>		<b>7,221</b>	<b>326</b>	<b>7,547</b>	<b>39,263</b>	<b>337</b>	<b>39,600</b>
<b>RECONCILIATION OF FUNDS</b>							
<b>Total funds brought forward</b>	15	<b>39,585</b>	<b>6,626</b>	<b>46,211</b>	<b>322</b>	<b>6,289</b>	<b>6,611</b>
<b>Total funds carried forward</b>	15	<b>46,806</b>	<b>6,952</b>	<b>53,758</b>	<b>39,585</b>	<b>6,626</b>	<b>46,211</b>

The Consolidated Statement of Financial Activities includes all gains and losses recognised in the year.

All incoming resources and resources expended derive from continuing activities.

# CHARITY STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Unrestricted Funds 2018 (restated) £'000	Restricted Funds 2018 (restated) £'000	Total 2018 (restated) £'000
<b>INCOME FROM:</b>							
Donations and legacies	1	8,335	1,780	10,115	9,716	3,374	13,090
<b>Charitable activities</b>							
Contributions — service/other charities	2	-	13,188	13,188	-	13,026	13,026
Health and welfare	2	-	654	654	-	689	689
Care and accommodation	2	620	516	1,136	1,163	509	1,672
Adoption services	2	368	-	368	343	-	343
<b>Total charitable activities</b>		<b>988</b>	<b>14,358</b>	<b>15,346</b>	<b>1,506</b>	<b>14,224</b>	<b>15,730</b>
<b>Other trading activities — Fundraising</b>							
		2,326	10	2,336	1,876	-	1,876
<b>Investments</b>	3	1,540	113	1,653	1,270	42	1,312
<b>Exceptional item - MOD contribution to pension scheme</b>	4	-	-	-	-	35,000	35,000
<b>Other income including subsidiary payroll costs of £9.3M (2018- £9.5M)</b>	4	11,375	-	11,375	10,415	-	10,415
<b>Total income</b>		<b>24,564</b>	<b>16,261</b>	<b>40,825</b>	<b>24,783</b>	<b>52,640</b>	<b>77,423</b>
<b>EXPENDITURE ON:</b>							
<b>Raising funds</b>							
Fundraising activities	5	2,243	-	2,243	2,100	-	2,100
Raising voluntary income	5	754	-	754	668	-	668
<b>Total raising funds</b>		<b>2,997</b>	<b>-</b>	<b>2,997</b>	<b>2,768</b>	<b>-</b>	<b>2,768</b>
<b>Charitable activities</b>							
Supporting clients	5	9,070	14,789	23,859	7,785	14,676	22,461
Health and welfare	5	1,226	609	1,835	1,529	629	2,158
Care and accommodation	5	1,799	521	2,320	3,476	1,112	4,588
Adoption services	5	462	274	736	409	366	775
<b>Total cost of charitable activities</b>		<b>12,557</b>	<b>16,193</b>	<b>28,750</b>	<b>13,199</b>	<b>16,783</b>	<b>29,982</b>
Other expenditure- subsidiary payroll costs	5	9,300	-	9,300	9,542	-	9,542
<b>Total expenditure</b>		<b>24,854</b>	<b>16,193</b>	<b>41,047</b>	<b>25,509</b>	<b>16,783</b>	<b>42,292</b>
Net gains/(losses) on investments	10	3,062	340	3,402	(1,436)	(263)	(1,699)
<b>Net income/(expenditure) before fund transfers</b>		<b>2,772</b>	<b>408</b>	<b>3,180</b>	<b>(2,162)</b>	<b>35,594</b>	<b>33,432</b>
Transfers between funds	15	45	(45)	-	35,060	(35,060)	-
<b>Other recognised gains and losses</b>							
Actuarial gains on defined benefit pension	20	4,391	-	4,391	6,258	-	6,258
<b>Net movement in funds</b>		<b>7,208</b>	<b>363</b>	<b>7,571</b>	<b>39,156</b>	<b>534</b>	<b>39,690</b>
<b>RECONCILIATION OF FUNDS</b>							
<b>Total funds brought forward</b>	<b>15</b>	<b>39,327</b>	<b>6,556</b>	<b>45,883</b>	<b>171</b>	<b>6,022</b>	<b>6,193</b>
<b>Total funds carried forward</b>	<b>15</b>	<b>46,535</b>	<b>6,919</b>	<b>53,454</b>	<b>39,327</b>	<b>6,556</b>	<b>45,883</b>

The Charity Statement of Financial Activities includes all gains and losses recognised in the year.


All incoming resources and resources expended derive from continuing activities.


# CONSOLIDATED GROUP AND CHARITY BALANCE SHEETS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
<b>As at 31 December</b>					
<b>FIXED ASSETS</b>					
Tangible assets	11	11,293	13,152	11,293	13,150
Investments	12	34,804	25,902	34,814	25,912
Investment in joint venture	12	2	2	-	-
<b>Total fixed assets</b>		<b>46,099</b>	<b>39,056</b>	<b>46,107</b>	<b>39,062</b>
<b>CURRENT ASSETS</b>					
Debtors	13	2,887	3,801	2,993	3,263
Stock		38	36	-	-
Cash at bank and in hand		10,794	13,850	9,697	12,778
		<b>13,719</b>	<b>17,687</b>	<b>12,690</b>	<b>16,041</b>
<b>Creditors: Amounts falling due within one year</b>	14	(4,354)	(5,029)	(3,637)	(3,717)
<b>Net current assets</b>		<b>9,365</b>	<b>12,658</b>	<b>9,053</b>	<b>12,324</b>
Net assets excluding pension liability		55,464	51,714	55,160	51,386
Defined benefit pension scheme liability	20	(1,706)	(5,503)	(1,706)	(5,503)
<b>NET ASSETS</b>	<b>16</b>	<b>53,758</b>	<b>46,211</b>	<b>53,454</b>	<b>45,883</b>
<b>FUNDS</b>					
Unrestricted funds — general	15	46,845	43,407	46,574	43,149
Unrestricted funds — designated	15	1,667	1,681	1,667	1,681
Unrestricted funds — pension reserve	15	(1,706)	(5,503)	(1,706)	(5,503)
<b>Total unrestricted funds</b>	<b>15</b>	<b>46,806</b>	<b>39,585</b>	<b>46,535</b>	<b>39,327</b>
<b>Restricted funds</b>	<b>15</b>	<b>6,952</b>	<b>6,626</b>	<b>6,919</b>	<b>6,556</b>
<b>TOTAL FUNDS</b>	<b>15</b>	<b>53,758</b>	<b>46,211</b>	<b>53,454</b>	<b>45,883</b>

Approved by Council on 2 October 2020 and signed on 2 October 2020 by:

  
Lt General Sir Gary Coward KBE CB  
Chairman

  
Mr David Rowe  
Honorary Treasurer

The accompanying accounting policies and notes on pages 25 to 45 form an integral part of these financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £'000	2018 (restated) £'000
Net cash used in operating activities	A	(2,165)	1,585
Cash flows from investing activities			
Dividends, interest and rents from investments	3	1,655	1,314
Purchase of tangible fixed assets	11	(58)	(459)
Proceeds on disposal of fixed assets		3,012	807
Purchase of investments	12	(5,500)	(5,250)
Proceeds from sale of investments	12	-	195
Net cash used in investing activities		(891)	(3,393)
Change in cash and cash equivalents in the year		(3,056)	(1,808)
Cash and cash equivalents at 1 January 2019		13,850	15,658
Cash and cash equivalents at 31 December 2019		10,794	13,850

Notes to the Consolidated Statement of Cash Flows	2019 £'000	2018 (restated) £'000
A. Reconciliation of net expenditure to net cash flow from operating activities		
Net income for the year	3,156	33,342
Adjustments for:		
Depreciation	11 185	961
(Profit)/ loss on disposal of fixed assets	(1,280)	33
(Gains)/ losses on investments	12 (3,402)	1,697
Dividends, interest and rents from investments	(1,655)	(1,314)
(Increase)/ decrease in stock	(2)	3
(Decrease)/increase in creditors	14 (675)	334
Pension contributions	(1,260)	(36,337)
Change in pension liability	20 1,854	2,190
Decrease in debtors	13 914	676
Net cash used in operating activities	(2,165)	1,585

	2019 £'000	2018 £'000
B. Analysis of cash and cash equivalents		
Cash at bank and in hand	10,794	13,850

The group has no net debt and therefore no net debt note is presented.

PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies are summarised below

BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost convention, with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts. The 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) (effective 1 January 2019) second edition issued October 2019 and the Financial Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following 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) (effective 1 January 2019) second edition issued October 2019 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn. The accounts include certain prior year adjustments which are explained in Note 24.

The Charity constitutes a public benefit entity as defined by FRS 102.

BASIS OF CONSOLIDATION

The financial statements consolidate those of the Charity, its subsidiary undertakings and its shares in joint ventures drawn up to 31 December each year. The results and balance sheets of the subsidiaries controlled by the Charity have been consolidated on a line by line basis. Control is achieved where the Charity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Branch and committee accounts (including those overseas) have been included in the Charity's and consolidated financial statements on a receipts and payments basis but adjusted for any accruals or prepayments where material.

CHARITY STATEMENT OF CASH FLOWS

The Trustees have taken the exemption available under Para 1.11 of FRS 102 not to present a separate Charity Statement of Cash Flows.

GOING CONCERN

The financial statements have been prepared on the basis that the Charity is a going concern. The Trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern. The Trustees accept the legal necessity to include the long-term FRS 102 defined pension scheme liability within the financial statements. The Charity had £48.5 million in unrestricted funds at 31 December 2019, excluding the FRS 102 pension liability. The Trustees therefore consider that the Charity has adequate resources to sustain operations for the foreseeable future.

The Trustees have considered the impact of the Covid-19 crisis on the future of the Charity. Whilst fundraising income is expected to suffer as a result, the Charity has taken steps to ensure it can continue to serve its beneficiaries including taking advantage of the Coronavirus Job Retention Scheme and securing a loan facility through the Coronavirus Business Interruption Loan Scheme. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The consolidated financial statements include the Group's share of the income and net assets of a joint venture operated through a limited liability partnership which exists for the performance of a contract due to expire in 2020. The financial statements of this entity have been prepared using the break-up basis.

INCOME

All income whether restricted or unrestricted is recognised in the Consolidated Statement of Financial Activities when the Group has entitlement to the funds, the amount can be quantified reliably and it is probable that the income will be received.

Donations and other income generated from fundraising are recognised gross on a receivable basis. In the event that the donation is subject to conditions that require a level of performance before the Charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met or the fulfilment of those conditions is wholly within the control of the Charity and it is probable that those conditions will be fulfilled in the reporting period.

Donated services and gifts in kind are recognised as income when the Charity has control over the item or service, any conditions associated have been met, the receipt of economic benefit from the use by the Charity is probable and when economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the time of the Charity’s many volunteers is not recognised. However, refer to the annual Trustees’ Report for details of their substantial contribution to the Charity.

Legacies are recognised once the receipt of the legacy becomes probable and quantifiable. Pecuniary legacies are usually recognised at the point that probate is granted. For residuary legacies, this will usually be at the earlier of cash receipt or when confirmation has been received from the representatives of the estates that payment will be made or property will be transferred and once all the conditions attaching to the legacies have been fulfilled. Where legacies have been notified to the Charity, or the Charity is aware of the granting of probate but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material (see note 17).

Investment income is recognised when receivable.

Grants receivable from service funds and other charities for specific cases, which have not been almonised at the end of the year, are accrued and included as current liabilities. These amounts will be paid in the following year or returned to the relevant providers.

Income generated from providing health services to the NHS arises from a number of fixed-term contracts for which income is recognised as earned.

Fundraising income arises from a mixture of events and activities undertaken on a central and branch-wide basis and is recognised when receivable.

Health and welfare includes income generated from the provision of health and social care services to British Forces personnel and their dependants around the world. In calculating revenue on contracts, the Group makes certain estimates in respect to the compliance with performance-related indicators which the contracts are subject to. A different assessment may result in a different value being determined for revenue.

Care and accommodation income is generated through the provision of these services to the Charity’s beneficiaries at a number of residential homes and cottages held by the Charity, and income from residential fees and other services is recognised when the income has been earned.

Adoption income arises through the provision of an adoption agency service for placing children with military families and is recognised when placements have been secured.

EXCEPTIONAL ITEMS

The Group classifies certain one-off charges or credits that have a material impact on the Group’s financial results as exceptional items. These are disclosed separately to provide further understanding of the financial performance of the group.

EXPENDITURE AND THE BASIS OF ALLOCATION OF COSTS

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings within the costs of raising funds and charitable activities. Where costs cannot be directly

attributed, they have been allocated to activities on a basis consistent with the use of resources. Direct costs, including directly attributable salaries, are allocated on an actual basis to the key strategic areas of activity.

Costs of raising funds are those incurred in attracting voluntary income (including through the holding of events, appeals and other fundraising initiatives), and those incurred in generating income from trading activities.

COSTS OF CHARITABLE ACTIVITIES INCLUDE THE FOLLOWING:

Grant payments made to or on behalf of individuals in the furtherance of the Charity’s charitable object.

Grant-aided activities relate to costs associated with providing health and social care services to British Forces personnel and their dependants in far commands.

Health and welfare expenditure includes the direct costs of the welfare department at central office, with allocated communication and marketing costs, volunteer support costs (including training), branch and committee case work costs and branch office and staff costs in the provision of advice and assistance to those in need. This expenditure relates to the core services to British Forces personnel and their dependents around the world. Direct expenditure incurred in the Charity’s subsidiary, The Military Wives Choirs Foundation, is also included within this category of expenditure.

Care and accommodation expenditure primarily relates to the running costs of the Charity’s homes and other accommodation, and the care services provided to the Charity’s beneficiaries therein.

Adoption expenditure relates to staff and sessional staff costs together with departmental running costs and facilitation of the Adoption Panel.

Support costs include central functions, such as

management, finance, human resources and information technology. Governance costs are those associated with running the Charity, including Council and Committee expenses, audit and other costs associated with constitutional and statutory requirements. Support and governance costs are allocated across the categories of costs on the basis of staff numbers engaged in the activities therein as shown in note 6. The administrative charges for the provision of grant-aided activities and the provision of health and welfare services are calculated in accordance with the contractual agreements and directly charged to the relevant cost categories.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets (excluding investment properties) are stated at cost and depreciated in equal instalments from either the date of purchase or the date brought into use at the following rates:

Land	Nil
Freehold buildings	50 years
Long leasehold buildings	50 years
Furniture and fittings	5 years
IT equipment	3 years
Motor vehicles down to 10%	Over 3 years

Additions to furniture, fittings and IT equipment valued at less than £2,000 are fully written off as revenue expenditure in the year of purchase unless they form part of a larger-scale project.

INVESTMENT PROPERTIES

Investment properties for which fair value can be measured reliably on an ongoing basis are measured at fair value annually with any change being recognised in the Consolidated Statement of Financial Activities.



IMPAIRMENT OF ASSETS

At each year end, fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared to its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the Statement of Financial Activities.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Consolidated Statement of Financial Activities.

INVESTMENTS

Listed investments are included at bid price (which is deemed to be market value) at the balance sheet date and the Consolidated Statement of Financial Activities shows net investment gains and losses arising from revaluation of the investment portfolio and disposals during the year. Realised gains and losses on investments are calculated as the difference between the sales proceeds and their market value at the start of the year or their subsequent cost and are charged or credited to the Statement of Financial Activities in the year of disposal. Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the Statement of Financial Activities based on market value at the year end.

Investments in subsidiaries are held at cost less impairment in the individual Charity financial statements.

Entities in which the Group holds an interest and which are jointly controlled by the Group and one or more other ventures under a contractual arrangement are treated as joint ventures. In the Group financial statements, joint ventures are accounted for using the equity method.

Joint ventures are recognised initially in the Consolidated Statement of Financial Activities at the transaction price, and subsequently adjusted to reflect the Group's share of total comprehensive income and equity of the joint venture, less any impairment. Losses in excess of the carrying amount of an investment in a joint venture are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the joint venture.

FINANCIAL INSTRUMENTS

Both Group and Charity have only financial assets and financial liabilities of a kind that qualify as basic financial instruments.

DEBTORS

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

CREDITORS AND PROVISIONS

Short term trade creditors are measured at the transaction price, other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using an appropriate discount rate. The unwinding of the discount is recognised as a finance cost in the surplus or deficit in the period it arises.

FUNDS ACCOUNTING

Unrestricted funds

General funds are unrestricted funds that are available for use at the discretion of Council in furtherance of the objectives of the Charity.

Designated funds are unrestricted funds set aside at the discretion of Council for specific purposes. Details of designated funds held are given in note 15.

A pension reserve is shown separately within unrestricted funds to reflect the long-term, non-liquid nature of the pension liability.

Restricted funds

Restricted funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose and the restriction means that the related funds can only be used for the specific activities. Details of restricted funds held are given in note 15.

Except for The Royal Homes fund, no interest on cash balances is allocated to restricted funds, and no overheads or support costs are allocated except where material costs are incurred by a specific fund. Interest earned on restricted funds and most overhead and support costs if reasonably allocated are considered to be of low value. For both unrestricted and restricted funds, both the income and any investment gain or loss have been allocated to the individual funds holding the investment.

Any Gift Aid recovered on donations is treated as part of the related gift in either unrestricted or restricted funds respectively, unless the donor or the terms of the appeal have specified otherwise.

OPERATING LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of ownership of the leased assets to the Group. All other leases are classified as operating leases. Rentals payable under operating leases are charged to the Consolidated Statement of Activities on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the Group recognises annual rent expense equal to amounts owed to the lessor.

FOREIGN CURRENCY

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purposes of the consolidated financial statements, the results and financial position are presented in Sterling (£).

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates to the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of the historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the Consolidated Statement of Financial Activities in the period in which they arise.

CONTRIBUTIONS TO PENSION SCHEMES

The Group operates a defined benefit pension scheme that requires contributions to be made to a separately administered fund.

Scheme assets are measured at fair values. Scheme liabilities are measured annually on an actuarial basis using the projected unit method, and are discounted at appropriate high-quality corporate bond rates of equivalent currency and term of the scheme liabilities. The net surplus or deficit is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the Group.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised over the period in which the benefit changes vest.

Interest on the scheme liabilities and the expected return on scheme assets are included in net interest payable.

The discount rate for the liabilities and the expected return on the assets is the same and is based on yield curve of high-quality corporate bonds.

Actuarial gains and losses are reported as recognised gains and losses in the Consolidated Statement of Financial Activities.

The Group also operates defined contribution schemes which are multi-employer schemes for which the assets and liabilities cannot be identified separately for the Group members. Pension costs charged in the Consolidated Statement of Financial Activities represent the contributions payable by the Group in the year.

TAXATION

The Charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable object.

Corporation tax is chargeable on the profits generated by the subsidiary companies. These liabilities are recorded in the subsidiary company financial statements and relief against liabilities claimed on distribution of the profits to the parent charity.

Irrecoverable value-added tax is allocated to the category of expenditure to which it relates.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

In the application of the Group's accounting policies, which are described above, Council are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

NHS defined benefit pension scheme

The Group does not have sufficient information to account reliably for its share of the defined benefit obligation and plan assets and has therefore accounted for the scheme as a defined contribution scheme.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Accrued legacy income

The Group adopts a prudent approach to accounting for legacies to which it is entitled but which have not been realised as cash. For those legacies where there is uncertainty surrounding the measurement of the assets due to a lack of estate accounts no provision is made. Where estate accounts exist but include properties which are not . All estate values are estimated net of administration fees of 5% (2018- 5%).

Defined benefit pension

The Charity estimates the pension liabilities to the members of the defined benefit local government scheme based on assessments set to market conditions at the year end. The estimates are sensitive to the discount rates and life expectancy assumptions. A discount rate change of 0.1% would result in a change in the valuation of the liability of £2 million and a 1 year change in the life expectancy would result in a change of £5 million.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000
<b>1. DONATIONS AND LEGACIES</b>						
<b>Group</b>						
Donations	4,566	1,778	6,344	3,990	3,346	7,336
Legacies	2,347	31	2,378	4,074	28	4,102
	<b>6,913</b>	<b>1,809</b>	<b>8,722</b>	<b>8,064</b>	<b>3,374</b>	<b>11,438</b>

<b>Charity</b>						
Donations	5,988	1,749	7,737	5,642	3,346	8,988
Legacies	2,347	31	2,378	4,074	28	4,102
	<b>8,335</b>	<b>1,780</b>	<b>10,115</b>	<b>9,716</b>	<b>3,374</b>	<b>13,090</b>

The Charity received donations from its subsidiary companies of £2,770,000 in respect of 2019 results (2018: £2,507,000).

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000
<b>2. INCOME FROM CHARITABLE ACTIVITIES</b>						
<b>Group</b>						
<b>Contributions from services and charities for individuals</b>	<b>-</b>	<b>13,188</b>	<b>13,188</b>	<b>-</b>	<b>13,026</b>	<b>13,026</b>
Community health and social services — UK and overseas	-	654	654	-	689	689
Health and welfare contracts incl share of joint venture	14,887	-	14,887	16,132	-	16,132
<b>Group health and welfare</b>	<b>14,887</b>	<b>654</b>	<b>15,541</b>	<b>16,132</b>	<b>689</b>	<b>16,821</b>

<b>Care and accommodation contributions</b>						
Stepping Stone Homes	222	-	222	219	-	219
Residential homes and cottages	310	-	310	861	-	861
Homes from Home	3	-	3	-	1	1
Royal Homes	-	516	516	-	508	508
Other	85	-	85	83	-	83
<b>Group care and accommodation contributions</b>	<b>620</b>	<b>516</b>	<b>1,136</b>	<b>1,163</b>	<b>509</b>	<b>1,672</b>

<b>Adoption income</b>	<b>368</b>	<b>-</b>	<b>368</b>	<b>343</b>	<b>-</b>	<b>343</b>
<b>Total income from charitable activities</b>	<b>15,875</b>	<b>14,358</b>	<b>30,233</b>	<b>17,638</b>	<b>14,224</b>	<b>31,862</b>

<b>Charity</b>						
<b>Contributions from services and charities for individuals</b>	<b>-</b>	<b>13,188</b>	<b>13,188</b>	<b>-</b>	<b>13,026</b>	<b>13,026</b>
<b>Community health and social services — UK and overseas</b>	<b>-</b>	<b>654</b>	<b>654</b>	<b>-</b>	<b>689</b>	<b>689</b>

<b>Care and accommodation contributions</b>						
Stepping Stone Homes	222	-	222	219	-	219
Residential homes and cottages	310	-	310	861	-	861
Homes from Home	3	-	3	-	1	1
Royal Homes	-	516	516	-	508	508
Other	85	-	85	83	-	83
<b>Charity care and accommodation contributions</b>	<b>620</b>	<b>516</b>	<b>1,136</b>	<b>1,163</b>	<b>509</b>	<b>1,672</b>

<b>Adoption income</b>	<b>368</b>	<b>-</b>	<b>368</b>	<b>343</b>	<b>-</b>	<b>343</b>
<b>Total income from charitable activities</b>	<b>988</b>	<b>14,358</b>	<b>15,346</b>	<b>1,506</b>	<b>14,224</b>	<b>15,730</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

3. INCOME FROM INVESTMENTS	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000
Group						
Listed investments	739	113	852	589	42	631
Bank deposits and unquoted investments	42	-	42	35	-	35
Rental income	761	-	761	648	-	648
Total investment income	1,542	113	1,655	1,272	42	1,314
Charity						
Listed investments	739	113	852	589	42	631
Bank deposits and unquoted investments	40	-	40	33	-	33
Rental income	761	-	761	648	-	648
Total investment income	1,540	113	1,653	1,270	42	1,312

4. OTHER INCOME	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Unrestricted Funds (restated) £'000	Restricted Funds £'000	Total (restated) 2018 £'000
Group						
Other income	7	-	7	37	-	37
Profit on disposal of freehold property	1,280	-	1,280	-	-	-
Total other income	1,287	-	1,287	37	-	37
Charity						
Payroll costs recharged to subsidiary undertakings	9,300	-	9,300	9,509	-	9,509
Management charges to subsidiary company	795	-	795	871	-	871
Profit on disposal of freehold property	1,280	-	1,280	-	-	-
Other income	-	-	-	35	-	35
Total other income	11,375	-	11,375	10,415	-	10,415

The Charity received a contribution of £35M in 2018 from the MOD towards the defined benefit pension scheme which is included in other income on the SoFA. This has been reclassified from other gains and losses and is treated as prior year adjustment.

5. EXPENDITURE	Activities undertaken directly £'000	Support costs (see note 6) £'000	Total 2019 £'000	Total (restated) 2018 £'000
Group				
Raising funds				
Fundraising activities	2,219	64	2,283	2,106
Raising voluntary income	97	660	757	671
Other trading activities	119	-	119	116
	2,435	724	3,159	2,893
Charitable activities				
Supporting clients	23,486	1,801	25,287	23,840
Health and welfare	12,617	810	13,427	15,171
Care and accommodation	1,791	530	2,321	4,591
Adoption services	525	212	737	776
	38,419	3,353	41,772	44,378
Other expenditure	-	-	-	49
Total resources expended	40,854	4,077	44,931	47,320

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

5. EXPENDITURE Cont.	Activities undertaken directly £'000	Support costs (see note 6) £'000	Total 2019 £'000	Total (restated) 2018 £'000
Charity				
Raising funds				
Fundraising activities	2,179	64	2,243	2,100
Raising voluntary income	97	657	754	668
	2,276	721	2,997	2,768
Charitable activities				
Supporting clients	22,063	1,796	23,859	22,461
Health and welfare	1,025	810	1,835	2,158
Care and accommodation	1,791	529	2,320	4,588
Adoption services	525	211	736	775
	25,404	3,346	28,750	29,982
Other expenditure - payroll costs for subsidiary companies	9,300	-	9,300	9,509
Loss on disposal of fixed assets	-	-	-	33
Total resources expended	36,980	4,067	41,047	42,292

Fundraising includes the cost of 'attracting' all voluntary income into the Charity.

SUPPORTING CLIENTS - WELFARE AND GRANTS PAYABLE	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total (restated) 2018 £'000
Group						
Casework	9,285	14,609	23,894	8,061	14,226	22,287
Specialist services	769	180	949	328	450	778
Military Wives Choirs	378	66	444	578	197	775
	10,432	14,855	25,287	8,967	14,873	23,840

SUPPORTING CLIENTS - WELFARE AND GRANTS PAYABLE	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total (restated) 2018 £'000
Charity						
Casework	8,301	14,609	22,910	7,457	14,226	21,683
Specialist services	769	180	949	328	450	778
	9,070	14,789	23,859	7,785	14,676	22,461

All grants were paid to or on the behalf of eligible individuals.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

6. SUPPORT COSTS	Management £'000	Finance £'000	Human Resources £'000	Information Technology £'000	Facilities £'000	Governance £'000	Total 2019 £'000
<b>Group</b>							
Raising funds	80	92	135	168	194	55	724
<b>Charitable activities</b>							
Grants payable	199	227	336	419	484	136	1,801
Care and accommodation	59	67	99	123	142	40	530
Adoption	23	27	40	49	57	16	212
Total charitable activities	361	413	610	759	877	247	3,267
Health and welfare services							780
Grant-aided activities							30
Total support costs							4,077

	Management £'000	Finance £'000	Human Resources £'000	Information Technology £'000	Facilities £'000	Governance £'000	Total 2019 £'000
<b>Charity</b>							
Raising funds	80	90	135	167	194	55	721
<b>Charitable activities</b>							
Grants payable	199	222	336	419	484	136	1,796
Care and accommodation	59	66	99	123	142	40	529
Adoption services	23	26	40	49	57	16	211
	361	404	610	758	877	247	3,257
Health and welfare services							780
Grant-aided activities							30
Total support costs							4,067

The administrative charges for the provision of ‘grant-aided’ activities and the provision of health and welfare services charge include support costs and are calculated in accordance with the contract agreements.

Governance costs include:	2019 £'000	2018 £'000
Council/Committee expenses	10	16
AGM	7	17
Annual reports	6	4
Audit	92	80
Legal and professional	53	89
Apportionment of employee costs	79	59
	247	265

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

7. NET EXPENDITURE	2019 £'000	2018 £'000
This is stated after charging:		
Fees payable to the Charity’s auditor		
Audit of the Charity’s accounts	46	52
Audit of subsidiaries and joint venture	46	28
Total audit fees	92	80
Non-audit fees: Taxation compliance services	11	14
Other taxation advisory fees paid to auditor	-	2
<b>Depreciation of tangible fixed assets</b>		
	185	961
Expenditure on fixtures, fittings & equipment written off in year	9	21
Amounts paid under operating leases (see below)	116	193

The Group’s future minimum operating lease payments are as follows:	2019 £'000	2018 £'000
Within one year	24	42
In two to five years inclusive	32	10

The Charity’s future minimum operating lease payments are as follows:	2019 £'000	2018 £'000
Within one year	24	10
In two to five years inclusive	32	10

	Non MOD 2019 £'000	MOD 2019 £'000	Total 2019 £'000	Non MOD (restated) 2018 £'000	MOD (restated) 2018 £'000	Total (restated) 2018 £'000
<b>8. EMPLOYEE AND STAFF COSTS</b>						
Staff costs during the year were as follows:						
Wages and salaries	6,644	5,468	12,112	7,227	7,393	14,620
Social security costs	657	523	1,180	682	693	1,375
Other pension costs	677	1,513	2,190	588	1,916	2,504
Total staff costs	7,978	7,504	15,482	8,497	10,002	18,499
Agency locums and other contractors	433	981	1,414	250	1,339	1,589
Total labour costs	8,411	8,485	16,896	8,747	11,341	20,088

Redundancy costs of £2,431,000 (2018: £267,000) are included above. These are recognised when a constructive obligation arises.

In addition, a great amount of time is donated by thousands of volunteers throughout the world. Trustees and employees are extremely grateful for this support without which the Charity would be unable to provide such a comprehensive range of services to beneficiaries. Due to the costs involved in quantifying this the Trustees do not consider it possible to reflect this in the financial statements.

	Non MOD 2019 Number	MOD 2019 Number	Total 2019 Number	Non MOD 2018 Number	MOD 2018 Number	Total 2018 Number
The number of employees paid by the Charity whose emoluments, excluding employer’s pension contributions, exceeded £60,000 in the year were as follows:						
£60,001 to £70,000	3	-	3	2	1	3
£70,001 to £80,000	5	1	6	5	1	6
£80,001 to £90,000	-	1	1	1	2	3
£90,001 to £100,000	1	2	3	-	4	4
£100,001 to £110,000	-	1	1	-	2	2
£110,001 to £120,000	-	-	-	-	-	-
£120,001 to £130,000	-	-	-	1	-	1
£130,001 to £140,000	1	1	2	-	2	2

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

8. EMPLOYEE AND STAFF COSTS Cont.

9 higher-paid staff members are accruing retirement benefits under the defined contribution scheme, and 3 higher-paid staff under the defined benefit schemes, with 4 other higher-paid staff not participating in these schemes. (2018: 8 higher-paid employees participated in the defined contribution scheme and 7 higher paid employees participated in the defined benefit scheme, with 6 others not participating in these schemes). Contributions in the year for the defined contribution scheme for higher-paid staff amounted to £36,000 (2018: £30,000).

Higher-paid staff include medical personnel employed from the MOD and other NHS contracts, some of which were transferred under TUPE arrangements from the MOD.

The key management personnel of the Charity comprise the Controller and the members of the Management Board. The cost of employing management personnel for the Charity was therefore £727,000 (2018: £675,000). This included no (2018: nil) individual employed on an interim contract basis.

The average number of UK contracted staff throughout the year for the Group and the Charity, analysed by activity, was:

	Non-MOD 2019 Number	MOD Contracts* 2019 Number	Total 2019 Number	Non-MOD 2018 Number	MOD Contracts* 2018 Number	Total 2018 Number
Voluntary income	3	-	3	3	-	3
Raising funds	36	-	36	35	-	35
Grants payable	80	-	80	74	-	74
Care and accommodation	25	-	25	46	-	46
Adoption services	10	-	10	10	-	10
Health and welfare	-	140	140	-	191	191
Community health/social service staff - 'grant-aided' activities	-	11	11	-	14	14
Management and support	32	5	37	32	9	41
Total staff numbers	186	156	342	200	214	414

\* Information for staff engaged in the provision of medical and social welfare services to the MOD has been provided to differentiate them from staff primarily engaged in the provision of services to beneficiaries.

9. TRUSTEE REMUNERATION

Trustees are not remunerated. They are reimbursed expenses or amounts are paid on their behalf for attending meetings and duties directly related to their duties as Trustees. In 2019 total expenses of £9,000 (2018: £9,000) were paid for 13 (2018: 13) Trustees.

Trustee indemnity insurance is held as part of a wider policy covering volunteers and employees. The premium for Trustee insurance cannot be separately identified but is estimated at £2,500 (2018: £2,500).

10. NET GAINS/(LOSSES) ON INVESTMENTS Group and Charity	2019 Unrestricted £'000	2019 Restricted £'000	2019 Total £ '000	2018 Unrestricted £'000	2018 Restricted £'000	2018 Total £'000
Unrealised gains/(losses) on listed investments	2,036	340	2,376	(1,436)	(263)	(1,699)
Fair value adjustment on investment properties	1,026	-	1,026	-	-	-
Total net gains/(losses) on investments	3,062	340	3,402	(1,436)	(263)	(1,699)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

11. TANGIBLE FIXED ASSETS	Freehold properties £'000	Long leasehold properties £'000	Motor vehicles £'000	IT, furniture & equipment £'000	Total £'000
Group					
Cost					
At 1 January 2019	14,424	1,268	75	1,129	16,896
Additions	-	-	-	58	58
Disposals	(2,970)	-	(10)	(7)	(2,987)
At 31 December 2019	11,454	1,268	65	1,180	13,967
Depreciation					
At 1 January 2019	2,225	355	67	1,097	3,744
Charge for year	146	26	-	13	185
Eliminated on disposal	(1,240)	-	(10)	(5)	(1,255)
At 31 December 2019	1,131	381	57	1,105	2,674
Net book value					
At 31 December 2019	10,323	887	8	75	11,293
At 31 December 2018	12,199	913	8	32	13,152

	Freehold properties £'000	Long leasehold properties £'000	Motor vehicles £'000	IT, furniture & equipment £'000	Total £'000
Charity					
Cost					
At 1 January 2019	14,424	1,268	75	1,117	16,884
Additions	-	-	-	58	58
Disposals	(2,970)	-	(10)	-	(2,980)
At 31 December 2019	11,454	1,268	65	1,175	13,962
Depreciation					
At 1 January 2019	2,225	355	67	1,087	3,734
Charge for year	146	26	-	13	185
Eliminated on disposal	(1,240)	-	(10)	-	(1,250)
At 31 December 2019	1,131	381	57	1,100	2,669
Net book value					
At 31 December 2019	10,323	887	8	75	11,293
At 31 December 2018	12,199	913	8	30	13,150

All assets are owned by the Charity except for The Military Wives Choirs Foundation's furniture and equipment of Enil (2018: £2,000) upon which depreciation of Enil (2018: £2,000) was charged.



12. INVESTMENTS	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
<b>Investments comprise:</b>				
Freehold investment properties	8,613	7,842	8,613	7,842
Leasehold investment properties	1,050	795	1,050	795
Listed investments	25,141	17,265	25,141	17,265
Investments in subsidiaries	-	-	10	10
	<b>34,804</b>	<b>25,902</b>	<b>34,814</b>	<b>25,912</b>
	<b>Group Freehold £'000</b>	<b>Group Leasehold £'000</b>	<b>Charity Freehold £'000</b>	<b>Charity Leasehold £'000</b>
<b>Investment properties at fair value</b>				
<b>As at 1 January 2019</b>	<b>7,842</b>	<b>795</b>	<b>7,842</b>	<b>795</b>
<b>Revaluation</b>	<b>771</b>	<b>255</b>	<b>771</b>	<b>255</b>
<b>As at 31 December 2019</b>	<b>8,613</b>	<b>1,050</b>	<b>8,613</b>	<b>1,050</b>

At the balance sheet date, the Charity had contracted with tenants for the following future minimum lease payments:

	2019 £'000	2018 £'000
Within one year	340	279
In two to five years inclusive	1,129	916
After five years	251	418

<b>Listed investments</b>	<b>Total £'000</b>
<b>Group:</b>	
<b>Market value:</b>	
At 1 January 2019	17,265
Acquisitions	5,500
Receipts from disposal of investments	-
Realised and unrealised profits on revaluation	2,376
<b>At 31 December 2019 – Group</b>	<b>25,141</b>
Investment in subsidiary	10
<b>At 31 December 2019 – Charity</b>	<b>25,151</b>
<b>Historical cost at 31 December 2019</b>	<b>18,740</b>

## NOTES TO THE FINANCIAL STATEMENTS

12. INVESTMENTS Cont.	2019 £'000	2018 £'000
Listed investments are represented by:		
Armed Forces Charity Authorised Investment Fund Units	24,877	17,001
United Kingdom - Equities	264	264
	25,141	17,265

Investments within the portfolio which amount to more than 5% of total holdings as at 31 December 2019 were:

	2019	2018
	£'000	£'000
Armed Forces Charity Authorised Investment Fund	24,877	17,001

## Subsidiary undertakings

As at the balance sheet date, the Charity owned the entire ordinary share capital (where applicable) of the following subsidiary undertakings:

Details of the subsidiaries' profit and loss accounts are as given below. These undertakings (excluding the charitable subsidiary) donate their taxable profits to the Charity each year.

The assets and liabilities of each subsidiary as extracted from the latest financial statements were:

	SSAFA Family Health Services		SSAFA Forces Help Enterprises Limited		SSAFA CMS Limited		Military Wives Choirs Foundation	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Total assets	1,361	2,137	418	428	132	107	299	317
Total liabilities	(1,258)	(2,100)	(224)	(156)	(131)	(107)	(279)	(288)
	<b>103</b>	<b>37</b>	<b>194</b>	<b>272</b>	<b>1</b>	<b>-</b>	<b>20</b>	<b>29</b>
<b>Represented by:</b>								
Share capital	-	-	10	10	-	-	-	-
Reserves	103	37	184	262	1	-	20	29
	<b>103</b>	<b>37</b>	<b>194</b>	<b>272</b>	<b>1</b>	<b>-</b>	<b>20</b>	<b>29</b>
<b>The results for the year were:</b>								
Income	14,888	16,133	429	500	979	-	504	638
Expenditure	(12,841)	(14,298)	(230)	(214)	(978)	-	(513)	(786)
<b>Net income/(expenditure)</b>	<b>2,047</b>	<b>1,835</b>	<b>199</b>	<b>286</b>	<b>1</b>	<b>-</b>	<b>(9)</b>	<b>(148)</b>
Donation to charity under Gift Aid	(2,446)	(2,242)	(342)	(294)	-	-	-	-
Tax relief	465	427	65	56	-	-	-	-
Reserves brought forward	37	17	262	214	-	-	29	177
<b>Retained in subsidiary</b>	<b>103</b>	<b>37</b>	<b>184</b>	<b>262</b>	<b>1</b>	<b>-</b>	<b>20</b>	<b>29</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

12. INVESTMENTS Cont.

**Joint venture**  
The provision of primary health care services in North West Europe are performed by the Charity’s joint venture, SSAFA GSTT Care LLP. The Group holds 50% of the capital of SSAFA GSTT Care LLP, held at a cost of £1 by SSAFA Family Health Services.

A summary of the Group's share of the joint venture:	SSAFA GSTT Care LLP 2019 £'000	SSAFA GSTT Care LLP 2018 £'000
Turnover	9,179	10,011
Expenditure	(9,179)	(10,009)
Profit/(loss) before and after tax	-	2
Current assets	442	1,004
Liabilities due within 1 year	(440)	(1,002)

All income and expenditure through the joint venture are included in health and welfare activities as shown in the Group Statement of Financial Activities.

13. DEBTORS	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Trade debtors	875	1,183	407	397
Amounts owed by subsidiary undertakings	-	-	1,177	1,294
Amounts owed by related undertakings	307	765	-	-
Other debtors	213	39	33	39
Prepayments and accrued income	1,492	1,814	1,376	1,533
Total debtors	2,887	3,801	2,993	3,263

Amounts owed by Group undertakings are repayable on demand and no interest is payable. All amounts are due within one year.

14. CREDITORS	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Amounts falling due within one year:				
Trade creditors	543	510	339	279
Other tax and social security costs	526	538	459	502
Other creditors	211	325	210	325
Unalmonised grants	1,877	2,043	1,877	2,043
Accruals and deferred income	1,197	1,613	752	568
Total creditors	4,354	5,029	3,637	3,717

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

15. FUNDS	Balance at 1 January 2019 £'000	Incoming resources £'000	Resources expended £'000	Other movements £'000	Balance at 31 December 2019 £'000
General funds	43,407	28,389	(28,015)	3,064	46,845
Designated funds					
Carmichael Walker Fund	335	6	(4)	43	380
Royal Patriotic Fund	1,346	-	(59)	-	1,287
Total designated funds	1,681	6	(63)	43	1,667
Pension reserve	(5,503)	-	(594)	4,391	(1,706)
Total unrestricted funds	39,585	28,395	(28,672)	7,498	46,806
Restricted funds					
Welfare and case grants	1,957	1,059	(1,177)	4	1,843
Housing	339	10	(27)	-	322
UK Armed Forces and other charities	-	13,149	(13,149)	-	-
UK Armed Forces 'grant-aided' activities	-	654	(609)	(45)	-
The Royal Homes	1,669	568	(494)	184	1,927
Miscellaneous branch funds	1,967	249	(259)	152	2,109
Adoption services	274	250	(274)	-	250
Welfare funds	350	322	(204)	-	468
Total restricted funds — Charity	6,556	16,261	(16,193)	295	6,919
Military Wives Choirs Foundation	70	29	(66)	-	33
Total restricted funds - group	6,626	16,290	(16,259)	295	6,952
Total funds - Group	46,211	44,685	(44,931)	7,793	53,758
General funds					
SSAFA Family Health Services	(37)				(103)
SSAFA Forces Help Enterprises Limited	(256)				(194)
SSAFA CMS Limited	-				(1)
Share of joint venture	2				2
Military Wives Choirs Foundation	(37)				(8)
Total funds — Charity	45,883				53,454

Funds are held for use for the following purposes:

**General funds**  
General funds are available for use at the discretion of Council to further the Charity's objectives.

**Designated funds**  
**Carmichael Walker Fund** — for use on charitable activities in the North East of England.

**Royal Patriotic Fund** — having accepted the funds and obligations of the Royal Patriotic Fund Corporation on 27 May 2011, the assets attaining have been designated for the purposes of the Royal Patriotic Fund Corporation.

**Restricted income funds**  
**Welfare and case grants** — includes funding received from the Armed Forces Covenant (LIBOR) Fund for four projects: Short Breaks, Mutual Support, Mental Health First Aid and Mentoring.

**Housing** — provides funding for Stepping Stone Homes for families of serving personnel.

**UK Armed Forces and other charities** — contributions received from these bodies to provide grants to individuals for welfare purposes.

**UK Armed Forces-grant-aided** — received under grant in aid to reimburse the costs incurred in the provision of community health and social services.

**The Royal Homes** — a charity providing residential facilities linked with the Charity’s activities under a Charity Commission Scheme in 1998.

**Miscellaneous branch funds** — funds which have been received by branches for specific use in their local areas.

**Adoption** — providing funding to support an adoption service for Armed Forces serving families.

**Military Wives Choirs Foundation** — grants were awarded for projects supporting the welfare of wives of military personnel.

**Welfare funds** —funding which may only be applied in the provision of welfare services to eligible individuals in need.  
Included under this heading is The Aircrew Association Charitable Fund, a subsidiary charity.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2019

16. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS	General 2019 £'000	Designated 2019 £'000	Restricted 2019 £'000	Total 2019 £'000
Fund balances at 31 December 2019 are represented by:				
Tangible fixed assets	10,982	-	311	11,293
Investments	31,984	380	2,442	34,806
Net current assets	3,879	1,287	4,199	9,365
Defined benefit pension liability	(1,706)	-	-	(1,706)
Total net assets between funds	45,139	1,667	6,952	53,758

	General 2018 £'000	Designated 2018 £'000	Restricted 2018 £'000	Total 2018 £'000
Fund balances at 31 December 2018 are represented by:				
Tangible fixed assets	12,838	-	314	13,152
Investments	23,150	312	2,442	25,904
Net current assets	7,419	1,369	3,870	12,658
Defined benefit pension liability	(5,503)	-	-	(5,503)
Total net assets between funds	37,904	1,681	6,626	46,211

### 17. CONTINGENT ASSETS

Neither the Group nor the Charity have identified any contingent assets due either at 31 December 2019 nor at 31 December 2018.

### 18. CAPITAL COMMITMENTS

The Group had no capital commitments at 31 December 2019 (2018: £201,000)

### 19. BANK GUARANTEE

The Charity has guaranteed overdraft facilities for its charitable trading subsidiary, SSAFA Family Health Services, up to £1 million. As additional security, the bank holds a debenture over the assets of SSAFA Family Health Services.

### 20. RETIREMENT BENEFITS

The total contributions made by the Group in the year were:

	2019 £'000	2018 £'000
Local Government Pension Scheme	1,143	1,292
Aviva Group Personal Pension Plan	433	436
NHS Pensions Scheme	26	50
Total contributions	1,602	1,778

#### Aviva Group Personal Pension Plan

SSAFA operates a defined contributions pension scheme for the benefit of SSAFA's employees. The assets of the scheme are administered by Trustees in a fund independent from those of the Charity. The charge for the year represents those contributions payable to the scheme in respect of the accounting period.

SSAFA had 238 active members in the scheme as at 31 December 2019 (2018: 328) and total pension scheme contributions outstanding at the year end amounted to £49,000 (2018: £53,000).

#### NHS Pensions Scheme

Following the transfer of staff to SSAFA from the MOD, SSAFA currently participates in the NHS Pensions Scheme. The NHS Pension Scheme is an unfunded multi-employer defined benefit scheme. The assets of the scheme are administered by NHS Pensions in a fund which is independent of SSAFA. The charge for the year represents those contributions payable to the scheme in respect of the accounting period. Entry into this scheme is strictly limited to employees transferring to SSAFA from the NHS and at 31 December 2019, the Association had 3 (2018:9) active members in this scheme.

The pension scheme contributions outstanding at the end of the accounting period amounted to £2,000 (2018: £3,000).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2019

### 20. RETIREMENT BENEFITS (continued)

#### Local Government Pension Scheme (LGPS)

SSAFA participates in a defined benefit scheme with contributions paid by the employer. The scheme is a multi-employer scheme administered by the London Pension Fund Authority (LPFA) and is only open to certain categories of SSAFA's employees. The scheme is closed to new members.

At 31 December 2019 the Association had 33 active members (2018: 75).

The last actuarial valuation of the scheme was at 31 March 2019 using the projected unit method and the attained age method, dependent on the fund being valued. At the valuation date the market value of the LPFA assets was £6,035 million in comparison to the actuarial value of benefits that had accrued to members of £5,554 million. Accordingly, as at 31 March 2019 there was a surplus of £481 million. A three-year additional payment plan commenced in April 2017 to contribute towards the deficit recorded at the previous triennial valuation. Although the London Pension Fund Authority is a multi-employer scheme, it has been able to allocate assets and liabilities relating to SSAFA Forces Help and these are disclosed below.

The employer contributed 16.07% during the year and the employee contribution rate ranges from 5.5% to 10.5% depending on the full-time annual rate of pay.

At 31 December 2019 the valuation was updated in accordance with FRS 102 and in line with the assumptions used in the 2019 scheme valuation. The major assumptions used by the actuary were:

Assumptions as at	31 December 2019 % p.a.	31 December 2018 % p.a.
RPI increases	3.1%	3.4%
CPI increases	2.3%	2.4%
Salary increases	3.9%	3.9%
Pension increases	2.4%	2.4%
Discount rate	2.1%	2.8%

#### Mortality assumption

The post-retirement mortality tables are based on Club Vita analysis. These base tables are then projected using the CMI 2012 model allowing for a long-term rate of improvement of 1.5% per annum.

**Assumptions:** members will exchange half of their commutable pension for cash at retirement and active members will retire at one retirement age for all tranches of benefit, which will be the pension-weighted average tranche retirement age. One member has taken up the option under the new LGPS to pay 50% of contributions for 50% of benefits.

#### Assets

The estimated asset allocation as at 31 December 2019 is as follows:

	31 December 2019 % p.a.	31 December 2018 % p.a.
Equities	54%	54%
Target Return Portfolio	25%	28%
Infrastructure	7%	6%
Property	9%	9%
Cash	5%	3%
Total	100%	100%

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

Statement of financial position as at 31 December 2019	2019 £'000	2018 £'000
Fair value of scheme assets (bid value)	115,192	101,849
Present value of funded obligations	(116,898)	(107,352)
Net pension liability	(1,706)	(5,503)



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

20. RETIREMENT BENEFITS (continued)

	2019 £'000	2018 £'000
<b>Reconciliation of defined benefit obligation:</b>		
Opening defined benefit obligation	107,352	115,425
Current service cost	845	1,307
Interest cost	2,958	2,967
Change in financial assumptions	13,027	(9,639)
Change in demographic assumptions	(4,200)	-
Past service costs	735	67
Contributions by scheme participants	184	252
Estimated benefits paid (net of transfers in)	(4,003)	(3,027)
<b>Closing defined benefit obligation</b>	<b>116,898</b>	<b>107,352</b>
<b>Reconciliation of fair value of employer assets:</b>		
Opening fair value of scheme assets	101,849	69,516
Interest on assets	2,816	2,241
Return on assets less interest	13,218	(3,381)
Administration expenses	(132)	(90)
Contributions by employer (including unfunded)	1,260	36,338
Contributions by scheme participants	184	252
Estimated benefits paid (net of transfers in and including unfunded)	(4,003)	(3,027)
<b>Closing fair value of employers assets</b>	<b>115,192</b>	<b>101,849</b>

The actual return on plan assets over the year ended 31 December 2019 was £16,034,000 (2018: £1,140,000 reduction).

	2019 £'000	2018 £'000
<b>Defined benefit costs recognised in the Statement of Financial Activities</b>		
Service cost — including current service cost of £845,000 recognised in charitable activities	1,580	1,374
Net interest on the defined liability	142	726
Administration expenses	132	90
<b>Defined benefit costs recognised in the Statement of Financial Activities</b>	<b>1,854</b>	<b>2,190</b>

	2019 £'000	2018 £'000
<b>Re-measurement of the net assets/(defined liability)</b>		
Return of fund assets in excess of interest	13,218	(3,381)
Other actuarial gains on assets	-	-
Change in financial assumptions	(13,027)	9,639
Experience gain on defined benefit obligation	4,200	-
<b>Re-measurement of the net assets/(defined liability)</b>	<b>4,391</b>	<b>6,258</b>

	2019 £'000	2018 £'000
<b>Reconciliation of opening and closing deficit:</b>		
Deficit at beginning of the year	(5,503)	(45,908)
Current service cost	(845)	(1,307)
Past service cost	(735)	(67)
Employer contributions	1,260	36,337
Other finance income	(142)	(726)
Actuarial (losses)/gains	4,391	6,258
Administrative expenses	(132)	(90)
<b>Deficit at end of the year</b>	<b>(1,706)</b>	<b>(5,503)</b>

The estimated employer's contribution for the year to 31 December 2020 will be approximately £ 1,179,000

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

21. FINANCIAL ASSETS AND LIABILITIES

Group	2019 £'000	2018 £'000
<b>Financial assets</b>	<b>37,330</b>	<b>34,916</b>
<b>Financial liabilities</b>	<b>3,828</b>	<b>5,029</b>
<b>Charity</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
<b>Financial assets</b>	<b>36,454</b>	<b>33,306</b>
<b>Financial liabilities</b>	<b>3,178</b>	<b>3,717</b>

22. RELATED PARTY TRANSACTIONS

The Charity had the following transactions with its wholly owned subsidiaries

	2019 £'000	2018 £'000
<b>Management fees charged to SSAFA Forces Help Enterprises Limited</b>	<b>15</b>	<b>15</b>
<b>Donation received from SSAFA Forces Help Enterprises Limited under Gift Aid</b>	<b>325</b>	<b>260</b>
<b>Amounts due from SSAFA Forces Help Enterprises Limited</b>	<b>110</b>	<b>37</b>
<b>Salary and management charges to SSAFA Family Health Services</b>	<b>10,009</b>	<b>10,400</b>
<b>Donation received from SSAFA Family Health Services under Gift Aid</b>	<b>2,445</b>	<b>2,247</b>
<b>Amount due from SSAFA Family Health Services</b>	<b>783</b>	<b>974</b>
<b>Salary costs recharged to SSAFA CMS Limited</b>	<b>72</b>	<b>-</b>
<b>Amounts due from SSAFA CMS Limited</b>	<b>22</b>	<b>3</b>
<b>Amounts due from Military Wives Choirs Foundation</b>	<b>261</b>	<b>282</b>

The following transactions took place between SSAFA Family Health Services, a wholly owned subsidiary and, SSAFA GSTT Care LLP, a joint venture investment in which SSAFA Family Health Services has a 50% interest.

	2019 £'000	2018 £'000
<b>Sales to SSAFA GSTT Care LLP</b>	<b>5,776</b>	<b>8,638</b>
<b>Amounts due from SSAFA GSTT Care LLP</b>	<b>292</b>	<b>696</b>

23. POST BALANCE SHEET EVENTS

The following events have occurred since the year end which the Trustees consider to be non-adjusting events due to the fact they are caused by conditions not existing at the balance sheet date:

The Covid-19 crisis has affected the activities of the Group in 2020. The Trustees have taken measures to ensure the Group has sufficient resources to operate for the foreseeable future, including securing a Coronavirus Business Interruption Scheme loan, reducing the hours of certain staff and taking advantage of the Coronavirus Job Retention Scheme.

The defined benefit scheme liability which is valued at £1.7M at the balance sheet date increased to £10.8M at 30 June due to changes in market conditions.

The listed investments in the Armed Forces Charity Authorised Investment Fund managed by Blackrock and recorded in the financial statements at £24.9M has experienced volatility in 2020 and at 18 September 2020 the value of the fund was £480,000 lower than at the year end.

24. PRIOR YEAR ADJUSTMENTS

The Charity employs staff which it seconds to its wholly owned subsidiaries. In the previous year these costs were not disclosed in the Charity's own Statement of Financial Activity (SoFA), but only as part of the consolidated Group activity. This year the costs have been included in other expenditure, and a recharge of income recoverable from the subsidiaries is shown in other income. The comparative Charity SoFA has been restated and as a result other income and other expenditure have been increased both by £9,509,000.

The exceptional item of £35M received from the MOD which was last year included in other gains and losses has been moved to other income in both the Group and Charity SoFA.

Other income of £2,000 from interests in joint ventures has been moved to other income from gains on investments in the Group SoFA.

The employer pension contributions to the defined benefit scheme of £853,000 have been reanalysed from other costs and charged to welfare (£181,000) and health and social care costs ( £6721,053,000). in both the Group and Charity SoFA.

As a result of the triennial review of FRS 102 the potential corporation tax liabilities arising in the subsidiary undertakings have been netted off against the relief on the donations made in the period. This has resulted in a difference of £16,000 being moved to other expenditure in both the Group and Charity SoFA.

None of the above adjustments has any effect on the result for the year.



## ssafa | the Armed Forces charity

SSAFA, the Armed Forces charity, has been providing lifelong support to our Forces and their families since 1885. Last year our teams of volunteers and employees helped more than 85,000 people in need, including those still currently serving, veterans from the Second World War and from more recent conflicts, as well as their families.

SSAFA understands that behind every uniform is a person. And we are here for that person – any time they need us, in any way they need us, for as long as they need us.

### NEED TO TALK?

SSAFA's Forcesline is a free and confidential helpline providing advice and information for serving personnel, reserves, veterans and their families, and is completely independent of the chain of command.

■ Call **0800 731 4880** Lines open 09.00 to 17.30 weekdays

■ Visit **ssafa.org.uk/forcesline**

To make a donation and help us provide lifelong support to our Armed Forces and their families:

■ Call **020 7403 8783**

■ Visit **ssafa.org.uk/give**

