



The Gurkha Welfare Trust

Annual Report & Accounts

1 July 19 - 30 June 20



THE GURKHA WELFARE TRUST

Annual Report and Accounts

Year ended 30 June 2020

Company Limited by Guarantee Number: 05098581
Registered Charity Number: 1103669

Registered Address

P.O Box 2170
22 Queen Street
Salisbury SP2 2EX



www.gwt.org.uk
info@gwt.org.uk
01722 323 955

CHAPTER

Trustees' report incorporating the Strategic Report	3-27
Statement of Trustees' Responsibilities	29
Trustees, officials and advisors to the Trust	30
Auditor's report to the members and Trustees	32-33
Consolidated statement of financial activities	34
Consolidated and Charity balance sheet	36
Consolidated cash flow statement	38
Notes to the accounts	41-63



TRUSTEES' REPORT

FOR THE YEAR ENDING 30 JUNE 2020

This report is drawn up in accordance with applicable accounting standards, including the Charities (Accounts and Reports) Regulations 2008 and the requirements of the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" issued in 2015 and the Companies Act 2006.

STRUCTURE, GOVERNANCE AND MANAGEMENT

TRUST STRUCTURE

The Gurkha Welfare Trust's (GWT or Trust) headquarters is in Salisbury, Wiltshire.

In Nepal, the GWT is located in Pokhara, West Nepal. It oversees and directs the activities of the Trust's network of 19 Area Welfare Centres (AWCs) sited in key locations throughout areas of traditional Gurkha recruitment in Nepal, one Centre in Darjeeling, India and two permanently manned smaller patrol basis. These AWCs provide the platform for the delivery of all Trust welfare programmes as well as providing a permanent footprint across the country to Gurkha communities. The AWC network has been restructured along geographical lines to create clusters based around five 'key' AWCs. These self-supporting clusters enable the multi-disciplinary Pensioner Support Teams (PST) to operate and support beneficiaries with the proactive and mobile delivery of both welfare and medical assistance. It also allows them to respond swiftly to requests for support and to react quickly to situations such as natural disasters.

In the UK the Gurkha Welfare Advice Centre, Salisbury (GWAC)

provides advice on statutory entitlements and guidance on welfare support available to ex-Gurkhas in UK who find themselves in need. A subsidiary office is located at Aldershot in support of a major ex-Gurkha settlement.

The Trust has a wholly owned trading subsidiary, GWT Trading Limited, whose accounts are consolidated in the group financial statements.

TRUST GOVERNANCE

The Trust was established by Trust deed in November 1969 for the relief of hardship and distress among Gurkha ex-servicemen of the British Crown and their dependants. It was re-constituted, also by trust deed, in 1994. In April 2004 the Trust became a Charitable Company Limited by Guarantee (CCLG). These accounts amalgamate those of the unincorporated trust in compliance with the Charity Commission's uniting direction.

The development and execution of Trust policies is the responsibility of a Board of Trustees that meets three times each year. Their agenda is supported by a number of subordinate committees that consider investment, governance, audit and finance matters. The Board of Trustees are responsible for setting the strategic aims of the Trust.

The Finance Committee, a sub-committee of the Board with approval to make decisions on the Board's behalf is, among other responsibilities, tasked with setting salary levels of key personnel. In setting these salary levels consideration is given to benchmarking with equivalent roles in the wider industry.

Following an initial review of policies and procedures with The Charity Governance Code in December 2017, the Trust has continued to progress and embed as best practice. Trust Quarterly KPI trend data is regularly reviewed by Trustees, and a workstrand within Strategic Review 2020, is assessing board composition and Trustee Tenure. A number of long-standing Trustees' appointments will be brought to an end during 2020/21 in line with the Code.

TRUSTEE SELECTION

The Governance committee, currently comprising a Chairman and three Members, is responsible for oversight of Trustee selection.

In accordance with Charity Commission guidance on Trustee tenure, there is a steady turnover of Trustees. When a vacancy arises, a specialist recruitment portal is engaged to invite suitably qualified candidates which are then shortlisted by a GWT selection

panel and the final candidate selected by panel interview. The appointment is then confirmed by the Board. All Trustees follow a generic training package to induct them into the work of the Trust and further role-specific training is sought for those that require it. This also includes visiting our infrastructure and work in Nepal.

Details of Trustee retirements and recruitment may be found on page 30.

The Trust was deeply saddened at the passing of its former Treasurer David Clifford MVO and our Vice Patron, Field Marshal The Lord Bramall of Bushfield KG GCB OBE MC during the period of this report.

KEY MANAGEMENT PERSONNEL

The Trust’s Director is responsible for the day-to-day operation of the Trust. He directs and coordinates the work of the Salisbury headquarters and oversees the work of the Gurkha Welfare Trust (Nepal) and the Gurkha Welfare Advice Centres.

The Director of the GWT(N) provides assurance on authority, responsibility and accountability for the delivery of welfare support in Nepal in accordance with Trust policies, as well as insight into the political dynamics of Nepal. In addition, he acts as an interface between the Trust and the veteran community in Nepal.

The Field Director of the GWT(N) in Nepal is responsible for daily operational management of the GWT(N) and implementing welfare support in accordance with Trust policies.

The Medical Director oversees the Trust’s enhanced medical and healthcare system in Nepal.

The role is based at HQ GWT(N) in Pokhara, Nepal.

The Head of Fundraising and Communications leads the fundraising and marketing team in the UK.

IMPLEMENTING PARTNERS

Many of our services in Nepal are delivered in partnership with other organisations.

The Trust builds rural water and sanitation projects in Nepal assisted by an annual grant provided by the British Government’s Department for International Development (DfID) now renamed, following its merger with the FCO, the Foreign, Commonwealth and Development Office (FCDO).

The Ministry of Defence (MOD) continues to provide an annual Grant in Aid towards staff and administration costs of the GWT(N) in support of welfare delivery. This enhances value for money for donors as it allows, in conjunction with investment income, all donations to be spent directly on welfare projects.

The MOD also provides £2.5M annually as a contribution in support of the Trust’s healthcare provision for veterans in Nepal.

In Nepal, the Trust continues to work closely with the Kadoorie Agricultural Aid Association (KAAA), which concentrates on community aid and development, including bridge construction, the provision of potable water supplies, hydro-electricity projects and employment training schemes.

Additionally, the Trust works in partnership with CAIRN in providing a new holistic approach to supporting education through the provision of teacher and librarian training.

In the UK, the Trust works with the relevant Government departments and key service charities to enable the delivery of statutory and welfare advice to ex-Gurkhas and their dependants seeking settlement.

VOLUNTEERS

People volunteer for the Trust in a number of different ways. Often members of the public raise funds on our behalf (community fundraisers), others offer to help at Trust challenges and events. Some gain experience in the UK office by assisting with fundraising and marketing efforts and others maintain a relationship with us owing to their own longstanding association with the Brigade of Gurkhas. Their individual and collective effort and dedication, often over many years, is appreciated enormously by the Trust. We do not recruit volunteers to directly work on project delivery in Nepal, apart from a few exceptional cases where it is part of a funding commitment.

PUBLIC BENEFIT

The Trustees have given due regard to the Charity Commission’s guidance on reporting public benefit when planning the charity’s activities and are satisfied that the Trust is fully compliant with the Charities Act 2011.

Benefit to our beneficiaries can be assessed in two distinct areas – individual and community aid:

Individual Aid, in the form of the welfare pension, winter allowance, disability support grants, welfare grants and our earthquake resilient homes, is provided perennially to ensure that our core beneficiaries and those most

vulnerable are able to live with dignity. Enhanced support is provided to beneficiaries living in our two Residential Homes. In addition, free primary medical care is provided to all eligible individuals as well as subsidised secondary healthcare treatment. Details may be found on page 16-18.

Community Aid is provided in the form of schools, accessible drinking water and medical camps. The impact of these activities can be found on page 18-19. The primary beneficiaries of these activities are the general public.

In addition, GWT has provided support to the Government of Nepal’s COVID-19 response to assist the general public and regional government.

OBJECTS AND ACTIVITIES

The Trust’s Objects are:

- To relieve either generally or individually Gurkhas and their dependants and other persons in Gurkha community areas, who are in conditions of need, hardship or distress.
- To promote the education of Gurkhas, dependants and other persons in Gurkha community areas.
- To make provision for the medical diagnosis and treatment of Gurkhas and their dependants and other persons in Gurkha community areas who are in need of such

diagnosis or treatment and for the prevention of any disease or adverse conditions which may affect any such person: and

- Such other charitable purposes which are in the opinion of the Trustees connected directly or indirectly with the foregoing purposes as the Trustees from time to time think fit.

The Trust’s Vision is: “Gurkhas living with dignity”. Welfare support is delivered against the following priorities:

- The provision of a Welfare Pension.
- The provision of welfare/emergency grants.





- The provision of medical support: a free primary healthcare scheme for beneficiaries and subsidised hospital care.
- The provision of water and sanitation projects.
- The running of two Residential Homes (RH).
- A programme of building 100 earthquake resistant homes for beneficiaries.
- The building of schools and community centres

The Trust raises funds in support of welfare programmes involving individuals and communities in Nepal and also in an advisory capacity in support of ex-Gurkhas in UK.

FUTURE PROSPECTS

The Trustees are confident that there is a demonstrable need for activities delivered by the Trust and that it can continue as a going concern. In response to the global economic impact of COVID-19, Trustees have assessed the specific impact on the Trust and determined that, despite some expected downturn in overall fundraising income, our approach to investment and the robust reserve position, means that the Trust is able to continue to operate with minimal impact on activity levels, and with confidence as a going-concern for the foreseeable future.

The Trust's core beneficiaries, the Welfare Pensioners (WP), numbered 4,119 as at 30 June 2020 with this figure reducing by approximately 10% per year. A fully funded Constructive Obligation (CO) exists to ensure the continuing provision of a welfare pension to all recipients until this obligation ceases.

The Strategic Review conducted and presented to the Board on 16 September 2020 has identified a continuing requirement for the Trust's welfare services to veterans in Nepal for the next 20–30 years.

The MOD's commitment of £2.5M annually as a contribution in support of the Trust's medical services to Nepal based veterans extends until 2029.

Concept approval for the next phase of RWSP delivery has been approved by FCDO spanning the next ten years, in two five-year periods.

THE STRATEGIC REPORT

TRUST STRATEGY

The Trust defines its priorities in five-yearly increments, setting parameters within which the Trust can best respond to the needs of ex-servicemen and their dependents. The most recent Strategic Review was presented to the Board on 16 September 2020 and extends to 2025.

The priorities identified for FY2019/20 were:

The continued implementation of a wide-ranging overhaul in the Trust's medical structure and delivery in Nepal

The contractual period with International SOS in support of the development of our medical and healthcare structure in Nepal concluded successfully on 30th June 2020.

Recruitment of a new Medical Director

The recruitment for this post was concluded with the appointment of Dr Gerda Pohl in September 2019.

Medical Information System

This has been successfully implemented but requires on-going software development that continues to be implemented in order to support the provision of bespoke data as part of the Trust's enhancement of its medical and healthcare system.

Additional staff have been recruited to ensure developmental resilience for our IT requirements.

Medical Provision in Darjeeling

Following the acquisition of a new AWC location both the AWC and its medical centre have been entirely and successfully refurbished and were opened in February 2020.

A two-year contract was signed in January 2020 with International SOS to provide professional medical support to ensure that the necessary improvements to medical provision replicate those successfully implemented in Nepal.

Implementation of the Cluster system and mobile approach to welfare delivery

All five clusters are fully operational supporting our beneficiaries.

Pensioner Risk Assessment (PRA)

All PRAs have been conducted and form the basis for a bespoke level of service to our key beneficiaries. The PRAs are continuously monitored and reviewed to ensure that they keep step with the evolving requirements of our beneficiaries.

Disaster Resilience

Following the conclusion of a detailed Disaster Preparedness policy we continue to enhance our ability to respond to future events. In addition, Phase VI of

our collaboration with the FCDO for the provision of accessible drinking water projects provided by RWSP includes an element of disaster resilience. Consequently, the programme has now been renamed the Resilience WASH and Emergency Preparedness Programme (RWEPP) to reflect the expansion of the programme's objectives.

The 100 Homes Project:

FY 19/20 saw the second tranche of 100 earthquake resilient homes successfully delivered. A total of 110 homes were constructed. The outstanding fundraising campaign in support of the 100 Homes has been shortlisted for a Third Sector Excellence Award.

Introduction of Physical and Functional Rehabilitation (P&FR):

Both of the Trust's Residential Homes (RH) underwent conversions to support P&FR which is now being successfully delivered. Additional staff have also been recruited to deliver this new service.

FUTURE PLANS

The following objectives have been identified for FY2020/21:

Delivery of planned Objectives and Programmes within the constraints of COVID-19

There is a potential risk to the delivery of these programmes which the Trust is maintaining at pre COVID-19 delivery levels and budgetary forecast.

Human Resources (HR)

A key requirement to create a foundation for a professional HR function and to integrate this throughout the organisation

following the conclusion of the Change Programme. This will include a detailed independent salary review. A new HR Manager has been recruited to develop and deliver the HR function.

Implement and adapt to the conclusions of the Strategic Review

Following endorsement of the 2020 Strategic Review by Trustees, the next steps work will include, but not be restricted to:

- The AWC footprint
- Medical Service
- Future proofing beneficiaries.

ACHIEVEMENTS AND PERFORMANCE

THE COVID-19 ENVIRONMENT STRATEGIC SUMMARY

The Trust reacted swiftly to the evolving COVID-19 situation and has complied with UK, Nepal and Indian Government guidelines and guidance throughout the pandemic.

Supported by several factors, the Trust was able to take the decision at the 6 May 2020 Board meeting to maintain our support to beneficiaries in Nepal at pre COVID-19 levels and agree the budget for 2020/21.

The factors supporting this decision to not reduce any element of the Trust’s work in Nepal were:

1. Through prudent management, the Trust has robust free reserves exceeding 12 months routine expenditure and is therefore able to absorb a potential reduction in income in the near term.

2. The Trust has stress-tested our fundraising programme, assessing the income received immediately following lockdown re-working our activities, and modelling a range of future scenarios.
3. Our global investment strategy which had recovered well against the global stock market falls in March 2020.

At 30 June 2020, our investments had recovered well resulting in an overall gain of £2.4M and total fundraising income had exceeded the budget, increasing free reserves and further supporting the decision to maintain levels of activity in 2020/21.

Consequently, all our staff both in Nepal and UK have been retained to continue to deliver on our commitments with no requirement for any furlough or redundancy.

COVID-19 IN NEPAL

In early 2020, Nepal only had a handful of COVID-19 cases imported from abroad. On 24 March 2020, the Government imposed a pre-emptive, nation-wide lockdown which remained in place for four months, with only limited relaxations permitted during this time. All flights and public transportation were suspended and all travel between Districts was minimised and controlled. The steady rise in COVID-19 cases during this initial lockdown was mainly attributable to the thousands of Nepali workers returning from India through designated land border points and being placed into hastily established quarantine centres across the country. At the peak, these quarantine centres housed 175,000 returnees. Contact tracing of new cases was

reasonably effective, and the cases identified were mostly young, asymptomatic males.

The pre-emptive lockdown contained the spread of the virus and allowed the Government to build-up its capacity to handle the crisis. The number of daily cases duly reduced with the decreasing flow of returnees. As a result of this reduction and with the growing pressure to open the economy, the Government announced a phased lifting of the national lockdown on 21 July 2020.

However, within weeks a second and larger wave of new cases occurred indicating clusters of local transmission across the country, making contact tracing more difficult. Powers were delegated to local authorities to re-impose lockdowns, which they duly did from early August.

As at September 2020, Prohibitory Orders were in effect in over 35 districts, a total of 46,257 cases have been reported and 289 deaths with COVID-19 had occurred. The number of cases is still increasing. Sadly, one veteran in Pokhara has passed away as a result of the virus and a number of veterans and their wives have been infected.

GWT’S OVERALL RESPONSE

Although the lockdown announced on 23 March 2020 came as a surprise, GWT had planned for this type of scenario. The key was to ensure that we could continue to provide essential services (financial, medical and welfare) to our beneficiaries in a way that was safe and also protected our staff and beneficiaries alike. With the assistance of the British Embassy, the Trust quickly received

Government of Nepal approval to operate our official-plated vehicle fleet for the provision of essential services. This assured our freedom of movement, but staff still had to negotiate their way through police checkpoints and locally erected barricades and community checkpoints. All non-essential staff movement (visits, leave, transfers etc) was suspended.

AWCs remained open throughout, but strict infection prevention protocols were applied, and the AWCs shifted to operating a home visiting service for the payment of pensions, medicine delivery and welfare investigations, and providing telephone consultations and pharmacy distribution.

The HQ staff in Pokhara worked largely from home, and successfully adapted to the use of online tools and conferencing facilities to coordinate its efforts. To improve communications with our beneficiaries, a beneficiary-facing website was created as well as Facebook, messaging platforms and a group SMS service, all of which have been used to good effect.

All Projects (RWSP, Schools and 100 Homes etc) were initially suspended. However, they re-started in April following a relaxation in the lockdown to allow development projects to continue. Since the lockdown in March, GWT has conducted 1,094 field deployments, during which 4,456 beneficiaries have been visited.

INDIVIDUAL AID

Welfare and Pensions

GWT maintained its programme of welfare pension payments throughout the crisis. Cash payments in AWCs were conducted on a “no-contact” basis for local WPs, but payments

were mostly made through home visits or at Patrol Bases. In order to ensure the financial security of our beneficiaries, we advanced extra month’s payments. We also encouraged a substantial number of cash-paid pensioners to open bank accounts so that their

pension could be paid into those accounts on a monthly basis. With the advent of the monsoon (during which over 250 have died in Nepal from landslides and floods), the AWCs closely monitored local disasters and investigated reports from pensioners.

MONSOON SEASON

This year the monsoon season in Nepal was deadly, with heavier rains than usual causing substantial flooding across the country.

Dozens of people were killed and many left missing following the rains which battered much of Nepal and northern India. The resulting floodwaters affected millions. Thankfully, there were no casualties among the Gurkha community though many of their homes and crops suffered in the rain. As always, we were there to support them.

Our own offices were not immune to the conditions. Our Area Welfare Centre in Diktel was the worst affected, left with superficial damage to the building and without electricity or phonelines, however our backup generators and satellite communications enabled the AWC to quickly re-commence operations.

Landslides affect our schools

Two of our previous school projects, Shree Janajagriti Primary School in Bhojpur and Shree Himalaya HSS in Gorkha both suffered substantial landslides. The new buildings we constructed for them survived thanks to sound structural engineering, and repairs were able to be made quickly. Thankfully no children were present – with the school closed for the rainy season.

Our resilient team

Though we can predict that a monsoon season will occur in Nepal every year we can’t predict the severity with which it strikes. Our team are equipped to deal with every eventuality and have all-terrain vehicles and off-road motorbikes at their disposal. Where the rain continues for 24 hours or more, we aim to reach out to all of our most vulnerable Gurkha veterans and widows – either via satellite phone or by visiting their homes, to ensure that they are safe.

Emergency call

After receiving a phone call from one of Welfare Pensioners, Khilprasad Rai, our teams from his nearest Welfare Centre (Bhojpur in the east of Nepal) responded immediately. His home had been partially destroyed by a landslide and it was not safe for him to stay there. Our local Area Welfare Officer recorded all the damage and took him to the safety of his son’s house nearby. Better than repairing the damage, this year we built him a new earthquake-resilient house – somewhere safe to call home.

Medical

At the start of the national lockdown, all AWCs switched to telephone consulting only and “no contact” dispensing at AWCs with strict screening at AWC entry. Key AWC medical staff called all patients with appointments to explain this and doctors provided advice, prescriptions, and referrals over the phone. Detailed guidance was issued to ensure uniformity of services across AWCs. In emergencies, home visits were conducted, and some selected patients were seen in the AWC with health professionals wearing full PPE. Initially, where possible, pensioners were encouraged to buy medications locally, but as the lockdown went on, AWC teams delivered medication at home to

those who could not easily access the AWC or pharmacies. Since the start of the lockdown, over 20,000 telephone consultations were conducted and out of over 19,000 sets of medication dispensed, almost 3,000 being delivered at home. A further 430 home visits were conducted for examinations and procedures. In the first two months of lockdown, pensioners were referred to local hospitals for investigations. From the end of May, MoUs with local laboratory providers were arranged to allow cash-less investigations (1,040 cases referred) and AWCs provided 700 phlebotomy services. 750 face to face consultations were conducted at AWCs according to medical need. Processing of secondary medical

claims was also resumed from around mid-May and pensioners were granted an extra three months to submit their claims. The number of claims has now returned to normal levels. AWC teams educated pensioners and families on infection prevention and how to access testing. Pensioners diagnosed with COVID-19 are monitored closely by the GWT doctors and advised accordingly, but we allow the public health authorities to lead. In addition, strict self-isolation and self-quarantine protocols are followed for all GWT staff. As a result of COVID-19, the two Medical Camps planned between April – June 2020 were cancelled. Mature plans are in place for Camps in late 2020 and early 2021.

Residential Homes

Our Residential Home in Dharan was “sealed” in the last week of April (just before the first local case of COVID-19 was confirmed). The Home in Kaski was similarly “sealed” in early June. All staff (including kitchen staff) live in, residents do not leave the premises and no visitors are allowed (except for essential visitors wearing full PPE, such as doctor consults or essential repairs); all items brought into the RH are either quarantined for three days or disinfected. After two full months, staff are

given respite at home for a week every four – six weeks, and on return are directed to wear PPE for two weeks. This has meant that the residents can enjoy a fairly normal life, with staff interacting freely and arranging social events frequently to relieve boredom. Residents have benefitted from online connections with families. Both RHs have each experienced the deaths of two residents, but these were entirely unrelated to COVID-19, and hospital admissions were handled with full infection prevention precautions.

COMMUNITY AID

Rural Water and Sanitation (RWSP) Projects

Our water projects were temporarily suspended at the beginning of the lockdown. The deployed staff and their labourers were left on site in remote and difficult hilly and mountainous regions and could not be recovered. However, projects were re-started when “Development Projects” were allowed to continue in close coordination with local authorities. During lock down, some 37 projects were under construction and another six were planned; all for completion before the Monsoon in June. Of the year’s 109 water projects, 62 had been completed before the lockdown, 43 were completed during the lockdown, and only four drilling projects were left suspended due to the COVID-19 risk in the areas and the inability to get contractors and labourers onto the sites. Despite the COVID-19 crisis, RWSP have delivered water and sanitation to 44 local authority areas in 25 districts across 6 of Nepal’s seven Provinces. 6,783 tap stands and 13 school toilet blocks have been installed supporting 6,532 households and 37,686 beneficiaries. Furthermore, 2,167 people in 354 Households have benefited from the Simple Drip Irrigation scheme using excess drinking water to grow vegetables to improve nutrition and generate income.

OUR RESIDENTIAL HOMES

When Nepal went into lockdown to protect our vulnerable residents in our Residential Homes in Dharan and Kaski, our dedicated staff locked down with them, ensuring they continued to receive the best care.

At the beginning of lockdown in March, both of our Residential Homes bought four tablets for residents to use and enjoy. Not only have the residents been watching cultural dance, religious shows, movies and listening to songs, they have also been able to video call friends and family – keeping them connected while visits are not allowed.

Bishnu Kumari Rai

Our team at the Residential Home, Dharan have also started a series on the residents of the Home to document their life experiences and journeys. The exercise has provided the team with plenty of wisdom from the elderly men and women.

“It is easy to help others who are capable, but I enjoy the most when I take care of animals and birds knowing that I have expectation of anything in return from them. That according to me, is the pure definition of selflessness – when you do something for others without expecting anything in return.”

Gurkha widow Bishnu Kumari Rai, 88 Years

One of our nurses at the Residential Home in Dharan, Mamata Dewan commented:

“The more I get to know Bishnu Pipi (grandmom), she inspires me to be a better human being. Originally from Khandbari, Pipi has been a Resident of RH Dharan for six Years and is survived by a daughter. She is like a walnut – hard on the outside but soft on the inside – short tempered yet the most loving, moody yet caring. When I see her, she reminds me a lot of myself and I feel that, when I grow old, I will become like Pipi – I hope that I am as caring and selfless as her.”



Schools and
100 Homes Projects

The lockdown occurred in the peak of the construction season. Initially, all projects were suspended and the Project Supervisors (PS) were recovered

to the nearest AWC. In April, development work was permitted to continue, and the PSs were redeployed to their construction sites. During the lockdown, they have completed two Major Schools, two Community Hall projects, 37 Minor Schools and

refurbishments and 110 Home projects, applying strict infection control protocols on their sites and with labourers. Their achievement means that GWT is confident that we can meet our Community Aid project targets for the new financial year.



BUILDING A BRIGHTER FUTURE FOR CHILDREN
IN GURKHA COMMUNITIES

The schools we build, repair and refurbish in the remote areas of Nepal, offer the next generation the best possible start in life in a country where not everyone has that opportunity.

Shree Bhagawati Secondary School is located in the Okhaldhunga of Nepal. The school currently runs classes from Early Childhood Development (ECD) to class 12. They currently teach 668 students in total – 373 girls and 295 girls.

Earthquake Damage

The original government-constructed buildings of the school were badly damaged in the 2015 earthquake. In November last year we began work at the site. A major project, the build has included the construction of a new 16 classroom double storey building, a new toilet block, adding new furniture, compound fencing and an incinerator.

“In order to be able to create a safe environment for the students, we asked for help from many organisations. We approached GWT and they came to our school and listened to our needs. We came to an agreement and are now in the process of construction.”

The Principal, Mr Narayan Prasad Bastola is pleased that work is underway.

“I have been teaching in this school since the last 12 years. We are very happy that we are getting new buildings. Not just me, the teachers, the management committee and the community are all happy. The government was not in a position to provide such huge help to our school alone. But, the state of the school was very poor. GWT responded to our request in a very short time. It is in the construction phase now and we are extremely happy. At this point, the construction is progressing well ahead than we had thought of. We hope that, after the construction is completed, we can work towards providing a better learning environment.”



A Gurkha veteran’s approval

Local Gurkha veteran Corporal Khabarsing Rai was the project sponsor and let us know about the dire repairs needed.

“I applied for the school because of the need here. GWT built a school building in my village in 2016 which runs classes up to year 8. They had also provided furniture for the school in the past. Since we have classes up to year 8 only in the village, the students from my village come here to study. Those who can walk fast can make it to here in an hour, for others it takes about one and half hours. I always walk to and from my village, it takes me one and half hours. I am 79 years old.”

Back where it all began

The project is being overseen by our Area Welfare Officer in the region, retired Inspector of the Gurkha Contingent Singapore Police Force Shyamkumar Rai. Shyam has a special interest in the school, as he was a student here (albeit many years ago!).

“This is one of the oldest schools in Okhaldhunga district. It also has one of the highest number of students. This area is also home to the communities of retired Gurkhas from both the British Army and Singapore Police Force. I am originally from a village nearby and I studied in this school from classes 1 to 4. It is an hour’s walk from my village to here. I used to walk to school every day.”

“Over my 10 years’ service in this organisation, I have completed many school projects. I have recently been transferred to the area where I’m originally from, and to be able to help the school that truly needed our help, I am very happy. On behalf of the local community, the school committee and the teachers, I would like to thank you for helping the school.”

SUPPORT TO GOVERNMENT

RWSP COVID-19 INTERVENTION PROGRAMME

Handwashing and basic sanitation and hygiene have been recognised as critical elements in the battle to combat the spread of COVID-19. Our team's expertise in these fields was quickly mobilised by the Department for International Development (DfID), who fund the majority of RWSP's Community Aid work. DfID allocated an additional £0.2M to RWSP to support the Government of Nepal's efforts to contain the COVID-19 outbreak through the provision of contactless handwash stations, Personal Protective Equipment and sanitation advocacy in designated hospital/health facilities and quarantine/isolation centres in six Provinces across the country. Working closely with national and local authorities, RWSP staff operated at pace to deliver immediate and practical support to protect the population and health workers at critical locations on migrant routes, particularly in the hastily established quarantine and isolation units set up in schools and colleges. In addition, RWSP is coordinating with the Ministry of Water Supply and WASH/Health Clusters on response activities within local and rural municipalities. During COVID-19 response, GWT has also provided sanitation awareness training and advocacy, Hygiene Kits and Sanitary Pads to maintain personal hygiene and privacy.

RWSP's COVID-19 response plan contributed to the programme for the prevention of transmission of COVID-19 and

helped to reduce the social impact within the most vulnerable groups including girls, women, and children with disabilities in Nepal.

As at 7 Sep 20, RWSP's response has delivered support to 183 sites and benefited over 30,000 people across 33 Districts. So far, the programme has supported 56 hospitals/health facilities, 65 local government institutions, and 49 Isolation & Quarantine centres and distributed 3,500 leaflets in the rural communities. RWSP continues to provide this support to the Government of Nepal and will include COVID-19 intervention projects in the new programme next year.

MEDICAL SUPPORT

Early in the lockdown, GWT Doctors had some extra capacity, which was offered to Government COVID-19 response centres. The Gandaki Province Health Emergency Operation Centre requested support to their public helpline, so for one full week, the doctors from Kaski AWC responded to calls to the freephone number "Hello Doctor".

Due to the cancellation of Medical Camps, KAAA were requested to allow re-direction of their unspent funds. Some of these were spent on supporting Gandaki Province's public relations / reporting officer for two months, and also a delivery by helicopter of emergency supplies to Myagdi district after it was cut off by landslides. We also funded equipment for a new isolation unit at Rumjatar district hospital. Our continued medical provision has also relieved some of the general burden on Government health facilities.

SUMMARY

GWT has been on an operational footing for nearly six months. The Trust's delivery model has constantly adapted to ensure that our beneficiaries receive the best possible support that is safe for them and our staff. Despite the many constraints, we have continued to deliver Individual and Community Aid in compliance with national and local government regulations, and we have expanded our efforts to provide support to the Government in its efforts to combat the spread of the virus. Nepal still has some way to go on its COVID-19 journey, but our beneficiaries and communities remain at the heart of GWT's operation.

UK COVID-19 SUPPORT

The staff in our two Gurkha Welfare Advice Centres (GWAC) worked tirelessly to assist UK based veterans with the advent of Covid-19 and the resultant lockdown. This included:

- Acting as an interface between beneficiaries stranded in Nepal and the Department of Welfare and Pensions (DWP)
- Facilitating contact and cooperation between local councils and Gurkha communities.
- Translation services for hospitals and other entities dealing with non-English speaking Gurkha veterans.
- Visa information enquiries and liaison with UKVI.
- Assistance with accessing benefits such as Pension Credit, Universal Credit and Housing benefits.

IMPACT ON FUNDRAISING

Unsurprisingly, every element of the Trust's fundraising was affected by COVID-19 and the subsequent lockdown and restrictions. Having taken the decision not to furlough or make any staff redundant, the fundraising team were able to react quickly in adapting to the significant change in environment and formulate contingency plans for new income streams while mitigating existing ones.

The Trust was one of the first charities to reach the market with a virtual challenge offering, replacing the many challenge events cancelled during lockdown. "Everest from Home" attracted

over 200 participants who diligently climbed their stairs or local inclines to achieve the height of Everest. The initiative raised over £50,000.

In order to combat our inability to interact directly with our supporters, new initiatives were developed in order to maintain this vital communication. On Facebook live streams were facilitated with members of our Nepal based team, discussing aspects of their work and welfare delivery. In addition, we held video conferences (using Zoom) with invited supporters to discuss specific elements of the Trust's work – including our earthquake resilient homes and the impact of COVID-19 on our operations with our in-country Field Director, Elton Davis.

Community fundraising initiatives were severely affected by lockdown which resulted in an income gap. In order to keep community event participants enthused while cancellations and postponements were announced, new and innovative alternatives were developed including the Trust's first online auction.

The Trust now has a mature and highly developed Individual Giving programme that forms the bedrock for our fundraising efforts. Our February Samachara newsletter, focussing on our earthquake homes has raised over £800,000 to date making it our most successful single appeal ever, surpassing even the Chairman's Appeal in November 2015 following the earthquakes in Nepal.



EVEREST AT HOME

At the end of this financial year, with the country in lockdown and our public events and challenges cancelled, we launched our inaugural Everest at Home challenge.

Everest stands at 8,848m high and overlooks the most beautiful country of all – Nepal. Home to our 500+ staff and the thousands of Gurkha veterans and widows we care for, last year the country struggled with the influx of tourists attempting the summit – prompting queues at the top of the mountain. This year the mountain got a well-earned rest.

We asked our supporters to scale Everest with us, by climbing their stairs or walking up local inclines, and achieving the equivalent elevation of 8,848m.

We had 210 people take part in the challenge, including Gurkha Soldiers serving in Iraq. Led by Major General Gerald Strickland, the team of four made the summit within 30 days, climbing 44 steps almost 350 times from their base in Baghdad.



CYCLING ACROSS NEPAL

Former Gurkha officer Rob Abernethy set off on 1 January 2020, cycling 2,200km across Nepal raising over £100,000 to build Shree Prabha School in Gulmi district in the west of Nepal. Rob made us his chosen charity because of his connection to the Gurkhas.

"I was a Gurkha officer commissioned in 1993 into the newly formed First Battalion Royal Gurkha Rifles."

He described his journey as 'beautiful', 'stunning' and 'tough'. He arrived to a very warm welcome at the school.

"It was amazing. It was actually very emotional. With the entire school lined up to give

me a Mala (flower garland). I have never seen so many Mala. To welcome me with a band, with speeches with dances... it could not have been a more warm welcome. And it was great to see the building work going on and all the money that supporters have raised actually taking shape on the ground."

All the funds raised by Rob's cycle assisted in the rebuild of the school including:

- The demolition of unsafe classrooms
- 12 new classrooms
- A new latrine block with separate toilets for girls and boys
- An expanded clean water supply on-site

- Better class interiors and improved library facilities
- A performance area built for student assemblies, performances and shelter in the event of an earthquake

Mr Nabaraj Acharya, the school principal, was delighted with the results.

"I would like to thank GWT from the bottom of my heart. With the construction of the new classrooms followed by the provision of library materials and teacher training, I am confident that our school will become an example for learning environment in the national level."

OUR FINANCIAL AID

This year we committed to continue the provision of financial aid to Welfare Pensioners and recipients of the Disability Support Grant during 2019/20. At 1 July 2019 there were 4,444 Welfare Pensioners in receipt of a pension of NPR 11,500 per

month, and 222 recipients of the Disability Support Grant. At the 30 June 2020, there were 4,119 Welfare Pensioners and 232 recipients of the Disability Support Grant. We committed to a Winter Allowance in the form of the provision of warm blankets to all Pensioners to be distributed prior to end of November 2019.

We committed to the provision of financial support for family members required to provide full time care to our Welfare Pensioners through the Home Care Allowance, and for the immediate support to Welfare Pensioners and their families in times of hardship through Hardship Grants and a Funeral Grant.

WELFARE PENSIONS

We pay a pension to thousands of impoverished Gurkha veterans or widows in Nepal who aren't eligible to receive a British Army pension. The rate is calculated each year using a 'shopping basket' of basic goods such as rice, vegetables and firewood. For many people, this is their only source of income. In addition to the food basket, the Trust now utilises the Government of Nepal's statistical data used to define the minimum wage as another relevant benchmark.

At the beginning of the reporting period there were 4,444 individuals in receipt of a Welfare Pension from the Trust. They were each paid a Welfare Pension equating to 11,500 NPR per month.

During the period 330 WPs were recorded as ceased and a further 75 ceased due to their move to UK. 35 new welfare pensions were authorised including six returning from UK and 49 pensions were transferred to widows. Four pensions were ceased due to the beneficiaries moving into the Residential Homes.

As at 30 June 2020 the number of Welfare Pensioners had reduced to 4,119.

For 2020/21 Trustees agreed an increase of 9.6% to the rate of welfare pension from NPR 11,500 to NPR 12,600 per month (NPR 151,200 pa). This increase maintains the rate at 100% of the food basket used to determine a pensioner's monthly requirement for essential items. In 2019/20 the cost of the Welfare Pension programme was £5,859,000 (2018/19: £5,614,000) which represents 29% of total charitable expenditure (prior to movement in the constructive obligation).

2,056 WPs are now paid through the bank on regular monthly basis; all Darjeeling pensioners receive their pension directly through their designated bank accounts.

WINTER ALLOWANCE

Our Winter Allowance is an additional annual gift distributed to all of our pensioners to ensure that they are equipped to endure the colder months of winter.

The allowance was previously paid in cash however, in line with the Trust's policy of avoiding cash payments in favour of payment in-kind, this reporting period saw all of our Welfare Pensioners issued with warm blankets.

The direct cost of the Allowance in 2019/20 was £91,000 (2018/19: £98,000).

DISABILITY SUPPORT GRANT

For disabled children of our core beneficiaries, we offer a regular monthly grant similar to the Welfare Pension. Without this financial support, and in the absence of a developed-world health system, disabilities can pose an insurmountable obstacle in Nepal.

In 2019/20 232 people received the grant (2018/19: 227) an increase of 12 from the assumed budget of 220. The total cost of delivering these grants in 2019/20 was £285,000 (2018/19: £232,000).

HOME CARERS ALLOWANCE

Sometimes, family members of our Pensioners care for them full-time. When this happens, they are

able to apply for a grant from us to support them as they are unable to work.

In 2019/20 420 people received this grant (2018/19: 406). The total cost of these grants in 2019/20 was £129,000 (2018/19: £89,000).

WELFARE GRANTS

We are needed the most during moments of tragedy. When disaster strikes in the form of fire, flood, landslide or earthquake, GWT is ready to provide immediate assistance, by offering financial and other support.

A total of 1,647 grants were made in 2019/20 for the immediate relief of destitution and in response to fire, flood and landslide damage at a total at a cost of £1,330,000 (2018/19: £880,000).

The additional cost also includes the second tranche of the Trust's earthquake-resilient home project.

Funeral grants were paid in respect of 347 former Welfare Pensioners.

OUR EARTHQUAKE-RESILIENT HOMES

It's not if another earthquake hits Nepal, it's when. We are taking pre-emptive action by building earthquake-resilient homes for Gurkha veterans and widows. We have committed to the provision of 100 homes in each of the three years commencing July 2018.

This year, 110 new homes for vulnerable pensioners were completed. These homes offer a safer alternative for some of our most vulnerable Pensioners.

A ROOF OVER HER HEAD

Aitamaya was put forward as a candidate for our Earthquake Homes Appeal last year, and thanks to the overwhelming response from our supporters in the UK we were able to build a new earthquake-resilient house for her to call home. *"It's not even been a year since her house was built. Before, her house was built with bamboo and mud. It used to be very hard, water used to leak when strong winds blew, it used to tear the roof sometimes."*

Restoring Aitamaya's eyesight

Though the new home was a huge help, our staff and Dhanmaya were increasingly concerned about Aitamaya's eyesight. She had begun to have difficulty walking, relying more on touch and feel to get around, and was struggling to find her toilet in the night. After a visit from our medical team, our staff diagnosed her as having cataracts and referred her to a hospital in Birtamod. There, we paid for her to have cataract surgery,



and although she wasn't too keen on the operation itself, there is no doubt the results have changed her life. The improvement was such that she no longer needed a full-time carer. Her son and daughter have instead moved in to help her when she needs it. Even so, she still catches up with Dhanmaya whenever she can, who is amazed at the impact our intervention has had on her life:

"There has been such a huge difference in her life after GWT's help. She got her sight back and has a new home to live in. Now, she can see better than before, which has become very easy for her. She can go to the toilet on her own. Sometimes she even cleans and sweeps the floor and also comes to my house! Now she can walk here and there."

"At the time when she needed help the most, GWT helped her and looked after her. I am very happy for her and would really like to thank GWT for everything they have done for her."

In Aitamaya's own words:

"I am really happy that you helped me see better. But I won't go to the eye hospital again! I don't like hospitals! You are great people and thank you for all your help."

OUR RESIDENTIAL HOMES

The Trust runs two Residential Homes (RHs), one located at the Area Welfare Centre (AWC) at Kaski, west Nepal and a second located at the AWC at Dharan, east Nepal.

The Homes provide round-the-clock care to Gurkha veterans and widows who would otherwise struggle to live alone. With no comparable facility in Nepal, they set the standard of elderly care.

The RHs have a maximum capacity of 48 and there were 41 residents

as at 30 June 2020 with a total expenditure of £502,000 (2018/19: £420,000). The annual running costs of both RHs are met by designated funds.

During the year four new residents were admitted and sadly six residents passed away (unrelated to COVID-19). Both RHs have been locked down due to COVID-19 with no new residents admitted since lockdown.

Following a report commissioned by the Trust and conducted by Humanities & Inclusion, a Kathmandu based NGO, Physical & Functional

Rehabilitation (P&FR) services have been introduced and both RHs have two rooms converted and dedicated to P&FR.

Four Cluster Rehabilitation Therapists (CRTs) were recruited in February 2020 and had initial induction training with the support of Green Pastures Hospital. Short term admissions for rehabilitation were stopped since the lockdown in response to the COVID-19 pandemic. However, prior to this the RHs managed 17 rehabilitation admissions of which two were subsequently admitted as residents.

OUR MEDICAL AID

The Trust provides an international standard of healthcare and medication to Gurkha veterans and their families living in Nepal. We do this through our regional medical clinics, via home visits by specialist staff and by arranging subsidised treatment at carefully selected national hospitals. We committed to the provision of primary medical care enabling all pensioners' access to an appointment at one of our medical centres and to be seen by appropriately qualified medical staff.

GWT medical services have provided 84,000 patient consultations and 9,259 home visits during the year at a total cost of £6,443,000 (2018/19: £5,218,000).

The second Option Year for the International SOS consultancy commenced in January 2020 for six months to 30 June 2020 at which point the consultancy in Nepal concluded.

A separate two-year contractual agreement commenced in January 2020 with International SOS for medical services in Darjeeling. The newly refurbished Darjeeling AWC and Medical Centre opened in February 2020.

In 2019/20 the Trust supported two medical camps at Mugu and Taplejung that treat the wider community at a direct cost of £60,000 (2018/19: £89,000). Two further camps were cancelled due to COVID-19. The cost was met in full by Kadoorie Agricultural Aid Association (KAAA). The medical camp model is being developed and refined to concentrate on chronic health problems that affect quality of life rather than life expectancy. As the camps have now become specialist interventions a significant

development is the collaboration and utilisation of local hospitals which can provide space, equipment and human resources as well as assisting with initial screening and post camp follow up. Local health professionals are also involved so that they may learn new skills and develop best practice.

New specialities that have been successfully introduced include expanded dental care, including artificial dentures, audiometry and hearing aid provision, adjustable spectacle distribution, mobility aids including the provision of artificial limbs, Ear, Nose and Throat referrals and funding referrals to secondary care for selected beneficiaries. In addition, a school health programme has been introduced focussing on dental and menstrual hygiene.

OUR SCHOOLS

Our schools' programme builds, repairs and improves schools in remote regions of Nepal and in turn provides access to education and a better future for Nepali children.

Retaining the skills and expertise in construction techniques amongst our staff is a key requirement in ensuring that we retain skills in-house to ensure we can react immediately following natural disaster and forms part of our disaster resilience strategy. We committed to the provision of three major schools, two community halls and 28 minor school projects.

Total expenditure in 2019/20 was £1,069,000 (2018/19: £1,109,000). The following were provided during this reporting period:

- Three major school builds (Two completed by 30 September 2020 due to COVID-19 restrictions)

- Six minor school extensions.
- 32 school refurbishments (One project delayed to 30 September 2020 due to COVID-19 restrictions)
- Two community centres.

OUR CLEAN WATER AND SANITATION

Our water projects bring clean water and sanitation to remote communities in Nepal. We install individual tap stands and toilets to households and schools. By ensuring a safe water source and providing a comprehensive education programme on the importance of sanitation we see sharp drops in water-borne diseases such as dysentery. We committed to a programme up to 110 projects in 2019/20.

Over the year a total of 109 (2018/19: 101) projects were constructed; 106 new projects (2018/19: 93) and 3 projects repairing existing schemes (2018/19: 8). This constitutes coverage of a total of 6,532 households (2018/19: 5,252) with a total number of 37,686 people benefiting (2018/19: 30,342) in 25 Districts and includes a total of 6,783 tap stands and 13 school latrines. In addition to the main projects, 11 simple drip irrigation (SDI) schemes were completed benefitting 354 households (2018/19: 383) with a population of 2,167 (2018/19: 2,319). These schemes ensure that families have the means to grow vegetables both for themselves and to market.

In partnership with DfID, the Trust delivered the projects at a cost of £3,644,000 (2018/19: £3,361,000).

Each project is supported by a local Water User and Sanitation Committee on which there was a

56% representation of females and 73% representation of disaggregated groups.

Following the announced merger between DfID and the FCO, the new Foreign, Commonwealth and Development Office (FCDO) has emerged. FCDO has approved the new Resilience WASH and Emergency Preparedness Programme (RWEPP Phase VI) to commence from 1 April 2021 with an approved costing extension to Phase V until 31 March 2021 as a bridge to RWEPP.

OUR DISASTER RESILIENCE

The new RWEPP Phase VI in collaboration with FCDO will now contain an element of funding in support of disaster preparedness and response focussing on the Trust’s AWC footprint across the country.

As part of the Trust’s reserves, a £6M Disaster Response fund has been set aside as designated funds which will allow the Trust to respond and act immediately when required. This fund has been utilised during the period of this report this in immediate response to rebuild one house following the 2019 monsoon. The 2020 monsoon period has claimed over 250 lives and a number of homes have been authorised for major rebuild during 2020/21.

OUR INFRASTRUCTURE AND STAFF

The staff and administration costs of the Gurkha Welfare Trust in Nepal continue to be met in large part by the MOD through an annual Grant in Aid (GIA) for the Trust’s contribution to fulfilling

BRINGING CLEAN WATER TO PEOPLE’S DOORSTEPS

We have been implementing water and sanitation projects in Nepal for over 40 years, but there is still so much work to do. Our water systems are built to a very high standard and our implementing partner, the UK’s Department for International Development this year rated our water and sanitation projects as A+, the highest grade possible.

In January, with the support of the Jersey Overseas Aid Commission, we were able to bring clean water to 268 individuals (55 households) and one school which has 55 students in Khoktak, Sankhuwasabha District in eastern Nepal. As well as clean, fresh drinking water the projects also provided each household with a latrine thus preventing open defecation which was commonplace.

We also worked with the community to advocate modern hygiene practices.

vital tasks on behalf of the serving and retired members of the Brigade of Gurkhas, that the MOD is unable to facilitate itself, through its network of staff and AWCs throughout Nepal by the secondment of a Field Director and Project Engineer and part of the time of the Defence Advisor as Director GWT(N). These tasks include liaising with family members of serving Gurkha servicemen in compassionate cases.

Our network of 21 Area Welfare Centres (AWCs) has been divided

Khoktak was selected because they previously had unsafe and an unsystematic water supply system and therefore many villagers were unable to get water, or if they did, were left with contaminated water.

A tap for each home

Each household in the village now has its own tap stand as well as a latrine and so does the local school. The water system has a substantial reservoir tank, so villagers will never be without water.

We expect to see dramatic reductions in waterborne diseases such as dysentery in the village as well as a big increase in female villagers’ wellbeing and quality of life and increased attendance at the school – partly because of the new facilities and partly because children no longer need to take time out of their day to fetch water. Crucially, all of the villagers will also have clean water to irrigate their crops – enabling them to produce more food both for themselves and for selling.

in to five clusters with up to four satellite AWCs centred around a Key AWC (Butwal, Kaski, Kathmandu, Dharan & Damak). Within these clusters, multi-disciplinary Pensioner Support Teams (PST) facilitate a more dynamic and mobile approach to welfare delivery direct to our pensioner’s homes. How often a pensioner is visited will depend on the vulnerability assessment that has been conducted for all Welfare Pensioners with those deemed most vulnerable being visited with greater frequency according to need.



In the UK, the Trust has a Gurkha Welfare Advice Centre (GWAC) to assist pensioners and their dependants with access to welfare and statutory entitlements that arise as a result of linguistic and cultural hurdles. This centre is co-located with the Trust Headquarters in Salisbury. In addition, the Trust runs another advice centre jointly with HQ Brigade of Gurkhas (HQB) in Aldershot, one of the main centres of Gurkha settlement in the UK.

The Trust and both GWACs work closely with local councils, Government departments and other Service charities to ensure effective support to those ex-servicemen and their dependents who may struggle as a result of linguistic and cultural hurdles in accessing appropriate support. Those service charities remain responsible for meeting the cost of any welfare support which enables the Trust to retain its focus on Nepal and those ex-servicemen and their dependants

who remain in conditions of very real poverty and distress. However, in recognition of their work supporting the increasing number and complexity of welfare cases in the UK the Trust makes an annual welfare grant to ABF – The Soldier’s Charity. During this reporting period, this welfare grant was £250,000. The Trust remains extremely grateful for the assistance provided by ABF – The Soldier’s Charity and those other organisations that are routinely involved with assisting those arriving from Nepal to settle in the UK.

INTERNAL COMMUNICATION

Effective communication with employees is of vital importance and the Trust has established procedures to provide information to, and consult with, employees on financial, employment and other matters that affect them.

DIVERSITY AND INCLUSION

The Trust is committed to promoting and supporting diversity through the creation of an environment in which individuals are treated on the sole basis of their relevant merits and abilities. All staff and trustees share this commitment. The Trust will not tolerate any discrimination or behaviours towards an individual in respect of age, disability, race, religion, gender or sexual orientation, which are offensive, discriminatory or hostile towards the individual.

Through the provision of reasonable adjustments within the workplace, the Trust seeks to maximise the talent and opportunities for both potential and current employees. Arrangements will be made, wherever possible, for retraining employees to enable them to perform work identified as appropriate to their aptitude and ability.

The Trust complies with all UK legislation and applies this as best practice in Nepal wherever practicable, in accordance with Nepal statutory regulations.

ENVIRONMENTAL MATTERS

The Trust is committed to minimising the impact that its processes have on the environment and to providing a safe working environment for our employees. Accordingly, a new Environmental policy has been produced by the Trust.

In accordance with the UK Government’s Streamlined Energy & Carbon Reporting policy, the Trust is a low energy consumer in the UK and is therefore exempt from providing detailed energy consumption disclosures.

In Nepal, the Trust seeks to reduce its environmental footprint in a number of ways. The use of solar panels in both the HQ and across our AWC network helps mitigate energy consumption. Travel by vehicle and domestic airlines has been reduced through the greater use of online conference and communication facilities as a direct result of the digitisation of our welfare network.

TRAINING

The Trust is committed to ensuring that staff are properly trained for their roles as well as helping maintain motivation and supporting continued professional development. We have increased the number of staff available to deliver in-house training as well as utilised a wide range of individuals and teams from UK, where the necessary skills do not exist in Nepal.

Statement of how directors have complied with their duties to have regard to matters in Section 172(1) of the Companies Act 2006

A director of a company must act in a way he/she considers, in good faith, would be the most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to the following matters:

- (a) **The likely consequences of any decision in the long-term:** The Trust’s future work is defined through a five-year Strategy Review; the current review period runs to 2020, with the new period through to 2025 which was endorsed by Trustees on 16 September 2020.
- (b) **The interests of the company’s employees:** Our employees are our key asset and Trustees are committed to promoting a highly motivated workforce through inclusion in the workplace, promoting and supporting training and development opportunities and supporting their physical and mental wellbeing. In Nepal, regular staff surveys are undertaken, and a Staff Council has been introduced to enhance communication.
- (c) **The need to foster the company’s business relationships with suppliers, customers and others:** The Trust seeks to manage its relationships with suppliers in an open and transparent way, ensuring there is fairness in all aspects of the tender process. At a local level in Nepal the Trust liaises with local authorities and federal Governmental structures through our Welfare Officers located around the country.

From a Strategic perspective the Trust’s relationship with the Government of Nepal centres on the annual Brigade of Gurkhas Welfare Coordination Committee (BGWCC) which endorses the Trust’s work and provides our license to operate.

- (d) **The impact of the company’s operations on the community and environment:** The Trust’s work is intrinsically linked with local communities, and our network of Welfare Officers work closely with local administrations. Our long-term partnership with FCDO (formerly DfID) has improved the lives of hundreds of communities through the provision of potable water and sanitation.
- (e) **The desirability of the company maintaining a reputation for high standards of business conduct:** Trustees seek to maintain the reputation and esteem in which the Trust is held by both beneficiaries and supporters, through openness and clarity in our objectives and deliverables and ensuring that maximum benefit reaches our core beneficiaries enabling them to “Live with Dignity”. There is a robust governance structure with committees and Trustees meeting on a regular basis.
- (f) **The need to act fairly as between members of the company:** Trustees expect all within the Trust to uphold the highest standards and be seen as an exemplar to other similar organisations. To support consistent standards the Trust has a Values & Standards document, a Competency Framework, Appraisal Reporting policy and procedures and a Discipline policy and procedures within the Staff Handbook and TACOS.

Statement summarising how directors have engaged with suppliers, customers and others in a business relationship with the company.

The Trust assesses the need of its beneficiaries through a Pensioner Risk Assessment, from which a welfare care plan is developed by our Welfare Officers. The plans are regularly reviewed to ensure that the level of care is appropriate, and our Internal Audit and Assurance programmes assess the level of compliance and achievement.

The long-term grant arrangement with FCDO for the provision of potable water and sanitation is based on an agreed target and annual assessment of performance. This has led to the programme achieving an A or A+ rating with a low risk rating each year since grading was introduced in 2012. Dir GWT(N) has the lead for the senior management of the relationship with FCDO staff based at the British Embassy; day to day management of the programme is invested in the RWSP Programme Director.

OUR POLICIES

GRANTS POLICY

Welfare Pensions are awarded in cases of destitution to ex Gurkha Soldiers who have served in the British Army and their widows who have not qualified by length of service for a pension paid by the British Government. All cases are investigated by an Area Welfare Officer and only in cases where obvious destitution exists, are they granted. All cases are re-examined at a time determined at the time of award, but no longer than five years, to ensure that the pension is still required.

Hardship Grants are made when the applicant reports, or the hardship case is discovered by a Pensioner Support Team. At this stage a form is completed outlining the situation, the status of the applicant and any other relevant details. In the case of a house rebuild, details of land ownership are also captured. Group cases, such as large-scale rebuilding of houses following a natural disaster such as the 2015 earthquake are considered by members of a board who will decide relative merits of cases and allocate appropriate resources within priorities and budget.

A Home Care Allowance is awarded to those who support our most vulnerable pensioners, those who are unable to look after themselves or even to get out of bed. The allowance is made to a member of the family or an acquaintance who will then look after the pensioner, manage their medical condition and ensure that they eat properly. Allowances are only granted once case specific training has been received and regular visits are made to ensure the ‘home carer’ is discharging their duties appropriately. Such allowances are reviewed when the pensioner risk assessment is reviewed.

FUNDRAISING POLICY

- In order to comply with best fundraising practice and General Data Protection Regulation (GDPR) we have taken the following steps:
- We communicate with supporters based on their preferences and only telephone or email people who have given us explicit consent to do so. For our Direct Mail programme, we use the Information Commissioner’s Office (ICO)

- guidelines around ‘legitimate interest’ when contacting supporters. We provide clear information on how to opt out of receiving any communications from us via every channel we use.
- We have paid the levy to join The Fundraising Regulator and promote our association and aim to comply with their guidance on our website.
 - We are registered with the Fundraising Preference Service and ensure nobody is contacted who logs their requests with them.
 - We comply with the Fundraising Regulator’s Fundraising Code of Practice.
 - We ensure that our staff and our fulfilment agency are sighted on policies which safeguard our donors at every stage of their supporter journey.
 - We do not share supporter details with any other organisation for marketing or fundraising purposes.
 - We update donor details on our database according to their wishes and ensure our database is fully GDPR compliant.
 - We have a procedure for logging complaints: **www.gwt.org.uk/complaints**. In total nine complaints were received over the year; four were related to individual giving correspondence (or lack of), three were in regard to cold acquisition items and two were related to fundraising volunteers.
 - All staff have regular training on Data Protection.
 - We update our Privacy Policy on a regular basis to comply with ICO guidance.
 - We do not wealth screen in compliance with the GDPR.

- We only share donor data with third parties assisting us with our fundraising and we take every measure to ensure data is transferred securely via encryption and passwords and to secure servers.
- Our supporters are at the heart of everything we do and you can find our Supporter Promise here: https://www.gwt.org.uk/wp-content/uploads/2017/08/Our_vow_to_you.pdf.

The Charity Commission issued guidance “Charity Fundraising – a guide to Trustee duties” and the Fundraising checklist (CC20) in 2016. The 2020 assessment was reviewed by the Audit Committee and endorsed by the Board on 16 September 2020.

The Trust has been supported in its fundraising through a Regional Branch structure which has raised over £2.5M over the last few years. This network of dedicated fundraisers continues to be valuable for the Trust, though not operating as the formal branch structure it had been previously. Instead, managed centrally, the individuals work with our Community Fundraising Officer to promote our work and raise vital funds via initiatives across the UK. This change was the result of an increase in governance requirements and the difficulty recruiting formal branch members.

INVESTMENT POLICY AND PERFORMANCE

The Trust meets the key challenges of short-term liquidity, cash flow flexibility and long-term sustainability by cash holdings and splitting investments between a medium-term investment portfolio and a long-term investment portfolio. In addition, there are two more, smaller funds invested in alternative

investments and smaller companies. The purpose of the two main portfolios is to delineate the Trust’s requirements between monies that are held as an immediate reserve to cover cash flow requirements (c. 18 months) and truly long-term monies which can weather capital volatility and have a five – seven year time horizon. The long-term portfolio is seeking a return that is better than both a composite benchmark (a composition of indices) and an inflation plus target (CPI + 4%). Over the past 12 months the long-term portfolio returned 7.2% (after fees), compared to the benchmark of 5.4%. Over the past 12 months the alternatives and smaller companies returned 3.0% (after fees) compared to the benchmark of 2.9%.

Investment Risk – the risks & how do we mitigate these through our investment strategy?

Investment risk covers a number of different areas and the investment committee, on behalf of the Trustees, have reviewed the internal procedures as well as the investment process of their fund manager in order to ensure that all of the industry safeguards are in place. The investment committee have guarded against two main areas of risk.

The first is to ensure that the cash flow from the UK to Nepal does not force the realisation of investments held within the portfolio when not appropriate and this has led to the setting up of the medium-term portfolio.

The second investment risk is the recognition that the MOD’s grant in aid and the Trust’s fundraising activities are in a different currency (Sterling) to the recipient beneficiaries (Nepali Rupee – NPR). It is difficult to mitigate this risk as there are few investments that

can be made in Nepal and the NPR had been in decline against sterling for some time until it recently reversed. The solution has been to keep some monies in Nepal (in NPR) and to move a proportion of both the long and medium-term portfolios into US\$, the Indian Rupee (the Nepal Rupee is pegged to the Indian Rupee at a rate of NPR 1.60/1 INR) and to have a large weighting of overseas equities and bonds within the long-term portfolio.

The move to increased investment in global equities has provided access to a wider and more diversified investment universe that historically has enhanced returns and reduced the concentration risk more prevalent in domestic indices. It has provided access to a number of the world’s fastest growing industries which are largely inaccessible via the UK stock market including the manufacture of technology and web-based search and selling, and moves away from industries such as the production and refining of oil and gas which account for nearly 13% of the domestic market in contrast to just over 6% of the global index. The increase in global equities has enabled greater diversification, both at sector level and geographically.

Risk Management

All activities are subject to regular risk review by the Board of Trustees. Major risks are, for this purpose, those that could have a significant effect on:

- The Trust’s operational performance, including risks to personnel and volunteers.
- The Trust’s ability to achieve its objects.
- Meeting the expectations of beneficiaries and supporters.
- The Trust’s reputation and integrity.

- The Trust’s assets.

The Trustees review all risks on an ongoing basis and satisfy themselves that adequate procedures are in place to minimise and manage the risks identified. Where possible and appropriate, risks are covered by insurance.

The Trust’s financial Reserves policy is assessed and set at a level which enables the Trust to help manage its risks.

OUR PRINCIPAL RISKS AND UNCERTAINTIES

A. Operational Risks

All key risks appear in the Trust’s Risk Register and include operational risks. The key risks are identified as:

- **Withdrawal of Government of Nepal support for GWT activities.** Potentially as a result of an adverse change in inter-Governmental relationship between UK and Nepal that affects or inhibits activities in Nepal or a breakdown in relationship at Ministerial level with failure to gain approval for GWT projects or activities. This is mitigated at a strategic level with continuous review by the Defence Attaché (also Director GWTN) with the Government of Nepal (GoN). At an operational level close liaison is maintained through our Welfare Officers with Chief District Officers (CDO) to ensure compliance with GoN requirements via the BGWCC. In September 2020 the UK Government bilaterally submitted its proposal for a renegotiation of the Dharan Understanding (DU) to GoN. The DU forms the authority for the in-country presence of the MOD as well as GWT’s ability to operate. GoN’s response is now awaited.

- **Natural disasters.** Nepal suffers from a high level of seismic activity as evidenced by the earthquakes in 2015. The Trust has a decentralised structure with Area Welfare Centres spread across the country which provide a local base for emergency response. If one area is affected severely then neighbouring centres can immediately move in to provide support. This national footprint forms the cornerstone of our future disaster management plan as part of the RWEPP Phase VI in collaboration with FCDO.

- **Activities that jeopardise the Trust’s reputation.** The Trust operates in a country that has a relatively high risk of fraud and corruption. To minimise this risk Audit and Governance committees monitor recruitment and adherence to procedures. An internal audit function carries out risk related checks. In addition, GWT(N) senior management are recruited from former Gurkha officers who have a proven track record of financial probity in the British Army. The Trust is committed to ensuring the safeguarding of our beneficiaries and our employees. Clear policies are in place that are both accessible and understood by all staff as well as guidance on whistleblowing. These are enhanced by regular training and increased awareness among staff particularly during the induction process for new employees.

B. Financial Risks

The Trust faces a number of key financial risks. The Trustees consider that the following summarises those financial risks and their responses to them:

- **Investment performance insufficient to maintain an appropriate level of**

financial reserves. The Trust maintains sufficient reserves to meet all of its obligations and these are regularly reviewed by the Investment Committee and our Fund Managers in order to ensure that the balance of the portfolio is appropriate. This is supported by developing and maintaining contingency fundraising plans.

- **Exchange Rate Risk.** The Trust monitors the rate of exchange on a daily basis. Over the long term the rate of exchange moves to counteract the differential in inflation between two countries but over periods of up to 10 years politics and financial confidence can cause significant movements up or down away from this trend. As inflation has traditionally been higher in Nepal than UK the movement has benefited the Pound and assisted our work in Nepal. However, in 2007 the financial collapse severely affected the value of the Pound and again in June 2016, following the EU referendum. Following a period in which there were signs of recovery, the political turbulence in the UK in 2019 has resulted in further significant movements. Over the past 25 years the Pound has gained by an average of 3% per annum but this includes swings of plus 16% or minus 14%. At present, a 1% change to the average rate creates an increase or reduction in costs of £180,000 but it also changes the value of our liabilities on the balance sheet by £400,000 so our net assets can change significantly one year to the next. To mitigate against adverse movements funds to cover three months cash flow are held in Nepali Rupees and the investment portfolio is spread across a wide range of currencies.

C. Going concern

The Trust has undertaken a robust assessment of the global economic effects of COVID-19 and its impact on the ability of the Trust to operate as a Going Concern.

The two main areas of financial risk have been identified as:

- **Reduction in fundraising income; and**
- **Reduction in valuation of the investment portfolio**

Whilst the immediate effect of lockdown was the cancellation or postponement of almost all Community activity and Events and Challenges, the innovative creativity of the fundraising team has enabled alternative virtual events such as Everest at Home and the GWT Auction.

When agreeing the budget for 2020/21, Trustees agreed a cautious projection for fundraising income whilst maintaining levels of charitable activity – drawing on free reserves to balance. Fundraising performance against budget is measured on a monthly basis and income to date for 2020/21 has exceeded initial projections.

The Trust has applied a sensitivity assessment to future income projections and the investment portfolio, to understand the extent to which reductions can be managed without impacting on long term commitments and the ability to deliver charitable activities to our beneficiaries. Financial performance is scrutinised on a regular basis by the Finance Committee and the Main Board so that any shortfall in income will be identified to Trustees in a timely manner.

Trustees have concluded that the Trust remains in a strong financial position and operates as a Going Concern.

ADDITIONAL POLICIES

The Trust is committed to sustainable development, meeting the needs of our beneficiaries without compromising the ability of future generations to meet their own requirements and this is a guiding principle within our work in Nepal. Concern for the environment is an integral and fundamental part of this commitment and our aim is to reduce the impact of our operations on the environment.

An updated Environmental policy has been promulgated in support of the Trust’s approach.

OUR FINANCIAL REVIEW

INCOME

Trust income from all sources during the financial year 2019/20 was £25,259,000 (2018/19: £21,154,000).

Donations from individuals, companies, trusts and other organisations totalled £6,534,000 (2018/19: £6,755,000). We continue to be supported by the MOD who provided a grant of £2,966,000 (2018/19: £2,937,000) towards the cost of the means of delivery of our aid and a new grant towards the provisions of medical services £2,500,000 (2018/19: £0). Our current contract with DfID is due to run until 2020 and during the year we received £4,040,000 (2018/19: £2,650,000).

TRAILWALKER, an annual fundraising event on behalf of the Trust, coordinated by the Queen’s Gurkha Signals Regiment in conjunction with Oxfam GB, resulted in income of £265,000. Other notable donations include £131,000 (2018/19: £185,600)

contributed by all ranks of the Brigade of Gurkhas under the Service Day’s Pay Giving scheme. Legacy income totalled £6,405,000 (2018/19: £6,115,000). The use of Gift Aid generated additional income of £879,000 (2018/19: £854,000).

EXPENDITURE

Charitable expenditure totalled £20,025,000 (2018/19: £18,826,000). This represents 89% of a total expenditure (prior to movement in the constructive obligation) of £22,504,000 (2018/19: £21,535,000). Our cost of raising funds including investment management is £2,479,000 (2018/19: £2,709,000) of which 89% is covered by our investment income of £2,201,000. Fundraising expenditure of £2,162,000 (2018/19: £2,406,000) continues to be effective raising income of £13,457,000 (2018/19: £13,225,000). This represents a Return on Investment of £6.22 for every £1 spent (2018/19: £5.50). 2019/20 is the second year of the 5-Year Fundraising Strategy which is based on increased investment for donor acquisition in order to sustain and increase total income over the longer term. The rate of return remains above industry standards.

RESERVES

Designated Fund

The Trustees are concerned that the level of running costs of the Residential Homes should not have a detrimental effect on our ability to provide support to the much wider community of Welfare Pensioners. Therefore, a designated fund has been created that is sufficient to meet the annual running costs for 20 years. Following specialist advice on the

risk of future earthquakes, in June 2018, the Trustees agreed a designated fund (£6,000,000) to allow an immediate response to natural disaster. Funds were agreed for the replacement of a beneficiaries’ home destroyed in a landslip during the 2019 monsoon season and four further homes have been authorised following destruction during the 2020 monsoons. Designated funds total £14,768,000 (2018/19: £14,909,000) as at 30th June 2020.

Restricted Funds

As a result of timing of funds payments, the Trust started the year with a £50,000 deficit in funds restricted to assist water projects and schools in Nepal. As a result of the COVID-19 lockdown, projects were initially paused, resulting in slippage in the completion of a number of school and water projects to early 2020/21. At the 30th June 2020, there was a balance of £1,353,000; of which £495,000 is restricted for 100 Homes Tranche three, £161,000 is for the provision of medical services, £97,000 for completion of school projects and £600,000 for the completion of the water and sanitation programme.

Constructive Obligation

When a charity has created a valid expectation through past practice that it will meet a liability the Charity Commission requires it to recognise the liability on the balance sheet as a constructive obligation. The Trust considers that a constructive obligation has been created for the payment of the Welfare Pensions and the disability support grants.

Based on WP and DSG beneficiary numbers at 30 June 2020 and key assumptions including: 50 new joiners for each of the next five years (average age 73), agreed increases in rates payable,

extended mortality rates, long-term inflation at 7% and a discount rate at 6.5%. The actuarial calculation at 30 June 2020 ROE is £39.6M; a reduction of £4.088M from June 2019.

Reserves Policy

Based on a risk assessment and after allowing for funds to meet the constructive obligations, Residential Homes running costs and Disaster Response, as mentioned above, the Trust’s Reserves Policy takes into consideration:

- The Trust’s clear and long-term objective of supporting the Welfare Pensioners in their declining years including the provision of welfare and medical support.
- Essential provision for a period of readjustment for those in receipt of welfare support if the Trust should ever be required to reduce or cease its activities, for whatever reason.
- The Trust’s requirement to respond promptly and appropriately to new and unforeseen needs or challenges that might affect the way in which welfare support is delivered. Trustees specifically note the Trust carries out its welfare activities in a country where there are not only geophysical dangers such as earthquakes but also political, social and economic uncertainties. In addition, to deliver welfare support, the Trust depends on a number of partners whose support in the future is not guaranteed.
- The impact of adverse changes to the rate of exchange between Sterling and the Nepali Rupee (NPR).
- Economic adversity, as despite a strong supporter base, there is no guarantee that recent

levels of income will be matched in the future or that investments/assets will maintain their value.

Trustees consider that the Trust ideally requires free reserves equivalent to 12 months of standard expenditure not covered by other provisions, currently around £17,481,000. This level of reserve will enable the Trust to adjust its infrastructure and respond quickly to any of these risks. The Reserve Policy is reviewed annually during the budget setting process taking account of current and future risks and the economic climate, both in the UK and Nepal, and consequential impact on the Trust’s investment portfolio.

After taking the Constructive Obligation into account the Trust has total funds of £44,176,000 (2018/19: £34,951,000), however, the free reserves which are available to meet contingencies and exclude tangible fixed assets, designated and restricted funds amount to £27,088,000 (2018/19: £19,303,000). This represents 155% of the minimum level of reserves deemed appropriate by the Trustees. With financial uncertainty anticipated for at least 12 – 24 months, this level of free reserves has enabled Trustees to agree a budget for 2020/21 and early planning for 2021/22, in which the Trust draws on its reserves in order to maintain current levels of charitable activity. Given the COVID-19 pandemic, the volatility of investment markets, the continued uncertainty over future rates of exchange, the uncertain fundraising climate and the substantial risk of future natural disasters in Nepal, Trustees will continue to keep Trust finances under close review balancing current needs and the need to reach the ideal level of reserves to protect the interests of beneficiaries in the future.



STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees, who are also directors of The Gurkha Welfare Trust for the purposes of company law, are responsible for preparing the Trustees' Annual Report (including the Group Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions, disclose with reasonable accuracy at any time the financial position of the charitable group and enable them to ensure that the financial statements comply with the Companies Act 2006 and the provisions of the charitable company's constitution. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

So far as each of the Trustees is aware at the time the report is approved:

- there is no relevant audit information of which the company and the group's auditors are unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This Trustees' Report incorporating the Strategic Report was approved and authorised for issue by the Board of Trustees on 09 December 2020 and signed on its behalf by:

Lieutenant General R Wardlaw OBE
Chairman
09 December 2020

TRUSTEES

Under the patronage of HRH The Prince of Wales KG KT GCB OM AK QSO PC ADC

VICE PATRONS

Field Marshal The Lord Bramall
of Bushfield KG GCB OBE MC JP
(to 12 November 2019)
Field Marshal Sir John Chapple
GCB CBE DL
Miss Joanna Lumley OBE

TRUSTEES, OFFICIALS AND ADVISORS

Trustees

Lieutenant General (Retd)
Sir Nick Pope KCB CBE
(Chairman) (to 2 November 2020)*
Lieutenant General R Wardlaw OBE
(Chairman from 2 November 2020)***
J J Brade Esq MBE (to 16 September 2020)
D P Clifford Esq MVO
(to 11 September 2019)
Major General J J Cole OBE***
S J Cooper Esq (from 11 September 2019)
Colonel J P Davies MBE**
(from 20 September 2019)
F S Dufficy Esq (to 11 December 2019)
Major General A J S Fay CB
(to 1 August 2020)***
Major (Retd) Krishnabhadur
Gurung MVO MBE
D G Hayes Esq CBE***
D J Hitchcock Esq OBE
Dr J D Keeling MBA, MB BS,
FRCGP, DRCOG
Mrs A Levin (from 12 December 2019)
Colonel J G Robinson CBE**
(to 20 September 2019)
Major General G M Strickland
DSO MBE***
Ms C L Turner

Investment Committee

D J Hitchcock Esq OBE (Chairman)
J J Brade Esq MBE (to 16 September 2020)
Major General J J Cole OBE***
P M Rigg Esq
C Gate Esq

Audit and Finance Committees

D P Clifford Esq MVO (Chairman)
(to 11 September 2019)
S J Cooper Esq (Chairman)
(from 11 September 2019)
Colonel J P Davies MBE**
(from 20 September 2019,
to 4 October 2020)
Dr J D Keeling MBA, MB BS,
FRCGP, DRCOG
Colonel J G Robinson CBE**
(to 20 September 2019)
Ms C L Turner

Governance Committee

F S Dufficy Esq (Chairman)
(to 11 December 2019)
Mrs A Levin (Chair)
(from 12 December 2019)
J J Brade Esq MBE (to 16 September 2020)
Colonel J P Davies MBE**
(from 4 October 2020)
Major General A J S Fay CB
(to 1 August 2020)***
D G Hayes Esq CBE***

THE GURKHA WELFARE TRUST

Director The Gurkha Welfare Trust
A P W Howard Esq
**Director The Gurkha Welfare
Trust (Nepal)**
Colonel R Goodman

Field Director The Gurkha Welfare Trust (Nepal)

Lieutenant Colonel E Davis QG
SIGNALS (from 4 October 2019)
Lieutenant Colonel S J Whitlock QGE
(to 4 October 2019)

Deputy Director Plans and Resilience

J R White Esq (until 17 March 2020)

Head of Fundraising and Communications

A Bentham Esq (from 23 March 2020)

Head of Fundraising

Ms S J Cherrington
(until 31 December 2019)
Investment Managers
Sarasin & Partners LLP
Juxon House,
100 St Paul’s Churchyard
London EC4M 8BO

Auditors

Crowe U.K. LLP
Carrick House Lypiatt Road
Cheltenham, GL50 2QJ

Bankers

The Royal Bank of Scotland
Lawrie House, Victoria Road,
Farnborough GU14 7NR

HSBC Bank plc

90 Baker Street, London W1M 2AX

Solicitor

A J Lutley Esq
Springfield, Rookery Hill,
Ashtead Park, Ashtead,
Surrey KT21 1HY

Registered Address

P.O Box 2170, 22 Queen Street
Salisbury SP2 2EX

Company Limited by Guarantee Number

05098581

Registered Charity Number

1103669

* Ex officio Trustee – Colonel Commandant Brigade of Gurkhas

** Ex officio Trustee – Colonel Brigade of Gurkhas

*** Nominated Trustees – Gurkha Brigade Association, The Royal Gurkha Rifles, The Queen’s Gurkha Engineers, The Queen’s Gurkha Signals and The Queen’s Own Gurkha Logistic Regiment



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GURKHA WELFARE TRUST

Opinion

We have audited the financial statements of The Gurkha Welfare Trust for the year ended 30 June 2020 which comprise Consolidated Statement of Financial Activities, Consolidated and Charity Balance Sheets, 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 the charitable company's affairs as at 30 June 2020 and of the group'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 Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- the parent company has not kept adequate accounting records; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 29, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's or the charitable company's ability to continue as a going

concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Tara Westcott
Senior Statutory Auditor
For and on behalf of Crowe U.K. LLP
Statutory Auditor, Cheltenham
17 December 2020

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2020

(incorporates the consolidated income and expenditure account)

	Notes	Unrestricted	Restricted	2019-20	2018-19
		General	Designated	Total	Total
	£000	£000	£000	£000	£000
Income from:	3				
Donations and legacies					
Donations	3a	4,432	0	2,102	6,534
Legacies	3b	6,405	0	0	6,405
Grants					
Ministry of Defence	3c	0	0	2,966	2,966
Charitable activities	3d				
Ministry of Defence		0	0	2,500	2,500
Department for International Development		0	0	4,040	4,040
KAAA		0	0	95	95
Other trading activities					
Fundraising Events	3e	385	0	133	518
Investments	3f	2,191	0	10	2,201
Total		13,413	0	11,846	25,259
Expenditure on:	4				
Raising funds					
Fundraising	4f	2,162	0	0	2,162
Investment management costs	4f	317	0	0	317
Charitable activities					
Individual aid	4a	4,535	10	3,822	8,367
Medical Aid	4b	3,965	0	2,478	6,443
Disaster response	4d	0	0	0	0
Residential Homes	4c	0	487	15	502
Community aid	4e	585	0	4,128	4,713
Sub Total Expenditure		11,564	497	10,443	22,504
Movement in constructive obligation	4g/14	(4,088)	0	0	(4,088)
Total		7,476	497	10,443	18,416
Net income/(expenditure) before other gains and losses		5,937	(497)	1,403	6,843
Other gains and losses					
Net gains on investments	9	2,483	0	0	2,483
Net income/(expenditure) Transfers between funds	16 & 17	8,420	(497)	1,403	9,326
		(356)	356	0	0
		8,064	(141)	1,403	9,326
Other recognised gains/(losses)					
Movement in constructive obligation	14				1,676
Profit & loss revaluation (loss)/gain		(101)	0	0	(23)
Net Movement in Funds		7,963	(141)	1,403	9,225
Reconciliation of funds					
Funds brought forward		20,092	14,909	(50)	34,951
Total Funds Carried Forward		28,055	14,768	1,353	44,176

NOTES

The consolidated statement of financial activities includes the income and expenditure account.

There are no other gains and losses other than those shown above.

All the Trust's activities are derived from continuing activities.

Profit for Companies Act purposes (before unrealised gains and losses) is: £5,622,000 including movement in constructive obligation (2018/19: deficit £1,149,000 excludes movement in constructive obligation).

Net Income/(expenditure) before movement in constructive obligation: £2,755,000 (2018/19: (£381,000))

See Note 19 for a comparative statement of financial activities for year ended 30th June 2019.

The notes on pages 41 to 63 form part of these accounts.



CONSOLIDATED AND CHARITY BALANCE SHEET

AT 30 JUNE 2020

The Gurkha Welfare Trust Company registration number 05098581

	Notes	Group		Charity	
		2020 £000	2019 £000	2020 £000	2019 £000
Fixed assets:					
Intangible assets	7	10	0	10	0
Tangible assets	8	2,026	1,879	2,026	1,879
Investments	9	69,183	69,762	69,183	69,762
Total fixed assets		<u>71,219</u>	<u>71,641</u>	<u>71,219</u>	<u>71,641</u>
Current assets					
Medication, project and trading stock		332	208	332	208
Debtors	10	1,224	1,587	1,224	1,611
Cash at bank and in hand		11,871	6,271	11,855	6,233
Total current assets		<u>13,427</u>	<u>8,066</u>	<u>13,411</u>	<u>8,052</u>
Liabilities					
Creditors: amounts falling due within one year	11	(822)	(1,020)	(819)	(1,043)
Provisions for liabilities falling due within one year					
Constructive Obligation	14	(4,470)	(4,270)	(4,470)	(4,270)
Net current assets or liabilities		<u>8,135</u>	<u>2,776</u>	<u>8,122</u>	<u>2,739</u>
Provisions for liabilities falling due after more than one year					
Constructive Obligation	14	(35,178)	(39,466)	(35,178)	(39,466)
Total net assets or liabilities		<u>44,176</u>	<u>34,951</u>	<u>44,163</u>	<u>34,914</u>
Funds:					
Restricted funds	18	1,353	(50)	1,353	(50)
Unrestricted funds					
General		67,703	63,828	67,690	63,791
Welfare pension reserve		(39,648)	(43,736)	(39,648)	(43,736)
Net General funds	17	28,055	20,092	28,042	20,055
Designated	17	14,768	14,909	14,768	14,909
Unrestricted funds after provision for liabilities and charges		<u>42,823</u>	<u>35,001</u>	<u>42,810</u>	<u>34,964</u>
Total funds		<u>44,176</u>	<u>34,951</u>	<u>44,163</u>	<u>34,914</u>

NOTES

Group includes GWT Trading Limited, the wholly owned trading subsidiary.

The net income in funds for the Trust for the year ended 30 June 2020 was £9,326,000 (2018: £2,298,000 before the movement in the constructive obligation). As permitted by Section 408 of the Companies Act 2006, no separate Statement of Funds or Income and Expenditure account has been presented for the Charity only.

Approved and authorised for issue by the Board of Trustees on 09 December 2020 and signed on their behalf by:

Lieutenant General
R Wardlaw OBE
Chairman
09 December 2020

The notes on pages 41 to 63 form part of these accounts.



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Notes below	2019/20 £000	2018/19 £000
Cash flows from operating activities:			
<i>Net cash provided by (used in) operating activities</i>	Note A	871	(3,568)
Cash flows from investing activities:			
Dividends and interest from investments		2,201	2,253
Purchase of Intangibles		(8)	0
Purchase of property, plant and equipment		(555)	(313)
Proceeds from sale of investments		21,026	15,409
Purchase of investments		(20,758)	(12,503)
<i>Net cash provided by (used in) investing activities</i>		1,906	4,846
Cash flows from financing activities:			
<i>Net cash provided by (used in) financing activities</i>		0	0
Operating activities			
<i>Change in cash and cash equivalents in the reporting period</i>		2,777	1,278
Cash and cash equivalents at the beginning of the reporting period	Note B	11,862	10,584
Cash and cash equivalents at the end of the reporting period	Note B	14,639	11,862
NOTES			
A. Reconciliation of net income/(expenditure) to net cashflow from		2019/20	2018/19
		£000	£000
<i>Net income/(expenditure) for the reporting period (as per SOFA)</i>		9,326	2,298
Adjustments for:			
Depreciation		369	323
Fixed Asset Impairment/Write-off		37	0
Gains on investments		(2,484)	(2,679)
Investments donated		(28)	(25)
Dividends and interest from investments		(2,201)	(2,253)
Losses on foreign exchange		(101)	(23)
(Increase)/decrease in stocks		(124)	55
Decrease/(Increase) in debtors		363	(835)
Decrease in creditors		(198)	(429)
Decrease in constructive obligation		(4,088)	
<i>Net Cash provided by (used in) operating activities</i>		871	(3,568)
B. Analysis of cash and cash equivalents		2019/20	2018/19
		£000	£000
Cash in hand and at bank		11,871	6,271
Overdraft facility repayable on demand		0	0
Notice deposits (less than 3 months)		2,768	5,591
Total cash and cash equivalents		14,639	11,862
			Cash flow in year £000
			5,600
			(2,823)
			2,777





NOTES TO THE ACCOUNTS

FOR THE YEAR ENDING 30 JUNE 2020

1. BASIS OF PREPARATION

Statement of compliance

The financial statements are prepared under the historical cost convention as modified to include the revaluation of investments at fair value. The format of the financial statements has been presented to comply with the Companies Act 2006 and FRS102 *The Financial Reporting Standard applicable in the UK and Ireland* and the Statement of Recommended Practice *Accounting and Reporting by Charities* ("SORP 2015"). The Charity is a Public Benefit Entity as defined by FRS102.

General information

The Charity is a private company limited by guarantee, incorporated in England and Wales (company number: 05098581) and a charity registered in England and Wales (charity number: 1103669). The Charity's registered office address is:

P.O Box 217, 22 Queen Street, Salisbury SP2 2EX

Basis of Consolidation

These financial statements consolidate the results, assets and liabilities of the Charity's trading subsidiary, GWT Trading Limited, on a line by line basis.

The Charity's own Statement of Financial Activities has not been presented, as permitted by section 408 of the Companies Act 2006. The Charity's net income for the year as an individual entity was a surplus of £9,326,000 (2018/19: a surplus of £2,298,000 before the gain in movement of the constructive obligation).

Going concern

The Trust has undertaken a robust assessment of the global economic effects of COVID-19 and its impact on the ability of the Trust to operate as a Going Concern.

The two main areas of financial risk have been identified as:

- Reduction in fundraising income; and
- Reduction in valuation of the investment portfolio

The Trust has applied a sensitivity assessment to future income projections and the investment portfolio, to understand the extent to which reductions can be managed without impacting on long term commitments and the ability to deliver charitable activities to our beneficiaries. Financial performance is scrutinised on a regular basis by the Finance Committee and the Main Board and therefore any shortfall in income will be identified to Trustees in a timely manner.

Trustees have concluded that the Trust remains in a strong financial position and operates as a Going Concern.

Significant judgments and sources estimation uncertainty

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Charity's accounting policies. The key judgements that have been applied by management relate to:

- **Constructive obligation:** The valuation of the constructive obligation is based on the following assumptions:
 - Future long term inflation rate in Nepal at 7.0% per annum.
 - Future payments have been discounted at 6.5% per annum.
 - Life expectancy for our beneficiaries is based on the Nepali Government Mortality tables extended to age 110 to reflect the increased longevity of our beneficiaries.
 - There are anticipated 50 new entrants per year for each of the next five years, with an average age at joining of 73.
 - 50% of former soldier pensions will be transferred to a widow.
- **Legacies:** Income is accrued when a grant of probate has been obtained (entitlement), it is possible to reliably estimate the amount receivable (measurement) and there is probability of receipt.

- **Depreciation/Amortisation:** The rates of depreciation for tangible fixed assets and amortisation for intangible fixed assets are selected by management based on their estimate of normal economic life taking into consideration the environment in which the assets are deployed.

2. PRINCIPAL ACCOUNTING POLICIES

The following principal accounting policies have been applied:

Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Recognition of income is deferred where conditions specify that such income relates to future accounting periods. Where donors specify that funds are for specific purposes such income is included in incoming resources of restricted funds.

Donations. Income from donations, covenants and gift aid includes receipts from fundraising events. Donations, together with the resulting tax credit from gift aid, are credited directly to the statement of financial activities when received by the Trust. Donations and all other receipts (including capital receipts) from fundraising are reported gross and the related fundraising costs are reported in raising funds.

Gifts in Kind are recognised in respect of personnel funded by the Ministry of Defence in roles which would have to be replicated by the Trust. An equivalent cost is also reported within staff costs.

Legacies are recognised and credited directly to the statement of financial activities when there is entitlement (grant of probate), there is sufficient evidence on which to value the legacy (measurement) and there is probability of receipt. Where a legacy is received after the end of the accounting year end, but it is clear that entitlement existed prior to the year end (hence providing evidence of a condition that existed at the balance sheet date) it is accrued in the statement of financial activities and the balance sheet. The year-end valuation will be determined taking into consideration the type of asset from which the legacy income is derived.

Grant Income. Income from government and other grants, whether ‘capital’ grants or ‘revenue’ grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income from other trading activities is recognised as earned as the related goods are provided.

Interest and Dividends Receivable. Investment income is recognised on a receivable basis and when the amounts can be measured reliably. Interest on funds on deposit is included when receivable upon notification by the relevant banking institutions. Dividends receivable on assets held for investment purposes are receivable upon notification by the relevant investment institutions.

Expenditure

All expenditure is included in accordance with the accruals concept. Any liabilities as a result of legal or constructive obligations committing the Trust to expenditure have been included.

Cost of raising funds comprises costs directly attributable to fundraising and managing the investment portfolio. Charitable activity costs in the UK are incurred in running the Gurkha Welfare Advice Centre and in supporting the activities in Nepal. The costs of running the Trust’s office and staff costs have been allocated on a time spent and area occupied basis to raising funds and charitable activity.

Governance costs are apportioned on the same basis as the office and staff costs and are disclosed in the notes comprising audit and legal fees and the costs associated with constitutional and statutory requirements.

Costs in Nepal have been allocated to the direct charitable activities. Direct costs include actual grants made, provision of medical services and costs related to people directly employed in delivering one of our charitable activities. Other direct costs such as staff costs and overheads of the Area Welfare Centres established for the delivery of more than one charitable activity are apportioned as other direct costs. Support costs include staff and administrative overheads. Support and governance costs have been allocated to activity cost categories in a fair and appropriate method on a basis consistent with the use of resources by applying person days spent on the various activities or space occupied.

Grants payable to individuals may be subject to conditions. Expenditure on such performance-related grants is recognised to the extent that the recipient has complied with the conditions.

Short term benefits including holiday pay are recognised as an expense in the period in which the service is received. Termination benefits are accounted for on an accrual basis and in line with FRS 102.

Taxation

Irrecoverable VAT is not separately analysed and is charged directly to the Statement of Financial Activities (SOFA) as part of the expenditure to which it relates.

Operating leases

Rental payments under operating leases are charged on a straight-line basis over the period of the lease.

Foreign currencies

Fixed assets in foreign currencies are converted to sterling at the exchange rate ruling at the time of purchase. Investments, current assets and liabilities in foreign currencies are converted into sterling at the exchange rate ruling at the balance sheet date. Transactions during the year in foreign currencies, mainly Nepalese rupees, are converted into sterling at the average rate of exchange for the month in which the transaction was undertaken. Exchange rate gains or losses are recorded as support costs to the activities to which they relate.

Pensions and retirement benefits

In UK, the Trust makes contributions to employee individual defined contribution pension plans.

In Nepal, previously the Trust contributed to individual plans within a defined contribution Provident Fund managed by Standard Chartered Bank Nepal Limited. In addition, employees were entitled to a one-off gratuity payment on leaving that was based on length of service. Following changes under the Labour Act of Nepal in 2017 the gratuity liability was transferred from a defined benefit to contributory scheme.

In November 2019, the Trust enrolled in the new Social Security Fund of Nepal with contributions at a rate of 31% of staff salary; 20% employer contribution and 11% employee contribution.

Contributions for staff in both UK and Nepal are charged to the SOFA on the basis of amounts provided for the period.

Fund accounting

Funds held by the Trust are either:

- *Unrestricted general funds* – these are funds, which can be used in accordance with the charitable objects at the discretion of the Trustees.
- *Designated funds* – these are funds set aside by the Trustees out of unrestricted (general) funds for specific purposes.
- *Restricted funds* – these are unspent funds that can only be used for particular restricted purposes within the objects of the Trust. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of each fund is included in the notes to the financial statements.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small. In particular:

- Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Investments

Listed investments are stated in the balance sheet at fair value. All movements in value arising from investment changes and revaluations are included in the Statement of Financial Activities (SOFA).

Fixed assets

The cost of minor additions or acquisitions of fixed assets under £5,000 is charged wholly to the SOFA in the year of purchase. Fixed assets above this amount are capitalised in the financial statements at cost. Donated fixed assets are brought into account at an estimate of their market value at the time of acquisition. Land, beneficially owned by the Trust, is valued at historical cost and is not depreciated.

Intangible Assets: Software which is considered as an asset in its own right, is disclosed as an intangible asset.

Tangible Assets: Software which is an integral function of enabling supporting hardware to function, is considered a part of the overall tangible fixed asset.

Amortisation

The costs of intangible fixed assets are amortised over the expected useful life of the assets. Amortisation rates are:

- Software - 33.33% per annum on a straight-line basis.

Depreciation

Depreciation is provided on all tangible assets except land to write off the costs of the asset less any material residual value, by equal instalments over their expected useful lives. Depreciation rates are:

- Completed buildings 10% per annum on a straight-line basis
- Vehicles and equipment 25% per annum on a straight-line basis.
- Computers and software 33.33% per annum on a straight-line basis.

For all depreciable assets, a full year’s depreciation is charged in the year of acquisition or completion and no depreciation is charged in the year of disposal.

Stocks

The stocks of medication, project materials and bought-in goods for sale are valued at the lower of cost and net realisable value on a first in first out basis.

Financial Instruments

Basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable are accounted for on the following basis:

- *Cash and cash equivalents* includes cash in hand, deposits held at banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within current liabilities.
- *Debtors and creditors* are measured at the transaction price less any provision for impairment. Any losses arising from impairment are recognised as expenditure.
- *Bank borrowings.* Liabilities for borrowings which are subject to a market rate of interest are measured at the value of the amount advanced, less capital repayments.

3. INCOME

Total income includes income transferred from the charitable trust “Gurkha Welfare Trust”, former charity number 1034080. The Trust is retained while it receives donations and legacy income.

	2020 £000	2019 £000
a. Donations		
Donations from individuals	5,697	6,047
Donations from companies, trusts, clubs and organisations	837	708
	6,534	6,755
b. Legacies	6,405	6,115
c. Grants		
Ministry of Defence – to support operating costs in Nepal	2,966	2,937
d. Charitable Activities		
Ministry of Defence – for medical services	2,500	0
DfID – for water and sanitation projects in remote locations	4,040	2,650
KAAA – for medical camps	95	89
e. Other trading activities		
Fundraising events	518	355
f. Investments		
Investment dividends and interest	1,713	1,891
Bank interest	488	362

Donations from individuals include part of the contributions made by all ranks of the Brigade of Gurkhas under Service Day’s Pay Giving of £131,032 (2018/19: £235,000). In 2018/19 this included a donation from the Gurkha Contingent of the Singapore Police, who also qualify for support from the Trust. Due to COVID-19 the 2019/20 donation was not received until 2020/21.

Donations from companies includes gifts in kind of £77,000 representing the benefit of the Field Director who is a serving Army Officer employed by the Ministry of Defence. The benefit is determined as the cost which would be incurred if the Trust had to directly employ an equivalent position.

Income from investments includes interest, dividends and transitional tax credits. Fundraising events include income generated by Branches (to 31 December 2019) and supporters throughout the country as well as events such as the Carol Service, the Everest Challenge and income from Trailwalker.

4. EXPENDITURE

	Grants	Direct Costs	Support Costs		2019/20	2018/19
	£000	£000	Support £000	Governance £000	Totals £000	Totals £000
a. Individual Aid						
Welfare pension	4,039	0	1,762	58	5,859	5,614
Care for the elderly	124	2	1	2	129	89
Disability support	183	0	99	3	285	232
Winter allowance	91	0	46	1	138	118
Welfare Grants & Support	776	108	433	13	1,330	880
UK welfare	250	348	4	24	626	599
Total individual aid	5,463	458	2,345	101	8,367	7,532
b. Medical aid	1,107	4,163	1,102	71	6,443	5,218
c. Residential Homes	28	398	70	6	502	420
d. Disaster Response	0	0	0	0	0	1,186
e. Community aid						
School projects	57	597	405	10	1,069	1,109
Water projects	0	3,136	503	5	3,644	3,361
Total community aid	57	3,733	908	15	4,713	4,470
Sub Total Charitable activities	6,655	8,752	4,425	193	20,025	18,826
f. Cost of generating funds						
Fundraising	0	1,619	494	49	2,162	2,406
Investments	0	298	17	2	317	303
Total costs of generating funds	0	1,917	511	51	2,479	2,709
Total Expenditure prior to movement in Constructive Obligation	6,655	10,669	4,936	244	22,504	21,535
g. Movement in Constructive Obligation	0	(4,088)	0	0	(4,088)	
Total Expenditure	6,655	6,581	4,936	244	18,416	21,535

Activity	Beneficiaries	Notes
Welfare pensions:	4,479	There were 4,444 recipients at the start of the year and 35 new recipients. 75 ceased due to their move to the UK. A detailed database of all welfare pensioners is maintained based on data from British Army records. Payments are made on a quarterly basis and require proof of identity. Following net movements, there are 4,119 recipients at 30 June 2020.
Home Care:	420	We provided grants to 420 carers in support of the most vulnerable beneficiaries. Carers are provided with training in support of their responsibilities.
Disability Support:	232	The number of recipients increased to 232. This data is held on the same database as the welfare pensioners and is subject to both proof of identity and medical requirement.
Winter allowance:	5000+	All welfare pensioners, wives, DSG recipients and residential home residents supported last December received a GWT Blanket purchased through the winter allowance.
Welfare (Hardship) grants:	1,647	These grants were awarded for cases of special need not covered by the other awards. Each grant is individually assessed and approved by a senior member of staff. For 19-20 this included the second phase of the 300 Homes project in which 110 earthquake resilient houses were provided.
Residential care:	43	Our 2 Residential Homes have a capacity of 48. There were 41 residents at the 30 June 2020. 2 rooms in each home have become rehabilitation and respite rooms providing short - medium term care for pensioners prior to returning to their homes. The Residential Homes have been locked down due to COVID-19 with no new residents during this period.
School projects:	41 (projects)	Communities were assisted through the repair, extension or new build of a school. Every project is arranged with and authorised by the local community committee and requires a community contribution. Despite COVID-19, 41 minor projects were completed in-year and the two major school projects were completed by end September 2020.

Further information on the grants can be found in the Trustees' Annual Report. The total charitable activity cost of £20,025,000 represents over 89% of total expenditure before the movement in the constructive obligation.

Analysis of Support Costs

	People	Premises & vehicles	Services	Legal & Professional	Currency	Sub Total Support	Sub Total Governance	Total
	£000	£000	£000	£000	£000	£000	£000	£000
a. Individual Aid	1,589	359	196	6	195	2,345	101	2,446
b. Medical Aid	745	168	94	5	90	1,102	71	1,173
d. Residential Homes	46	11	6	1	6	70	6	76
e. Community Aid	564	99	210	1	34	908	15	923
f. Fundraising	279	60	93	62	0	494	49	543
g. Investment management	10	2	3	2	0	17	2	19
Total	3,233	699	602	77	325	4,936	244	5,180
Basis of allocation	Time spent	Space & time	Time spent	Direct	Pro rata with cost	Attribution & time		

5. GOVERNANCE COSTS

Apportioned governance costs were:

	2019/20 Total £000	2018/19 Total £000
Staff employment costs	101	36
Staff & trustee other costs	55	61
Premises costs	21	6
Office services	18	6
Legal & professional	49	71
	244	180

6. STAFF, TRUSTEE AND GOVERNANCE COSTS

a. Staff numbers

The trust employed the following average number of staff:

		2019/20	2018/19
UK:	Administration & fundraising	18	18
	Welfare	9	9
Nepal:	Individual aid inc welfare and general staff	234	214
	Medical services	110	103
	Water projects	114	124
	Schools projects	7	19
	Disaster response	0	18

b. Staff costs

		2019/20 £000	2018/19 £000
UK:	Salaries	958	925
	Benefits	9	8
	Social security costs	101	95
	Pension	85	83
		1,153	1,111
Nepal:	Salaries	4,252	3,680
	Benefits	57	66
	Pension (see Note 13)	367	329
	Gratuity (see Note 13)	271	276
	Severance	3	-
		4,950	4,351
		6,103	5,462

The number of employees whose emoluments exceeded £60,000 for the year was:

	2019/20 Number	2018/19 Number
£60,001 - £70,000	1	1
£70,001 - £80,000	1	1
£80,001 - £90,000	1	-
£90,001 - £100,000	1	1

Employer’s pension contributions for the higher paid employees were £16,000 (2018/19: £17,000).

Key people in the Trust in UK and Nepal with delegated authority from the Trustees are the Director, Director GWT(N), the Field Director GWT(N), Deputy Director Plans & Resilience GWT(N) (to March 2020), Medical Director GWT(N), Head of Fundraising (to December 2019) and the Head of Fundraising and Communications. They have combined salary and benefits cost to the Trust totalling £333,000 (2018/19: £262,000).

Both the Director GWT(N) and the Field Director GWT(N) are seconded from the British Army with their costs being met by the MOD.

The Trust incurred £3,150 redundancy payment on the cessation of a fixed term appointment (2018/19: £0).

Trustees’ expenses, remuneration and donations

In 2019/20 no Trustee received any remuneration or pension but seven Trustees were either reimbursed or expenses were paid on their behalf of £17,300: principally on travel to Nepal but also in respect of attendance at meetings at the GWT Salisbury office and in London (2018/19: five Trustees were either reimbursed or expenses were paid on their behalf of £18,500). Trustees donated a total of £2,315 (2018/19: £1,560).

Related party transactions

Colonel Jody Davies is a Trustee of The Gurkha Museum Trust. Colonel James Robinson was a Trustee of the Gurkha Museum, whilst a Trustee of The Gurkha Welfare Trust. Transactions between The Gurkha Welfare Trust and The Gurkha Museum Trust during 2019/20 totalled:

Payments to The Gurkha Museum Trust £2,893.00

Payments from The Gurkha Museum Trust £620.31

There are no other related party transactions.

Net expenditure

Net expenditure for the period is stated after charging:

			2019/20 £000	2018/19 £000
Audit Fees	UK excluding VAT	Crowe U.K. LLP UK	25	-
		Haysmacintyre LLP - UK	-	29
		Haysmacintyre LLP - Nepal	-	8
		Haysmacintyre LLP – 17-18 adjust	-	5
Nepal:		CSC & Co	14	11
		Joshi and Bhandari	5	5
Tax Advisory Services		Crowe U.K. LLP UK	2	-
		Haysmacintyre LLP	-	2
Actuarial fees		K A Pandit	2	2

7. INTANGIBLE ASSETS

	Computer Software £000	Total £000
Cost		
At 1 July 2019	0	0
Reclassifications	7	7
Additions	8	8
At 30 June 2020	<u>15</u>	<u>15</u>
Amortisation		
At 1 July 2019	0	0
Amortisation	(5)	(5)
At 30 June 2020	<u>(5)</u>	<u>(5)</u>
Net Book Value		
At 1 July 2019	0	0
At 30 June 2020	<u>10</u>	<u>10</u>

Software previously disclosed as a tangible asset under construction, was reclassified as an intangible asset on capitalisation.

8. MOVEMENT OF TANGIBLE FIXED ASSETS, GROUP AND CHARITY

	Freehold Land & Buildings £000	Leasehold Property £000	Vehicles & Equipment £000	IT £000	Assets in Construction £000	Total £000
Cost						
At 1 July 2019	2,071	512	810	195	205	3,793
Reclassification	0	0	0	0	(7)	(7)
Additions	68	105	13	112	257	555
Asset transfers	43	0	83	23	(149)	0
Write off	0	0	0	0	(9)	(9)
At 30 June 2020	<u>2,182</u>	<u>617</u>	<u>906</u>	<u>330</u>	<u>297</u>	<u>4,332</u>
Depreciation						
At 1 July 2019	(920)	(156)	(740)	(98)	0	(1,914)
Impairment	0	0	0	0	(28)	(28)
Depreciation	(142)	(62)	(57)	(103)	0	(364)
At 30 June 2020	<u>(1,062)</u>	<u>(218)</u>	<u>(797)</u>	<u>(201)</u>	<u>(28)</u>	<u>(2,306)</u>
Net Book Value						
At 1 July 2019	1,151	356	70	97	205	1,879
At 30 June 2020	<u>1,120</u>	<u>399</u>	<u>109</u>	<u>129</u>	<u>269</u>	<u>2,026</u>

Reclassification is in respect of Software regarded as an asset in its own right, previously disclosed as a tangible asset in construction and reclassified as an intangible asset on capitalisation.

9. INVESTMENTS

The historical cost of investments at 30 June 2020 (including investment cash) was £59,702,265 (2019: £62,167,176). 87% of the investment assets are placed in a mixed portfolio of thematic funds.

Listed investments		2019/20 £000	2018/19 £000
Fixed interest	UK	9,967	4,986
	Overseas	-	4,274
Equities	UK	526	237
	Americas	285	547
	Emerging markets	2,201	3,059
	Alternative investments	13,281	10,311
	Other overseas/Non-specific region	38,449	38,127
	Property	1,706	2,630
		<u>66,415</u>	<u>64,171</u>
	Cash held as part of investment portfolio	2,768	5,591
		<u>69,183</u>	<u>69,762</u>

Major movements in investments during the year were:

	2019/20 £000	2018/19 £000
Opening market value (excl. cash)	64,171	64,373
Purchases	20,758	12,503
Disposal proceeds	(21,026)	(15,409)
Gains on investments	2,484	2,679
Investments donated	28	25
Closing market value (excl. cash)	<u>66,415</u>	<u>64,171</u>

Investment in subsidiary

GWT owns 100% of the issued share capital of GWT Trading Ltd, being 2 ordinary shares with a nominal value of £1. GWT Trading Ltd is registered in England and Wales No.: 02986861 and its registered office is P.O Box 2170, 22 Queen Street, Salisbury SP2 2EX.

GWT Trading Ltd Income Statement for the year ended 30 June 2020

		2019/20 £	2018/19 £
Turnover	1	31,113	83,957
Cost of sales	2	(11,881)	(41,660)
Gross profit		19,232	42,297
Administrative expenses		(4,446)	(5,398)
Operating profit		<u>14,786</u>	<u>36,899</u>
Profit for the financial year before taxation	5	14,786	36,899
Tax on profit on ordinary activities		0	0
Profit for the financial year after taxation		<u>14,786</u>	<u>36,899</u>

GWT Trading Ltd Statement of Changes in Equity

	2019/20		2018/19	
	£ P&L	£ Share Capital	£ P&L	£ Share Capital
Total funds brought forward	36,899	2	79,299	2
Profit for the year	14,786	0	36,899	0
Gift Aid payment	(36,899)	0	(79,299)	0
Retained earnings at year end	14,786	2	36,899	2

The company has no recognised gains or losses other than the profit in both periods.
All amounts relate to continuing activities.

GWT Trading Ltd Balance Sheet at 30 June 2020

	2020 £	2019 £
Current Assets		
Debtors	908	9,454
Cash at bank and in hand	16,162	37,632
	17,070	47,086
Creditors - amounts falling due within one year	(2,282)	(10,185)
Net Current Assets	14,788	36,901
Net Assets	14,788	36,901
Share Capital	2	2
Retained Profit	14,786	36,899
	14,788	36,901

GWT Trading activity has reduced during 2019/20 as a result of COVID-19 and the cancellation of ticketed events and the cessation of the Branch Structure at 31 December 2019, in which all activity was accounted for on a gross income/expenditure basis through GWT Trading.

10. DEBTORS

	Group		Charity	
	2020 £000	2019 £000	2020 £000	2019 £000
Trade Debtors	12	52	12	52
Amounts owed by intercompany	0	0	0	24
Prepayments and Accrued Income	148	126	148	126
Legacies	669	1,062	669	1,062
Other Debtors	395	347	395	347
	1,224	1,587	1,224	1,611

11. CREDITORS

	Group		Charity	
	2020 £000	2019 £000	2020 £000	2019 £000
Trade Creditors	373	332	373	324
Amounts owed to group and associated undertakings	0	0	0	33
Accruals	159	164	157	162
Taxation & social security	37	38	37	38
Other Creditors	253	486	252	486
	822	1,020	819	1,043

12. FINANCIAL INSTRUMENTS

	Group		Charity	
	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000
Financial assets measured at fair value				
Investments in shares	66,415	64,171	66,415	64,171
Other liabilities measured at fair value				
Constructive obligations (see Note 14)	39,648	43,736	39,648	43,736
Net financial instruments	26,767	20,435	26,767	20,435

The constructive obligation is measured at fair value based on the expected amounts payable, discounted at an appropriate market rate. The Trust has no loans or overdrafts and has no forward currency contracts or hedging arrangements.

13. PENSIONS AND LEAVING BENEFITS

The charity provides defined contribution pension arrangements for its employees in the UK, and UK employees based in Nepal. Each employee is able to either join the Government's NEST scheme or arrange their own personal pension plan and the charity contributes 2% of salary for every 1% contributed by the employee, up to a maximum of 10%. Contributions are charged to the statement of financial activities in the year in which they are made. The assets of the plans are held separately from those of the charity. The contributions made by the charity in 2019/20 were £97,900 (2018/19: £90,000). No further liability arose other than these payments.

The retirement benefits in Nepal previously consist of a defined contribution Provident Fund with 10% contributions from both employer and employee. The Provident Fund is held by the Gurkha Welfare Scheme Staff Retirement Benefit Fund, an independent body. In addition, Nepali Labour Laws required employers to contribute to a Gratuity fund. Traditionally this was accumulated in a fund and paid to employees on leaving based on years of service and an independent gratuity fund was established to match the liability. In 2017, under the Labour Act Nepal the gratuity changed from a defined benefit to a defined contribution scheme.

In accordance with the Labour Act, in November 2019, the Trust enrolled in the new Social Security Fund (SSF) of Nepal with combined contributions at a rate of 31% of staff salary; 20% employer contribution and 11% employee contribution. The majority of staff were required to transfer funds to the new SSF.

The Trust has no further liability other than the monthly payments recognised in the SOFA.

In response to COVID-19, the Government of Nepal has funded both the employer and employee contributions due for April 2020 through a direct payment on behalf of employees into the SSF and has committed to making payments for April and May 2020. The Trust will continue to recognise the liability for these contributions until confirmation of actual payment by the Government of Nepal.

14. CONSTRUCTIVE OBLIGATION (PROVISIONS FOR LIABILITIES FALLING DUE AFTER MORE THAN ONE YEAR)

The Trust has recognised for some years a long-term constructive obligation, as defined by SORP 2015, in respect of its welfare pensions. SORP 2015 requires that such "constructive obligations", even though they are not legally binding liabilities, be recognised on a charity's balance sheet. From 2014/15 the Trust has recognised a similar obligation for the welfare support provided through the Disability Support Grant (DSG) to the disabled children of welfare pensioners who were not able to support themselves when their parents were deceased.

An independent actuarial assessment of the net present value of future payments for both the welfare pension and the DSG, as at 30 June 2020, has been obtained using the following long-term assumptions:

- The level of benefit agreed for welfare pensions for 2020/21, NPR 151,200 per annum (NPR

138,000 in 2019/20) and DSG of NPR 120,840 (NPR 114,000 in 2019/20) will increase with inflation at 7.0% over the long term (5.5% in 2018/19).

- An estimated number of 4,119 welfare pensioners (2018/19: 4,444) with an average age of 80.61. There are 232 DSG beneficiaries (2018/19: 222) with an average age of 58.64.
- Mortality rates are based on Government of Nepal rates adjusted to reflect the increased longevity of the Trust's beneficiaries.
- An estimated 1,470 ex-Gurkhas who left the service in the late 1960's and early 1970's and 140 ex Indian Army who served before 1947 who are not in receipt of a service pension may apply for a welfare pension in the future. A provision has been included for 50 new entrants for each of the next five years with an average joining age of 73.
- Future payments have been discounted at 6.5% pa (2018/19: 5.5%), which represents an average yield on high-quality bonds in Nepal.

The value of the obligation is particularly sensitive to the exchange rate of NPR to GBP with a low of NPR132.28/£ in July 2019, a high of NPR153.01/£ in March 2020 and an average for the year at NPR 144.23/£.

Based on the exchange rate of NPR146.69/£, (2018/19: NPR138.26/£) that applied on 30th June 2020, the value of the obligation for the welfare pension was £35,717,000. This is a reduction of £4,657,000 on the figure for 2018/19 of £40,374,000. Due to the increase in authorised beneficiaries, the liability to cover DSG has increased by £569,000 to £3,931,000, (2018/19: £3,362,000). The combined total constructive obligation is £39,648,000.

	Balance at 1 July 2019 £000	Movement in Actuarial Valuation £000	Movement in Rate of Exchange £000	Balance at 30 June 2020 £000
Welfare Pension	40,374	(2,695)	(1,962)	35,717
Disability Support Grant	3,362	785	(216)	3,931
Total Constructive Obligation	43,736	(1,910)	(2,178)	39,648

In order to better reflect the disclosure requirements of FRS102, the in-year movement in the constructive obligation is included within Total Expenditure on the SOFA. In the prior year, the movement is disclosed within Other Recognised Gains and Losses on the SOFA.

15. OPERATING LEASES AND OTHER COMMITMENTS

At 30 June 2020 the group's future minimum operating lease payments are as follows:

		2019/20 £000	2018/19 £000
UK Property lease	Within 1 year	83	82
	Between 1 to 5 years	283	305
	Over 5 years	160	221
Nepal Property	Within 1 year	29	38
	Between 1 to 5 years	1	7
	Over 5 years	0	0

Lease payments for the year which are recognised as expenses within the SOFA totalled £143,746 (2018/19: £146,140).

Capital commitments at the balance sheet date:

The Trust has capital commitments which are not provided for elsewhere in the accounts of £213,000 (buildings and related infrastructure) and £54,000 (IT). This represents the cost of the contracted commitment less the cost of payments already made.

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS OF THE GROUP AND CHARITY

	Unrestricted General £000	Unrestricted Designated £000	Restricted £000	Total £000
Intangible assets	6	0	4	10
Tangible assets	961	1,048	17	2,026
Investments	55,463	13,720	0	69,183
Current assets	12,095	0	1,332	13,427
Current liabilities	(822)	0	0	(822)
Constructive obligation	(39,648)	0	0	(39,648)
	28,055	14,768	1,353	44,176

The unrestricted designated fund provided for 20 year running costs of the two Residential Homes and a Disaster Response fund.

17. UNRESTRICTED FUNDS OF THE GROUP AND CHARITY

	Balance at 1 July 2019	Incoming resources in the year	Outgoing resources in the year	Gains and Transfers	Movement in obligation	Balance at 30 June 2020
	£000	£000	£000	£000	£000	£000
Designated funds						
<i>Disaster response</i>	6,000	0	(10)	0	0	5,990
<i>Residential homes</i>	8,909	0	(487)	356	0	8,778
Total designated funds	14,909	0	(497)	356	0	14,768
General funds	20,092	13,413	(11,564)	2,026	4,088	28,055
Total unrestricted funds	35,001	13,413	(12,061)	2,382	4,088	42,823

Unrestricted funds, both general and designated, are expendable at the discretion of the Trustees in the furtherance of the Trust's objectives. The designated funds have been earmarked by the Trustees for particular purposes, but the designations have an administrative purpose only and do not legally restrict the Trustees' discretion to apply the funds.

The transfer-in to the designated fund (residential home) of £356,000 represents the increase in valuation of designated funds within the investment portfolio.

Trustees took the prudent precaution in 2011-12 of creating a designated fund to cover the running costs of the residential homes for the next twenty years so that the homes would not be a drain on other activities. This fund is currently valued at £8,778,000 assuming inflation in Nepal over the period of 7.0%.

In June 2018, following advice from leading seismologists, Trustees created a designated fund to enable an immediate response to any future natural disasters. This fund was used to provide a replacement earthquake resistant home for a vulnerable pensioner whose home was destroyed in a major landslide at Gulmi during the monsoon. The Disaster Response fund is £5,990,000 at 30 June 2020.

18. RESTRICTED FUNDS OF THE CHARITY

	Balance at 01 Jul 19	Income	Expenditure	Transfers	Balance at 30 Jun 20
	£000	£000	£000	£000	£000
a. Grants to individuals:					
Welfare pensions & DSG	0	650	(650)	0	0
Welfare grants	17	1,117	(639)	0	495
	17	1,767	(1,289)	0	495
b. Medical:					
MOD Grant In Aid Medical	0	2,500	(2,374)	0	126
Medical	0	44	(44)	0	0
Medical camps	0	95	(60)	0	35
	0	2,639	(2,478)	0	161
c. Residential Homes	0	15	(15)	0	0
d. Water projects:					
Water projects – DfID	(85)	4,049	(3,364)	0	600
Water projects – other	0	87	(87)	0	0
	(85)	4,136	(3,451)	0	600
e. Schools projects:					
Neal Turkington Fund	18	0	0	0	18
Schools	0	319	(240)	0	79
	18	319	(240)	0	97
f. Other grants:					
Vehicles & equipment	0	3	(3)	0	0
MOD grant in Aid Support	0	2,966	(2,966)	0	0
Support & infrastructure	0	1	(1)	0	0
	(50)	11,846	(10,443)	0	1,353

a. Grants to individuals

Restricted funds for welfare pensions are obtained from individuals that regularly donate to a pensioner support fund as well as other advertising and appeals. Welfare grants include Tranche 2 of the 300 Homes programmes; delivering 110 earthquake resistant homes. The 100 Home fundraising campaign in 2020 was the most successful run by the Trust and exceeded the programme budget, providing restricted funds towards Tranche 3 to be delivered in 2020/21.

b. Medical

The MOD Medical grant-in-aid is provided in support of medical services to our beneficiaries. Kadoorie Agricultural Aid Association (KAAA) continued to fund the medical camps for the final year. Due to COVID-19 two camps were cancelled and KAAA agreed that funds could be carried forward to 2020/21.

d. Water projects

DfID funding is provided through an accountable grant agreement for the rural water and sanitation programme with additional funding coming from charitable trusts and individuals. Due to COVID-19, completion of seven projects was delayed with restricted funds carried forward to 2020/21 to enable completion. In September 2020, DfID merged with the FCO to become the Foreign, Commonwealth and Development Office (FCDO).

e. Schools projects

Several individuals and charitable trusts have sponsored the rebuilding of schools. Due to COVID-19 the completion of three major projects were delayed with restricted funds carried forward to 2020/21 to enable completion. A memorial fund in memory of Neal Turkington, lost in action while serving in Afghanistan, funded two major build projects in 2013. Funds continue to be raised for this cause although there was no expenditure incurred in support of the two schools during 2019/20.

f. Other grants

The MOD grant-in-aid is provided to support the administration and infrastructure costs of the GWT(N) while several individuals have sponsored the maintenance of our motorbikes used to assist our field staff in reaching remote locations.



The following notes, numbers 19 to 24, refer to financial year 2018/19 and are included for comparative purposes only.

19. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR ENDED 30 JUNE 2019

	Notes	Unrestricted General £000	Designated £000	Restricted £000	2018-19 Total £000
Income from:	3				
Donations and legacies					
Donations	3a	4,550	0	2,205	6,755
Legacies	3b	6,113	0	2	6,115
Grants					
Ministry of Defence	3c	0	0	2,937	2,937
Charitable activities	3d				
Department for International Development		0	0	2,650	2,650
KAAA		0	0	89	89
Other trading activities					
Fundraising Events	3e	296	0	59	355
Investments	3f	2,238	0	15	2,253
Total		<u>13,197</u>	<u>0</u>	<u>7,957</u>	<u>21,154</u>
Expenditure on:	4				
Raising funds					
Fundraising	4f	2,406	0	0	2,406
Investment management					
Costs	4g	303	0	0	303
Charitable activities					
Individual aid	4a	3,760	0	3,772	7,532
Medical Aid	4b	4,918	0	300	5,218
Disaster response	4d	602	0	584	1,186
Residential Homes	4c	0	414	6	420
Community aid	4e	792	0	3,678	4,470
Total		<u>12,781</u>	<u>414</u>	<u>8,340</u>	<u>21,535</u>
Net (expenditure)/income before other gains and losses		416	(414)	(383)	(381)
Other gains and losses					
Net gains/(losses) on Investments	8	2,679	0	0	2,679
Net (expenditure)/income		<u>3,095</u>	<u>(414)</u>	<u>(383)</u>	<u>2,298</u>
Transfers between funds	14 & 15	(344)	359	(15)	0
		<u>2,751</u>	<u>(55)</u>	<u>(398)</u>	<u>2,298</u>
Other recognised gains/(losses)					
Movement in constructive Obligation	13	1,676	0	0	1,676
Profit & loss revaluation gain/(loss)		(23)	0	0	(23)
Net Movement in funds		<u>4,404</u>	<u>(55)</u>	<u>(398)</u>	<u>3,951</u>
Reconciliation of funds					
Funds brought forward		15,688	14,964	348	31,000
Total Funds Carried Forward		<u>20,092</u>	<u>14,909</u>	<u>(50)</u>	<u>34,951</u>

20. COMPARATIVE STATEMENT OF EXPENDITURE 2018-19

	Grants	Direct costs	Support costs		2018/19
			Support	Governance	Totals
Charitable activities	£000	£000	£000	£000	£000
a. Individual aid					
Welfare pensions	4,196	0	1,371	47	5,614
Care for the elderly	87	0	1	1	89
Disability support	159	0	71	2	232
Winter allowance	81	0	35	2	118
Welfare grants	729	0	144	7	880
UK welfare	250	330	4	15	599
Total	5,502	330	1,626	74	7,532
b. Medical aid	938	3,396	840	44	5,218
c. Residential homes	29	334	53	4	420
d. Disaster Response	0	982	194	10	1,186
e. Community aid					
Schools projects	207	582	310	10	1,109
Water projects	0	2,957	399	5	3,361
Total Community Aid	207	3,539	709	15	4,470
Charitable activities total	6,676	8,581	3,422	147	18,826
Raising funds					
f. Fundraising	0	1,820	554	32	2,406
g. Investment management	0	281	21	1	303
Raising funds total	0	2,101	575	33	2,709
Total	6,676	10,682	3,997	180	21,535

21. COMPARATIVE ANALYSIS OF SUPPORT COSTS 2018-19

	People	Premises & vehicles	Services	Legal & Professional	Currency	Sub Total Support	Sub Total Governance	Total
	£000	£000	£000	£000	£000	£000	£000	£000
a. Individual Aid	1,315	304	138	3	(134)	1,626	74	1,700
b. Medical Aid	677	156	73	2	(68)	840	44	884
c. Disaster Response	156	36	17	1	(16)	194	10	204
d. Residential Homes	42	10	4	0	(3)	53	4	57
e. Community Aid	588	71	75	1	(26)	709	15	724
f. Fundraising	317	69	126	42	0	554	32	586
g. Investment management	13	2	4	2	0	21	1	22
Total	3,108	648	437	51	(247)	(3,997)	180	4,177

Basis of allocation	Time spent	Space & time	Time spent	Direct	Pro rata with cost	Attribution & time
---------------------	------------	--------------	------------	--------	--------------------	--------------------

22. COMPARATIVE ANALYSIS OF NET ASSETS BETWEEN FUNDS, GROUP AND CHARITY 2018-19

	Unrestricted General	Unrestricted Designated	Restricted	Total
	£000	£000	£000	£000
Tangible assets	789	1,090	0	1,879
Investments	55,943	13,819	0	69,762
Current assets	8,116	0	(50)	8,066
Current liabilities	(1,020)	0	0	(1,020)
Constructive obligation	(43,736)	0	0	(43,736)
	<u>20,092</u>	<u>14,909</u>	<u>(50)</u>	<u>34,951</u>

The unrestricted designated fund provides for 20 year running costs of the two Residential Homes and a Disaster Response fund.

23. COMPARATIVE UNRESTRICTED FUNDS OF THE GROUP AND CHARITY 2018-19

	Balance at 1 July 2018	Incoming resources in the year	Outgoing resources in the year	Gains and Transfers	Movement in obligation	Balance at 30 June 2019
	£000	£000	£000	£000	£000	£000
Designated funds						
Disaster Response	6,000	0	0	0	0	6,000
Residential homes	8,964	0	(414)	359	0	8,909
Total designated funds	14,964	0	(414)	359	0	14,909
General funds	15,688	13,197	(12,781)	2,312	1,676	20,092
Total unrestricted funds	30,652	13,197	(13,195)	2,671	1,676	35,001

Unrestricted funds, both general and designated, are expendable at the discretion of the Trustees in the furtherance of the Trust's objectives. The designated funds have been earmarked by the Trustees for particular purposes, but the designations have an administrative purpose only and do not legally restrict the Trustees' discretion to apply the funds.

Trustees took the prudent precaution in 2011-12 of creating a designated fund to cover the running costs of the residential homes for the next twenty years so that the homes would not be a drain on other activities. In June 2018, following advice from leading seismologists, the Trustees created a designated fund to enable an immediate response to any future natural disaster. This fund remains at £6,000,000 at 30 June 2019.

24. COMPARATIVE RESTRICTED FUNDS OF THE CHARITY 2018-19

	Balance at 01 Jul 18 £000	Income £000	Expenditure £000	Transfers £000	Balance at 30 Jun 19 £000
a. Grants to individuals:					
Welfare pensions & DSG	0	548	(548)	0	0
Welfare grants	0	897	(880)	0	17
Winter allowance	0	80	(80)	0	0
General individual aid	0	0	0	0	0
	0	1,525	(1,508)	0	17
b. Medical:					
Medical	0	212	(212)	0	0
Medical camps	0	88	(89)	0	0
	0	300	(300)	0	0
c. Residential Homes:	0	6	(6)	0	0
d. Disaster Response:	0	313	(313)	0	0
e. Water projects:					
Water projects - DfID	333	2,662	(3,080)	0	(85)
Water projects - other	0	118	(118)	0	0
	333	2,780	(3,198)	0	(85)
f. Schools projects:					
Neal Turkington Fund	14	4	0	0	18
Schools	0	47	(47)	0	0
	51	(47)	0	18	
g. Other grants:					
Vehicles & equipment	0	41	(26)	(15)	0
MOD grant in Aid	0	2,937	(2,937)	0	0
Support & infrastructure	0	0	0	0	0
UK Admin & fundraising	0	5	(5)	0	0
	348	7,958	(8,340)	(15)	(50)

a. Grants to individuals

Restricted funds for welfare pensions are obtained from individuals that regularly donate to a pensioner support fund as well as other advertising and appeals. One supporter continues to fund the Winter Allowance in 2018-19.

b. Medical

Several charitable trusts have specifically sponsored the expansion of the field medical and care services and Kadoorie Agricultural Aid Association fund the medical camps.

c. Disaster response

Following the disastrous earthquakes in Nepal in April 2015 an appeal was launched to enable us to help individuals and communities in the affected areas. The Disaster Response programme was completed at 31 October 2018.

d. Water projects

DfID award a grant for the rural water and sanitation programme with additional funding coming from charitable trusts and individuals.

e. Schools projects

Several individuals and charitable trusts have sponsored the rebuilding of schools. A memorial fund in memory of Neal Turkington, lost in action while serving in Afghanistan funded two major build projects in 2013. Funds continue to be raised for this cause although there was no expenditure incurred in support of the two schools during 2018-2019.

f. Other grants

The MOD grant-in-aid is provided to support the administration and infrastructure costs of the GWT(N) while several individuals and trusts have sponsored the upgrading of our medical clinics, motorbikes and all-terrain vehicles to assist our field staff in reaching remote locations.



Registered Charity Number: 1103669
Company Limited by Guarantee Number: 05098581
Registered in England

The Gurkha Welfare Trust
P.O Box 2170
22 Queen Street
Salisbury SP2 2EX



www.gwt.org.uk
01722 323 955