



ANNUAL REPORT AND ACCOUNTS 2022

ssafa | the
Armed Forces
charity

Regulars | Reserves | Veterans | Families

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Regulars | Reserves | Veterans | Families

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

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Registered Charity Numbers

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SC038056 (Scotland)
149 (Gibraltar)
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Bankers

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440 Strand, London WC2R 0QS

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West End Commercial Centre, 1st Floor, Argyll House,
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Solicitors

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A MESSAGE FROM OUR NATIONAL CHAIR

Welcome to our 2022 Annual Report and Accounts

War in Europe and the aftermath of the Pandemic have tightened the financial screws, leading to a cost-of-living crisis that challenges us all but especially the less well off; the Armed Forces family too. I am incredibly proud of what SSAFA achieved in 2022 for our beneficiaries, and how our volunteers, employees and partner organisations have worked together to provide vital, life-changing support to 59,439 people wherever and whenever they needed our help.

Through our network of branches in local communities and service community teams on military bases, our employees and more than 2,500 volunteers offered practical, financial, and emotional support to the Armed Forces family. This report reflects their unwavering commitment and tireless work, and how alongside your generous contributions and support, we have been able to accomplish incredible things over the past year.

SSAFA's refreshed strategy was well timed, not least as the spiralling cost of living will lead to increasing hardship for the foreseeable future. The Strategy positions the Charity to meet new and existing challenges and it reflects what we have learned as an organisation during the last five years, as well as addressing the current climate. We are now better placed to make a difference in the lives of countless individuals and communities.

Our tailored support services include the Crisis Fund which restarted in June and provided immediate financial support totalling £12,660 to 323 beneficiaries. Our mentoring programme saw a 15% increase in the number of people supported, with the complexity of cases continuing to increase. Glasgow's Helping Heroes supported 402 people in the city, an increase of more than 30% on 2021. And over 1,600 people received support through our housing services.

Forcesline, our free confidential helpline and webchat service, handled more than 33,600 enquiries, up 22% on last year, also our highest volume ever. In the second half of the year and trending into 2023 we have seen a dramatic increase in requests from people unable to afford to eat or pay utility bills.

We 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. Investment in fundraising, supporting our volunteers and growing our collaborations across the charity sector are all vital to secure SSAFA's future. Understanding the needs of our beneficiaries through insight and lived experience is also critical, so that we can continue to deliver effective, consistent support, and be aware of their changing needs.

Finally, none of this would have been possible without our incredible volunteers, and our many corporate and commercial partners, who continue to provide much needed resources. I am humbled by their unwavering dedication and commitment, and sincerely thank them for everything they do. We are determined to support the Armed Forces family; to be there for its people in their time of need.



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

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
The Lady Walker
Lady Sanders (from August 2022)
Mrs Wendy Burns (from October 2022)
Lady Hockenhull (from October 2022)
Lady Wigston (from November 2022)

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
Mr James Carleton (ret. March 2023)
Ms Alex Milner (from January 2022)
Mr Robert Murphy (ret. December 2022)
Air Vice-Marshal Charles Ness
Ms Kate Pennell
Mrs Evelyn Strouts
Dr Diana Wood (ret. August 2022)
Mr Timothy Seal (appointed December 2022)
Mr Pravinkumar Navekar (from December 2022)
Ms Michelle Alston (from December 2022)
Alexandra, Lady Walmsley (from January 2022)

CONTROLLER

Lieutenant General Sir Andrew Gregory

SECRETARY AND FINANCE DIRECTOR

Mr Simon Blum

SSAFA's Council meets on a quarterly basis and ensures the charity is carrying out its purposes for the benefit of our beneficiaries, is accountable, 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.

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 (until 31 December 2022).

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

TRUSTEES' REPORT

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

OUR CHARITABLE OBJECT AND ACTIVITIES FOR THE PUBLIC BENEFIT

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

Crucial to the successful delivery of all our charitable activities is a network of more than 2,500 volunteers across the globe; a decrease of 26% which is mainly due to the reduced numbers of caseworkers across all regions. It is impossible to quantify the value of our volunteers' contribution in monetary terms, and therefore no amounts are recorded in the financial statements.

DURING 2022, SSAFA'S SERVICES FOCUSED ON:

Welfare advice and support — our network of branches in local communities and service committees (serving community teams) on military bases offers 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 — our wide range of services are designed to meet the specific needs of the Forces community and are run by SSAFA employees, with support from teams of volunteers. 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 across a number of countries and overseas territories around the world - Cyprus, Brunei, Gibraltar, Canada, Germany, Belgium, the Netherlands, Italy and Kenya; with Norway, Turkey, France, Portugal, Holland and Spain amongst those 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 midwifery 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 2022 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 are a trusted source of support for serving personnel, veterans and their families in their time of need.

In our 137th year our refreshed strategy (2022-2027), launched in July 2022, is well timed, not least as moving on from the pandemic and dealing with the cost-of-living crisis will bring greater hardship. We have an exceptional range of complementary services, designed to meet specific beneficiary needs and delivered by skilled teams of employees and volunteers. We will build on our previous strategy and our many decades of experience to become a yet more responsive, efficient and effective charity.

Our five-year strategic plan and aims deliver this through:

1. Understanding need

2. Delivering consistent and effective support

3. Sustaining our resources

4. Raising our profile and strengthening our brand

5. Growing collaboration

We will continue to drive progress against our strategic objectives and meet client need against a backdrop of change. 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 our specialist services, such as our Mentoring program. A significant element of the Charity's activities is the granting of funds to eligible individuals with the majority of those funds coming from funders.

OUR ACHIEVEMENTS AND PERFORMANCE IN 2022

- We supported 59,439 individuals with our charitable services. Through our commercial contracts and charitable services we continue to support our Armed Forces and their families in the UK and overseas. SSAFA volunteers sourced over £9.5 million during the year to assist our beneficiaries.
- Our branches supported 10,131 cases (2021: 10,031) and carried out 5,400 visits (2021: 6,507).
- Our 2,506 volunteers across our branch network, serving community teams and specialist volunteers (excluding mentors) donated invaluable hours of their time. There was an increase in cases and applications for assistance and their urgency and complexity. All regions have volunteer vacancies; our volunteer survey shows higher levels of volunteer engagement and welfare in those areas with fully embedded Regional Officers.
- Our volunteer network raised £9.5 million (2021: £7.9 million) through applications to military benevolent funds and other welfare charities.
- Our serving community teams which provide support to serving personnel and their families on military bases in the UK and overseas awarded more than £23,400 in grants (2021: £18,800). The most requested financial assistance category for 2022 was for food, highlighting the impact of the cost-of-living crisis on the serving community. We are increasing our support of the serving community and are actively recruiting more volunteers for our Serving Community pilot areas. This project is helping to change the conversation around our support of the serving community and show that SSAFA is a trusted source of support and has a real understanding of the challenges and unique lifestyle that defines the serving community.
- We handled 33,642 enquiries, a 22% increase on 2021, to our free confidential helpline and webchat service, Forcesline. The team saw a dramatic increase in requests for assistance from people in desperate need, with housing becoming an increasingly serious problem.
- Our central Welfare Grants team received 785 requests for support, with the cost-of-living crisis having an impact on the increase in general needs. 466 people were supported with funds totalling £161,004. The Crisis Fund restarted in June 2022 and made

payments totalling £12,660 to 323 beneficiaries, including dependants.

- We supported 1,418 people through our Mentoring programme, 15% more than in 2021. The complexity of cases is continuing to increase, and the cost-of-living crisis is impacting mental wellbeing and families who are transitioning out.
- We helped prisoners or family members of prisoners through our Veterans in the Criminal Justice System (VCJS) Support Service. However, due to a range of service issues and the pandemic, the number of people helped in 2022 is not available.
- 2,334 people were helped by our Gurkha services and the majority of those we support are elderly with 69% being in the 70–89-year-old age range. Our two Gurkha support Outreach Workers supported 892 beneficiaries in the Gurkha communities with language support and signposting.
- Glasgow's Helping Heroes, our partnership with Glasgow City Council (GCC), supported 402 people in the city, an increase of 30.5% on 2021. Of the people helped, 70% are from the 20% most deprived areas of the city, and more than 40% are from the 5% most deprived areas.
- Our Adoption service placed eight children with adoptive military families. We approved 16 new households to adopt, our highest number since 2009. In total, 512 households were supported, and we received 220 adoption and adoption-related enquiries.
- Our Forces Additional Needs and Disability Forum (FANDF) received 318 enquiries, and welcomed 186 new members, bringing the total membership to 635 families by the end of December 2022.
- Short breaks give Forces families with additional needs and disabilities a fully funded activity holiday tailored to their specific requirements. 50 families (202 individuals) attended our short breaks, with four breaks run in 2022.
- We ran three online and two face-to-face Support Group events for those struggling with bereavement, military families affected by suicide and families of wounded, injured, and sick personnel. 62 beneficiaries across the three SSAFA Support Groups attended the events.
- Our Community Health team provided 3,927 consultations, 12% more than in 2021, across the

services to serving personnel and their families in Cyprus. There were 540 new referrals across the Dietetics, Speech and Language Therapy (SLT), Child and Adolescent Mental Health Services (CAMHS), Podiatry and Children's Community Nursing (CCN) specialisations during 2022, a decrease of 5.6% on 2021.

- We helped 1,329 people (an increase of 61% on 2021) through our housing services:
 - 400 personnel and family members in Norton House, Stanford Hall whilst loved ones are receiving treatment at the nearby Defence Medical Rehabilitation Centre;
 - A total of 176 women and children supported by our Stepping Stone Home, Gildea House, a secure, female-only place of safety for women and children of the Armed Forces community. 56 women and children were provided with accommodation and 120 women supported in the community;
 - 643 residents at Fisher House, an increase of 76% on 2021; of which 318 had stayed before for ongoing treatment at Queen Elizabeth Hospital Birmingham (QEHB) or other local hospitals;
 - 88 residents in our independent living accommodation, the Royal Homes Wimbledon, which has 75 flats fully occupied and two currently being refurbished with beneficiaries waiting to move into them;
 - 22 residents in our bungalows across the country. During the year one property in Banstead, Surrey was sold.

SOCIAL CARE OPERATIONS

The Personal Support and Social Work Service (PS&SWS) RAF 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. In 2022 there was a 10% increase to 5,182 service users being supported, with 3,523 consultations, 1,274 referrals and 385 Long Term Sick (LTS) referrals. The main areas for referrals support were personal support, mental health and housing. 119 RAF Welfare staff were supported through the Welfare Supervision service.

COMMUNITY HEALTHCARE OPERATIONS

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

In Cyprus, Community Healthcare is provided to the British Forces community under a 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 113 babies born on the island in 2022, including 12 babies admitted to a neonatal intensive care unit post birth. Occupational health services were added to the British Forces Cyprus (BFC) contract enabling us to provide these services to 1,450 entitled local personnel within BFC, including the Sovereign Base Area Police and Fire Service.

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. The 15-month contract to deliver Health Visiting services for SHAPE, Sennelager (Germany), the Central European Practice and Naples, that started in July 2021 has been extended beyond 2022. As well as providing essential and highly valued support, 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.

LEARNING AND DEVELOPMENT

All our volunteers and employees are provided with learning and development relevant to their roles, to assist them in delivering the best support and service to our beneficiaries. In 2022 we launched an internal coaching programme and continued to support employees with an emphasis on mental health and wellbeing signposting. Our Central Development Programme had 792 attendees (61% more than in 2021), and 17 learning and development external group training events were attended by 392 people.

In collaboration with Safeguarding and with thanks to Armed Forces Covenant Fund Trust (AFCFT) we have developed the service we offer to employees and

volunteers when dealing with beneficiaries that have a range of mental ill health or wellbeing concerns. The Making Every Contact Count (MECC) tool supports volunteer and employee interventions around mental wellbeing.

We appointed more than 100 people in 2022 through a new recruitment platform which aids diversity and inclusion (D&I) by replacing traditional CV and supporting statements with blind reviews, resulting in decisions around suitability being based on skills, abilities and experience for each role. We won Silver in the "Use of Technology" category at the In-house Recruitment Awards for being a pioneer in the military charity sector for using this D&I-friendly technology.

2022 also saw several D&I initiatives that raised awareness across a diverse range of topics but also improved employee engagement for spontaneous learning and deepened empathy and compassion. Concious inclusion and bystander training gave employees the skills to challenge inappropriate behaviour. New e-learning topics around D&I were introduced in September 2022. Employee led Communities of Interest groups have been initiated, with our menopause café seeing huge success.

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 which allows us to not only measure success, but also learn how we can improve so that we continually develop our services.

Where appropriate, external evaluators measure the outcomes and impact of our services, with methods including surveys, interviews and focus groups. For example, the University of Stirling and Glasgow

Caledonian University two-year evaluation of our Glasgow's Helping Heroes service shows that it delivers a Social Return on Investment (SROI) of £6.63 for every £1 invested in support services. 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 by a qualified ESOS auditor have been completed, resulting in estimated savings of £1,077 per annum.

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 selection of hybrid or fully electric vehicles. Online training, virtual meetings and home working practices have reduced the carbon footprint of SSAFA employees.

OUR FOCUS ON COLLABORATIVE WORKING

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 to ensure we are able to meet the breadth of needs our beneficiaries present. Our partnerships with grant makers, funders, Government, and beyond are vital to SSAFA's ability to support beneficiaries. At the same time, we are working with and supporting the Confederation of Service Charities (Cobseo) to develop greater coherence and co-ordination 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) was a registered subsidiary charity of SSAFA until 31 December 2022. In 2022 the choir membership increased 19% to a total of 2,034 women with a military connection in 72 choirs in the UK and on British military bases abroad. Choirs are open to women from across the military community from 18 years of age upwards, including wives, partners, serving personnel, veterans and mothers.

On 31 December 2022 SSAFA resigned its sole membership of the Foundation, and the Trustees of the MWCF became its members. SSAFA has pledged to continue to support the MWCF as a social investment providing welfare to choir members through singing.

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 2022, 3,231 pieces of press coverage meant that in total we were seen, heard or read by more than 1.5 billion people across a variety of on and off-line media communications platforms; an increase in circulation of more than a billion or 200% on 2021 figures.

Across the Get Help section of our website form submissions rose 16% to 5,484 requests; of this Forcesline form submissions increased 17.8% to 3,956, and Branch contact form submissions rose 18.9% to 1,179.

Crisis communications also increased with 103 crises, compared to 47 in 2021 and 34 in 2020.

FUNDRAISING FOR OUR WORK

In 2022, we raised £13.7 million (2021: £12.5 million) from donations, grants, legacies, events and trading activities, of which £1.9 million (2021: £1.1 million) was raised by volunteers in their local communities.

Our Fundraisers used a variety of in-person and virtual methods of fundraising resulting in an overall events income of more than £1.9 million (2021: £1.7 million). 2,108 participants took part in our 13 Bridges Challenge, Rally for Heroes, and Defence Industry Charitable Dinner events, raising a combined total of £440,339.

Legacy income of nearly £5.3 million was bolstered by receiving three significant but unexpected gifts. Individual giving income increased 7% to more than £1.3 million; we lost some regular supporters due to the cost-of-living crisis, increased utility bills and inflationary pressures, but this was offset by considerable acquisition activity and face-to-face fundraising. Commercial partnerships raised more than £350,000, with £237,000 of this received from Hattons of London's two commemorative ranges. Trading operations generated more than £200,00 in sales via the catalogue and online store.

We built on our trusted and long-term relationships with some of our most established and loyal major funders, especially those who have provided support during the cost-of-living crisis. We continued key strategic partnerships with organisations such as the Armed Forces Covenant Fund Trust and The National Lottery Community Fund, as well as receiving funding from the Barbara Naylor Charitable Trust. We also remain extremely grateful for the steadfast support provided by the Royal British Legion and the services' benevolent funds; ABF The Soldiers' Charity, the Army Central Fund, the Royal Navy and Royal Marines Charity, the RAF Benevolent Fund, and also Greenwich Hospital. Furthermore, we are honoured to receive the continued generosity and support of the Michael Uren Foundation.

We have been humbled by the special and exceptional generosity of all our supporters, and we extend a sincere and heartfelt thank you to all our donors: individual, corporate, grant-givers and commercial partners, as well as other collaborating organisations, and those who wish to remain anonymous, for their support during this difficult and demanding year.

Particular thanks go to:

ABF The Soldiers' Charity
Amazon
Annington
Aramark UK
Armed Forces Covenant Fund Trust
Army Central Fund
Award
BAE Systems
Boeing UK
E & N Watson Family Trust
Forces in Mind Trust (FiMT)
Frank Ross
Fujitsu
Glasgow City Council
Gosling Foundation
Greenwich Hospital
Hattons of London
Honourable Artillery Company
ICAP
Landmarc
LIBOR Fund
Livery Companies of the City of London
Masonic Lodge of West Yorkshire
Ms Shields Legacy
Park Dean Resorts
QinetiQ
Rheinmetall BAE Systems Land (RBSL)
Royal Air Force Benevolent Fund
Royal Engineers
Royal Navy and Royal Marines Charity
Sodexo
St James' House
The Barbara Naylor Charitable Trust
The Dr Olav and Mrs Kerr Charitable Trust
The MacRobert Trust
The Michael Uren Foundation
The National Lottery Community Fund
The Queen Mary's Roehampton Trust
The Scottish Government Armed Forces Third Sector Resilience Fund
The Swire Charitable Trust
The Syncona Foundation
Thorntons
Trinity House Maritime Charity
and those who wish to remain anonymous

LOOKING TO THE FUTURE

The spiralling cost of living will mean many more of the Armed Forces community are facing financial hardship, so close attention to ensuring financial sustainability of the Charity is a priority for the Trustees and Senior Management team who will continue to closely monitor the impact of increased need 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 order to future-proof our vital work we will be trialling our Network Delivery Project in two regions with a view to ensuring a financially sustainable, 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 cost-of-living crisis in our economy, society, and welfare services. To meet the increasing financial hardships faced by the Armed Forces community we have created a Cost-of-Living Crisis Fund. This fund enables our critical front-line services to give immediate financial support to those who are struggling, and to relieve a major cause of their anxiety and stress.

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. Our fundraising strategy for 2022-2024 focuses on new supporter acquisition and engagement whilst ensuring our regional and community fundraising presence is 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 deficit in the year before investment and actuarial losses and exceptional items of £1.4 million (2021: £0.5 million surplus). This comprises a deficit on unrestricted funds of £0.8 million for the year (2021: £1.0 million surplus) and a restricted fund deficit of £0.6 million (2021: £0.5 million).

Donations and legacies received in the year were £5.9 million (2021: £6.1 million) and £5.3 million (2021: £4.5 million) respectively. The costs of raising voluntary income were £844 thousand (2021: £789 thousand). The branches continue, through their volunteer network, to raise significant funds of £9.5 million (2021: £7.9 million) from service and other charities to assist a wide variety of Forces-related individuals in need. At 31 December 2022 £1.5 million (2021: £1.5 million) was being held as unalmonised grants for imminent distribution to the individuals for whom the funds were raised.

Health and welfare activities contributed £1.1 million (2021: £1.0 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 £68 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 an increase in discount rate from 1.9% to 4.9%.

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 2022, the fund recorded a total negative return of 10.6%, which was below the benchmark. Dividends for the year were increased to 8.25p 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 2023. 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 2022, the Charity held total funds of £56.8 million (2021 - £63.1 million).
- At 31 December 2022 the Charity held restricted funds not available for general purposes of £6.0million (2021 - £7.2 million). This includes fixed assets of £302,000 (2021- £304,000).
- At 31 December 2022 the Charity held designated funds of £1.5 million (2021 - £1.6 million) for use as and when qualifying need arises.
- At 31 December 2022, the level of unrestricted reserves which were not represented by fixed assets was 2.1 years of running costs (2021: 2.6 years).
- At 31 December 2022, the unrestricted general reserves (which include designated funds) that were not represented by fixed assets amounted to £43.7 million (2021: £47.0 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 regional and 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, SSAFA utilises payroll giving schemes and face-to-face fundraising on private sites. SSAFA engages three specialist Professional Fundraising Organisations (PFOs) to represent the charity to support payroll giving and two PFOs to represent the charity for face-to-face activity. 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.

MANAGING AND SAFEGUARDING DATA

SSAFA is dedicated to safeguarding the personal data entrusted to us by our volunteers and supporters, while ensuring strict adherence to rigorous governance and risk management standards. We have worked on our data protection programme throughout 2022 to ensure transparency with our supporters regarding how we process their data. This includes obtaining the necessary permissions from supporters before collecting and using their personal data and giving supporters clear choices on how they receive communications from us.

We provide training to employees and volunteers on data protection and privacy. This includes guidance on how to handle personal data, how to spot and report suspicious activity and how to respond to a data breach. We regularly review and update our data protection policies to ensure they remain compliant with any changes to data protection laws.

In addition, privacy considerations are now imbedded at the start of all new projects, ensuring data protection principles are at the forefront of project design. As part of our commitment to maintaining the trust of our supporters we conduct a due diligence exercise on all third-party suppliers and data sharing agreements are in place with third-party organisations who support SSAFA's fundraising activities. This ensures that we only work with reputable suppliers who share our values and commitment to data protection. The confidentiality, integrity and availability of supporter data are the utmost importance to the charity, and we are fully committed to implementing measures to ensure that supporter data is kept safe and secure at all times.

STRUCTURE, GOVERNANCE AND MANAGEMENT GOVERNING DOCUMENT

The Soldiers', Sailors', Airmen's and Families' Association - Forces Help, operating as SSAFA, the Armed Forces charity 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 Data Protection, 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 reduced in 2022 to 1.47% (2021: 2.31%) and continues to be considerably lower than the national median gender pay gap of 14.9% (2022 ONA ASHE). Since implementing a new recruitment process, 10% of new starters declared a disability and are supported in the workplace through the Access to Work programme.

SUBSIDIARY CHARITIES

The Charity has two subsidiary Charities: The Royal Homes, regulated under a Charity Commission Scheme in 1998 and the Aircrew Association Charitable Fund, regulated under a Charity Commission Scheme in 2012. Both are administered as part of SSAFA as a result of these schemes, and their results are included within the results of the Charity.

Until 31 December 2022 the Military Wives Choirs Foundation ("MWCF"), 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 SCO45217, was also a subsidiary of SSAFA. On 31 December 2022 SSAFA resigned its sole membership of the MWCF. The MWCF prepares its own annual financial statements. These are not included in SSAFA's charity accounts but are consolidated within the Group Statement of Financial Activity up until 31 December 2022. The net assets of the MWCF were disposed of at 31 December 2022 and are not included in the Group Balance Sheet.

SSAFA OPERATIONAL ENTITIES

Under the authority of Council, SSAFA operates three subsidiary companies. 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 reports as required to Companies House.

Details of the Companies 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.

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;
- ensuring that branches' and serving communities' 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 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 20 June 2023

And signed on 20 June 2023 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 2022 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 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 2022 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:

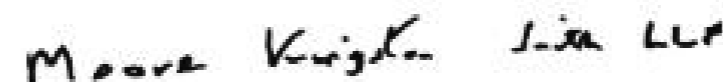
- We obtained an understanding of the legal and regulatory requirements applicable to the charity and considered that the most significant are the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 (as amended), regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 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

Statutory Auditor
Date: 20 June 2023
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 2022

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2022 £'000	Unrestricted Funds 2021 £'000	Restricted Funds 2021 £'000	Total 2021 £'000
INCOME FROM:							
Donations and legacies	1	9,129	2,031	11,160	8,284	2,276	10,560
Charitable activities							
Contributions – service/other charities	2	-	9,528	9,528	-	7,911	7,911
Health and welfare	2	5,991	428	6,419	5,908	504	6,412
Care and accommodation	2	421	546	967	417	479	896
Adoption services	2	237	-	237	409	-	409
Total charitable activities		6,649	10,502	17,151	6,734	8,894	15,628
Other trading activities							
Fundraising activities		1,799	86	1,885	1,701	21	1,722
Commercial activities		679	-	679	233	-	233
Total trading activities		2,478	86	2,564	1,934	21	1,955
Investments	3	1,483	106	1,589	1,511	115	1,626
Other income	4	571	-	571	473	-	473
Exceptional item	5	-	-	-	-	10,000	10,000
Total income		20,310	12,725	33,035	18,936	21,306	40,242
EXPENDITURE ON:							
Raising funds							
Fundraising activities	6	3,443	-	3,443	2,209	-	2,209
Raising voluntary income	6	844	-	844	789	-	789
Other trading activities	6	240	-	240	101	-	101
Total raising funds		4,527	-	4,527	3,099	-	3,099
Charitable activities							
Supporting clients	6	9,749	11,986	21,735	7,746	10,778	18,524
Health and welfare	6	4,816	393	5,209	4,978	457	5,435
Care and accommodation	6	1,402	979	2,381	1,410	620	2,030
Adoption services	6	562	-	562	569	-	569
Total cost of charitable activities		16,529	13,358	29,887	14,703	11,855	26,558
Other expenditure	6	2	-	2	85	-	85
Total expenditure		21,058	13,358	34,416	17,887	11,855	29,742
Net (losses)/gains on investments	11	(4,355)	(522)	(4,877)	2,735	307	3,042
Net (expenditure)/income before fund transfers		(5,103)	(1,155)	(6,258)	3,784	9,758	13,542
Transfer between funds	12	26	(26)	-	10,117	(10,117)	-
Other recognised gains and losses							
Actuarial (losses)/gains on defined benefit pension	24	(36)	-	(36)	7,626	-	7,626
Net movement in funds		(5,113)	(1,181)	(6,294)	21,527	(359)	21,168
RECONCILIATION OF FUNDS							
Total funds brought forward	18	55,882	7,169	63,051	34,355	7,528	41,883
Total funds carried forward	18	50,769	5,988	56,757	55,882	7,169	63,051

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 2022

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2022 £'000	Unrestricted Funds 2021 £'000	Restricted Funds 2021 £'000	Total 2021 £'000
INCOME FROM:							
Donations and legacies	1	9,754	1,808	11,562	9,362	2,054	11,416
Charitable activities							
Contributions – service/other charities	2	-	9,528	9,528	-	7,911	7,911
Health and welfare	2	-	428	428	-	504	504
Care and accommodation	2	421	546	967	417	479	896
Adoption services	2	237	-	237	409	-	409
Total charitable activities		658	10,502	11,160	826	8,894	9,720
Other trading activities – Fundraising		1,843	86	1,929	1,675	21	1,696
Investments	3	1,481	106	1,587	1,511	115	1,626
Other income	4	5,339	-	5,339	4,984	-	4,984
Exceptional item	5	-	-	-	-	10,000	10,000
Total income		19,075	12,502	31,577	18,358	21,084	39,442
EXPENDITURE ON:							
Raising funds							
Fundraising activities	6	3,439	-	3,439	2,220	-	2,220
Raising voluntary income	6	838	-	838	786	-	786
Total raising funds		4,277	-	4,277	3,006	-	3,006
Charitable activities							
Supporting clients	6	9,054	11,648	20,702	7,309	10,495	17,804
Health and welfare	6	894	393	1,287	1,224	457	1,681
Care and accommodation	6	1,400	979	2,379	1,408	620	2,028
Adoption services	6	562	-	562	569	-	569
Total cost of charitable activities		11,910	13,020	24,930	10,510	11,572	22,082
Other expenditure	6	3,834	-	3,834	3,775	-	3,775
Total expenditure		20,021	13,020	33,041	17,291	11,572	28,863
Net (losses)/gains on investments	11	(4,313)	(488)	(4,801)	2,735	307	3,042
Net (expenditure)/income before fund transfers		(5,259)	(1,006)	(6,265)	3,802	9,819	13,621
Transfers between funds	12	34	(34)	-	10,117	(10,117)	-
Other recognised gains and losses							
Actuarial (losses)/gains on defined benefit pension	24	(36)	-	(36)	7,626	-	7,626
Net movement in funds		(5,261)	(1,040)	(6,301)	21,545	(298)	21,247
RECONCILIATION OF FUNDS							
Total funds brought forward	18	55,506	7,028	62,534	33,961	7,326	41,287
Total funds carried forward	18	50,245	5,988	56,233	55,506	7,028	62,534

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 2022

	Notes	Group 2022 £'000	Group 2021 £'000	Charity 2022 £'000	Charity 2021 £'000
As at 31 December					
FIXED ASSETS					
Tangible assets	13	7,352	9,142	7,352	9,141
Investments	14	39,891	42,921	39,901	42,931
Total fixed assets		47,243	52,063	47,253	52,072
CURRENT ASSETS					
Debtors	15	5,227	5,625	4,674	5,925
Stock		25	29	-	-
Cash at bank and in hand		8,409	14,205	8,104	12,932
		13,661	19,859	12,778	18,857
Creditors: Amounts falling due within one year	16	(4,147)	(8,454)	(3,798)	(7,978)
Net current assets		9,514	11,405	8,980	10,879
Creditors: Amounts falling due after more than one year	17	-	(417)	-	(417)
Net assets excluding pension liability		56,757	63,051	56,233	62,534
Defined benefit pension scheme liability	24	-	-	-	-
NET ASSETS	18	56,757	63,051	56,233	62,534
FUNDS					
Unrestricted funds – general	18	49,255	54,280	48,731	53,904
Unrestricted funds – designated	18	1,514	1,602	1,514	1,602
Unrestricted funds – pension reserve	18	-	-	-	-
Total unrestricted funds	18	50,769	55,882	50,245	55,506
Restricted funds	18	5,988	7,169	5,988	7,028
TOTAL FUNDS	18	56,757	63,051	56,233	62,534

Approved by Council on 20 June 2023 and signed on 20 June 2023 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 2022

	Notes	2022 £'000	2021 £'000
Net cash used in operating activities	A	(3,181)	(2,271)
Cash flows from investing activities			
Dividends, interest and rents from investments	3	1,589	1,626
Proceeds on disposal of fixed assets		608	513
Net cash disposed of on disposal of subsidiary		(325)	-
Purchase of investments	14	(42)	(1,643)
Proceeds from sale of investments	14	55	117
Net cash used in investing activities		1,882	613
Cash inflows from financing activities			
New borrowings		500	5,000
Repayment of borrowings		(5,000)	-
Change in cash and cash equivalents in the year		(5,796)	3,342
Cash and cash equivalents at 1 January 2022		14,205	10,863
Cash and cash equivalents at 31 December 2022		8,409	14,205

Notes to the Consolidated Statement of Cash Flows

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

		2022 £'000	2021 £'000
Net (expenditure)/income for the year		(6,258)	13,542
Adjustments for:			
Depreciation	13	169	191
Profit on disposal of fixed assets		(522)	(316)
Losses/(gains) on investments	6,14	4,877	(3,039)
Dividends, interest and rents from investments	3	(1,589)	(1,626)
Decrease in stock		4	13
(Decrease)/increase in creditors	16	(224)	22
Pension contributions	24	(135)	(10,158)
Change in pension liability	24	99	698
Decrease/(increase) in debtors	15	398	(1,598)
Net cash used in operating activities		(3,181)	(2,271)

Analysis of changes in net funds

	At 1 January 2022 £'000	Cash flows £'000	Disposal of subsidiary £'000	At 1 January 2022 £'000
B. Analysis of cash and cash equivalents and net debt				
Cash	14,205	(5,471)	(325)	8,409
Borrowings				
Debt due within one year	(4,583)	4,083	-	(500)
Debt due after more than one year	(417)	417	-	-
	(5,000)	(4,500)	-	(500)
	9,205	(971)	(325)	7,909

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 2020) second edition issued October 2020 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 2020) second edition issued October 2020 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 £50.8 million in unrestricted funds at 31 December 2022. The Trustees therefore consider that the Charity has adequate resources to sustain operations for the foreseeable future.

During the Covid-19 pandemic the Trustees recognised the need to secure access to loan funding from the Charity's bankers. The Coronavirus Business Interruption Loan was repaid in the year, and a new Revolving Credit Facility (RCF) acquired, ensuring that the Charity can meet all its liabilities in the event of reduced incoming cash flows. The Trustees therefore continue to adopt the going concern basis of accounting in preparing 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.

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 £44,000 received in respect of the government kick-starter scheme providing employment opportunities for 16-24 year old on Universal Credit.

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.

Social investments include investment in other charities which have charitable objects in common with SSAFA and are measured at cost less impairment in the financial Statements of both the individual Charity and the Group.

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.

STOCKS

Stocks are stated at the lower of cost and net realisable value.

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 18

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 18.

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% (2021 - 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 2022

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2022 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2021 £'000
1. DONATIONS AND LEGACIES						
Group						
Donations	4,040	1,830	5,870	3,814	2,259	6,073
Legacies	5,089	201	5,290	4,470	17	4,487
	9,129	2,031	11,160	8,284	2,276	10,560
Charity						
Donations	4,665	1,607	6,272	4,892	2,037	6,929
Legacies	5,089	201	5,290	4,470	17	4,487
	9,754	1,808	11,562	9,362	2,054	11,416

The Charity received donations from its subsidiary companies of £1,243,000 in respect of 2022 results (2021: £1,586,000).

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2022 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2021 £'000
2. INCOME FROM CHARITABLE ACTIVITIES						
Group						
Contributions from services and charities for individuals	-	9,528	9,528	-	7,911	7,911
Community health and social services – UK and overseas	-	428	428	-	504	504
Health and welfare contracts incl share of joint venture	5,991	-	5,991	5,908	-	5,908
Group health and welfare	5,991	428	6,419	5,908	504	6,412
Care and accommodation contributions						
Stepping Stone Homes	225	-	225	211	-	211
Residential homes and cottages	103	-	103	118	-	118
Royal Homes	-	546	546	-	479	479
Other	93	-	93	88	-	88
Group care and accommodation contributions	421	546	967	417	479	896
Adoption income	237	-	237	409	-	409
Total income from charitable activities	6,649	10,502	17,151	6,734	8,894	15,628
Charity						
Contributions from services and charities for individuals	-	9,528	9,528	-	7,911	7,911
Community health and social services – UK and overseas	-	428	428	-	504	504
Care and accommodation contributions						
Stepping Stone Homes	225	-	225	211	-	211
Residential homes and cottages	103	-	103	118	-	118
Royal Homes	-	546	546	-	479	479
Other	93	-	93	88	-	88
Charity care and accommodation contributions	421	546	967	417	479	896
Adoption income	237	-	237	409	-	409
Total income from charitable activities	658	10,502	11,160	826	8,894	9,720

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2022 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2021 £'000
3. INCOME FROM INVESTMENTS						
Group						
Listed investments	1,047	106	1,153	1,036	115	1,151
Bank deposits and unquoted investments	5	-	5	6	-	6
Rental income	431	-	431	469	-	469
Total investment income	1,483	106	1,589	1,511	115	1,626
Charity						
Listed investments	1,047	106	1,153	1,036	115	1,151
Bank deposits and unquoted investments	3	-	3	6	-	6
Rental income	431	-	431	469	-	469
Total investment income	1,481	106	1,587	1,511	115	1,626

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2022 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2021 £'000
4. OTHER INCOME						
Group						
Disposal of fixed assets	522	-	522	316	-	316
Coronavirus Job Retention Scheme	-	-	-	55	-	55
Grant for CBILS loan interest	-	-	-	82	-	82
Other income	49	-	49	20	-	20
Total other income	571	-	571	473	-	473
Charity						
Disposal of fixed assets	522	-	522	316	-	316
Management charges to subsidiary undertakings	838	-	838	838	-	838
Salary charges recharged to subsidiary	3,979	-	3,979	3,693	-	3,693
Coronavirus Job Retention Scheme	-	-	-	55	-	55
Grant for CBILS loan interest	-	-	-	82	-	82
Total other income	5,339	-	5,339	4,984	-	4,984

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2022 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2021 £'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 2022

6. EXPENDITURE	Activities undertaken directly £'000	Support costs (see note 7) £'000	Total 2022 £'000	Total 2021 £'000
Group				
Raising funds				
Fundraising activities	3,398	45	3,443	2,209
Raising voluntary income	82	762	844	789
Other trading activities	240	-	240	101
	3,720	807	4,527	3,099
Charitable activities				
Supporting clients	19,376	2,359	21,735	18,524
Provision of 'Grant Aided' activities	363	30	393	457
Health and welfare	3,998	818	4,816	4,978
Care and accommodation	2,069	312	2,381	2,030
Adoption services	445	117	562	569
	26,251	3,636	29,887	26,558
Other expenditure	2	-	2	85
Total resources expended	29,973	4,443	34,416	29,742

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

Charity	Activities undertaken directly £'000	Support costs (see note 7) £'000	Total 2022 £'000	Total 2021 £'000
Raising funds				
Fundraising activities	3,394	45	3,439	2,220
Raising voluntary income	82	756	838	786
	3,476	801	4,277	3,006
Charitable activities				
Supporting clients	18,359	2,343	20,702	17,804
Provision of 'Grant Aided' activities	363	30	393	457
Health and welfare	76	818	894	1,224
Care and accommodation	2,069	310	2,379	2,028
Adoption services	445	117	562	569
	21,312	3,618	24,930	22,082
Other expenditure - payroll costs for subsidiary companies	3,834	-	3,834	3,775
Total resources expended	28,622	4,419	33,041	28,863

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

6. EXPENDITURE cont.

SUPPORTING CLIENTS - WELFARE AND GRANTS PAYABLE	Unrestricted Funds £'000	Restricted Funds £'000	Total 2022 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2021 £'000
Group						
Casework	8,942	10,694	19,636	7,308	10,087	17,395
Specialist services	310	954	1,264	251	408	659
Military Wives Choirs	497	338	835	187	283	470
	9,749	11,986	21,735	7,746	10,778	18,524

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 2022 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2021 £'000
Charity						
Casework	8,744	10,694	19,438	7,058	10,087	17,145
Specialist services	310	954	1,264	251	408	659
	9,054	11,648	20,702	7,309	10,495	17,804

OTHER EXPENDITURE	2022	2022	2022	2021	2021	2021
Group	Unrestricted £'000	Restricted £'000	Total £'000	Unrestricted £'000	Restricted £'000	Total £'000
Interest on CBILS loan	-	-	-	82	-	82
Loan interest	2	-	2	-	-	-
Loss on disposal of Joint Venture investment	-	-	-	3	-	3
	2	-	2	85	-	85

OTHER EXPENDITURE	2022	2022	2022	2021	2021	2021
Charity	Unrestricted £'000	Restricted £'000	Total £'000	Unrestricted £'000	Restricted £'000	Total £'000
Payroll costs for subsidiaries	3,832	-	3,832	3,693	-	3,693
Interest on CBILS loan	-	-	-	82	-	82
Loan interest	2	-	2	-	-	-
	3,834	-	3,834	3,775	-	3,775

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 2022

7. SUPPORT COSTS	Management £'000	Finance £'000	Human Resources £'000	Information Technology £'000	Facilities £'000	Governance £'000	Total 2022 £'000	Total 2021 £'000
Group								
Raising funds	30	50	181	243	254	49	807	762
Charitable activities								
Grants payable	88	147	529	712	740	143	2,359	2,341
Care and accommodation	12	19	70	94	98	19	312	396
Adoption	4	7	26	36	37	7	117	159
Total charitable activities	134	223	806	1,085	1,129	218	3,595	3,658
Health and welfare services							818	817
Grant-aided activities							30	25
Total support costs							4,443	4,500

Charity	Management £'000	Finance £'000	Human Resources £'000	Information Technology £'000	Facilities £'000	Governance £'000	Total 2022 £'000	Total 2021 £'000
Raising funds	30	44	181	243	254	49	801	759
Charitable activities								
Grants payable	88	131	529	712	740	143	2,343	2,328
Care and accommodation	12	17	70	94	98	19	310	394
Adoption services	4	7	26	36	37	7	117	159
	134	199	806	1,085	1,129	218	3,571	3,640
Health and welfare services							818	817
Grant-aided activities							30	25
Total support costs							4,419	4,482

Governance costs include:	2022 £'000	2021 £'000
Council, AGM & Committee expenses	3	2
Annual reports	5	6
Audit	76	68
Legal and professional	74	61
Apportionment of employee costs	60	72
	218	209

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

8. NET EXPENDITURE	2022 £'000	2021 £'000
This is stated after charging/(crediting):		
Fees payable to the Charity's auditor		
Audit of the Charity's accounts	46	39
Audit of subsidiaries	30	29
Total audit fees	76	68
Non-audit fees: Taxation compliance services	5	5
Depreciation of tangible fixed assets	169	191
Expenditure on fixtures, fittings & equipment written off	201	234
Profit on disposal of fixed assets	(522)	(316)
Amounts paid under operating leases (see below)	60	59

The Group's future minimum operating lease payments are as follows:	2022 £'000	2021 £'000
Within one year	71	52
In two to five years inclusive	65	51

The Charity's future minimum operating lease payments are as follows:	2022 £'000	2021 £'000
Within one year	46	26
In two to five years inclusive	52	13

9. EMPLOYEE AND STAFF COSTS	Non MOD 2022 £'000	MOD 2022 £'000	Total 2022 £'000	Non MOD 2021 £'000	MOD 2021 £'000	Total 2021 £'000
Staff costs during the year were as follows:						
Wages and salaries	9,214	2,972	12,186	7,988	2,842	10,830
Social security costs	900	271	1,171	733	259	992
Other pension costs	679	213	892	485	210	695
Total staff costs	10,793	3,456	14,249	9,206	3,311	12,517
Agency locums and other contractors	433	191	624	650	162	812
Total labour costs	11,226	3,647	14,873	9,856	3,473	13,329

Redundancy costs of £70,000 (2021: £40,000) 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 2022 Number	MOD 2022 Number	Total 2022 Number	Non MOD 2021 Number	MOD 2021 Number	Total 2021 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	7	-	7	5	-	5
£70,001 to £80,000	3	1	4	6	1	7
£80,001 to £90,000	2	-	2	2	-	2
£90,001 to £100,000	1	-	1	1	-	1
£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 2022

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 £809,000 (2021: £815,000).

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

	MOD		Total 2022 Number	MOD		Total 2021 Number
	Non-MOD 2022 Number	Contracts* 2022 Number		Non-MOD 2021 Number	Contracts* 2021 Number	
Voluntary income	3	-	3	3	-	3
Raising funds	52	-	52	44	-	44
Grants payable	160	-	160	130	-	130
Care and accommodation	21	-	21	22	-	22
Adoption services	8	-	8	9	-	9
Health and welfare	-	105	105	-	101	101
Community health and grant-in-aid	-	8	8	-	10	10
Management and support	36	-	36	32	-	32
Total staff numbers	280	113	393	240	111	351

* 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

Lady Walmsley has a controlling interest in Ashbourne Strategic Consulting Limited, a company which received fees of £12,000 (2021 - £11,000) from the Charity for her role as Chair of the London Carol Concert Committee as approved by Trustees.

Other 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 2022 total expenses of £6,000 (2021 £4,000) were paid for 7 Trustees (2021 - 5).

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 (2021 - £2,500)

11. NET (LOSSES) /GAINS ON INVESTMENTS Group	Unrestricted £'000	Restricted £'000	Total 2022 £'000	Unrestricted £'000	Restricted £'000	Total 2021 £'000
Unrealised (losses)/gains on listed investments	(4,364)	(488)	(4,852)	2,735	307	3,042
Fair value adjustment on investment properties	51	-	51	-	-	-
Net assets disposed of on disposal of subsidiary charity	(42)	(34)	(76)	-	-	-
Total net (losses)/gains on investments	(4,355)	(522)	(4,877)	2,735	307	3,042

Charity	Unrestricted £'000	Restricted £'000	Total 2022 £'000	Unrestricted £'000	Restricted £'000	Total 2021 £'000
Unrealised (losses)/gains on listed investments	(4,364)	(488)	(4,852)	2,735	307	3,042
Fair value adjustment on investment properties	51	-	51	-	-	-
Total net (losses)/gains on investments	(4,313)	(488)	(4,801)	2,735	307	3,042

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 202

12. TRANSFER OF FUNDS	Unrestricted 2022 £'000	Restricted 2022 £'000	Total 2022 £'000	Unrestricted 2021 £'000	Restricted 2021 £'000	Total 2021 £'000
Transfer of exceptional income to pension reserve	-	-	-	10,000	(10,000)	-
Other transfers	34	(34)	-	117	(117)	-
Total transfers - charity	34	(34)	-	10,117	(10,117)	-
Military Wives Choirs	(8)	8	-	-	-	-
Total transfers - group	26	(26)	-	10,117	(10,117)	-

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 2022	9,627	966	20	1,180	11,793
Transfer to investment property	(1,786)	-	-	-	(1,786)
Disposals	(105)	-	-	(5)	(110)
At 31 December 2022	7,736	966	20	1,175	9,897
Depreciation					
At 1 January 2022	1,142	324	19	1,166	2,651
Charge for year	137	19	-	13	169
Transfer to investment property	(251)	-	-	-	(251)
Eliminated on disposal	(20)	-	-	(4)	(24)
At 31 December 2022	1,008	343	19	1,175	2,545
Net book value					
At 31 December 2022	6,728	623	1	-	7,352
At 31 December 2021	8,485	642	1	14	9,142

Charity	Freehold properties £'000	Long leasehold properties £'000	Motor vehicles £'000	IT, furniture & equipment £'000	Total £'000
Cost					
At 1 January 2022	9,627	966	20	1,175	11,788
Transfer to investment property	(1,786)	-	-	-	(1,786)
Disposals	(105)	-	-	-	(105)
At 31 December 2022	7,736	966	20	1,175	9,897
Depreciation					
At 1 January 2022	1,142	324	19	1,162	2,647
Charge for year	137	19	-	13	169
Transfer to investment property	(251)	-	-	-	(251)
Eliminated on disposal	(20)	-	-	-	(20)
At 31 December 2022	1,008	343	19	1,175	2,545
Net book value					
At 31 December 2022	6,728	623	1	-	7,352
At 31 December 2021	8,485	642	1	13	9,141

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

14. INVESTMENTS	Group 2022 £'000	Group 2021 £'000	Charity 2022 £'000	Charity 2021 £'000
Investments comprise:				
Freehold investment properties	9,942	8,356	9,942	8,356
Listed investments	29,700	34,565	29,700	34,565
Social investment	249	-	249	-
Investments in subsidiaries	-	-	10	10
	39,891	42,921	39,901	42,931

	Group Freehold £'000	Charity Freehold £'000
Investment properties at fair value		
As at 1 January 2022	8,356	8,356
Transfer from fixed assets	1,535	1,535
Revaluation of asset transferred from freehold property	1,251	1,251
Decrease in fair value in year	(1,200)	(1,200)
As at 31 December 2022	9,942	9,942

The freehold investment property, a part of the freehold SSAFA Headquarters property was revalued at 31 December 2022, 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. NatWest Bank plc holds a charge over the property to

As set out in note 3, property rental income earned during the year was £431,000 (2021: £469,000). 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 £91,000 (2021 - £85,000).

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

	2022 £'000	2021 £'000
Within one year	405	149
In two to five years inclusive	849	162

Listed investments	Total £'000	
Group:		
Market value:		
At 1 January 2022		34,565
Acquisitions		42
Receipts from disposals of investments		(55)
Realised and unrealised profits on revaluation		(4,852)
At 31 December 2022 - Group		29,700
Investment in subsidiary		10
At 31 December 2022 - Charity		29,710
Historical cost at 31 December 2022		23,831

	2022 £'000	2021 £'000
Listed investments are represented by:		
Armed Forces Charity Authorised Investment Fund Units	29,529	34,309
United Kingdom - Equities	171	256
	29,700	34,565

Investments within the portfolio which amount to more than 5% of total holdings as at 31 December 2022 were:

	2022 £'000	2021 £'000
Armed Forces Charity Authorised Investment Fund	29,529	34,309

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

14. INVESTMENTS Cont.	2022 £'000
Social investments	
At 1 January 2022	-
Transfer from subsidiary undertakings	249
At 31 December 2022	249

Social investments are represented by the Military Wives Choirs Foundation, a Charity incorporated in England & Wales. Until 31 December SSAFA was the sole member of the Foundation, when it resigned and the Trustees of the Foundation became its members. The Military Wives Choirs Foundation runs over 70 choirs across the United Kingdom and overseas where there is a British military presence and provides welfare through singing to women in military families.

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
SSAFA CMS Limited	100 £1 ordinary shares	Casework management system

On 31 December 2022 the Charity resigned its sole membership of Military Wives Choirs Foundation.

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

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

	SSAFA Family Health Services		SSAFA Forces Help Enterprises Limited		SSAFA CMS Limited	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Total assets	799	902	349	304	111	174
Total liabilities	(357)	(720)	(252)	(180)	(109)	(173)
	442	182	97	124	2	1
Represented by:						
Share capital	-	-	10	10	-	-
Reserves	442	182	87	114	2	1
	442	182	97	124	2	1
The results for the year were:						
Income	5,991	5,910	606	259	377	410
Expenditure	(4,843)	(4,573)	(268)	(98)	(376)	(410)
Net income/(expenditure)	1,148	1,337	338	161	1	-
Asset disposal	-	-	-	-	-	-
Donation to charity under Gift Aid	(888)	(1,345)	(365)	(246)	-	-
Reserves brought forward	182	190	114	199	1	1
Retained in subsidiary	442	182	87	114	2	1

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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.

A summary of the Group's share of the joint venture:	SSAFA GSTT Care LLP 2022 £'000	SSAFA GSTT Care LLP 2021 £'000
Turnover	-	-
Expenditure	-	(3)
(Loss)/profit before and after tax	-	(3)
Current assets	-	-
Liabilities due within 1 year	-	-

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

15. DEBTORS	Group 2022 £'000	Group 2021 £'000	Charity 2022 £'000	Charity 2021 £'000
Trade debtors	964	761	244	367
Amounts owed by subsidiary undertakings	-	-	347	850
Other debtors	61	52	4	12
Prepayments and accrued income	4,202	4,812	4,079	4,696
Total debtors	5,227	5,625	4,674	5,925

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

16. CREDITORS	Group 2022 £'000	Group 2021 £'000	Charity 2022 £'000	Charity 2021 £'000
Amounts falling due within one year:				
Bank loans	500	4,583	500	4,583
Trade creditors	723	747	552	494
Other tax and social security costs	508	533	506	536
Other creditors	333	148	219	157
Unalmonised grants	1,464	1,521	1,464	1,521
Accruals and deferred income	619	922	557	687
Total creditors	4,147	8,454	3,798	7,978

17. CREDITORS	Group 2022 £'000	Group 2021 £'000	Charity 2022 £'000	Charity 2021 £'000
Amounts falling due after more than one year:				
Bank loans	-	417	-	417
Total creditors	-	417	-	417

During the year the Charity repaid the Coronavirus Business Interruption Loan and secured a Revolving Credit Facility with NatWest Bank plc for up to £5 million for three years, of which £500,000 was borrowed at the balance sheet date. The loan is secured against the freehold property.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

18. FUNDS	Balance at 1 January 2022 £'000	Incoming resources £'000	Resources expended £'000	Other movements £'000	Transfers £'000	Balance at 31 December 2022 £'000
General funds	54,280	20,298	(20,916)	(4,298)	(109)	49,255
Designated funds						
Carmichael Walker Fund	452	12	(7)	(57)	-	400
Royal Patriotic Fund	1,150	-	(36)	-	-	1,114
Total designated funds	1,602	12	(43)	(57)	-	1,514
Pension reserve	-	-	(99)	(36)	135	-
Total unrestricted funds	55,882	20,310	(21,058)	(4,391)	26	50,769
Restricted funds						
Welfare and case grants	976	849	(1,302)	(5)	-	518
Housing	397	98	(43)	-	-	452
UK Armed Forces and other charities	-	9,528	(9,493)	-	(35)	-
UK Armed Forces 'grant-aided' activities	-	428	(394)	-	(34)	-
The Royal Homes	2,116	603	(978)	(273)	-	1,468
Miscellaneous branch funds	2,320	421	(211)	(210)	35	2,355
Adoption services	100	50	-	-	-	150
Welfare funds	1,119	525	(599)	-	-	1,045
Total restricted funds – Charity	7,028	12,502	(13,020)	(488)	(34)	5,988
Military Wives Choirs Foundation	141	223	(338)	(34)	8	-
Total restricted funds - group	7,169	12,725	(13,358)	(522)	(26)	5,988
Total funds - Group	63,051	33,035	(34,416)	(4,913)	-	56,757
General funds						
SSAFA Family Health Services	(182)	-	-	-	-	(442)
SSAFA Forces Help Enterprises Limited	(107)	-	-	-	-	(80)
SSAFA CMS Limited	(1)	-	-	-	-	(2)
Military Wives Choirs Foundation	(227)	-	-	-	-	-
Total funds – Charity	62,534					56,233

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

18. FUNDS (continued)	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

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 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 2022

19. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS	General 2022 £'000	Designated 2022 £'000	Restricted 2022 £'000	Total 2022 £'000
Fund balances at 31 December 2022 are represented by:				
Tangible fixed assets	7,050	-	302	7,352
Investments	36,479	352	3,060	39,891
Net current assets	5,726	1,162	2,626	9,514
Total net assets between funds	49,255	1,514	5,988	56,757

Fund balances at 31 December 2021 are represented by:	General 2021 £'000	Designated 2021 £'000	Restricted 2021 £'000	Total 2021 £'000
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

20. CONTINGENT ASSETS

Neither the Group nor the Charity have identified any contingent assets due either at 31 December 2022 nor at 31 December 2021.

21. CONTINGENT LIABILITIES

The Charity had no contingent liabilities either at 31 December 2022 nor at 31 December 2021.

22. CAPITAL COMMITMENTS

The Group had no capital commitments either at 31 December 2022 nor at 31 December 2021.

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

	2022 £'000	2021 £'000
Local Government Pension Scheme	135	10,158
Aviva Group Personal Pension Plan	751	525
NHS Pensions Scheme	7	12
Total contributions	893	10,695

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 334 active members in the scheme as at 31 December 2022 (2021: 291) and total pension scheme contributions outstanding at the year end amounted to £80,000 (2021: £69,000).

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 2022, the Association had 1 (2021:2) active members in this scheme.

The pension scheme contributions outstanding at the end of the accounting period amounted to £1,000 (2021: £2,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022 the Association had 16 active members (2021: 19).

The last actuarial valuation of the scheme was at 31 March 2020 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 2020, 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 2022 the valuation was updated in accordance with FRS 102 and in line with the assumptions used in the 2022 scheme valuation. The major assumptions used by the actuary were:

Assumptions as at	31 December 2022	31 December 2021
	% p.a.	% p.a.
RPI increases	3.2%	3.2%
CPI increases	2.8%	2.9%
Salary increases	3.8%	4.0%
Pension increases	2.8%	3.0%
Discount rate	4.9%	1.9%

Mortality assumption

The post-retirement mortality tables are based on Club Vita analysis. These base tables are then projected using the CMI 2021 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 2022 is as follows:

	31 December 2022	31 December 2021
	% p.a.	% p.a.
Equities	56%	58%
Target Return Portfolio	19%	21%
Infrastructure	13%	9%
Property	10%	8%
Cash	2%	4%
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 2022	2022 £'000	2021 £'000
Fair value of scheme assets (bid value)	139,076	145,173
Present value of funded obligations	(71,427)	(123,562)
Asset ceiling - restriction on recognising surplus	(67,649)	(21,611)
Net pension liability	-	-

At the year end the actuarial valuation was a surplus of £67,649,000. 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 2022

24. RETIREMENT BENEFITS (continued)

Reconciliation of defined benefit obligation:	2022 £'000	2021 £'000
Opening defined benefit obligation	123,562	134,570
Current service cost	311	394
Interest cost	2,252	1,659
Change in financial assumptions	(51,220)	(4,436)
Change in demographic assumptions	-	(1,643)
Experience gain on defined benefit obligation	157	(3,193)
Past service costs	-	-
Contributions by Scheme participants	53	62
Estimated benefits paid (net of transfers in)	(3,688)	(3,851)
Closing defined benefit obligation	71,427	123,562

Reconciliation of fair value of employer assets:	2022 £'000	2021 £'000
Opening fair value of scheme assets	145,173	117,484
Interest on assets	2,653	1,508
Return on assets less interest	(3,227)	19,965
Administration expenses	(189)	(153)
Other actuarial losses	(1,834)	-
Contributions by employer (including unfunded)	135	10,158
Contributions by scheme participants	53	62
Estimated benefits paid (net of transfers in and including unfunded)	(3,688)	(3,851)
Asset ceiling - restriction on recognising surplus	(67,649)	(21,611)
Closing fair value of employers assets	71,427	123,562

The actual loss on plan assets over the year ended 31 December 2022 was £574,000 (2021: £21,473,000 gain).

Fair value of the plan assets at the reporting period end	2022 £'000	2021 £'000
Equities	77,704	83,261
Gilts	26,949	29,873
Other bonds	17,533	13,250
Property	13,501	12,333
Cash	3,389	6,456
	139,076	145,173

Defined benefit costs recognised in the Statement of Financial Activities	2022 £'000	2021 £'000
Service cost	311	394
Net interest on the defined liability	(401)	151
Administration expenses	189	153
Defined benefit costs recognised in the Statement of Financial Activities	99	698

Re-measurement of the net assets/(defined liability)	2022 £'000	2021 £'000
Return of fund assets in excess of interest	(3,227)	19,965
Other actuarial gains on assets	(1,834)	-
Change in financial assumptions	51,220	4,436
Change in demographic assumptions	-	1,643
Experience gain on defined benefit obligation	(157)	3,193
Asset ceiling - restriction on recognising surplus	(67,649)	(21,611)
Re-measurement of the net assets/(defined liability)	(21,647)	7,726

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

24. RETIREMENT BENEFITS (continued)

	2022 £'000	2021 £'000
Reconciliation of opening and closing deficit:		
Surplus/(deficit) at beginning of the year	21,611	(17,086)
Current service cost	(311)	(394)
Past service cost	-	-
Employer contributions	135	10,158
Other finance income	401	(151)
Actuarial gains/(losses)	46,002	29,237
Asset ceiling - restriction on recognising surplus	(67,649)	(21,611)
Administrative expenses	(189)	(153)
Deficit at end of the year	-	-

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	70,254	71,427	72,620
Projected service cost	131	135	139
Adjustment to long term salary increase	0.1%	0%	-0.1%
Present value of total obligation	71,476	71,427	71,378
Projected service cost	135	135	135
Adjustment to pension increases and deferred revaluation	0.1%	0%	-0.1%
Present value of total obligation	72,594	71,427	70,279
Projected service cost	139	35	131
Adjustment to life expectancy assumptions	+1 Year	None	- 1 Year
Present value of total obligation	74,152	71,427	68,812
Projected service cost	140	135	130

25. FINANCIAL ASSETS AND LIABILITIES

Group	2022 £'000	2021 £'000
Financial assets	39,134	49,583
Financial liabilities	3,639	7,921
Charity	2022 £'000	2021 £'000
Financial assets	38,406	49,143
Financial liabilities	3,292	7,442

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

26. RELATED PARTY TRANSACTIONS

The Charity had the following transactions with its wholly owned subsidiaries

	2022 £'000	2021 £'000
Management fees charged to SSAFA Forces Help Enterprises Limited	20	20
Donation received from SSAFA Forces Help Enterprises Limited under Gift Aid	365	246
Amount due from SSAFA Forces Help Enterprises Limited	129	86
Salary and management charges to SSAFA Family Health Services	4,797	4,511
Donation received from SSAFA Family Health Services under Gift Aid	888	1,345
Amount due from SSAFA Family Health Services	219	502
Salary costs recharged to SSAFA CMS Limited	193	183
Amounts charged from SSAFA CMS Limited	103	93
Amounts due from Military Wives Choirs Foundation	-	261

Guarantor:

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



Regulars | Reserves | Veterans | Families

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 2022 our trained teams of volunteers and employees helped more than 59,000 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 260 6767** Lines open 09.00 to 17.30 weekdays
- Visit **ssafa.org.uk/forcesline**

To make a donation to support our Armed Forces family:

- Visit **ssafa.org.uk/give**

