



ANNUAL REPORT AND ACCOUNTS

2021

ssafa | the
Armed Forces
charity

Regulars | Reserves | Veterans | Families

ssafa.org.uk

CONTENTS

- [03](#) A message from our Chairman
- [04](#) SSAFA's Governance Structure
- [05](#) SSAFA Committees
- [06](#) Trustees' Report
- [18](#) Independent Auditor's Report
- [22](#) Consolidated Statement of Financial Activities
- [23](#) Charity Statement of Financial Activities
- [24](#) Consolidated Group and Charity Balance Sheets
- [25](#) Consolidated Statement of Cash Flows
- [26](#) Principal Accounting Policies
- [32](#) Notes to the Financial Statements



Regulars | Reserves | Veterans | Families

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

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

Registered Charity Numbers

210760 (England and Wales)
SC038056 (Scotland)
149 (Gibraltar)
20202001 (Republic of Ireland)

Auditor

Moore Kingston Smith LLP, Statutory Auditor, Chartered Accountants, 9 Appold Street, London EC2A 2AP

Bankers

Coutts & Co
440 Strand, London WC2R 0QS

Royal Bank of Scotland Plc

West End Commercial Centre, 1st Floor, Argyll House,
T/O 246 Regent Street, London W1B 3PB

Investment Managers

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

Solicitors

Withers LLP, 20 Old Bailey, London EC4M 7EG

A MESSAGE FROM OUR CHAIR

Welcome to our 2021 Annual Report and Accounts

It's been a year of positive change and development at SSAFA with more than 66,000 members of the Armed Forces community supported in very challenging conditions, and I take great pride in that achievement. There's never been a more important time, with uncertainties at home and abroad, for SSAFA to provide wide-ranging welfare and wellbeing support to all serving personnel (regulars and reserves), veterans and their families – irrespective of their service history, rank, regiment, gender, sexual orientation, ethnicity or religion.

Through our network of branches in local communities and service committees on military bases, our employees and more than 3,400 volunteers we offer practical, financial and emotional support.

Our short-term financial support, originally introduced in 2020, continued to provide immediate crisis support within 24-hours to those who are unable to feed or clothe themselves. This tailored welfare support gave our volunteers the necessary time to carry out a full casework assessment. Occupational therapy (OT) assessments were introduced as part of our OT Practice service and have so far provided more than 300 referrals, replacing the lack of OT assessments from local and other providers due to Covid-19. This has enabled those isolated in their homes due to mobility issues, to start to regain their independence.

Our free confidential helpline, Forcesline, handled in excess of 27,500 enquiries with telephone contacts increasing significantly at the end of 2021 when they returned to pre-Covid levels. There was a dramatic increase in those needing help with housing, debt and food poverty issues, as well as those struggling with the challenges of loneliness and isolation.

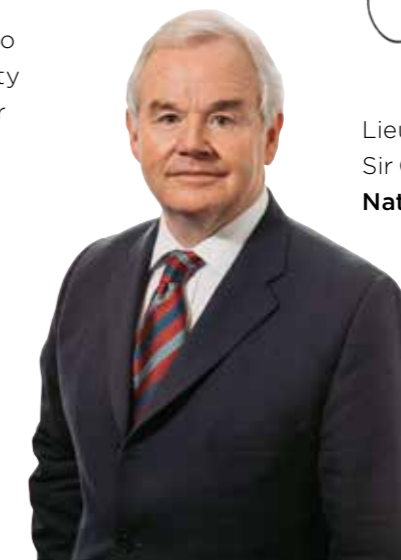
As we look to the future, our SSAFA@140 programme focuses on strengthening our support by putting our beneficiaries at the heart of what we do. In 2021 we took the first steps towards optimising our network to ensure sustainability, by providing a timely and quality assured service for the next decade and beyond. Our

newly established regional hubs support our volunteer network and reduce the administrative burden, while ensuring consistent, timely and a quality assured service to our beneficiaries. Initial results from the pilot hubs demonstrate benefits, such as 97% of calls dealt with on the same day, beneficiary appointments made within five days and a positive impact on local volunteer recruitment.

During the last twelve months there has been a much better than expected fundraising environment, despite the continued challenges of Covid-19 restrictions. Most of our income streams outperformed their targets this year and I am delighted that several of our key fundraising events resumed, and more face-to-face events took place.

We need to continue to meet both current and future financial and social welfare needs faced by our serving and veteran communities, as well as their families. Investment in fundraising, supporting our volunteers and growing our collaborations across the Charity sector are all vital to secure SSAFA's future. Above all, understanding the needs of our beneficiaries through our research, insight and lived experience is critical, so that we can continue to deliver effective, consistent support, conscious of their changing needs and how we have adapted as a result of the Covid-19 pandemic.

Finally, we would not be able to deliver all that we do, without our incredible volunteers, and our many corporate and commercial partners, who continue to provide much needed resources. Thank you all for your dedication and hard work. This commitment is vital as we continue to support the Armed Forces community, whenever and wherever they may need us.



Lieutenant General
Sir Gary Coward KBE CB
National Chair

SSAFA'S GOVERNANCE STRUCTURE

This page provides an overview of SSAFA's governance structure.

SSAFA is governed by a Trustee body, referred to as SSAFA Council, with our National Chair the Chairman of Council.

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

Trustees are ultimately responsible for all matters concerning governance, strategic direction, legal operation and financial probity. They exercise authority only when making a majority decision at a duly constituted meeting of Council, comprising between seven and 17 members.

Our Chief Executive, known as the Controller, is responsible to the charity's Trustees for the management of SSAFA's global activities. The Controller chairs the Management Board, which oversees SSAFA's wide range of activities in support of the Armed Forces community.

PATRON

Her Majesty The Queen

PRESIDENT

HRH Prince Michael of Kent

VICE PRESIDENTS

Lady Carleton-Smith (ret. June 2022)

Lady Carter (ret. April 2022)

The Lady Dannatt

The Baroness Fookes

Lieutenant Colonel Colin Hogg

The Lady Houghton

Surgeon Captain Alan McEwan (ret. 2021)

The Lady Walker

The Rt Hon Lord Westbury (ret. 2021)

NATIONAL CHAIR

Lieutenant General Sir Gary Coward

NATIONAL VICE CHAIR

Wing Commander Kirsty Bushell

DEPUTY NATIONAL CHAIR

Colonel Stephen Oxlade

HONORARY TREASURER

Mr David Rowe

COUNCIL MEMBERS

Mr Nick Baughan (joined July 2021)

Mr James Carleton

Warrant Officer Class 1 Glenn Haughton (ret. May 2021)

Mr David McCorkell (ret. December 2021)

Lieutenant Colonel Graham Meacher (ret. December 2021)

Ms Alex Milner (joined January 2022)

Mr Robert Murphy

Air Vice-Marshal Charles Ness

Mrs Kate Pennell (joined July 2021)

Mrs Evelyn Strouts

Dr Diana Wood

Alexandra, Lady Walmsley (joined January 2022)

CONTROLLER

Lieutenant General Sir Andrew Gregory

SECRETARY AND FINANCE DIRECTOR

Mr Simon Blum

SSAFA COMMITTEES

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

The following committees meet on a quarterly basis:

- Risk Committee, responsible for ensuring that SSAFA and its subsidiaries conduct their business to the highest standard of probity, reporting to Council thereon.
- Finance Committee, responsible for ensuring that SSAFA's financial position is sustainable and advising Council accordingly.
- Fundraising & Marketing Committee, responsible for advising Council on fundraising, marketing and communication matters, encompassing internal and external communications channels/platforms used, focusing on their impact and effectiveness.
- Regional Chairs Committee, a consultative non-executive body with responsibility for effective two-way communication and facilitation between Council, committees, volunteers and employees, reporting to Council.
- Governance Committee, responsible for making decisions about governance, human resources, remuneration, honours and awards, reporting to Council.
- Safeguarding Board, responsible for ensuring beneficiaries, volunteers and employees are kept safe and supported with policies, training and guidance when dealing with any safeguarding concerns and complex casework.

Under the authority of Council, SSAFA operates three subsidiary companies and one incorporated charity:

- SSAFA Family Health Services,
- SSAFA Forces Help Enterprises Limited,
- SSAFA CMS Limited,
- The Military Wives Choirs Foundation.

For further information and governance details, please refer to pages 15-16.

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

There are also several standing Council agenda items which include;

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

TRUSTEES' REPORT

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

OUR CHARITABLE OBJECT AND ACTIVITIES FOR THE PUBLIC BENEFIT

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

Crucial to the successful delivery of all our charitable activities is a network of more than 3,400 volunteers across the globe. It is impossible to quantify the value of their contribution in monetary terms, and therefore no amounts are recorded in the financial statements.

DURING 2021, SSAFA'S SERVICES FOCUSED ON:

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

Tailored support services — we mentor service leavers and their families as they transition from the military to civilian life, support veterans and their families in the criminal justice system, provide a support service to the UK Gurkha veteran community and, with Glasgow City Council, provide welfare and wellbeing support to members of the Armed Forces family in Glasgow. We also help veterans struggling with disability, sourcing practical items such as mobility aids or replacing household goods. Our free confidential helpline, Forcesline, provides a wide range of financial, practical,

and emotional support to the Armed Forces community. We offer long-term accommodation for older and disabled veterans and we have short-term housing available for families of injured service personnel, as well as for women and children affected by domestic violence from families serving in the Armed Forces.

We run a series of support groups; ranging from families affected by injury or bereavement to those affected by the suicide of a loved one as well as a support forum, the Forces Additional Needs and Disability Forum (FANDF) for those in the military who have a family member with an additional need or disability. We also provide short break holidays for those Forces families with additional needs and disabilities. In addition, we operate the UK's only adoption agency specifically designed for Armed Forces serving personnel, which is Ofsted-rated as 'Outstanding'. This tailor-made service for military families, provides support throughout the adoption process, including family finding, link-making and post-adoption support.

Health and social care services — we provide community health care in nine countries and overseas territories around the world - Cyprus, Brunei, Gibraltar, Canada, Germany (centred on Sennelager), Belgium, the Netherlands, Italy and Kenya, with Norway, Turkey, France, Portugal, Holland and Spain receiving remote support. Depending on the requirements, these services range from Ministry of Defence (MOD) contracted community healthcare in Cyprus to grant-in-aid health visiting in Kenya and speech and language therapy in Brunei. We also provide personal support and social work services (PS&SWS) to the Royal Air Force (RAF) in the UK under contract to the MOD.

DELIVERING AGAINST OUR 2021 AIMS AND OBJECTIVES

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

1. Understanding need: We will ensure that we understand and adapt to the needs of those we support.
2. Effective support: We will alleviate suffering and distress by providing appropriate, timely and effective support.
3. Awareness and understanding: We will strive to be recognised, known and understood.
4. Sustainable resource: We will ensure we have people with the right skills and sufficient time to deliver our services, underpinned by a sustainable income.
5. Collaborative working: We will work collaboratively within the organisation and with external partners.

We will continue to drive progress against these strategic objectives and meet client need against a dramatic backdrop of change until July 2022, when SSAFA will release its refreshed five-year strategic plan and aims. Our core services, which will always focus on the needs of our beneficiaries are met either through our volunteer casework, through our 'behind-the-wire' serving community volunteers meeting serving communities' needs, or through mentoring and working with individuals at all stages of the criminal justice system.

During the last 12 months, there has been a much better than expected fundraising environment despite the continued challenges of Covid-19 restrictions. 2021 proved to be more financially resilient than we had originally forecast and was a year in which most of our income streams outperformed their targets. Several of SSAFA's key fundraising events resumed in 2021 with more face-to-face events taking place. The pandemic continued to impact event fundraising with some postponements throughout the year. A significant element of the Charity's activities is the granting of funds to eligible individuals.

OUR ACHIEVEMENTS AND PERFORMANCE IN 2021

All our services in various ways continue to be impacted by Covid-19 and the associated restrictions. In some areas, such as our welfare cases that require financial support, numbers remain below pre-pandemic levels, but in the later months of 2021 and early 2022, we have already seen a significant increase in individuals seeking support. It is also clear that the complexity and emotional distress in each case continue to rise; so more resource is required to support our beneficiaries and the issues we encounter are taking longer to resolve.

- We supported 66,744 individuals with our charitable services in 2021. In addition, through our commercial contracts, we continue to support our serving Armed Forces and their families in the UK and overseas. SSAFA volunteers sourced almost £8 million during the year to assist our beneficiaries.
- Our branches completed a total of 16,538 cases and visits in 2021. This comprised 10,031 cases and 6,507 visits.
- Our 3,413 volunteers across our branch network, service committees and specialist volunteers (including mentors) donated invaluable hours of their time in 2021, despite continued restrictions associated with the Covid-19 pandemic.
- Our volunteer network raised £7.9 million for those who asked for our help, through applications to military benevolent funds and other welfare charities. Our service committees, which provide support to serving personnel and their families on military bases in the UK and overseas awarded more than £18,800 in grants, which supported subsistence food, clothes, travel, as well as bereavement expenses.
- We handled 27,554 enquiries to our free confidential helpline, Forcesline, in 2021. Towards the end of 2021 telephone contacts significantly increased, returning to pre-Covid levels, with a significant uplift in webchat contacts in contrast to physical phone calls. The team saw a dramatic increase in requests for assistance with loneliness and isolation, as well as housing, debt and food poverty.
- Our central Welfare Grants team received 867 requests for support last year. 459 people were supported with funds totalling £152,500. An occupational therapy (OT) referral service was introduced in July 2020, which provided 389 OT assessments during 2021.

- We supported 1,233 people through our mentoring programmes, 65% more than in 2020. The complexity of cases is increasing with many impacted by the lack of housing and difficulties in accessing mental health support. Partnerships have been developed with NHS Op Courage, NHS Transition, Intervention and Liaison Service (TILS), the DWP, as well as Entrain Space and the Veterans Charity.
- We helped 1,450 prisoners or family members of prisoners through our Veterans in the Criminal Justice System (VCJS) Support Service. Due to the Covid-19 pandemic, our volunteer caseworkers were not permitted to carry out much face-to-face casework, which has impacted our ability to reach those in prison, but we have continued to support those families outside. The main issues during 2021 have been veterans' mental health issues in prison and, on release, the lack of accommodation.
- 2,538 people were helped this year by our Gurkha services and the majority of those we support are elderly with 59% being in the 70-89-year-old age range. As they are particularly vulnerable to Covid-19, contact was made by phone or via virtual meetings with community leaders. Support was also provided to a group of serving Gurkha families that had been repatriated from Nepal due to the pandemic.
- Glasgow's Helping Heroes, our partnership with Glasgow City Council, supported 308 people in the city. Most issues we encountered focused on basics and essential needs, such as access to food and electricity top ups. Our beneficiaries' needs increased as restrictions eased in the summer, when the number and complexity of the requests rose, which included threats of eviction and problems looking for work.
- We placed 13 children, nine of which were school age children, with adoptive military families. We approved nine new households to adopt, of which one was a same gender couple and one a single applicant. In total, 566 households were supported by our Adoption services in 2021, with 127 receiving Post Adoption Support virtually. The team received a New Family Social Rising Star Agency Award in 2021 and with one of our team being nominated for New Family Social outstanding social worker award.
- Our Forces Additional Needs and Disability Forum (FANDF) continues to grow, and 2021 saw 183 new members register with us, growing the total membership to 445 families.

- Short breaks give those Forces families with additional needs and disabilities a fully funded activity holiday tailored to their specific requirements. Successful fundraising enabled the provision of two short breaks in 2021, but, with a very limited availability due to Covid restrictions, only 14 families (54 individuals) attending the Lake District break and eight families (33 individuals) attending the Exmoor break.
- We ran six online Support Group events for those struggling with bereavement, military families affected by suicide and families of wounded, injured, and sick personnel. 52 beneficiaries across the three SSAFA Support Groups attended the events through 2021. In October we partnered with the American charity TAPS (Tragedy Assistance Programme for Survivors) which offers comfort and care to anyone affected by the death of someone who served in the US Armed Forces. Members from our MFAS group joined 20 TAPS survivors at an event in the Tottenham Hotspurs Stadium. We are hoping to expand this partnership even further in 2022.
- 21,412 people have accessed our UK National Support Fund from across Germany, France and Cyprus. The project ran from February 2020 until September 2021 and supported UK citizens, including veterans, in Europe following Britain's departure from the EU. Working in partnership with the Foreign, Commonwealth & Development Office, local SSAFA trained caseworkers assisted UK veterans living overseas, with their residency applications. In total SSAFA supported 447 UK veterans with their residency applications of which 162 were in Cyprus, 143 in France, and 142 in Germany. SSAFA submitted 188 residency applications on behalf of UK veterans.
- Our Community Health team provided 3,500 consultations, 17% more than in 2020, across the services to serving personnel and their families in Cyprus. There were 572 new referrals across the Dietetics, SLT, CAMHS, Podiatry and CCN specialisations during 2021, an increase of 42% on 2020.
- We helped 826 people through our housing services:
 - 180 personnel and family members in Norton House, Stanford Hall;
 - 175 women and children at our Stepping Stone Home, Gildea House, supporting residents and those in the local community;

- 365 residents at Fisher House; of which 142 had stayed before for ongoing treatment at Queen Elizabeth Hospital Birmingham (QEHB);
- 72 residents in our independent living accommodation, the Royal Homes Wimbledon;
- 34 residents in our bungalows across the country; reduced to 28 by the end of the year.

Despite continued lockdowns and varying Covid-19 restrictions we remained accessible for the Defence Medical Rehabilitation Centre (DMRC) patients and families. As restrictions eased and DMRC allowed easier access for visitors, our bookings increased accordingly. At Fisher House, staff have remained vigilant and during the pandemic have adopted working practices to suit. An increase in follow-up treatments at the end of 2021 and the resumption of Tri-Service training expeditions is expected to result in a further increase in 2022.

For our Stepping Stone Home, Gildea House, enquiries continued to steadily increase throughout 2021, in particular for incidents of domestic abuse which is one of the well documented national impacts of the Covid-19 pandemic. Gildea House provides a secure, female-only place of safety for women and children of the Armed Forces community.

Our independent living accommodation at The Royal Homes remained fully functional and welcomed new residents during another year of pandemic restrictions. There was a further reduction in the number of bungalows and people housed directly by SSAFA, with five properties sold in Blackpool.

SOCIAL CARE OPERATIONS

The RAF Personal Support and Social Work Service (PS&SWS) is an MOD contracted welfare service run by a team of skilled and qualified staff from a range of disciplines, providing support to the RAF community on base. The contract has been extended until 31 March 2024 by the MOD. In 2021, 4,728 service users were supported, with 3,189 consultations, 1,189 referrals and 350 Long Term Sick (LTS) referrals. Consultation support focused on personal support, mental health and relationships. The main areas for referrals support were personal support, mental health and housing.

2021 was again a challenging year in terms of continued remote service delivery and ongoing periods of lockdown, requiring a blended approach to service delivery and flexible home working, subject to the needs of the individuals.

COMMUNITY HEALTHCARE OPERATIONS

We provided community healthcare to thousands of Armed Forces personnel and their families in nine countries around the world, with remote support also provided to those stationed in Norway, Turkey, France, Portugal, Holland and Spain.

In Cyprus, Community Healthcare is provided to the British Forces Community under the current MOD contract. We deliver this across three geographical locations and provide Child & Adolescent Mental Health Services (CAMHS), Health Visiting, Midwifery, Community Children's Nursing (CCN), Dietetics, School Nursing, Speech and Language Therapy (SLT), Podiatry and Orthoptics services. Our midwives and health visitors supported the mothers of 109 babies born on the island in 2021, while health visitors supported children 0-5 years delivering the Healthy Child and UK Immunisation Programme.

SSAFA was also awarded a 15 month contract to deliver Health Visiting services for SHAPE, Sennelager, the Central European Practice and Naples. The contract started in July 2021, with a potential population of 230 0-5 year-olds and 750 5-19 year-olds able to benefit from support.

Further healthcare operations are provided through Grant-in-Aid procurement, to our Armed Forces personnel posted around the world. This includes providing Health Visiting and Midwifery in Brunei and Health Visiting in Gibraltar, Canada and Kenya. Speech & Language Therapy was provided to SHAPE (Belgium), Naples (Italy) and AFNORTH (The Netherlands) as well as Sennelager (Germany).

As well as providing essential and highly valued support to the Armed Forces around the world, these commercial contracts are an important source of income for the Charity and the surplus revenue generated makes an important contribution to SSAFA's annual financial performance.

Safeguarding is of vital importance to all in SSAFA, and our Safeguarding Board developed a Safeguarding Action Plan which focused on ensuring beneficiaries, volunteers and employees were kept safe and supported. Training has been developed, a single point of contact (SPOC), helpline and the revision of our policies and procedures have all provided comprehensive advice and guidance to our teams of volunteers and employees, so that we can address any

safeguarding concerns and complex casework. Our SPOC dealt with nearly 100 calls concerning safeguarding over the last 12 months.

LEARNING AND DEVELOPMENT

All our volunteers and employees are provided with learning and development relevant to their roles within the organisation, to assist them in delivering the best support and service to our beneficiaries. In 2021 we continued to support employees during the pandemic with an emphasis on wellbeing to ensure our workforce was well looked after.

We have actively supported the LGBT+ Armed Forces charity, Fighting with Pride, and marked the 20th anniversary of the lifting of the military 'gay ban' with a series of LGBT+ personnel from the Armed Forces talking about their experiences. 2021 also saw the creation of SSAFA's diversity and inclusion (D&I) group and several equality, diversity and inclusion (EDI) initiatives were implemented including EDI, Health and Wellbeing policies, the introduction of flexible working contracts, conscious inclusion training, and mental health related engagements such as Mindful Wednesdays and increased signposting to mental health and stress support.

MEASURING AND EVALUATING THE IMPACT OF OUR WORK

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

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

Where appropriate, SSAFA appoints external evaluators to measure the outcomes and impact of our services, with methods including surveys, interviews and focus

groups. For example, researchers from the University of Stirling and Glasgow Caledonian University conducted an evaluation of our Glasgow's Helping Heroes, funded by Forces in Mind Trust (FiMT) in 2021. The evaluation period has been completed, with the report due to be published in 2022. Exploring the impact of our services is a high priority for SSAFA and we are continuing to identify ways in which we can measure and demonstrate how we make a difference.

OUR COMMITMENT TO ENVIRONMENTAL SUSTAINABILITY

Since 2014, SSAFA has complied with the legal requirement to take part in the Energy Savings Opportunity Scheme (ESOS). Some of the savings identified in the ESOS reports prepared by a qualified ESOS auditor have been completed, resulting in estimated savings of £1,077 per annum.

Additional environmentally friendly savings outside of ESOS include transitioning to the use of green energy, improving insulation and boiler efficiency, and increasing the maximum allowance provided for lease cars to encourage entitled staff to select hybrid or fully electric vehicles. The continuation of home working has reduced the carbon footprint of SSAFA employees, as has the use of online training and virtual meetings.

OUR FOCUS ON COLLABORATIVE WORKING

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

As part of this, we work closely with key partners across the sector, to ensure we are able to meet the breadth of needs our beneficiaries present. Indeed, our partnerships with grant makers, funders, Government, and beyond are vital to SSAFA's ability to support beneficiaries – we all play a role in delivering that support. At the same time, we are working with and supporting the Confederation of Service Charities (Cobseo) to develop greater coherence and coordination of support with other military charities. We want to make certain that all beneficiaries get the best possible help in a timely, consistent manner so that our support services complement each other, rather than duplicate, those offered by other organisations.

MILITARY WIVES CHOIRS

The Military Wives Choirs Foundation (MWCF) is a registered subsidiary charity of SSAFA. There are 1,704 women with a military connection in our 72 choirs in the UK and on British military bases abroad. Our choirs are open to women from across the military community from 18 years of age upwards, including wives, partners, serving personnel, veterans and mothers.

Throughout the summer of 2021, the choirs returned to performing, learning new skills as they adapted to producing Covid-secure outdoor concerts. In September, the professional mezzo soprano, Laura Wright, became our first female ambassador. Next year our choirs are looking forward to celebrating our 10th anniversary with a series of concerts.

RAISING OUR PROFILE

SSAFA wants to be the 'expert' voice for the issues faced by the military community and seen as a trusted, passionate, professional support network and service provider. We will aim to grow and improve our brand presence to assist beneficiaries seeking help, target volunteers and employees who want to work for the Charity and grow one-off donors into life-long supporters of SSAFA.

We need our multiple audiences and stakeholders to know who we are, what we do and how we can help. In 2021, in total we reached more than 417 million people across a variety of media communications platforms, both on and off-line. This included 2,389 pieces of coverage across the national and regional newspapers, broadcast outlets, as well as in consumer and military press. This is a reduction on our 2020 performance due to no major anniversaries taking place in 2021 but is an increase on 2019 figures.

Despite the challenges of the pandemic a circulation of more than 60 million in October and November demonstrates consistency, particularly in the second half of the year.

FUNDRAISING FOR OUR WORK

In 2021, we raised £12.5 million from donations, grants, legacies, events and trading activities, of which £1.1 million was raised by volunteers in their local communities. 2021 was a better-than-expected fundraising environment with most income areas outperforming their targets. The fundraising directorate was restructured in 2021 and a new pilot was introduced in the North West England region to test the proposition of creating a team of fundraisers to focus on generating income within the regions being created through the SSAFA@140 project.

The pandemic continued to impact event fundraising with several postponements throughout the year. 2021 saw the resumption of a number of SSAFA's key fundraising events including Battle Proms, London Marathon, our annual Defence Industry Charitable Dinner (DICD) and the Defence & Security Equipment International (DSEI) exhibition.

Our Fundraisers used a variety of 'real-life' and virtual methods of fundraising enabling the department to report an overall events income of more than £1.7 million and achieving 154% of the budgeted income target. Legacy income of nearly £4.5 million represents well over 42% of all voluntary income to the charity, totalling £10.6 million in 2021. The individual supporter giving income of more than £1.2 million was bolstered by new acquisition activity in this area, that brought an additional 3,300 supporters to SSAFA during the year.

We built on our strong relationships with existing institutional funders and developed relationships with new funders, despite the ongoing pandemic-related challenges. We continued key strategic partnerships with a number of organisations, including the Department for Digital, Culture, Media and Sport, the Armed Forces Covenant Fund Trust and The National Lottery Community Fund. We also remain extremely grateful for the steadfast support provided by the services' benevolent funds; ABF The Soldiers' Charity, the Army Central Fund, the Royal Navy and Royal Marines Charity and the RAF Benevolent Fund.

We have been humbled by the extraordinary generosity of all our supporters throughout this challenging year. We extend a sincere thank you to all our donors: individual, corporate, grant-givers and commercial partners, as well as other collaborating organisations, for their support during 2021.

Particular thanks go to:

ABF The Soldiers' Charity
Aramark UK
Armed Forces Covenant Fund Trust
Army Central Fund
BAE Systems
Battle Proms
Boeing UK
Church of Scotland
Clarion Events
Department for Digital, Culture, Media and Sport
Forces in Mind Trust (FiMT)
Foreign, Commonwealth & Development Office
Fujitsu
Glasgow City Council
Greenwich Hospital
Hatton's of London
Landmarc
LIBOR Fund
The MacRobert Trust
Northrop Grumman
QinetiQ
Royal Air Force Benevolent Fund
Royal Navy and Royal Marines Charity
SJH Group Limited
Sodexo
The Barbara Naylor Charitable Trust
The Michael Uren Foundation
The National Lottery Community Fund
The Syncona Foundation

LOOKING TO THE FUTURE

The many impacts of Covid-19 will be with us for a long time, so close attention to ensuring financial sustainability is a priority for the Trustees and Senior Management team who will continue to closely monitor the impact of the crisis on our income, expenditure, fundraising and communications.

We need to ensure that we continue to support our volunteers and employees, deliver outstanding services - both face-to-face and virtually - and strengthen our cross-sector collaboration. In 2022, we will be enhancing our support through the SSAFA@140 programme, which aims to future proof our vital work as we approach our 140th year of operation in 2025. The changes brought in under the SSAFA@140 programme include establishing regional hubs which will support our volunteer network and ease their administrative burden. It will ensure consistent, timely and quality assured service to all our beneficiaries wherever they are, whenever they need it, across our UK footprint and in locations worldwide.

We need to meet the current and future, financial and social welfare needs faced by our serving and veteran communities. Many of these have been exacerbated and heightened by the impact of Covid-19 on our economy, society, and welfare services.

We will continue to meet our contractual obligations to provide high-quality health and social care to the Armed Forces in the UK and overseas. We will respond to the reduction in contracted services income whilst maintaining our existing excellent standards of service, be creative in searching for solutions to fundraising activity and continue to be cost conscious.

Investment in fundraising and supporter engagement is vital to SSAFA's future. In 2021, we launched our new fundraising strategy for 2022-2024, to focus on new supporter acquisition and engagement whilst ensuring our regional fundraising presence was strengthened.

We want to ensure we continue to raise awareness of our charity and our profile to drive external communications and generate the income needed in very challenging circumstances. We will still focus on our three communications objectives; raising awareness of the SSAFA brand and the different types of support we offer across the whole of the Armed Forces family, driving our fundraising and building our volunteer network through active recruitment.

FINANCIAL REVIEW

As required, the accounts have been prepared under Charity SORP (FRS 102). To meet the requirements of the Office of the Scottish Charity Regulator, a Statement of Activities (with supporting notes) has also been prepared for the Charity (as shown on page 23).

FINANCIAL OUTCOME

The Consolidated Statement of Financial Activities for the year show that there was an overall surplus in the year before actuarial gains and exceptional items of £3.5 million (2020: £2.8 million). This comprises a surplus on unrestricted funds of £3.8 million for the year (2020: £2.2 million) and a restricted fund deficit of £0.2 million (2020: £0.6 million surplus).

Donations and legacies received in the year were £6.1 million (2020: £6.7 million) and £4.5 million (2020: £3.2 million) respectively. The costs of raising voluntary income were £789 thousand (2020: £756 thousand).

The branches continue, through their volunteer network, to raise significant funds of £7.9 million (2020: £10.4 million) from service and other charities to assist a wide variety of Forces-related individuals in need. At 31 December 2021 £1.5 million (2020: £1.6 million) was being held as unalmonised grants for imminent distribution to the individuals for whom the funds were raised.

Health and welfare activities contributed £1.0 million (2020: £1.7 million) to the Group. This includes the activities of SSAFA Family Health Services, which is responsible under contract to the MOD for the delivery of health services. The group continues to provide the RAF Personal Support and Social Work Services in the UK. Whilst income and expenditure decreased significantly, the margin reflects improved cost-management initiatives.

The pension fund balance was measured as an asset of £21.6 million at the year end. The Trustees do not consider the Charity has a right to any future economic benefits from the scheme despite the asset position and therefore no asset or liability is recorded at the balance sheet date. Changes in the valuation reflect a £10 million contribution from the MOD and an increase in discount rate from 1.3% to 1.9%.

INVESTMENT POLICY

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

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

Performance of the fund is measured against a benchmark constructed to represent a balanced portfolio of investments comprising UK and global equities, property and UK and overseas bonds. In 2021, the fund recorded a total return of 13%, which was above the benchmark. Dividends for the year were maintained at 8.0p per unit.

RESERVES POLICY

Taking into account the long-term strategic plan that the Trustees agreed in 2018 and the analysis carried out since on the financial demands of providing a modern service that meets the needs of all stakeholders, the Trustees have agreed that the Charity needs to sustain its current level of reserves in real terms. This is made all the more necessary given the pressures on income from the unavoidable decline in health and social care contracts. The Charity's reserves underwrite the day-to-day operation of the branch network as well as the many other capabilities SSAFA provides to its beneficiaries. The reserves are held in a combination of investment properties, listed investments and cash. The Trustees currently forecast that reserves will be used to cover annual deficits for the next five years if other sources of income do not increase to meet the rising costs of serving our beneficiaries' needs. The Reserves Policy of sustaining current levels in real terms means, after completing the new strategy, that the Charity's reserves should be able to fund annual core running costs in a crisis, as they will do in 2022. To do otherwise would put at risk the existence of the Charity. The Trustees have learnt from other charities that have not had a sustainable business model and not had sufficient reserves to maintain, over the long term, the vital service they deliver to their clients, many of whom have long-term needs, when income falls.

- At 31 December 2021, the Charity held total funds of £63.1 million (2020 - £41.9 million).
- At 31 December 2021 the Charity held restricted funds not available for general purposes of £7.2 million (2020 - £7.5 million). This includes fixed assets of £304,000 (2020- £308,000).
- At 31 December 2021 the Charity held designated funds of £1.6 million (2020 - £1.6 million) for use as and when qualifying need arises.
- At 31 December 2021, the level of unrestricted reserves which were not represented by fixed assets was 2.6 years of running costs (2020: 1.3 years).
- At 31 December 2021, the unrestricted general reserves (which include designated funds) that were not represented by fixed assets amounted to £47.0 million (2020: £25.1 million, after deducting the pension deficit of £17.1 million).

GRANT MAKING

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

FUNDRAISING POLICIES

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

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

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

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

DATA PROCESSING POLICY

Since implementation of General Data Protection Regulations in May 2018, SSAFA has updated its data processing policies to ensure that it is fully compliant in the processing and sharing of personal data. Data sharing agreements are now in place with third-party partner organisations who support SSAFA's fundraising activities. SSAFA's policies relating to GDPR are reflected in the Data Privacy Notice that is included in all direct communications with supporters and beneficiaries, as well as the Privacy Policy which is displayed on SSAFA's website (www.ssafa.org.uk/)

privacy). In addition to having signed up for the Fundraising Preference Service, SSAFA also maintains its own suppression list. All volunteers and employees are mandated to complete training on GDPR. SSAFA (The Soldiers', Sailors', Airmen's and Families' Association - Forces Help) is fully registered with the Fundraising regulator, and no complaints were made during the year.

STRUCTURE, GOVERNANCE AND MANAGEMENT GOVERNING DOCUMENT

SSAFA The Soldiers', Sailors', Airmen's and Families' Association - Forces Help was established in 1885 under Royal Charter. SSAFA's Charter and Rules and Regulations were extensively revised in 2013 and approved by Council in January 2014. The Charter allows the Trustees to establish Regulations for the day-to-day management of the Charity. SSAFA is registered as a charity in England and Wales (Number 210760) in Scotland (Number SCO38056), in the Republic of Ireland (Number 20002021) and in Gibraltar (Number 149).

TRUSTEE INDUCTION AND TRAINING

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

MANAGEMENT PAY

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

SSAFA's median gender pay gap of 2.31% continues to be considerably lower than the national median gender pay gap of 15.4% (2021 ONA ASHE). The slight increase in the gender pay gap from 1.73% in 2020 which may be due to the recruitment freeze during the pandemic, resulting in more employees leaving than joining SSAFA and the average salary of new joiners being lower.

SUBSIDIARY CHARITIES

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

SSAFA OPERATIONAL ENTITIES

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

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

- SSAFA Family Health Services, a company limited by guarantee not having a share capital, Registered Number 3137764, was established to provide community health, social work and other services for the Armed Forces worldwide.
- SSAFA Forces Help Enterprises Limited, a company limited by shares, Registered Number 2493614, was established as a trading company to sell Christmas cards and other merchandise, and enter into other non-charitable commercial arrangements.
- SSAFA CMS Limited, a company limited by shares, Registered Number 11148036, was established to develop and maintain "CMS" a software tool for use by the majority of military charities for managing casework within the military charity sector.

- SSAFA GSTT Care LLP, an LLP, Registered Number OC333462, is equally owned by SSAFA Family Health Services and Guy's and St Thomas' NHS Foundation Trust. The LLP was formed to provide health services to the MOD via a contract which expired in September 2020. In April 2021 the LLP was put into members' voluntary liquidation.

OTHER CHARITABLE JURISDICTIONS

In order to operate in Scotland, SSAFA has been registered with the Office of the Scottish Charity Regulator Register of Charities under number SC038056. In order to operate in Gibraltar, SSAFA has been registered with the Charity Commissioners for Gibraltar Register of Charities under number 149. In order to operate in the Republic of Ireland, SSAFA has been registered with the Charities Regulator under number 20002021.

RISK MANAGEMENT

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

PRINCIPAL RISKS AND UNCERTAINTIES ARE MANAGED BY:

- having detailed financial planning and processes in place to ensure oversight and ongoing monitoring of the financial position;
- detailed contract planning. A principal financial risk facing the Charity's subsidiary, SSAFA Family Health Services, is related to the expiry of the contract with the MOD to provide healthcare to HM Forces in Germany following the drawdown of personnel back to the UK. The Company's Board is monitoring the situation and continuing to look for new opportunities;
- securing a loan facility through the Coronavirus Business Interruption Loan Scheme and taking advantage of the Coronavirus Job Retention Scheme to mitigate against some of the effects of the restrictions in place during the Covid-19 pandemic. Whilst fundraising income has been impacted, a significant element of the group's income derives from contracts to the MOD which are unaffected.
- ensuring that branches' and committees' volunteers have appropriate financial and other training and support available to them to aid them with the raising, recording, monitoring and the distributing of funds in delivering assistance to SSAFA's many beneficiaries.

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

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

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

AUDITOR

Trustees believe it is good practice to re-evaluate their professional advisers periodically but have also informed Moore Kingston Smith LLP that its proposals to be re-appointed will be welcomed.

TRUSTEES' RESPONSIBILITIES STATEMENT

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

The Charities Act 2011 and regulations made thereunder, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 1962-12 (Gibraltar) and the Charities Act 2009 (Republic of Ireland) require the Trustees to prepare financial statements for each financial year.

The Trustees have to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charity and the Group, and of the incoming resources and application of resources, including the income and expenditure, of the Group for that period.

In preparing these financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's and Group's transactions, and disclose with reasonable accuracy at any time the financial position of the Charity and the Group and enable them to ensure that the financial statements comply with the Charities Act 2011 and regulations

made thereunder, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charity (Accounts and Reports) Regulations 2008, the Charities Act (Gibraltar) 1962-12, the Charities Act 2009 (Republic of Ireland) and the provisions of the trust deed. They are also responsible for safeguarding the assets of the Charity and the Group and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



Approved by Council on 21 June 2022

And signed on 21 June 2022 by

INDEPENDENT AUDITOR'S REPORT

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

OPINION

We have audited the financial statements of SSAFA, the Armed Forces charity (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Group Statement of Financial Activities, the Charity Statement of Financial Activities, the Group and Parent Charity Balance Sheets, the Group Cash Flow Statement 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 parent charity's affairs as at 31 December 2021 and of the group's and parent charity's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 (as amended) and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 and parent charity 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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the parent charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

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

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

We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the group and parent charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' annual report.

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' Responsibilities Statement set out on page 17, the Trustees 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 and parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group or parent charity or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed as auditor under sections 151 of the Charities Act 2011 (England and Wales), 50 of the Charities Act 2009 (Republic of Ireland) and 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under those Acts.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for

our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charity to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the parent charity.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charity and considered that the most significant are the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 (as amended), regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council.
- We obtained an understanding of how the charity complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.

- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

USE OF OUR REPORT

This report is made solely to the Charity's Trustees, as a body, in accordance with Section 154 of the Charities Act 2011, Section 50(1) of the Charities Act 2009 (Republic of Ireland), and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP

Moore Kingston Smith LLP

Statutory Auditor
Date 22 June 2022
9 Appold Street
London
EC2A 2AP

Moore Kingston Smith LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2021 £'000	Unrestricted Funds 2020 £'000	Restricted Funds 2020 £'000	Total 2020 £'000
INCOME FROM:							
Donations and legacies	1	8,284	2,276	10,560	7,043	2,872	9,915
Charitable activities							
Contributions – Service/other charities	2	-	7,911	7,911	-	10,441	10,441
Health and welfare	2	5,908	504	6,412	8,799	575	9,374
Care and accommodation	2	417	479	896	452	500	952
Adoption services	2	409	-	409	328	-	328
Total charitable activities		6,734	8,894	15,628	9,579	11,516	21,095
Other trading activities							
Fundraising activities		1,701	21	1,722	960	26	986
Commercial activities		233	-	233	438	-	438
Total trading activities		1,934	21	1,955	1,398	26	1,424
Investments	3	1,511	115	1,626	1,556	82	1,638
Other income	4	473	-	473	407	-	407
Exceptional item	5	-	10,000	10,000	-	-	-
Total income		18,936	21,306	40,242	19,983	14,496	34,479
EXPENDITURE ON:							
Raising funds							
Fundraising activities	6	2,209	-	2,209	1,626	-	1,626
Raising voluntary income	6	789	-	789	756	-	756
Other trading activities	6	101	-	101	95	-	95
Total raising funds		3,099	-	3,099	2,477	-	2,477
Charitable activities							
Supporting clients	6	7,746	10,778	18,524	7,498	12,684	20,182
Health and welfare	6	4,978	457	5,435	7,125	524	7,649
Care and accommodation	6	1,410	620	2,030	1,412	535	1,947
Adoption services	6	569	-	569	382	250	632
Total cost of charitable activities		14,703	11,855	26,558	16,417	13,993	30,410
Other expenditure	6	85	-	85	-	-	-
Total expenditure		17,887	11,855	29,742	18,894	13,993	32,887
Net gains on investments	11	2,735	307	3,042	1,070	124	1,194
Net income before fund transfers		3,784	9,758	13,542	2,159	627	2,786
Transfer between funds	12	10,117	(10,117)	-	51	(51)	-
Other recognised gains and losses							
Actuarial gains/(losses) on defined benefit pension	24	7,626	-	7,626	(14,661)	-	(14,661)
Net movement in funds		21,527	(359)	21,168	(12,451)	576	(11,875)
RECONCILIATION OF FUNDS							
Total funds brought forward	18	34,355	7,528	41,883	46,806	6,952	53,758
Total funds carried forward	18	55,882	7,169	63,051	34,355	7,528	41,883

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

All incoming resources and resources expended derive from continuing activities.

CHARITY STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2021 £'000	Unrestricted Funds 2020 £'000	Restricted Funds 2020 £'000	Total 2020 £'000
INCOME FROM:							
Donations and legacies	1	9,362	2,054	11,416	8,876	2,605	11,481
Charitable activities							
Contributions – service/other charities	2	-	7,911	7,911	-	10,441	10,441
Health and welfare	2	-	504	504	-	575	575
Care and accommodation	2	417	479	896	452	500	952
Adoption services	2	409	-	409	328	-	328
Total charitable activities		826	8,894	9,720	780	11,516	12,296
Other trading activities – Fundraising		1,675	21	1,696	942	24	966
Investments	3	1,511	115	1,626	1,555	82	1,637
Other income	4	4,984	-	4,984	6,027	-	6,027
Exceptional item	5	-	10,000	10,000	-	-	-
Total income		18,358	21,084	39,442	18,180	14,227	32,407
EXPENDITURE ON:							
Raising funds							
Fundraising activities	6	2,220	-	2,220	1,623	-	1,623
Raising voluntary income	6	786	-	786	753	-	753
Total raising funds		3,006	-	3,006	2,376	-	2,376
Charitable activities							
Supporting clients	6	7,309	10,495	17,804	6,862	12,584	19,446
Health and welfare	6	1,224	457	1,681	1,369	524	1,893
Care and accommodation	6	1,408	620	2,028	1,410	535	1,945
Adoption services	6	569	-	569	380	250	630
Total cost of charitable activities		10,510	11,572	22,082	10,021	13,893	23,914
Other expenditure	6	3,775	-	3,775	4,817	-	4,817
Total expenditure		17,291	11,572	28,863	17,214	13,893	31,107
Net gains on investments	11	2,735	307	3,042	1,070	124	1,194
Net income before fund transfers		3,802	9,819	13,621	2,036	458	2,494
Transfers between funds	12	10,117	(10,117)	-	51	(51)	-
Other recognised gains and losses							
Actuarial gains/(losses) on defined benefit pension	24	7,626	-	7,626	(14,661)	-	(14,661)
Net movement in funds		21,545	(298)	21,247	(12,574)	407	(12,167)
RECONCILIATION OF FUNDS							
Total funds brought forward	18	33,961	7,326	41,287	46,535	6,919	53,454
Total funds carried forward	18	55,506	7,028	62,534	33,961	7,326	41,287

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

All incoming resources and resources expended derive from continuing activities.

CONSOLIDATED GROUP AND CHARITY BALANCE SHEETS

FOR THE YEAR ENDED 31 DECEMBER 2021

As at 31 December	Notes	Group 2021 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
FIXED ASSETS					
Tangible assets	13	9,142	9,530	9,141	9,529
Investments	14	42,921	38,353	42,931	38,363
Investment in joint venture	14	-	3	-	-
Total fixed assets		52,063	47,886	52,072	47,892
CURRENT ASSETS					
Debtors	15	5,625	4,027	5,925	4,049
Stock		29	42	-	-
Cash at bank and in hand		14,205	10,863	12,932	9,966
		19,859	14,932	18,857	14,015
Creditors: Amounts falling due within one year	16	(8,454)	(3,849)	(7,978)	(3,534)
Net current assets		11,405	11,083	10,879	10,481
Creditors: Amounts falling due after more than one year	17	(417)	-	(417)	-
Net assets excluding pension liability		63,051	58,969	62,534	58,373
Defined benefit pension scheme liability	24	-	(17,086)	-	(17,086)
NET ASSETS	18	63,051	41,883	62,534	41,287
FUNDS					
Unrestricted funds – general	18	54,280	49,813	53,904	49,419
Unrestricted funds – designated	18	1,602	1,628	1,602	1,628
Unrestricted funds – pension reserve	18	-	(17,086)	-	(17,086)
Total unrestricted funds	18	55,882	34,355	55,506	33,961
Restricted funds	18	7,169	7,528	7,028	7,326
TOTAL FUNDS	18	63,051	41,883	62,534	41,287

Approved by Council on 21 June 2022 and signed on 21 June 2022 by:

Lt General Sir Gary Coward KBE CB
Chair

Mr David Rowe
Honorary Treasurer

The accompanying accounting policies and notes on pages 26 to 49 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Net cash used in operating activities	A	(2,271)	(849)
Cash flows from investing activities			
Dividends, interest and rents from investments	3	1,626	1,638
Proceeds on disposal of fixed assets		513	1,635
Purchase of investments	14	(1,643)	(3,505)
Proceeds from sale of investments	14	117	1,150
Net cash used in investing activities		613	918
Cash inflows from financing activities		5,000	-
Change in cash and cash equivalents in the year		3,342	69
Cash and cash equivalents at 1 January 2021		10,863	10,794
Cash and cash equivalents at 31 December 2021		14,205	10,863

Notes to the Consolidated Statement of Cash Flows

A. Reconciliation of net expenditure to net cash flow from operating activities

		2021 £'000	2020 £'000
Net income for the year		13,542	2,786
Adjustments for:			
Depreciation	13	191	192
Profit on disposal of fixed assets		(316)	(64)
Gains on investments	6,14	(3,039)	(1,194)
Dividends, interest and rents from investments	3	(1,626)	(1,638)
Decrease/(increase) in stock		13	(4)
Increase/(decrease) in creditors	16	22	(506)
Pension contributions	24	(10,158)	(567)
Change in pension liability	24	698	1,286
Increase in debtors	15	(1,598)	(1,140)
Net cash used in operating activities		(2,271)	(849)

Analysis of changes in net funds

	At 1 January 2021 £'000	Cash flows £'000	At 1 January 2021 £'000
B. Analysis of cash and cash equivalents and net debt			
Cash	10,863	3,342	14,205
Borrowings			
Debt due within one year	-	(4,583)	(4,583)
Debt due after more than one year	-	(417)	(417)
	-	(5,000)	(5,000)
	10,863	(1,658)	9,205

PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies are summarised below

BASIS OF PREPARATION

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

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) second edition issued October 2019 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The financial statements are prepared in the Group's functional currency, Sterling (£) and are stated in £'000s.

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

BASIS OF CONSOLIDATION

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

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

CHARITY STATEMENT OF CASH FLOWS

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

GOING CONCERN

The financial statements have been prepared on the basis that the Charity is a going concern. The Trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern. The Charity had £55.9 million in unrestricted funds at 31 December 2021. The Trustees therefore consider that the Charity has adequate resources to sustain operations for the foreseeable future.

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

In 2020 the consolidated financial statements included the Group's share of the income and net assets of a joint venture operated through a limited liability partnership (LLP) which existed for the performance of a contract which expired in 2021. The LLP is now in members' voluntary liquidation and the assets and liabilities are excluded from the financial statements.

INCOME

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

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

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

Legacies are recognised once the receipt of the legacy becomes probable and quantifiable. Pecuniary legacies are usually recognised at the point that probate is granted. For residuary legacies, this will usually be at the earlier of cash receipt or when confirmation has been received from the representatives of the estates that payment will be made or property will be transferred and once all the conditions attaching to the legacies have been fulfilled. Where legacies have been notified to the Charity, or the Charity is aware of the granting of probate but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material (see note 20).

Investment income is recognised when receivable.

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

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

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

Health and welfare includes income generated from the provision of health and social care services to British

Forces personnel and their dependants around the world. In calculating revenue on contracts, the Group makes certain estimates in respect to the compliance with performance-related indicators which the contracts are subject to. A different assessment may result in a different value being determined for revenue.

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

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

Other income includes government grants of £55,000 received in respect of furloughed employees under the Coronavirus Job Retention Scheme and £82,000 in respect of the interest due on a Coronavirus Business Interruption Loan.

EXPENDITURE AND THE BASIS OF ALLOCATION OF COSTS

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings within the costs of raising funds and charitable activities. Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with the use of resources. Direct costs, including directly attributable salaries, are allocated on an actual basis to the key strategic areas of activity.

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

COSTS OF CHARITABLE ACTIVITIES INCLUDE THE FOLLOWING:

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

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

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

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

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

Support costs include central functions, such as management, finance, human resources and information technology. Governance costs are those associated with running the Charity, including Council and Committee expenses, audit and other costs associated with constitutional and statutory

requirements. Support and governance costs are allocated across the categories of costs on the basis of staff numbers engaged in the activities therein as shown in note 7. The administrative charges for the provision of grant-aided activities and the provision of health and welfare services are calculated in accordance with the contractual agreements and directly charged to the relevant cost categories.

TANGIBLE FIXED ASSETS AND DEPRECIATION

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

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

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

INVESTMENT PROPERTIES

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

IMPAIRMENT OF ASSETS

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

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

INVESTMENTS

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

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

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

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

FINANCIAL INSTRUMENTS

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

DEBTORS

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

CREDITORS AND PROVISIONS

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

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

FUNDS ACCOUNTING

Unrestricted funds

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

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

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

Restricted funds

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

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

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

OPERATING LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of ownership of the leased assets to the Group. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the Consolidated Statement of Activities on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the Group recognises annual rent expense equal to amounts owed to the lessor.

FOREIGN CURRENCY

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

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates to the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date.

Non-monetary items that are measured in terms of the historical cost in a foreign currency are not retranslated.

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

CONTRIBUTIONS TO PENSION SCHEMES

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

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

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

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

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

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

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

TAXATION

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

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

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

SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

NHS defined benefit pension scheme

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

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Accrued legacy income

The Group adopts a prudent approach to accounting for legacies to which it is entitled but which have not been realised as cash. For those legacies where there is uncertainty surrounding the measurement of the assets due to a lack of estate accounts no provision is made. Where estate accounts exist but include properties which are not . All estate values are estimated net of administration fees of 5% (2020 - 5%).

Defined benefit pension

The Charity estimates the pension liabilities to the members of the defined benefit local government scheme based on assessments set to market conditions at the year end. The estimates are sensitive to the discount rates and life expectancy assumptions. A discount rate change of 0.1% would result in a change in the valuation of the liability of £2 million and a 1 year change in the life expectancy would result in a change of £6 million.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2021 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2020 £'000
1. DONATIONS AND LEGACIES						
Group						
Donations	3,814	2,259	6,073	3,838	2,871	6,709
Legacies	4,470	17	4,487	3,205	1	3,206
	8,284	2,276	10,560	7,043	2,872	9,915
Charity						
Donations	4,892	2,037	6,929	5,671	2,604	8,275
Legacies	4,470	17	4,487	3,205	1	3,206
	9,362	2,054	11,416	8,876	2,605	11,481

The Charity received donations from its subsidiary companies of £1,586,000 in respect of 2021 results (2020: £2,473,000).

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2021 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2020 £'000
2. INCOME FROM CHARITABLE ACTIVITIES						
Group						
Contributions from services and charities for individuals	-	7,911	7,911	-	10,441	10,441
Community health and social services – UK and overseas	-	504	504	-	575	575
Health and welfare contracts incl share of joint venture	5,908	-	5,908	8,799	-	8,799
Group health and welfare	5,908	504	6,412	8,799	575	9,374
Care and accommodation contributions						
Stepping Stone Homes	211	-	211	239	-	239
Residential homes and cottages	118	-	118	126	-	126
Royal Homes	-	479	479	-	500	500
Other	88	-	88	87	-	87
Group care and accommodation contributions	417	479	896	452	500	952
Adoption income	409	-	409	328	-	328
Total income from charitable activities	6,734	8,894	15,628	9,579	11,516	21,095
Charity						
Contributions from services and charities for individuals	-	7,911	7,911	-	10,441	10,441
Community health and social services – UK and overseas	-	504	504	-	575	575
Care and accommodation contributions						
Stepping Stone Homes	211	-	211	239	-	239
Residential homes and cottages	118	-	118	126	-	126
Royal Homes	-	479	479	-	500	500
Other	88	-	88	87	-	87
Charity care and accommodation contributions	417	479	896	452	500	952
Adoption income	409	-	409	328	-	328
Total income from charitable activities	826	8,894	9,720	780	11,516	12,296

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2021 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2020 £'000
3. INCOME FROM INVESTMENTS						
Group						
Listed investments	1,036	115	1,151	886	82	968
Bank deposits and unquoted investments	6	-	6	1	-	1
Rental income	469	-	469	669	-	669
Total investment income	1,511	115	1,626	1,556	82	1,638
Charity						
Listed investments	1,036	115	1,151	886	82	968
Bank deposits and unquoted investments	6	-	6	-	-	-
Rental income	469	-	469	669	-	669
Total investment income	1,511	115	1,626	1,555	82	1,637

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2021 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2020 £'000
4. OTHER INCOME						
Group						
Disposal of fixed assets	316	-	316	64	-	64
Coronavirus Job Retention Scheme	55	-	55	324	-	324
Grant for CBILS loan interest	82	-	82	-	-	-
Other income	20	-	20	19	-	19
Total other income	473	-	473	407	-	407
Charity						
Disposal of fixed assets	316	-	316	64	-	64
Management charges to subsidiary undertakings	838	-	838	837	-	837
Salary charges recharged to subsidiary	3,693	-	3,693	4,827	-	4,827
Coronavirus Job Retention Scheme	55	-	55	299	-	299
Grant for CBILS loan interest	82	-	82	-	-	-
Total other income	4,984	-	4,984	6,027	-	6,027

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2021 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2020 £'000
5. EXCEPTIONAL INCOME						
Group and charity						
Contribution from MOD towards defined benefit pension scheme	-	10,000	10,000	-	-	-
Total exceptional income	-	10,000	10,000	-	-	-

Exceptional income is a contribution from the MOD towards the defined benefit pension scheme. See Note 24 for detail.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

6. EXPENDITURE	Activities undertaken directly £'000	Support costs (see note 7) £'000	Total 2021 £'000	Total 2020 £'000
Group				
Raising funds				
Fundraising activities	2,156	53	2,209	1,626
Raising voluntary income	80	709	789	756
Other trading activities	101	-	101	95
	2,337	762	3,099	2,477
Charitable activities				
Supporting clients	16,183	2,341	18,524	20,182
Provision of 'Grant Aided' activities	432	25	457	524
Health and welfare	4,161	817	4,978	7,125
Care and accommodation	1,634	396	2,030	1,947
Adoption services	410	159	569	632
	22,820	3,738	26,558	30,410
Other expenditure	85	-	85	-
Total resources expended	25,242	4,500	29,742	32,887

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

Charity	Activities undertaken directly £'000	Support costs (see note 7) £'000	Total 2021 £'000	Total 2020 £'000
Raising funds				
Fundraising activities	2,167	53	2,220	1,623
Raising voluntary income	80	706	786	753
	2,247	759	3,006	2,376
Charitable activities				
Supporting clients	15,476	2,328	17,804	19,446
Provision of 'Grant Aided' activities	432	25	457	524
Health and welfare	407	817	1,224	1,369
Care and accommodation	1,634	394	2,028	1,945
Adoption services	410	159	569	630
	18,359	3,723	22,082	23,914
Other expenditure - payroll costs for subsidiary companies	3,775	-	3,775	4,817
Total resources expended	24,381	4,482	28,863	31,107

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

6. EXPENDITURE cont.

SUPPORTING CLIENTS - WELFARE AND GRANTS PAYABLE	Unrestricted Funds £'000	Restricted Funds £'000	Total 2021 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2020 £'000
Group						
Casework	7,308	10,087	17,395	6,734	12,354	19,088
Specialist services	251	408	659	434	230	664
Military Wives Choirs	187	283	470	330	100	430
	7,746	10,778	18,524	7,498	12,684	20,182

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

SUPPORTING CLIENTS - WELFARE AND GRANTS PAYABLE	Unrestricted Funds £'000	Restricted Funds £'000	Total 2021 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2020 £'000
Charity						
Casework	7,058	10,087	17,145	6,428	12,354	18,782
Specialist services	251	408	659	434	230	664
	7,309	10,495	17,804	6,862	12,584	19,446

OTHER EXPENDITURE	2021	2021	2021	2020	2020	2020
Group	Unrestricted £'000	Restricted £'000	Total £'000	Unrestricted £'000	Restricted £'000	Total £'000
Interest on CBILS loan	82	-	82	-	-	-
Loss on disposal of Joint Venture investment	3	-	3	-	-	-
	85	-	85	-	-	-

OTHER EXPENDITURE	2021	2021	2021	2020	2020	2020
Charity	Unrestricted £'000	Restricted £'000	Total £'000	Unrestricted £'000	Restricted £'000	Total £'000
Payroll costs for subsidiaries	3,693	-	3,693	4,817	-	4,817
Interest on CBILS loan	82	-	82	-	-	-
	3,775	-	3,775	4,817	-	4,817

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

7. SUPPORT COSTS	Management £'000	Finance £'000	Human Resources £'000	Information Technology £'000	Facilities £'000	Governance £'000	Total 2021 £'000	Total 2020 £'000
Group								
Raising funds	49	125	145	200	200	43	762	741
Charitable activities								
Grants payable	151	385	444	614	613	134	2,341	2,204
Care and accommodation	25	65	75	104	104	23	396	417
Adoption	10	26	30	42	42	9	159	209
Total charitable activities	235	601	694	960	959	209	3,658	3,571
Health and welfare services							817	822
Grant-aided activities							25	30
Total support costs							4,500	4,423

Charity	Management £'000	Finance £'000	Human Resources £'000	Information Technology £'000	Facilities £'000	Governance £'000	Total 2021 £'000	Total 2020 £'000
Raising funds	49	122	145	200	200	43	759	738
Charitable activities								
Grants payable	151	372	444	614	613	134	2,328	2,192
Care and accommodation	25	63	75	104	104	23	394	415
Adoption services	10	26	30	42	42	9	159	207
	235	583	694	960	959	209	3,640	3,552
Health and welfare services							817	822
Grant-aided activities							25	30
Total support costs							4,482	4,404

Governance costs include:	2021 £'000	2020 £'000
Council, AGM & Committee expenses	2	5
Annual reports	6	6
Audit	68	65
Legal and professional	61	57
Apportionment of employee costs	72	54
	209	187

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

8. NET EXPENDITURE

This is stated after charging/(crediting):

	2021 £'000	2020 £'000
Fees payable to the Charity's auditor		
Audit of the Charity's accounts	39	34
Audit of subsidiaries and joint venture	29	31
Total audit fees	68	65
Non-audit fees: Taxation compliance services	5	14
Depreciation of tangible fixed assets	191	192
Expenditure on fixtures, fittings & equipment written off	234	165
Profit on disposal of fixed assets	(316)	(64)
Amounts paid under operating leases (see below)	59	28

The Group's future minimum operating lease payments are as follows:

	2021 £'000	2020 £'000
Within one year	52	15
In two to five years inclusive	51	-

The Charity's future minimum operating lease payments are as follows:

	2021 £'000	2020 £'000
Within one year	26	15
In two to five years inclusive	13	-

	Non MOD 2021 £'000	MOD 2021 £'000	Total 2021 £'000	Non MOD 2020 £'000	MOD 2020 £'000	Total 2020 £'000
9. EMPLOYEE AND STAFF COSTS						
Staff costs during the year were as follows:						
Wages and salaries	7,988	2,842	10,830	7,190	3,630	10,820
Social security costs	733	259	992	866	343	1,209
Other pension costs	485	210	695	411	797	1,208
Total staff costs	9,206	3,311	12,517	8,467	4,770	13,237
Agency locums and other contractors	650	162	812	186	516	702
Total labour costs	9,856	3,473	13,329	8,653	5,286	13,939

Redundancy costs of £40,000 (2020: £447,000) are included above. These are recognised when a constructive obligation arises.

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

	Non MOD 2021 Number	MOD 2021 Number	Total 2021 Number	Non MOD 2020 Number	MOD 2020 Number	Total 2020 Number
The number of employees paid by the Charity whose emoluments, excluding employer's pension contributions, exceeded £60,000 in the year were as follows:						
£60,001 to £70,000	5	-	5	2	-	2
£70,001 to £80,000	6	1	7	6	1	7
£80,001 to £90,000	2	-	2	1	1	2
£90,001 to £100,000	1	-	1	-	1	1
£100,001 to £110,000	-	-	-	-	1	1
£110,001 to £120,000	-	-	-	-	-	-
£120,001 to £130,000	-	-	-	1	-	1
£130,001 to £140,000	1	-	1	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

9. EMPLOYEE AND STAFF COSTS Cont.

The key management personnel of the Charity comprise the Controller and the members of the Management Board. The cost of employing management personnel for the Charity was therefore £815,000 (2020: £722,000).

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

	MOD		Total 2021 Number	MOD		Total 2020 Number
	Non-MOD 2021 Number	Contracts* 2021 Number		Non-MOD 2020 Number	Contracts* 2020 Number	
Voluntary income	3	-	3	3	-	3
Raising funds	44	-	44	41	-	41
Grants payable	130	-	130	116	-	116
Care and accommodation	22	-	22	22	-	22
Adoption services	9	-	9	11	-	11
Health and welfare	-	101	101	-	122	122
Community health/social service staff - 'grant-aided' activities	-	10	10	-	11	11
Management and support	32	-	32	28	-	28
Total staff numbers	240	111	351	221	133	354

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

10. TRUSTEE REMUNERATION

Trustees are not remunerated. They are reimbursed expenses or amounts are paid on their behalf for attending meetings and duties directly related to their duties as Trustees.

In 2021 total expenses of £4,000 (2020 £3,000) were paid for 5 Trustees (2020 - 6).

Trustee indemnity insurance is held as part of a wider policy covering staff and volunteers. The premium for Trustee insurance cannot be separately identified but is estimated at £2,500 (2020 - £2,500)

11. NET GAINS/(LOSSES) ON INVESTMENTS Group and Charity

	Unrestricted £'000	Restricted £'000	Total 2021 £'000	Unrestricted £'000	Restricted £'000	Total 2020 £'000
Unrealised gains on listed investments	2,735	307	3,042	1,227	124	1,351
Fair value adjustment on investment properties	-	-	-	(257)	-	(257)
Realised gain on sale of leasehold investment property	-	-	-	100	-	100
Total net gains on investments	2,735	307	3,042	1,070	124	1,194

12. FUND TRANSFERS Group and Charity

	Unrestricted £'000	Restricted £'000	Total 2021 £'000	Unrestricted £'000	Restricted £'000	Total 2020 £'000
Transfer of exceptional income to pension reserve	10,000	(10,000)	-	-	-	-
Other transfers to general funds	117	(117)	-	51	(51)	-
Total transfers	10,117	(10,117)	-	51	(51)	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

13. TANGIBLE FIXED ASSETS

	Freehold properties £'000	Long leasehold properties £'000	Motor vehicles £'000	IT, furniture & equipment £'000	Total £'000
Group					
Cost					
At 1 January 2021	9,627	1,268	20	1,180	12,095
Additions	-	-	-	-	-
Disposals	-	(302)	-	-	(302)
At 31 December 2021	9,627	966	20	1,180	11,793
Depreciation					
At 1 January 2021	1,005	407	19	1,134	2,565
Charge for year	137	22	-	32	191
Eliminated on disposal	-	(105)	-	-	(105)
At 31 December 2021	1,142	324	19	1,166	2,651
Net book value					
At 31 December 2021	8,485	642	1	14	9,142
At 31 December 2020	8,622	861	1	46	9,530

	Freehold properties £'000	Long leasehold properties £'000	Motor vehicles £'000	IT, furniture & equipment £'000	Total £'000
Charity					
Cost					
At 1 January 2021	9,627	1,268	20	1,175	12,090
Additions	-	-	-	-	-
Disposals	-	(302)	-	-	(302)
At 31 December 2021	9,627	966	20	1,175	11,788
Depreciation					
At 1 January 2021	1,005	407	19	1,130	2,561
Charge for year	137	22	-	32	191
Eliminated on disposal	-	(105)	-	-	(105)
At 31 December 2021	1,142	324	19	1,162	2,647
Net book value					
At 31 December 2021	8,485	642	1	13	9,141
At 31 December 2020	8,622	861	1	45	9,529

All assets are owned by the Charity except for The Military Wives Choirs Foundation's furniture and equipment of £1,000 (2020 - £1,000) upon which depreciation of £nil (2020 - £1,000) was charged.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

14. INVESTMENTS	Group 2021 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
Investments comprise:				
Freehold investment properties	8,356	8,356	8,356	8,356
Listed investments	34,565	29,997	34,565	29,997
Investments in subsidiaries	-	-	10	10
	42,921	38,353	42,931	38,363

Investment properties at fair value	Group Freehold £'000	Charity Freehold £'000
As at 1 January 2021 and at 31 December 2021	8,356	8,356

The freehold investment property, a part of the freehold SSAFA Headquarters property was revalued at 31 December 2020, based on a valuation undertaken by Jones Lang Lasalle, an independent valuer with recent experience in the location and classes of the investment properties being valued. The valuation was prepared in accordance with the RICS Valuation - Professional Standards, January 2014 as published by the Royal Institution of Chartered Surveyors on the basis of Fair Value for current use. The Trustees are satisfied that the valuation as at 31 December 2020 remains materially accurate at the balance sheet date. There are no restrictions on the realisability of the freehold property.

As set out in note 3, property rental income earned during the year was £469,000 (2020: £669,000). The freehold investment property is leased out under operating leases and the leasehold investment property formed part of a wider contractual arrangement. Direct operating expenses arising on the freehold investment property generated rental income in the year of £ 85,000 (2020 - £130,000).

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

	2021 £'000	2020 £'000
Within one year	149	238
In two to five years inclusive	162	311

Listed investments	Total £'000
Group:	
Market value:	
At 1 January 2021	29,997
Acquisitions	1,605
Receipts from disposals of investments	(79)
Realised and unrealised profits on revaluation	3,042
At 31 December 2021 - Group	34,565
Investment in subsidiary	10
At 31 December 2021 - Charity	34,575
Historical cost at 31 December 2021	23,831

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

14. INVESTMENTS Cont.	2021 £'000	2020 £'000
Listed investments are represented by:		
Armed Forces Charity Authorised Investment Fund Units	34,309	29,768
United Kingdom - Equities	256	229
	34,565	29,997

Investments within the portfolio which amount to more than 5% of total holdings as at 31 December 2021 were:

Armed Forces Charity Authorised Investment Fund	2021 £'000	2020 £'000
	34,309	29,768

Any charges made by the fund manager for managing the fund are deducted in arriving at the income or gains available for distribution and can not be separately identified. There are no restrictions on the realisation of these investments.

Subsidiary undertakings

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

Name	Holding	Activity
SSAFA Family Health Services	Limited by guarantee	Health and welfare services
SSAFA Forces Help Enterprises Limited	10,000 £1 ordinary shares	Sale of merchandise
The Military Wives Choirs Foundation	Limited by guarantee	Military Wives and other choirs
SSAFA CMS Limited	100 £1 ordinary shares	Casework management system

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

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

	SSAFA Family Health Services		SSAFA Forces Help Enterprises Limited		Military Wives Choirs Foundation		SSAFA CMS Limited	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Total assets	902	806	304	357	507	491	174	89
Total liabilities	(720)	(616)	(180)	(148)	(280)	(281)	(173)	(88)
	182	190	124	209	227	210	1	1
Represented by:								
Share capital	-	-	10	10	-	-	-	-
Reserves	182	190	114	199	227	210	1	1
	182	190	124	209	227	210	1	1
The results for the year were:								
Income	5,910	8,799	259	490	496	629	410	490
Expenditure	(4,573)	(6,566)	(98)	(148)	(479)	(439)	(410)	(490)
Net income	1,337	2,233	161	342	17	190	-	-
Donation to charity under Gift Aid	(1,345)	(2,146)	(246)	(327)	-	-	-	-
Reserves brought forward	190	103	199	184	210	20	1	1
Retained in subsidiary	182	190	114	199	227	210	1	1

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

14. INVESTMENTS Cont.

Joint venture

The provision of primary health care services in North West Europe was performed by the Charity's joint venture, SSAFA GSTT Care LLP. The Group holds 50% of the capital of SSAFA GSTT Care LLP, held at a cost of £1 by SSAFA Family Health Services. The LLP was placed into members' voluntary liquidation in April 2021.

	SSAFA GSTT Care LLP 2021 £'000	SSAFA GSTT Care LLP 2020 £'000
A summary of the Group's share of the joint venture:		
Turnover	-	7,235
Expenditure	(3)	(7,234)
(Loss)/profit before and after tax	(3)	1
Current assets	-	49
Liabilities due within 1 year	-	(46)

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

	Group 2021 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
15. DEBTORS				
Trade debtors	761	1,053	367	377
Amounts owed by subsidiary undertakings	-	-	850	805
Amounts owed by related undertakings	-	45	-	-
Other debtors	52	46	12	5
Prepayments and accrued income	4,812	2,883	4,696	2,862
Total debtors	5,625	4,027	5,925	4,049

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

	Group 2021 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
16. CREDITORS				
Amounts falling due within one year:				
Bank loans	4,583	-	4,583	-
Trade creditors	747	478	494	449
Other tax and social security costs	533	555	536	508
Other creditors	148	107	157	107
Unalmonised grants	1,521	1,623	1,521	1,623
Accruals and deferred income	922	1,086	687	847
Total creditors	8,454	3,849	7,978	3,534

	Group 2021 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
17. CREDITORS				
Amounts falling due after more than one year:				
Bank loans	417	-	417	-
Total creditors	417	-	417	-

During the year the Charity obtained a loan from NatWest Bank plc under the Government's Coronavirus Business Interruption Loan Scheme. The loan is repayable in 12 equal monthly instalments beginning in February 2022 with the final payment due in January 2023. The amount due in more than five years is nil. Interest is payable at Bank of England base rate plus 1.65%. Interest of £82,000 was charged during the year. Under the scheme the Charity received a grant (see note 5) from the Government to fund the interest charged.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

18. FUNDS	Balance at 1 January 2021 £'000	Incoming resources £'000	Resources expended £'000	Other movements £'000	Transfers £'000	Balance at 31 December 2021 £'000
General funds	49,813	18,924	(17,115)	2,699	(41)	54,280
Designated funds						
Carmichael Walker Fund	413	12	(9)	36	-	452
Royal Patriotic Fund	1,215	-	(65)	-	-	1,150
Total designated funds	1,628	12	(74)	36	-	1,602
Pension reserve	(17,086)	-	(698)	7,626	10,158	-
Total unrestricted funds	34,355	18,936	(17,887)	10,361	10,117	55,882
Restricted funds						
Defined Pension Contribution from MOD	-	10,000	-	-	(10,000)	-
Welfare and case grants	1,489	890	(1,406)	3	-	976
Housing	327	70	-	-	-	397
UK Armed Forces and other charities	-	7,824	(7,824)	-	-	-
UK Armed Forces 'grant-aided' activities	-	504	(457)	-	(47)	-
The Royal Homes	2,018	540	(620)	178	-	2,116
Miscellaneous branch funds	2,223	230	(189)	126	(70)	2,320
Adoption services	100	-	-	-	-	100
Welfare funds	1,169	1,026	(1,076)	-	-	1,119
Total restricted funds – Charity	7,326	21,084	(11,572)	307	(10,117)	7,028
Military Wives Choirs Foundation	202	222	(283)	-	-	141
Total restricted funds - group	7,528	21,306	(11,855)	307	(10,117)	7,169
Total funds - Group	41,883	40,242	(29,742)	10,668	-	63,051
General funds						
SSAFA Family Health Services	(190)	-	-	-	-	(182)
SSAFA Forces Help Enterprises Limited	(192)	-	-	-	-	(107)
SSAFA CMS Limited	(1)	-	-	-	-	(1)
Share of joint venture	(3)	-	-	-	-	-
Military Wives Choirs Foundation	(210)	-	-	-	-	(227)
Total funds – Charity	41,287	-	-	-	-	62,534

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

18. FUNDS (continued)	Balance at 1 January 2020 £'000	Incoming resources £'000	Resources expended £'000	Other movements £'000	Balance at 31 December 2020 £'000
General funds	46,845	19,965	(17,534)	537	49,813
Designated funds					
Carmichael Walker Fund	380	18	(2)	17	413
Royal Patriotic Fund	1,287	-	(72)	-	1,215
Total designated funds	1,667	18	(74)	17	1,628
Pension reserve	(1,706)	-	(1,286)	(14,094)	(17,086)
Total unrestricted funds	46,806	19,983	(18,894)	(13,540)	34,355
Restricted funds					
Welfare and case grants	1,843	1,065	(1,420)	1	1,489
Housing	322	5	-	-	327
UK Armed Forces and other charities	-	10,343	(10,343)	-	-
UK Armed Forces 'grant-aided' activities	-	575	(524)	(51)	-
The Royal Homes	1,927	552	(535)	74	2,018
Miscellaneous branch funds	2,109	194	(129)	49	2,223
Adoption services	250	100	(250)	-	100
Welfare funds	468	1,393	(692)	-	1,169
Total restricted funds – Charity	6,919	14,227	(13,893)	73	7,326
Military Wives Choirs Foundation	33	269	(100)	-	202
Total restricted funds - group	6,952	14,496	(13,993)	73	7,528
Total funds - Group	53,758	34,479	(32,887)	(13,467)	41,883
General funds					
SSAFA Family Health Services	(103)				(190)
SSAFA Forces Help Enterprises Limited	(194)				(192)
SSAFA CMS Limited	(1)				(1)
Share of joint venture	2				(3)
Military Wives Choirs Foundation	(8)				(210)
Total funds – Charity	53,454				41,287

Funds are held for use for the following purposes:

General funds

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

Designated funds

Carmichael Walker Fund – for use on charitable activities in the North East of England.

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

Restricted Funds

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

Homes from Home Appeal - to provide funding for families visiting injured servicemen and women at Norton House

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

UK Armed Forces-Grant Aided - received under grant in aid to reimburse the costs incurred in the provision of Community Health and Social Services

The Royal Homes - a charity providing residential facilities linked with the Charity's activities under a Charity Commission Scheme in 1998

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

Welfare funds - income or capital received which may only be applied in the provision of welfare services to eligible individuals in need

Included under this heading is The Aircrew Association Charitable Fund, a subsidiary charity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

19. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS	General 2021 £'000	Designated 2021 £'000	Restricted 2021 £'000	Total 2021 £'000
Fund balances at 31 December 2021 are represented by:				
Tangible fixed assets	8,838	-	304	9,142
Investments	39,785	355	2,781	42,921
Net current assets	6,074	1,247	4,084	11,405
Liabilities due after more than one year	(417)	-	-	(417)
Total net assets between funds	54,280	1,602	7,169	63,051

Fund balances at 31 December 2020 are represented by:	General 2020 £'000	Designated 2020 £'000	Restricted 2020 £'000	Total 2020 £'000
Tangible fixed assets	9,222	-	308	9,530
Investments	35,940	318	2,098	38,356
Net current assets	4,651	1,310	5,122	11,083
Defined benefit pension liability	(17,086)	-	-	(17,086)
Total net assets between funds	32,727	1,628	7,528	41,883

20. CONTINGENT ASSETS

Neither the Group nor the Charity have identified any contingent assets due either at 31 December 2021 nor at 31 December 2020.

21. CONTINGENT LIABILITIES

The Charity has no contingent liabilities at the year end (2020: commitment to a Coronavirus Business Interruption Loan Scheme loan of £5,000,000).

22. CAPITAL COMMITMENTS

The Group had no capital commitments either at 31 December 2021 nor at 31 December 2020.

23. BANK GUARANTEE

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

24. RETIREMENT BENEFITS

	2021 £'000	2020 £'000
Local Government Pension Scheme	10,158	411
Aviva Group Personal Pension Plan	525	436
NHS Pensions Scheme	12	16
Total contributions	10,695	863

Aviva Group Personal Pension Plan

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

SSAFA had 291 active members in the scheme as at 31 December 2021 (2020: 235) and total pension scheme contributions outstanding at the year end amounted to £69,000 (2020: £51,000).

NHS Pensions Scheme

Following the transfer of staff to SSAFA from the MOD, SSAFA currently participates in the NHS Pensions Scheme. The NHS Pension Scheme is an unfunded multi-employer defined benefit scheme. The assets of the scheme are administered by NHS Pensions in a fund which is independent of SSAFA. The charge for the year represents those contributions payable to the scheme in respect of the accounting period. Entry into this scheme is strictly limited to employees transferring to SSAFA from the NHS and at 31 December 2021, the Association had 2 (2020:2) active members in this scheme.

The pension scheme contributions outstanding at the end of the accounting period amounted to £2,000 (2020: £1,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

24. RETIREMENT BENEFITS (continued)

Local Government Pension Scheme (LGPS)

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

At 31 December 2021 the Association had 19 active members (2020: 21).

The last actuarial valuation of the scheme was at 31 March 2019 using the projected unit method and the attained age method, dependent on the fund being valued. At the valuation date the market value of the LPFA assets was £6,053m in comparison to the actuarial value of benefits that had accrued to members of £5,554m. Accordingly, as at 31 March 2019, there was a surplus of £481m. Although the London Pension Fund Authority is a multi-employer scheme, it has been able to allocate assets and liabilities relating to SSAFA Forces Help and these are disclosed below.

The employer contributed 19.7% during the year and the employee contribution rate ranges from 5.5% to 10.5% depending on the full-time annual rate of pay.

At 31 December 2021 the valuation was updated in accordance with FRS 102 and in line with the assumptions used in the 2021 scheme valuation. The major assumptions used by the actuary were:

Assumptions as at	31 December 2021	31 December 2020
	% p.a.	% p.a.
RPI increases	3.2%	2.9%
CPI increases	2.9%	2.5%
Salary increases	4.0%	3.5%
Pension increases	3.0%	2.5%
Discount rate	1.9%	1.3%

Mortality assumption

The post-retirement mortality tables are based on Club Vita analysis. These base tables are then projected using the CMI 2020 model allowing for a long-term rate of improvement of 1.25% per annum.

Assumptions: members will exchange half of their commutable pension for cash at retirement and active members will retire at one retirement age for all tranches of benefit, which will be the pension-weighted average tranche retirement age. No members will take up the option under the new LGPS to pay 50% of contributions for 50% of benefits.

Assets

The estimated asset allocation as at 31 December 2021 is as follows:

	31 December 2021	31 December 2020
	% p.a.	% p.a.
Equities	58%	55%
Target Return Portfolio	21%	23%
Infrastructure	9%	7%
Property	8%	9%
Cash	4%	6%
Total	100%	100%

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

Statement of financial position as at 31 December 2021	2021 £'000	2020 £'000
Fair value of scheme assets (bid value)	145,173	117,484
Present value of funded obligations	(123,562)	(134,570)
Asset ceiling - restriction on recognising surplus	(21,611)	-
Net pension liability	-	(17,086)

The Trustees accept the legal necessity to include the FRS 102 liability in the Financial Statements. The MOD made a contribution of £10 million during the year, and at the year end the actuarial valuation was £21,611,000. The Trustees consider the Charity has no right to any future economic benefits from the scheme despite the asset position and have not recognised an asset in the financial statements..

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

21. RETIREMENT BENEFITS (continued)

Reconciliation of defined benefit obligation:	2021 £'000	2020 £'000
Opening defined benefit obligation	134,570	116,898
Current service cost	394	487
Interest cost	1,659	2,353
Change in financial assumptions	(4,436)	20,151
Change in demographic assumptions	(1,643)	-
Experience gain on defined benefit obligation	(3,193)	(1,467)
Past service costs	-	618
Contributions by Scheme participants	62	88
Estimated benefits paid (net of transfers in)	(3,851)	(4,558)
Closing defined benefit obligation	123,562	134,570

Reconciliation of fair value of employer assets:	2021 £'000	2020 £'000
Opening fair value of scheme assets	117,484	115,192
Interest on assets	1,508	2,322
Return on assets less interest	19,965	2,884
Administration expenses	(153)	(150)
Other actuarial gains	-	1,139
Contributions by employer (including unfunded)	10,158	567
Contributions by scheme participants	62	88
Estimated benefits paid (net of transfers in and including unfunded)	(3,851)	(4,558)
Asset ceiling - restriction on recognising surplus	(21,611)	-
Closing fair value of employers assets	123,562	117,484

The actual return on plan assets over the year ended 31 December 2021 was £21,473,000 (2020: £5,206,000).

Fair value of the plan assets at the reporting period end	2021 £'000	2020 £'000
Equities	83,261	64,103
Gilts	29,873	27,188
Other bonds	13,250	7,886
Property	12,333	10,784
Cash	6,456	7,523
Total	145,173	117,484

Defined benefit costs recognised in the Statement of Financial Activities	2021 £'000	2020 £'000
Service cost	394	1,105
Net interest on the defined liability	151	31
Administration expenses	153	150
Defined benefit costs recognised in the Statement of Financial Activities	698	1,286

Re-measurement of the net assets/(defined liability)	2021 £'000	2020 £'000
Return of fund assets in excess of interest	19,965	2,884
Other actuarial gains on assets	-	1,139
Change in financial assumptions	4,436	(20,151)
Change in demographic assumptions	1,643	-
Experience gain on defined benefit obligation	3,193	1,467
Asset ceiling - restriction on recognising surplus	(21,611)	-
Re-measurement of the net assets/(defined liability)	7,626	(14,661)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

24. RETIREMENT BENEFITS (continued)

	2021 £'000	2020 £'000
Reconciliation of opening and closing deficit:		
Deficit at beginning of the year	(17,086)	(1,706)
Current service cost	(394)	(487)
Past service cost	-	(618)
Employer contributions	10,158	567
Other finance income	(151)	(31)
Actuarial gains/(losses)	29,237	(14,661)
Asset ceiling - restriction on recognising surplus	(21,611)	-
Administrative expenses	(153)	(150)
Deficit at end of the year	-	(17,086)

Sensitivity Analysis

The following table sets out the impact of a small change in the discount rate or mortality assumptions:

	£'000s	£'000s	£'000s
Adjustment to discount rate	0.1%	0%	-0.1%
	Present value of total obligation	121,474	123,562
	Projected service cost	363	371
Adjustment to long term salary increase	0.		
	Present value of total obligation	123,660	123,562
	Projected service cost	372	371
Adjustment to pension increases and deferred revaluation	0.1%	0%	-0.1%
	Present value of total obligation	125,565	123,562
	Projected service cost	380	371
Adjustment to life expectancy assumptions	+1 Year	None	- 1 Year
	Present value of total obligation	129,771	123,562
	Projected service cost	389	371

25. FINANCIAL ASSETS AND LIABILITIES

Group	2021 £'000	2020 £'000
Financial assets	49,583	42,004
Financial liabilities	7,921	3,294
Charity	2021 £'000	2020 £'000
Financial assets	49,143	41,150
Financial liabilities	7,442	3,026

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

26. RELATED PARTY TRANSACTIONS

The Charity had the following transactions with its wholly owned subsidiaries

	2021 £'000	2020 £'000
Management fees charged to SSAFA Forces Help Enterprises Limited	20	15
Donation received from SSAFA Forces Help Enterprises Limited under Gift Aid	246	327
Amount due from SSAFA Forces Help Enterprises Limited	86	57
Salary and management charges to SSAFA Family Health Services	4,511	5,649
Donation received from SSAFA Family Health Services under Gift Aid	1,345	2,146
Amount due from SSAFA Family Health Services	502	478
Salary costs recharged to SSAFA CMS Limited	183	167
Amounts charged from SSAFA CMS Limited	93	96
Amounts due from Military Wives Choirs Foundation	261	264

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

	2021 £'000	2020 £'000
Sales to SSAFA GSTT Care LLP	-	2,407

Guarantor:

The Charity is the Guarantor of a £1 million overdraft facility provided to SSAFA Family Health Services by Royal Bank of Scotland



SSAFA, the Armed Forces charity is a trusted source of practical, emotional, and financial support for serving personnel, veterans and their families in their time of need. In 2021 our trained teams of volunteers and employees helped more than 66,000 people, from Second World War veterans to those who have served in more recent conflicts, or currently serving (both regulars and reserves), and their families.

SSAFA understands that behind every uniform is a person. And we are here for that person and their family, any time they need us and in any way they need us.

NEED TO TALK?

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

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

■ Visit **ssafa.org.uk/forcesline**

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

■ Call **020 7403 8783**

■ Visit **ssafa.org.uk/give**

