



The Army's National Charity

ABF The Soldiers' Charity

Annual Report & Consolidated Accounts 2016/2017

Patron: Her Majesty The Queen

President: General Sir Mike Jackson GCB CBE DSO DL

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ABF The Soldiers' Charity (the "Charity") is an incorporated charity registered with the Charity Commission for England and Wales with Charity No.1146420, and in Scotland with the Office of the Scottish Charity Regulator with Scottish Charity Register No.SC039189.

ABF The Soldiers' Charity is a company limited by guarantee in England and Wales (07974609) and was incorporated on 2nd March 2012.

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Our Vision:

“That all serving soldiers, veterans and their immediate families should have the opportunity to avoid hardship and enjoy independence and dignity.”

Our Purpose: As the Army’s National Charity:

- We give a lifetime of support to serving soldiers, veterans of all ages and their immediate families in need. We envisage doing so for the ‘long haul’, supporting all future generations of our soldiers and their dependants. Our three pillars of support are:
 - We make grants to individuals through their Regimental and Corps Charities.
 - We make grants to specialist organisations and charities that deliver support to soldiers, veterans and their immediate families on our collective behalf.
 - We invest time, money and effort to facilitate better co-ordination, bringing forward the view of myriad Army charities to organisations such as Cobseo and the MoD; seeking to influence policies and co-ordinating/supporting the activities of others which are to the mutual benefit of the Army and its people and funding the associated critical enabling activity.
- We work with veterans of every conflict, from the Second World War to the most recent operations, both at home and around the Commonwealth and former Commonwealth.

Our Values:

- **Integrity** – ABF The Soldiers’ Charity is part of the Army’s and Nation’s fabric; we must act accordingly.
- **Respect** - we respect every individual and their needs.
- **Loyalty** - we are loyal to the Army as an institution, its people and those who support us.
- **Inspiration** - we create opportunities and inspire others, with the emphasis on a ‘hand-up’ not a ‘hand-out’.
- **Commitment** - we are approachable, effective and quick to respond.
- **Courage** - we act on behalf of our beneficiaries without fear or favour, telling it as it is.

Our Behaviours:

Our Vision and Values underpin the socially responsible way in which the Charity operates. We are all acutely aware that the Charity’s very existence is for the long term support of our beneficiaries within the Army Family and as such, we believe in rigorously ensuring that our donors’ money is spent where there is genuine ‘need’ not ‘want’.

We strive to ensure that we treat all our stakeholders with the respect that they deserve, whether supporters in all their various forms, partner organisations or beneficiaries.

Our Governance, Structure and Management

Governing Document

Founded in 1944, ABF The Soldiers' Charity, formerly the Army Benevolent Fund, is a Company limited by guarantee not having a share capital (Company No. 07974609), governed by the Articles of Association of ABF The Soldiers' Charity. The Company was incorporated on 2 March 2012 and the Charity was registered with the Charity Commission on 14 March 2012 (Charity No. 1146420).

The Charity is also registered with the Office of the Scottish Charity Regulator (Scottish Charity No. SC039189).

The Charity's objects are:

“To benefit persons who are serving or who have served in the British Army, or their dependants, in any charitable way by the provision of grants, loans, gifts, pensions or otherwise”.

The Charity is governed by a Board of Trustees, which is ultimately responsible for the Charity's strategic direction, supported by its Committees. The day-to-day running of the Charity is the responsibility of the Executive Board (the Senior Management Board). The way that we are governed complies fully with the Code for the Voluntary and Community Sector, endorsed by the Charity Commission, and with full regard to the Charity Commission's guidance on public benefit.

Our Board of Trustees

Our Board of Trustees had a maximum of 11 Trustees during the year; they are also Members and Directors of the charitable company (the Charity). They set our strategic direction and are responsible for ensuring that we uphold our values and governance, and deliver our objectives. They guide, advise and support the Chief Executive. They decide how we spend our money and approve our budgets. They delegate certain responsibilities to Trustee-led committees and the Executive Board, outlined below.

The Board of Trustees formally met three times during the period, with the next strategic business review planned for May 2017. They communicated frequently between meetings and attended numerous of our events and fundraising activities.

Our Trustees

Under the 2012 Articles of Association, the Trustees and Chairman are appointed for an initial period of three years, which can be extended for up to two further three-year periods. No Trustee can serve for a consecutive period of more than nine years, except when approved by a majority of the other Trustees by Special Resolution.

Each Trustee is selected after a thorough search for suitable candidates through open competition or after service in an expert capacity on one of our committees. On appointment, each Trustee undergoes an induction programme tailored to their knowledge and experience. The Trustees deploy a wide range of skills and experience essential to good governance. All Trustees are offered a programme of briefings on charity and employment law, subjects that are also included in a general annual update to Trustees by the Charity's solicitors.

A Register of Trustees' interests is held centrally and Trustees are required to disclose all relevant interests, register them with the Secretary to the Board of Trustees, and in accordance with the Charity's policy withdraw from decisions where a conflict of interest arises.

Trustees receive no remuneration or benefits-in-kind, but are reimbursed for their expenses as noted in the accounts.

The Trustees who served during the period, and as at the date of this report, are listed below:

Chairman

Lieutenant General Sir Andrew Gregory KBE CB (until August 2016)
Mr SR Martin MA (Oxon) (acting Chairman from August to November 2016)
Lieutenant General PD Jones CB CBE (appointed in November 2016)

Vice Chairman

Mr SR Martin MA (Oxon)

Members

Mr P Baynham
Ms M Fagan
Mr DE Francis
Brigadier (Retired) AW Freemantle CBE (Retired in November 2016)
Warrant Officer Class One (Army Sergeant Major) GJ Haughton GREN GDS
Mr PJ Hearn LLB (Hons)
Major General (Retired) AIG Kennedy CB CBE (Retired in November 2016)
Major General RMB Nitsch CBE
Mr JAE Rous (Appointed in November 2016)
Major General (Retired) MD Wood CBE

Lieutenant General (Retired) Sir Andrew Gregory KBE CB was appointed as Chairman in April 2016 on the retirement of Major General Peter Sheppard, but stepped down in July 2016 after taking up an executive appointment as Controller SSAFA. He was replaced as Chairman on a temporary basis by the Vice Chairman, Mr Simon Martin, until the appointment of Lieutenant General Philip Jones CB CBE as Chairman in November 2016.

For more information on our current Trustees and their biographies, please visit www.soldierscharity.org

Our Committees

The majority of the Trustees serve on Trustee-led Committees. The Chairman is an ex-officio member of all Committees and the Vice Chairman is an ex-officio member of the Governance Committee. The Committees each have specific delegated responsibilities, outlined below, on behalf of the Board of Trustees, and review key strategic activities of the Charity. They also meet in order to provide advice, good counsel and experience – and include both lay and specialist advisers who are refreshed on a regular basis. Details of the Trustee membership of the Committees are shown in Table One.

Governance Committee

The Governance Committee is responsible for the governance policies and procedures of the Charity. They assess the effectiveness of the governance structure; the size and membership of the Board of Trustees; the Committees and their respective roles. They plan and initiate the search and selection process for new Trustees and Senior Executives, assisted by independent search companies and open advertising as required, and recommend appointments to the Board of Trustees. Finally, they are responsible for recommending the Executive's pay to the Main Board, and in particular, that of the CEO and Senior Management Board, informed by advice from the

Finance & Investment Committee. The membership of the Governance Committee is drawn exclusively from Trustees. They met as necessary during the year.

Finance & Investment Committee

The Finance & Investment Committee is responsible for oversight of all aspects of the Charity's corporate financial policies and operations. It includes specialist experts in accountancy and fund management, and a number of external advisors. They monitor the short and long term viability of the Charity, ensuring that we have sufficient reserves to meet the needs of our beneficiaries. They review and approve the Investment and Reserves policies and monitor our compliance with them on a regular basis. They review the annual and long-term financial plans of the Charity; they monitor performance against plans and recommend action where necessary to maintain a strong financial position. They oversee the management of the Charity's investments and ensure that these are managed to underpin the strategic objectives of the Charity.

They are also responsible for reviewing and recommending to the Board the remuneration of the Executive Board and determining and agreeing the overall policy for the remuneration and pension arrangements of all our employees, overseeing any major changes in employee benefits. The Committee met three times during the year.

Grants Committee

The Grants Committee provides direction and scrutiny of all grant-giving by the Charity, recommending to the Board of Trustees the annual grants budget and grants to other charities; setting annual levels of delegated authority for individual Grant giving; regularly reviewing the in-year budget; conducting periodic audits of the Grant team's work and conducting regular reviews of grant-giving policies and procedures. The Grants Committee membership includes a number of external advisors including senior staff from Army and Regimental headquarters to ensure that we operate in appropriate coordination with their welfare activities. The Committee met three times during the year.

The Scottish Grants Committee meets as a subordinate body to the main Grants Committee, with representatives of Regimental Headquarters and Scottish military charities; it allocates funds within a total set by the main Grants Committee.

Fundraising & Marketing Committee

The Fundraising & Marketing Committee provides expert advice and support to the Executive Board on the Charity's approach and plans for fundraising and marketing. The Committee includes a number of external advisors who bring subject matter expertise to bear, as appropriate. The Committee monitors fundraising being carried out by the Charity, ensuring that fundraising conforms to recognised standards, and monitoring fundraising complaints. The Committee met three times during the year.

Table 1: Committee and Trustee membership

Board of Trustees		Committees			
Names	Date of appointment	Governance	Finance & Investment	Grants	Fundraising & Marketing
Lieutenant General Sir Andrew Gregory KBE CB (Chairman of Trustees)	April to July 2016	Chair	○	○	○
Lieutenant General PD Jones CB CBE (Chairman of Trustees)	November 2016	Chair	○	○	○
Mr SR Martin (Vice Chairman)	April 2013	✓	○	✓	
Mr P Baynham	July 2015	✓	Chair		
Ms M Fagan	July 2014	✓	○		Chair
Mr DE Francis	November 2010				✓
Brigadier (Retired) AW Freemantle CBE (until November 2016)	November 2007	✓		✓	
Warrant Officer Class One G J Houghton	January 2014				
Mr P J Hearn	April 2013		✓		✓
Major General (Retired) AIG Kennedy CB CBE (until November 2016)	November 2008				
Major General RMB Nitsch CBE	November 2014				
Mr JAE Rous	November 2016		✓		
Major General (Retired) MD Wood CBE	April 2013	✓	○	Chair	

✓ Member

○ Invited to attend or Ex Officio

For more information on how we are governed, visit www.soldierscharity.org

Our Executive Board

The Executive Board is responsible for the day-to-day running of the Charity under authority delegated by the Board of Trustees. They develop, for the Board of Trustees, the short and long-term plans for the Charity. As part of this, they propose the annual operating budget to the Finance & Investment Committee and to the Board of Trustees for their approval. In addition to routine weekly management meetings, they met formally 12 times during the year.

The members of the Executive Board (the Senior Management Board) during the year, and as at 31 March 2017, were:

Major General (Retired) MJ Rutledge CB OBE MA	Chief Executive
Brigadier (Retired) RJ Bacon FCIPD FCMI MBA	Chief of Staff & Company Secretary
Mrs Temidayo Ajakaiye BSc (Hons) FCCA DChA	Director of Finance (from August 2016)
Mr SAC Bonnington BA (Hons) DMS MInstF	Director of National Fundraising
Colonel (Retired) KT Haugh CBE	Director of Grants & Welfare
Mr RG Musson B Comm (Acc) FCA MInstLM	Director of Finance (until July 2016)
Brigadier (Retired) CW Tadler CBE FCMI MInstF(Cert)	Director of Regions
Mrs W Searle BA ¹	Head of Communications

For more information on our Executive Board please visit www.soldierscharity.org

Our Employees

Engaged, competent employees are key to the success of the Charity. We are focused on inspiring and developing our people to be the best that they can be, providing training that is both relevant and rewarding, whilst continuing to seek opportunities to develop new ways of working and streamline processes. The total number of employees in established posts as at 31 March 2017 was 82 (2016: 84), some of whom are part time.

Our wide network of employees, beneficiaries, supporters and volunteers continues to work enthusiastically to pursue our Vision, Purpose and Values.

We are fully committed to equality in the workplace and ensure that every person is treated fairly within the framework of equal opportunities as set out in our policies and procedures. The Charity does not tolerate sexual, racial, physical or mental harassment of people in the work place and aims to ensure that all employees receive equal treatment regardless of their age, race, sex, religion or beliefs, or disability.

Our Volunteers

Our volunteers make a vital contribution towards all of our achievements. We have almost 1,000 active unpaid volunteers across the British Isles and in other countries, most of whom support our 66 Regional County Committees in organising fundraising activities. Their presence and impact is wide-ranging and they give generously of their time and efforts.

Pay & Remuneration

We draw our benchmark data for Pay & Remuneration from “Croner’s Charity Rewards”, which gives indicative median salaries for 275 London-based and regional charities. All positions in the Charity have been assessed and placed within an appropriate generic pay band, with each pay band divided into increments to allow for job weighting, experience and performance.

Having drawn on inflation index data (HM Treasury and ONS statistics) and taken note of pay settlements for other similar charities, especially in the military charity sector, the Trustees awarded an indicative increase of 1.5% for 2016/17, which was 0.5% below the Croner 2.0% average across-the-board settlement for these same 275 charities. We pay no performance or retention inducements, whatsoever, to any member of staff, irrespective of their position in the

¹ In attendance.

Charity. Benefits available to eligible staff include: defined contribution pension scheme; season ticket allowance; group life insurance and a sickness income protection scheme.

Senior Staff Remuneration

The remuneration of the Chief Executive and senior executives is set against the indicative median salaries for charity directors in London, also extrapolated from the benchmark data from “Croner’s Charity Rewards”. The recommendations of the Finance & Investment Committee and Governance Committee are approved by the Board of Trustees. No bonuses or other inducements are paid.

Management of Risk

The Board of Trustees places considerable importance on achieving compliance with charity, employment, health and safety and other relevant legislation. It reviews major risks at each meeting and the Finance & Investment Committee ensure that the Executive Board has taken reasonable measures to manage these risks. The Finance & Investment Committee provides the Board of Trustees with an informed opinion on the management of risk and effectiveness of controls.

Risks are graded by likelihood and severity, including measures to mitigate them. In the event of a major situation involving or otherwise affecting the Charity, business continuity and disaster recovery plans are in place.

The Charity’s solicitors review the principal Charity policies on a regular basis and all other policies are reviewed periodically by the Senior Management Board.

In the certain knowledge that we will need to continue to provide support for many decades - the ‘long haul’ - we regularly update and review our financial plan, reserves and investment policies. Internal financial controls are checked by the Auditors and reviewed with the Finance & Investment Committee on a regular basis.

This year, aside from the potential uncertainties and risks associated with BREXIT realisation and the potential impact on significant numbers of Army veterans overseas and our associated grants programme, Trustees again placed emphasis on our behaviour and reputational risk. They have noted in particular the considerable external scrutiny of these areas across the entire charity sector, the increasingly taut and more exacting regulatory environment, and preparations for impending legislative changes with the General Data Protection Regulation (GDPR) coming into effect in May 2018.

The Trustees have declared themselves satisfied that major risks have been identified and adequately mitigated, wherever reasonably practicable. It is recognised that systems can only provide reasonable not absolute assurance that major risks have been adequately managed.

Serious Incident Reporting

The Charity has a procedure for the reporting of serious incidents to the Charity Commission, in accordance with the statutory requirement under section 169 of the Charities Act 2011.

The Trustees confirm that there were no serious incidents or other matters relating to ABF The Soldiers’ Charity during the last financial year, that should have been brought to the attention of the Charity Commission.

Wider networks

The Charity is a permanent member of the Executive Committee of Cobseo, whose stated objectives are to represent, promote and further the interests of the Armed Forces Community by: exchanging and coordinating information internally; identifying issues of common concern and coordinating any necessary and appropriate action. Cobseo acts strictly as a confederation and cannot be construed as an ‘umbrella company’. It represents and supports the needs and opinions of its member organisations, individually and collectively, at central and local government levels and with other national and international agencies.

The Charity is also a permanent member of the Executive Committee of Veterans Scotland, operating primarily with Veterans Scotland’s “Support Pillar of work”. More details are at: <http://www.veteransscotland.co.uk/pillars/>

A number of Trustees, the Chief Executive and other members of the Executive Board sit on, or are closely associated with, other charity boards in a variety of capacities, which is an important element of our role in seeking to shape the sector, de-conflict and coordinate. The Charity remains firmly ‘outward looking’, as befits its very close association with the institution of the Army, its people and their wider interests. Co-location with, and acting as landlord to, eight other Service charities in Mountbarrow House is another important element of this stance.

Corporate Social Responsibility

Our Vision, Purpose and Values underpin the socially responsible way in which the Charity operates. We are all acutely conscious that the Charity’s very existence is for the long term support of our beneficiaries within the ‘Army Family’ and as such, we strive to ensure that we treat all our stakeholders with the respect they deserve. We are committed to ethical and legal fundraising, with constant attention to best practice. All our fundraising activity is carried out in accordance with the Charity’s Data Protection Policy, which reflects the current legal and regulatory requirements, cognisant that there are some important changes ahead with the implementation of GDPR.

Supporter Engagement Policy

In response to considerable external scrutiny of charities’ behaviours and the need to pre-empt associated risks, the Charity has developed a comprehensive, inclusive supporter engagement policy, which incorporates all elements of fundraising and associated activities. In particular, we do not sell or share our supporter data with third parties.

Our supporter engagement policy, inter-alia:

- drives behaviours, which over time become embedded across the Charity;
- protects and enhances the Charity’s reputation through the culture and behaviour of Charity staff and volunteers;
- is based on an up-to-date case for support;
- reinforces our values and the use of our branding;
- promotes the use of social media as a key enabler; and
- seeks to prioritise fundraising income streams and potentially develop additional opportunities, but with an eye to the attendant risks.

Complaints

In previous years, as members of the Fundraising Standards Board, we have been obliged to submit an Annual Return detailing all complaints received in relation to our fundraising activities each year. In July 2016, the duties of the Fundraising Standards Board were subsumed into the newly-created Fundraising Regulator; the first return under the new Complaints Reporting Procedure was made in March 2017.

We are, however, continuing to monitor and respond promptly and appropriately to all complaints, and we will report to the Fundraising Regulator when required. It is important to note that in 2016/17 our complaints significantly decreased, albeit from a very low base anyway; this is directly attributable to a conscious change in how we promote the Charity via Direct Marketing. We have limited our in-house data selections to only those who have supported us in this way in the past and exercised a greater control on external data sources. The tone of our appeals continues to be reflective of the vision of Trustees, whilst still maintaining the need for support. Our aspiration is to continue to improve in this area.

Helping the Army Family - Objectives and Activities for the Public Benefit

The charitable objects of the Charity are to benefit persons who are serving or who have served in the British Army, or their dependants, in any charitable way by the provision of grants, loans, gifts, pensions or otherwise. The Trustees confirm that they have referred to the guidance contained in the Charity Commission's and the Office for the Scottish Charity Regulator's (OSCR) general guidance on public benefit when reviewing the Charity's aims and objectives, in planning future activities, and in setting the grant making policy for the year.

The Charity achieves its objectives through considering applications from and making grants for the benefit of individuals, and by making grants to both military and national charities. Support is given in three ways:

- Financial help is given to individuals through the Regimental and Corps Associations and charities and normally takes the form of a grant to supplement whatever sums the Regiment or Corps has the resources to provide. In this way, the Charity acts as a reserve for the partnership of Army benevolent funds. Grants are made, by request, to Regiments and Corps for the benefit of individuals on a case-by-case basis. Each request is accompanied by a report from either a caseworker or another independent source. The amount of the subsequent grant is determined by reference to need, contributions from other Service funds, and funds from additional sources such as civilian charities and local authorities.
- Practical support and advice is provided through the substantial financial grants which the Charity makes on behalf of all Regiments and Corps of the Army to charities and other organisations which provide for the special needs of soldiers, veterans and members of their immediate families.
- Funding a wide range of enabling activity, including underpinning case-working organisations, in particular SSAFA, the Case Work Management System (CMS), and supporting Cobseo and Veterans Scotland.

Achievements and Performance

Grant making

Grants are provided for a very wide range of needs including support to those wounded on current or long past operations; help with providing retraining for civilian occupations, especially for those leaving the Army as a result of injury or illness; help for the elderly (through assistance with mobility aids, home adaptations and care home fees); help in covering priority debts such as council tax, utility bills for those in particular difficulty and support for children's education for families in particular need, for example after the death of the family bread winner. This year we have again seen a significant increase, of some 9.6%, in our charitable expenditure which is entirely appropriate for a charity in robust financial health. Of equal importance, we have been able to add to our reserves – noting the significant potential for a more difficult operating climate in the years to come.

The Charity continues to provide a bespoke grants management system in support of Wounded, Injured and Sick (WIS) soldiers in partnership with the Army Personnel Recovery Units. The previous arrangement with Help for Heroes (H4H) has, by mutual agreement, come to an end, as H4H has now established a fully constituted grant-making team. This year we have absorbed two charities, the Deflog VQ Trust and the Army Commandos' Benevolent Fund, and we very much applaud the unselfish approach of their trustees which allows us to deliver more with less cost to their past dependencies – we would wish to see this trend continue to the overall benefit of the sector and those we collectively serve.

Our overall approach is very firmly a 'Hand-up – Not a Hand-Out' and the Charity goes to great lengths to establish what constitutes genuine need, an important emphasis in a society sometimes quicker to claim than perhaps hitherto.

A key, and unique, element of our work is that we package support to particular needs, prioritising across our range of delivery tools as appropriate. So, for example, our support to Army veterans facing housing difficulties spans funding emergency homeless hostels in areas of particular need; to funding longer stay housing or sheltered accommodation; and then follows on with the provision of employment advice and other support either direct to the individual or through service providers, to provide a robust long term solution.

We have a good grasp of need, can allocate resources accordingly and then closely monitor outcomes in partnership with the Army and other third sector organisations. Our reach is not confined to the British Isles; this year we made grants to organisations which deliver support to Army veterans across 59 countries.

The Trustees, through the Grants Committee, review the grant-making policy annually to ensure that it reflects the Charity's objects and thereby advances public benefit. The current priority set by the Trustees is to support individuals through the Regimental and Corps charities, and then to support other military and national charities which look after the needs of the serving and retired Army community on behalf of all Regiments and Corps of the Army.

Other military and national charities are required to submit formal grant applications which are considered by the Grants Committee and by Trustees. As part of their rolling programme of monitoring the award of grants, members of the Grants Committee (including Trustees) and Director of Grants and Welfare have a formal programme of visits to representative beneficiary organisations during the year.

Grants for Individuals

We act as a grant-giving body that provides individual grants through a network of caseworkers to provide direct support to individuals in need. Last year, the eldest beneficiary was a 105 year-old and the youngest was a nine-month old child whose family we helped. Approximately 18% of our grants were in support of the serving community.

Grants have supported a plethora of issues reaching out to the entire Army community, providing a lifetime of support, including the provision of furnishings and equipment, mobility aids, home adaptations, support for education and training, bursaries and much more - and always focused on genuine needs and the impact of service to our Nation.

Table 2: Key Grants Statistics

EXPENDITURE in FY2016/17			
Grants in support of individuals:	2017	2016	% Change
	£'000	£'000	
Routine grants to individuals ²	3,560	3,345	6.4%
Quick Reaction Fund (QRF) grants ³	6	24	-75%
Total cost of all individual grants	3,566	3,369	5.8%
Grants to charities:	3,538	3,204	10.4%
Direct Enabling Support to those in Need	2,114	1,834	15.3%
TOTAL CHARITABLE EXPENDITURE	9,218	8,407	9.6%
CASE NUMBERS			
	2017	2016	
Routine individual grants	4,527	4,839	
QRF grants	7	23	
TOTAL INDIVIDUAL CASE NUMBERS	4,534	4,862	

Grants to other Charities

The Charity made 92 grants (2016: 88) to other charities totalling £3,538k (2016: £3,204k) across 59 Countries - an increase of 10.4%. This increase in expenditure and grants partly reflects the increased costs of support that have been resourced for beneficiaries in need, but also our continuing desire to do more subject to the need to sustain these efforts over many years.

The charities that we support through our external grants provide help to over 80,000 individuals. These grants are made on behalf of Regimental and Corps Associations and their contributions to us are utilised towards part of the cost of these grants, although the bulk comes from our resources.

² This also includes grants to individuals through other charities; for example, Re-Vitalise, Poppy Factory and RBLI LifeWorks.

³ Funding drawn from H4H, enabling direct and practical support to be given to soldiers injured or wounded since 9/11.

The priorities for grants to charities were principally focussed across: care for the elderly; mental health and respite care; homelessness; supported housing; education and training for employment and welfare support to the Army Family. The largest single grants in excess of £100k were:

- SSAFA £285k
- Regular Forces Employment Agency (two grants of £256k & £125k)
- Royal Commonwealth Ex-Services League £228k
- Combat Stress £250k
- Erskine Hospital £150k

We have continued to adopt a more pro-active and imaginative approach to supporting a wider charitable base, in order to reach out to those areas that we may have not been approached to support in the past. Key to this is funding individuals through charities, for example “Changing Lives in Newcastle Upon Tyne”, through which we support ex-Service personnel achieve sustained independent living and successful community re-integration. Other examples of charitable grants were:

- The Armed Services Advice Project (ASAP) £52k – providing dedicated information, advice and support to the members of the Armed Forces community in Scotland.
- Alabaré £50k – supporting their service for veterans’ homes in Wales by providing a pathway of accommodation and support to enable a successful transition to civilian life.
- Home Start £35k – supporting Army families with young children in dealing with the challenges that they face by supporting parents as they learn to cope, improve their confidence and build better lives for their children.
- Finchale College £32k – providing a case managed support service for Armed Forces families throughout the North East.

Working with our colleagues in other Service charities, we do our best to support projects that make a real difference to soldiers, veterans and their immediate families, whilst also expending considerable effort to assess how effectively these charities have made use of our funds.

Enabling Activity

In addition to grants, the Charity continues to provide considerable other support, not least because a significant majority of all cases of Service-need worldwide relate to serving or retired Army personnel - perhaps as high as 80%. An extensive network of advice and support is provided to several Service charities and other organisations, especially through the participation of the Chief Executive and the Director of Grants & Welfare as trustees, or in other capacities.

Organisations supported in this way by the CEO include Cobseo, the Officers Association (OA), The Army Dependants Trust (ADT), Armed Forces Common Investment Fund (AFCIF), Royal Commonwealth Ex-Services League (RCEL) and Forces in Mind Trust (FiMT); and by Director of Grants & Welfare: Veterans Scotland, Army Central Fund (ACF) and the Army Widows Association amongst many others.

In parallel the Charity commits substantial resources to fund a significant proportion of the costs of Army-related casework (largely undertaken by SSAFA) and the supporting Case Management System (CMS) on behalf of the Regimental/Corps charities. This year we have again devoted significant additional time and resource to this area as we bed in a new system which allows us to interface more effectively with both CMS and the Regimental/Corps charities.

The Charity is also the lessee for the Mountbarrow House offices in Victoria, London SW1 and now acts as ‘landlord’ to eight other Service charities sharing the space, including the OA and the Regular Forces Employment Association (RFEA). Each licensee pays a rental and service charge and the arrangements have led to an overall benefit in terms of reducing back office costs, sharing best practice and other efficiencies.

All of this support has both substantial real and opportunity costs for the Charity - but we have the greatest stake in encouraging coordinated activity across the Service charities. Broadly, for every £1 spent on generating income, we dispense grants and other support of around £3.82 (2016 £3.39). We remain a firmly 'outward looking' charity, rather than being merely focused on our own parochial role; but that is in the nature of our supporting role to the Army and its Regimental and Corps charities.

Fundraising

Our approach to fundraising is multi-faceted, holistic and built upon our pan-charity culture of positive supporter engagement. This enables the Charity to attract, sustain and retain support, potentially leveraging fundraising opportunities. A key element is segmentation of our supporter base into coherent target audiences and their effective management, so that supporters receive appropriate communications at the right frequency without being 'bombarded'. Our fundraising success is directly related to our reputation and we go to great lengths to protect the public, including vulnerable people by, for example, avoiding 'cold' calling, street 'chugging' or any other practices that do not match our Charity's values.

Our fundraising practices conform to the Code of Fundraising Standards expected by the newly-created Fundraising Regulator. For example, our CRM system – Raiser's Edge – is already configured for 'opt-in' rather than 'opt-out' consent. The Charity is actively preparing for General Data Protection Regulation (GDPR) which comes into force in May 2018. As mentioned earlier in the report, we have an established process for handling fundraising complaints.

ABF The Soldiers' Charity has had another successful year in terms of fundraising income. This has been driven by a combination of high profile events, donations from individuals, Trusts and Foundations, corporate fundraising, direct marketing appeals, legacies and some one-off income including specifically a generous £2.25m donation from the winding-up of the Deflog VQ Trust and some £200k from the winding-up of the Army Commandos' Benevolent Fund. We work with several payroll giving agencies, who operate in a highly regulated market, and we contract with a small number of professional fundraisers in the Regions organising one-off events on our behalf.

This year, we are also grateful to have received an initial £1m grant from LIBOR funds to deliver the better provision of childcare/community facilities for those serving Army families who face particular disadvantage. This is the first year of a £3m/three-year programme. It joins other designated and restricted funds that we already administer on behalf of the Nation. It is a particular aspect of our responsibilities that we routinely act as the 'guardian' for these sorts of funds and we reiterate our thanks to the Chancellor of the Exchequer for his confidence in our governance.

Once again, the National events calendar proved popular, and continues to attract record numbers of participants from a wide range of backgrounds and ages. The Cateran Yomp was staged in Perthshire for the sixth successive year in June 2016, attracting a record-breaking 1,000 participants. Building on the success of the 2014 and 2015 events, the third Frontline Walk was staged in October 2016, with 100 participants taking on the challenge of trekking 100 km in three days over the Flanders fields between the Somme in France and Ypres in Belgium. This event is both physically and emotionally draining, as the participants 'march' through the battlefields against the background of the military cemeteries and memorials.

Other areas of our national fundraising remained reasonably buoyant. We have a number of partnerships across a spectrum of companies, large and small, plus the generous support of Trusts and Foundations, all of which provide a bedrock of reliable funding for our grants programme. In particular, we are this year most grateful to The MacRobert Trust and the Essex Community Foundation for their generous support amongst many others.

Our Direct Marketing programme also remained stable against a background of public and media scrutiny; the programme is under regular review at Trustee level and we are acutely aware of the importance of appropriate behaviour in this area towards our supporters and the public at large.

Regional Activities

Once again, throughout the regions of the British Isles and abroad we have continued to raise both the profile of our Charity and raise significant funds. The breadth of events and activities undertaken has been extremely wide ranging, including: challenge activities such as abseiling and runs; social events including dinners and lunches, along with Big Curries and concerts; sporting events, including cycling around the Western Front and the Cycle Sportive in East Anglia; and many varied and interesting talks. As ever, there is always something for everyone as our Charity supporter base ranges from four to 100 years old.

Two major events are worthy of special mention: the South Pole Army Reserves Expedition (SPEAR17) and Wheels on the Western Front 16 (WOTWF). SPEAR17 was an 1,800 mile unsupported journey across Antarctica by a group of Army Reservists. This gruelling undertaking over two months raised our profile considerably as well as raising funds for the Charity. WOTWF, run out of our West Midlands Office for the second time, involved cycling around the Western Front and raised nearly £85k – another fantastic achievement.

One of our Charity's activities that link us to the younger audience is our Red, White and Blue Day. This is run annually in partnership with the RAF Benevolent Fund and the Royal Navy and Royal Marines Charity. Once again, hundreds of schools and pupils were involved, dressing up in red, white and blue and learning about aspects of WW1 and the work of our three charities.

The Royal Edinburgh Military Tattoo made another generous donation for which we are very grateful – noting our significant expenditure on grants in Scotland. Further afield our close association continues with The Soldiers Fund, based in USA, and we benefit from their fundraising events - not least recognising the very close relationship between our two armies in recent conflicts.

Critically, we have benefited from our very strong and historic relationship with the Army – across both the Regular and Reserve components. Numerous units have entered the Carrington Drum Trophy, raising significant amounts of money for our Charity and similarly the Army Cadet Force, through the mechanism of the Revision Trophy. We are indebted to all these units for their sterling support throughout the year.

We are, as always, grateful for the generous support of so many, without whom our grant making would not be possible: members of the public; the serving Army; our corporate supporters; generous individuals and Trusts; our legators; our staff; our loyal and hard-working volunteer Committees in the Regions; and many others too numerous to mention.

Communications

The Communications team is responsible for all internal and external communications, from the website and social media presence, to printed material and media coverage. A key element of their work is explaining our role, so that those individuals in need, or charities that wish to apply for grants, can do so in an appropriate and effective manner. It also supports fundraising across the Charity.

Annual themes set by the Communications team in collaboration with the rest of the Charity aim to draw external-facing work under broad 'headings' which allow us to provide streamlined output in all marketing and communications activity.

Media coverage has ranged from beneficiary stories in the national press, to our media spokesmen and women commenting on news issues of the day. The completion of the successful SPEAR17 South Pole Expedition attracted excellent coverage for the Charity, from Sky News to The BBC One Show.

One of the key aspects of our work is to seek to bring a degree of balance and understanding as to where real need exists, rather than enthusiastically chasing the latest fashionable need or having an aggressive charity sales pitch. To this end, we are careful about where and on what we provide comment – always bearing in mind the wider narrative of the military charity sector.

We achieved consistent rankings in the Third Sector Charity Brand Index which charts a variety of markers across the industry. In 2016 we were ranked first across all National charities for the 'Charity which Delivers on its Promises' and for 'Using its money well'. Many of our other scores have improved, including 2nd for 'most trustworthy charity'; joint 3rd (with Great Ormond Street Hospital) for the 'charity that makes a difference' and only Macmillan attracted more with 'Consideration to donate'. Even our Brand Awareness has improved by nearly 40%, despite not being a 'public-facing' charity. The 'so what' analysis, deductions and recommendations have been extrapolated into the 2017 Communications Plan.

Our VIP support remains an important element in promoting understanding of our work and we were delighted to count HRH Prince Harry, the cricketer Mark Ramprakash and historian David Starkey being amongst those who have supported us, by attending and participating in events, appearing in our publications or hosting talks.

The Autumn 2016 edition of FrontLine magazine – The Patron's Issue – marked the 90th Birthday celebrations of Her Majesty The Queen and emphasised our coverage as one of the few chosen charities highlighted at the Patron's Lunch to mark the occasion.

We currently have a number of inspiring beneficiaries and generous fundraisers who have shared their stories in our marketing materials, in the media and online. Our latest stories can be viewed on our website's homepage.

In keeping with the Charity's integral 'Digital-First' strategy, we have continued to achieve notable growth in our social media activities and digital 'reach' this year although there will always be more to do here. In particular, last year we achieved an 8% growth in Facebook activity, which we use extensively to promote events, 22% growth in our Twitter following and a doubling of our Instagram followers.

Financial Review

Results for the year

In summary, the consolidated operating result and the net movement in funds for the year to 31 March 2017 show a net operating surplus of £4,919k (2016: £9,116k) and a net movement in funds of £14,720k (2016: £7,553k) after allowing for the investment valuation gains of £9,792k (2016: investment valuation losses of £1,570k).

Total Income of £19,371k was £3,472k (15.2%) below last year's figure of £22,843k, while Total Expenditure in the year rose by £725k (5.3%) to £14,453k. As a result, Net Income was a surplus of £4,919k compared to Net Income of £9,116k in the previous year – a decrease of £4,197k.

However, last year's figures were substantially boosted by the £8,300k received from HM Treasury in respect of The Afghanistan Fund.

Income from the Public ("Donations and Appeals" and "Legacies") reduced from £15,220k to £13,246k but within this, Legacy income rose by £2,567k to £5,274k. The Charity has also been dealing with a complicated major legacy that is being shared with four other charities; the bulk of this exceptional income is likely to be realised in the next two years. Donations and Appeals income fell back partly due to a decrease in fundraising income from the regions and the Charity's deliberate decision to scale back on our direct marketing programme for now.

Total Income from serving Army personnel, whether fundraising for us in their own right or through support from their Regimental charities, fell by 25.8% to £1,735k (2016: £2,338k) and we anticipate further pressures in this area as the Regimental charities come under further review. This is a distinct issue for us in comparison to other military charities - as MOD savings against Regimental infrastructure indirectly often translates into a requirement for us to take on a greater proportion of their cases.

Income from Other Trading activities: Other donations and events, raised £3,213k (2016: £3,547k), a 9.4% decrease reflecting the challenging fundraising environment.

Investment Income fell by £490k to £1,077k as a result of the decision to move a substantial part of our investment from Income Units to Accumulation Units targeting capital growth over income. Dividend income fell by £553k (45.4%) to £666k and Bank and short term deposit interest remained at the same level as the Charity held funds on short term deposit, pending investment in longer-term investment funds. The investments portfolios have performed reasonably well against the benchmark and in line with the objective to provide capital growth and rising income over time. Overall the investment valuation gains for the year amounted to net gains of £9,792k (2016: net losses of £1,570k).

Total Expenditure in the year rose by £725k (5.3%) to £14,453k. The costs of raising funds have reduced by 1.6% to £5,235k as we continue to make strenuous efforts to bear down on costs. Total Charitable Expenditure, which includes Grants for the Benefit of Individuals and to Other Charities rose by 9.6% to £9,218k.

This year grant making and other support costs were £2,114k (2016: £1,834k). These include Governance costs and the costs of providing other support to charities. The increase in expenditure across this area reflects further investment in our case management infrastructure; a better understanding of the true real and opportunity costs associated with our particular role as the Army's principal grant making charity and the growing complexity and, entirely appropriate, focus on good and appropriate governance which is of particular importance to us, especially as we closely scrutinise applications for funding and audit the outcomes associated with our grants. Support to charities comes in a number of forms including management and staff time working on administrative and governance matters for a substantial number of other charities (for example, being on their board of trustees), and grant making on behalf of other charities. The level of our involvement with other charities, and the costs involved, is kept under constant review.

Reserves

Our reserves policy is set to ensure that our work is protected from the risk of disruption at short notice due to a lack of funds, or indeed sudden operational pressures on the Army and its people in this very uncertain world. At the same time, we need to ensure that we do not hold income or capital for longer than required – but equally balance that against the strategic requirement essentially to act as the Army's benevolence reserve for the 'Long Haul'.

As at 31 March 2017, the Charity's total Reserves of £77.3m (2016: £62.6m) consist of Restricted and Designated Funds Reserves of £66.4m (2016: £57.1 million) and Unrestricted General Fund Reserves of £10.9m (2016: £5.5 million). Further details are at Notes 18 and 19 to the Accounts.

The Trustees review the level of Reserves in both individual funds as well as in total, and are prepared to withdraw capital from the Restricted and Designated Funds investments in order to meet the Charity's grant making obligations from those Funds. Furthermore, as the Army's National Charity, and effectively their 'safety net', Trustees are very aware of their responsibility to 'smooth' the provision of support – setting aside substantial reserves in the good times, but equally being prepared to run substantial deficits if, for example, the Army were to come under pressure with substantial operational casualties, as indeed was the case during the recent Afghanistan campaign.

In considering the current level of Reserves, the Trustees are aware that the fundraising environment is becoming increasingly more challenging, with a tightening of fundraising regulations, against a backdrop of further contraction in statutory public service welfare provision, which is leading to increased demands for our Charity's assistance. Meanwhile, whilst the British Army actually continues to be actively engaged in operational duties worldwide there has inevitably been a reduction in public awareness of their activities, and by extension our role in support, since the cessation of combat operations in Afghanistan.

Much of our Reserves, held as Restricted or Designated Funds, are monies like the Falklands Fund which we have the privilege to administer on behalf of the Nation. These will be spent out over many years until the last eligible soldier or their immediate families are no longer alive. The other major element is the Strategic Reserve which is a Designated Fund. Its size and make up is determined by a number of interrelated factors:

- Whilst UK military operations in Iraq and Afghanistan effectively ceased in 2014, those twelve years had a significant impact on the Charity – especially in terms of the growth in the number of serving soldiers, veterans and their immediate dependants who needed our help then and for many years to come. Given the evident potential for future conflict(s), and our particular role in direct support of the Army which will often bear the brunt of casualties, it is considered prudent for the Charity to hold in reserve an amount equivalent to approximately two years expenditure on benevolence grants for individuals and to other charities, in order to guarantee our grant making activities irrespective of any other pressures on the Charity at the time. This equates to a reserves holding in the region of £14 million.
- In parallel the Charity was also set up to act as a strategic reserve for other Army charitable funds, including those of Regiments and Corps, who currently make benevolence grants of around £5 million a year – indeed this was the rationale for our establishment in 1944 post the failures of the Regimental system to cope in 1919. In the event of a prolonged conflict with above average numbers of casualties, we may also be called upon to support the Army Dependants Trust (ADT), which provides immediate support to the Next of Kin of the deceased. It is considered that the Charity should, therefore, hold in reserve an amount equivalent to approximately two years Regimental and Corps benevolence grants, and combined with the obligation to the ADT, this requires a reserve holding of £14 million.
- In addition, the Charity equally needs to ensure that it can maintain the appropriate infrastructure to make the above associated benevolence payments for a period of up to two years. The reserves required to satisfy this obligation are around £4.2 million.

Taking all of the above into account, the level of Strategic Reserves required is currently £32.2 million.

As noted in previous Reports, the Trustees established a Designated Fund to provide for the anticipated relocation of the Charity's National Office when the current building leases expire. The need for this contingency is further emphasised by the high importance placed by Trustees on the needs of those Service charities co-located with us, noting that most of their work directly relates to the needs of Army personnel. Co-location, joint working and sharing overheads are important drivers for us as the Army's National Charity. Whilst the Charity successfully negotiated new leases for the National Office in Mountbarrow House until June 2021, the premises are due to be redeveloped shortly thereafter, necessitating our move-out. Thus, the Relocation Fund will be retained to enable the Charity to relocate from 2019/2020 onwards, taking with us the eight or more other Service charities for whom we act as landlord. Indeed, we believe it prudent to plan the capacity for more, given the desirability of other charities folding into us in future years. To reflect these factors, and the likely costs of acquisition and refurbishment, the Relocation Fund has accordingly been increased this year from £10 million to £12 million and we will keep our plans under very careful review.

The balance on the Unrestricted General Fund is, in effect, the Charity's contingency reserve, and at £10.9 million as at 31 March 2017, this represents just over nine months cover for unrestricted total expenditure. The Trustees are of the opinion that in the current political, economic and fundraising climate this level of the contingency reserve is prudent and appropriate. Furthermore the Trustees are very mindful of continuing significant change and other pressures within the Army, which often has direct and indirect adverse impact on demands for our resources; on the need to re-build the Charity's reserves after a decade of continuous conflict; and a volatile international situation, all of which are of direct significance to us as the Army's 'Safety Net' should the needs of serving personnel, veterans and their immediate families increase, now or in the future.

Investment Management

Our overall investment objective is focussed on capital growth of the investments in real terms with a return for our income units. At the year end, the Charity held long term investments with a market value of £68,560k and short term cash deposits of £3,884k (2016: £53,269k and £6,738k respectively). The Charity invested a further £5.5 million of its additional funds with CCLA with the aim of achieving a better balance between the Charity's two investments managers – the other being the BlackRock managed Armed Forces Common Investment Fund.

The balance between the investments managers and their performance are reviewed quarterly by the Charity's Finance & Investment Committee and Trustee Board against their benchmarks, and members of the Committee and of the Senior Management meet the fund managers during the year to assess and critically examine their performance.

The short term cash deposits are invested with a number of financial institutions through an arrangement managed by UBS.

In summary, the long term investments and short term deposits at year end are:

Table 3: Long Term Investments and Short Term Deposits

	2017	2016
	£'000	£'000
<u>Investments at Market Value</u>		
BlackRock		
AFCIF Income Units	7,197	6,309
AFCIF Accumulation Units	38,616	32,569
Total with BlackRock	<u>45,813</u>	<u>38,878</u>
CCLA		
COIF Income Units	11,767	10,316
COIF Accumulation Units	10,980	4,075
Total with CCLA	<u>22,747</u>	<u>14,391</u>
Total Long term investments	<u>68,560</u>	<u>53,269</u>
<u>Short Term Deposits</u>		
With UBS	3,884	6,088
With HSBC	-	650
Total Short Term Deposits	<u>3,884</u>	<u>6,738</u>
TOTAL LONG TERM INVESTMENTS AND SHORT TERM DEPOSITS	<u>72,444</u>	<u>60,007</u>

Going concern

Having reviewed the financial performance for the year, the budget for the year to March 2018 and plans for future years, the Board of Trustees confirm that the financial statements for the year to March 2017 can be prepared on the going concern basis.

Auditors

The Charity's Auditors are Moore Stephens LLP.

Strategic Objectives and Future Plans

The current strategic objectives of the Charity are to:

- Provide reliable and appropriate life-long support to those in need;
- Increasingly act in close and coordinated collaboration with the Army at every level;
- Achieve wider public recognition, awareness of and support for the Charity's work;
- Maximise net income generation against the need;
- Ensure that our structure, governance, ethos and processes enable the organisation to be highly agile, effective, responsive and accountable;
- Adopt a 'Digital-First' strategy to enable more effective working;
- Facilitate co-operation, co-ordination, co-location (where appropriate) and convergence with other Service charities sharing similar objectives to our own; and
- Ensure that our Monetary Reserves are maintained at an adequate and appropriate level compatible with grant giving.

Plans for the period 2017-2020:

- The demands for the Charity's support are broadly stable, with some tendency towards fewer numbers of individual cases, but balanced by cases becoming costlier and complex. This is reviewed annually.
- The Charity must continue to adapt to strategic changes emanating from the Strategic Defence and Security Review 2015, the Army Basing Programme and other Government and MOD initiatives:
 - The Charity must continue to position itself so that it can continue to attract sufficient funds and other support, in an era when the Armed Forces are rather less in the public's mind and the narrative of 'veterans-as-victims' is unhelpfully emerging amongst some competitor charities.
 - The Army Basing Programme remains on track to return all units to the UK from Germany, with final unit moves scheduled for summer 2019, when 20 Armoured Brigade re-locate to Salisbury Plain. The programme is having a significant impact on the Charity's engagement footprint across the Regions, with new demands for welfare/benevolence.
 - There will be further closures to barracks, which will see more regional offices relocating, but the assumption remains that our Charity footprint in the Regions should remain co-located with the Army within barracks.
- The result of the UK's referendum on EU membership has broad implications for Britain's defence and security, in particular the significant potential impact of devaluation of the pound on new and in-service equipment imports. This in turn may impact deleteriously on the infrastructure and people programmes in the Defence Budget. Our Charity, with other Third Sector providers, is likely to be expected to 'fill the void' with provision of increased levels of benevolence support in areas that might previously have had MOD or other Government funding. Furthermore, our support to overseas charities is likely to be directly affected by devaluation and the associated reduction in the value of pensions paid to veterans, which imposes additional costs on us.

- The new regulatory environment will impact on the Charity's fundraising income:
 - The responsibility for The Code of Fundraising Practice, which impacts on our Direct Marketing Programme in particular, was transferred to the new Fundraising Regulator in July 2016. Recommendations on changes to the Code will be made by the Fundraising Regulator's Standards Committee in consultation with fundraising stakeholders and we now pay an annual levy to the Regulator.
 - The new Fundraising Regulator will enforce the revised Code of Fundraising Practice.
 - The new Fundraising Preference Service (FPS) will be developed for launch in July 2017, and will apply to direct marketing communications only.
 - Implementation of the pension auto-enrolment scheme in 2017 will also impact on the Charity's cost-base.
- Our Charity must continue to protect its reputation under ever increasing levels of external scrutiny and continue to engender high levels of trust:
 - Work to ensure data compliance in the light of recent fines within the sector, our renewed emphasis on supporter engagement and the implementation of GDPR in May 2018 must continue to be prioritised, in order to protect this easily damaged and difficult to recover invaluable asset.
 - There has been a visible increase in accreditation programmes across the sector to 'drive up fundraising standards'; we will have to consider the merit of membership versus the workload involved to attain these awards.
 - We must continue to make the most of opportunities to improve brand awareness, particularly where these support our published behaviours.
- As the Army's National Charity, we must continue to maintain and demonstrate a complementary posture with the Army, in order to nurture this mutually beneficial relationship.
- The remainder of the World War One Centenary period (2017 and 2018) continues to offer unrivalled opportunities for the Charity to demonstrate to all stakeholders our long term 'for-life' commitment to former soldiers and dependants of every living generation.
- The future viability of some Regimental and Corps Associations may be in question, particularly those historic ones without the 'One-Day's Pay Scheme' income, dwindling memberships and falling levels of reserves; the Charity must be ready to assist.
- The willingness to engage, co-operate and co-ordinate efforts between related Service charities will continue to develop. The co-location of Service charities in Mountbarrow House is an exemplar of co-operation, with significant savings for all through sharing back-office services and facilities. The Charity will continue to outsource case work to SSAFA, The Royal British Legion and other specialist charities in the short to medium term.

- Our Charity's National offices will remain in Mountbarrow House, Victoria until mid-2021; planning for a new location will commence in 2019.
- The global digital environment is in a constant state of fluidity; our Charity is embracing it, striving to keep on the 'front foot', equipped and trained to operate with an integral 'Digital-First' mind-set, able to communicate with our stakeholders where and how they wish to communicate with us, using personalized, relevant, contextualised communications. This complements our traditional printed communication channels which are still required for a number of supporter segments.

Key areas of this work for 2017/18 include:

- Delivery, in partnership with the Army, of the 3 year LIBOR-funded £3m project to support Army families.
- Extensive preparations to meet the requirements and legal obligations of GDPR, which will come into effect in May 2018.

Behind these priorities sits first a broad understanding that governance and behaviours of charities are rightly under intense scrutiny, now and into the foreseeable future. Second, as the wider Service charity sector finds it more difficult to attract funding, but levels of potential need remain high, as the Army's national charity we must endeavour to encourage coordinated and cost effective behaviour at every opportunity – and indeed when appropriate, invest resources to help achieve this; much of our work will be driven by these two factors.

Trustees' responsibilities in respect of the Annual Report and financial statements

The Trustees (who are also Directors of ABF The Soldiers' Charity for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles of the Charities Statement of Recommended Practice (Charities SORP).
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements have been prepared in accordance with Accounting and Reporting by Charities: 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 2015) – (Charities SORP), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- There is no relevant material audit information of which the charitable company's auditor is unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees have a duty to report on how the charitable company provides public benefit by explaining:

- The significant activities undertaken in order to carry out our aims for the public benefit; and
- Our achievements measured against those aims.

The Trustees confirm that we have had regard to the Charity Commission's guidance on public benefit in reporting on the Charity's vision, purpose and goals, and on our objectives and achievements.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charity's website.

The Legal and Administrative Details form an integral part of this report.

Approved by the Board of Trustees and signed on its behalf on **05 July 2017**.



Lieutenant General (Retd) Philip Jones CB CBE
Chairman

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF ABF THE SOLDIERS' CHARITY

We have audited the financial statements of ABF The Soldiers' Charity for the year ended 31 March 2017 which are set out on pages 26 to 54. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2017 and of the group's and the parent charitable company's incoming resources and application of resources, including the group's and parent 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable group and the parent charitable company 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 Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

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

Moore Stephens LLP

Philip Clark, (Senior Statutory Auditor)
For and on behalf of Moore Stephens LLP, Statutory Auditor
150 Aldersgate Street
London
EC1A 4AB

31 July 2017

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

ABF THE SOLDIERS' CHARITY
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING THE CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR TO 31 MARCH 2017

	Notes	Unrestricted Funds £	Designated Funds (note 19) £	Restricted Funds (note 18) £	Total 2017 £	Total 2016 £
Income from:						
Donations and legacies						
The public						
Donations and Appeals Income		4,522,120	1,000,000	2,450,000	7,972,120	12,513,334
Legacies		5,274,317	-	-	5,274,317	2,707,034
		<u>9,796,437</u>	<u>1,000,000</u>	<u>2,450,000</u>	<u>13,246,437</u>	<u>15,220,368</u>
Army personnel						
From individuals in Army Units		232,334	-	-	232,334	284,641
Regimental and Corps Benevolent Funds		522,457	-	-	522,457	1,063,231
Army Dependants Trust		800,000	-	-	800,000	800,000
Service related activities		180,000	-	-	180,000	190,000
		<u>1,734,791</u>	<u>-</u>	<u>-</u>	<u>1,734,791</u>	<u>2,337,872</u>
Investments	3	465,994	398,585	211,937	1,076,516	1,566,909
Other trading activities						
Other donations and events		2,923,461	289,175	-	3,212,636	3,546,892
Charitable activities		95,000	-	6,085	101,085	170,877
Total Income		<u>15,015,683</u>	<u>1,687,760</u>	<u>2,668,022</u>	<u>19,371,465</u>	<u>22,842,918</u>
Expenditure on:						
Raising funds						
Fundraising trading: cost of goods sold	4	2,747,128	73,888	66	2,821,082	2,836,519
Other costs of raising funds	5	2,413,735	22	-	2,413,757	2,483,578
		<u>5,160,863</u>	<u>73,910</u>	<u>66</u>	<u>5,234,839</u>	<u>5,320,097</u>
Charitable activities						
Grants to Regiments and Corps for the benefit of individuals	6	3,431,402	43,897	90,267	3,565,566	3,368,868
Grants to other charities	7	3,249,764	142,000	145,995	3,537,759	3,204,419
		6,681,166	185,897	236,262	7,103,325	6,573,287
Grant making and other support costs	8	2,114,400	-	-	2,114,400	1,833,842
		<u>8,795,566</u>	<u>185,897</u>	<u>236,262</u>	<u>9,217,725</u>	<u>8,407,129</u>
Total expenditure		<u>13,956,429</u>	<u>259,807</u>	<u>236,328</u>	<u>14,452,564</u>	<u>13,727,226</u>
Net income before net gains/(losses) on investments		1,059,254	1,427,953	2,431,694	4,918,901	9,115,692
Net gains/(losses) on investments	12	9,043,887	38,040	709,816	9,791,743	(1,570,034)
Net income for the year		10,103,141	1,465,993	3,141,510	14,710,644	7,545,658
Transfers between funds	18, 19	(4,700,000)	4,700,000	-	-	-
Net interest in the results for the year in associates	13	9,589	-	-	9,589	7,258
Net movement in funds		5,412,730	6,165,993	3,141,510	14,720,233	7,552,916
Funds balances at 1 April		5,492,667	52,052,912	5,030,401	62,575,980	55,023,064
Funds balances at 31 March		<u>10,905,397</u>	<u>58,218,905</u>	<u>8,171,911</u>	<u>77,296,213</u>	<u>62,575,980</u>

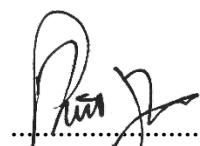
ABF THE SOLDIERS' CHARITY
CHARITY STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR TO 31 MARCH 2017

	Notes	Unrestricted Funds £	Designated Funds (note 19) £	Restricted Funds (note 18) £	Total 2017 £	Total 2016 £
Income from:						
Donations and legacies						
The public						
Donations and Appeals Income		4,390,274	1,000,000	2,450,000	7,840,274	12,329,963
Legacies		5,274,317	-	-	5,274,317	2,707,034
		<u>9,664,591</u>	<u>1,000,000</u>	<u>2,450,000</u>	<u>13,114,591</u>	<u>15,036,997</u>
Army personnel						
From individuals in Army Units		232,334	-	-	232,334	284,641
Regimental and Corps Benevolent Funds		522,457	-	-	522,457	1,063,231
Army Dependants Trust		800,000	-	-	800,000	800,000
Service related activities		180,000	-	-	180,000	190,000
		<u>1,734,791</u>	<u>-</u>	<u>-</u>	<u>1,734,791</u>	<u>2,337,872</u>
Investments	3	465,994	398,585	211,937	1,076,516	1,566,909
Other trading activities						
Other donations and events		2,967,171	289,175	-	3,256,346	3,636,482
Charitable activities		95,000	-	6,085	101,085	170,877
Total Income		<u>14,927,547</u>	<u>1,687,760</u>	<u>2,668,022</u>	<u>19,283,329</u>	<u>22,749,137</u>
Expenditure on:						
Raising funds						
Fundraising trading: cost of goods sold		2,664,392	73,888	66	2,738,346	2,748,079
Other costs of raising funds	5	2,413,735	22	-	2,413,757	2,483,578
		<u>5,078,127</u>	<u>73,910</u>	<u>66</u>	<u>5,152,103</u>	<u>5,231,657</u>
Charitable activities						
Grants to Regiments and Corps for the benefit of individuals	6	3,431,402	43,897	90,267	3,565,566	3,368,868
Grants to other charities	7	3,249,764	142,000	145,995	3,537,759	3,204,419
		<u>6,681,166</u>	<u>185,897</u>	<u>236,262</u>	<u>7,103,325</u>	<u>6,573,287</u>
Grant making and other support costs	8	2,109,000	-	-	2,109,000	1,828,501
		<u>8,790,166</u>	<u>185,897</u>	<u>236,262</u>	<u>9,212,325</u>	<u>8,401,788</u>
Total expenditure		<u>13,868,293</u>	<u>259,807</u>	<u>236,328</u>	<u>14,364,428</u>	<u>13,633,445</u>
Net income before net gains/(losses) on investments		1,059,254	1,427,953	2,431,694	4,918,901	9,115,692
Net gains/(losses) on investments	12	9,043,887	38,040	709,816	9,791,743	(1,570,034)
Net income for the year		<u>10,103,141</u>	<u>1,465,993</u>	<u>3,141,510</u>	<u>14,710,644</u>	<u>7,545,658</u>
Transfers between funds	18, 19	(4,700,000)	4,700,000	-	-	-
Net interest in the results for the year in associates	13	9,589	-	-	9,589	7,258
Net movement in funds		<u>5,412,730</u>	<u>6,165,993</u>	<u>3,141,510</u>	<u>14,720,233</u>	<u>7,552,916</u>
Funds balances at 1 April		5,492,093	52,052,912	5,030,401	62,575,406	55,022,490
Funds balances at 31 March		<u>10,904,823</u>	<u>58,218,905</u>	<u>8,171,911</u>	<u>77,295,639</u>	<u>62,575,406</u>

ABF THE SOLDIERS' CHARITY
BALANCE SHEETS
AT 31 MARCH 2017

		Group	Restated	Charity	Restated
	Notes	2017	2016	2017	2016
		£	£	£	£
Fixed assets					
Tangible assets	11	199,088	305,723	199,088	305,723
Investments	12	68,560,482	53,268,739	68,560,489	53,268,744
Associate undertaking	13	22,477	12,887	22,477	12,887
		<u>68,782,047</u>	<u>53,587,349</u>	<u>68,782,054</u>	<u>53,587,354</u>
Current assets					
Stocks		1,914	1,058	-	-
Loan debtors	14	12,835	20,835	12,835	20,835
Other debtors	15	3,868,564	1,745,371	3,899,920	1,884,993
Short term deposits		3,883,811	6,738,175	3,883,811	6,738,175
Cash at bank and in hand		1,408,044	1,331,161	1,370,006	1,184,981
		<u>9,175,168</u>	<u>9,836,600</u>	<u>9,166,572</u>	<u>9,828,984</u>
Creditors: amounts falling due within one year	16	661,002	847,969	652,987	840,932
Net current assets		<u>8,514,166</u>	<u>8,988,631</u>	<u>8,513,585</u>	<u>8,988,052</u>
Net assets	17	<u>77,296,213</u>	<u>62,575,980</u>	<u>77,295,639</u>	<u>62,575,406</u>
Represented by:					
Income funds					
Restricted funds	18	8,171,911	5,030,401	8,171,911	5,030,401
Unrestricted funds:					
Designated funds	19	58,218,905	52,052,912	58,218,905	52,052,912
Unrestricted funds		10,905,397	5,492,667	10,904,823	5,492,093
Total funds		<u>77,296,213</u>	<u>62,575,980</u>	<u>77,295,639</u>	<u>62,575,406</u>

Approved by the Board of Trustees and signed on their behalf



 Lieutenant General (Retd) Philip Jones CB CBE
 Chairman



 Peter Baynham BA FCA AMCT
 Honorary Treasurer

5th July 2017

Registered in England and Wales, company number 07974609

ABF THE SOLDIERS' CHARITY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR TO 31 MARCH 2017

	2017 £	2016 £
Cash flows from operating activities:		
Net cash provided by operating activities	1,433,031	8,050,431
Cash flows from investing activities:		
Dividends, interest and rents from	1,076,518	1,566,909
Purchase of equipment	(26,577)	(100,620)
Proceeds from the sale of investments	239,547	41,419,221
Purchase of investments	(5,500,000)	(44,534,033)
Net cash (used in) investing activities	(4,210,512)	(1,648,523)
Change in cash in the reporting period	(2,777,481)	6,401,908
Cash at the beginning of the reporting period	8,069,336	1,667,428
Cash at the end of the reporting period	5,291,855	8,069,336
Reconciliation of net income/ (expenditure) to net cash flow from operating activities		
	2017 £	2016 £
Net income/ (expenditure) for the reporting period (as per the statement of financial activities)	4,918,901	9,115,692
Adjustments for:		
Depreciation charges	133,210	74,395
(Gains) on Investments	(239,547)	-
(Increase) in stocks	(856)	(304)
(Increase) / Decrease in debtors	(2,115,193)	125,873
(Decrease) / Increase in creditors	(186,966)	301,684
Dividends, interest and rents from investment	(1,076,518)	(1,566,909)
Net cash provided by operating activities	1,433,031	8,050,431
Analysis of cash		
	2017 £	2016 £
Cash in hand	1,408,044	1,331,161
Notice deposits (less than 3 months)	3,883,811	6,738,175
Total cash	5,291,855	8,069,336

**ABF THE SOLDIERS' CHARITY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. Accounting policies

Accounting convention

The Accounts have been prepared in accordance with Accounting and Reporting by Charities: 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 2015) – (Charities SORP (FRS 102)) including Update Bulletin 1, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006.

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

The Trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern.

Consolidation

The Accounts consolidate ABF The Soldiers' Charity and its three trading subsidiary companies; Soldiers' Trading Limited, The Army Benevolent Fund Enterprises Limited and The Tournament Trading Company Limited. The income of these trading subsidiaries is included in the Consolidated and Company Statement of Financial Activities within Donations and appeals income, and within Other donations and events. Expenditure is included in Costs of goods sold.

Income

Donations and income from fundraising events are recorded in the Accounts when receivable.

Income received from events is recognised in the period in which the event takes place.

Income from Legacies is taken into the Statement of Financial Activities when received or when receipt is probable and the value can be measured with sufficient reliability.

Investment income is recognised when received.

In accordance with the terms set out at the time grants are received, grants in respect of the Quick Reaction Fund and the Individual Recovery Plans Fund have either been included as income from charitable activities as received, or included to the extent that grants have been made from those funds to beneficiaries. For those grants received which fall into the latter category, the excess of grants received over the amount taken to income is held within creditors.

Costs of raising funds

Costs of raising funds comprise fundraising costs and the costs incurred in subsidiary trading company activities. Fundraising costs include advertising, producing publications, printing and mailing fundraising material, associated staff costs and an appropriate allocation of support costs. Trading costs cover all the costs of the trading subsidiaries and other trading activities including the costs of goods sold.

Charitable expenditure

Grants payable in furtherance of the Charity's objects are recognised as expenditure when payment is due.

Grant making and other support costs

Grant making and other support costs include Grant making costs, Governance costs and other support to charities.

**ABF THE SOLDIERS' CHARITY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2017**

Grant making costs are those costs incurred in support of the Charity's primary objective of paying grants to those in need.

Other support to charities reflects the support given to other charities in terms of management and staff time; other associated infrastructure costs and in certain circumstances subsidies for accommodation costs for office space occupied at Mountbarrow House.

Governance costs represent those costs associated with the governance arrangements of the Charity which relate to the general running of the Charity. Such costs include external audit fees, legal costs, related Trustee costs and costs associated with compliance with statutory requirements.

Investments in Associates

Investments in associates are measured in accordance with Section 14 of FRS 102 including Update Bulletin 1, 'Investments in Associates', using the equity model. As such, investments in associates are initially recognised at the transaction price and are subsequently adjusted to reflect the Charity's share of the surplus, other comprehensive income and equity of the associate."

Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The investment portfolio does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

Rental income is recognised in the period to which it relates.

Critical estimates and significant judgements

With respect to the next reporting period for the year ended 31 March 2018, the most significant areas of uncertainty that affect the carrying value of assets held by the Charity are the level of investment return and the performance of the investment markets (see the investment policy and performance and risk management sections of the Trustees' Report for more information).

Tangible Fixed assets and depreciation

Tangible fixed assets costing more than £1,000 are capitalised and included at cost, including any incidental expenses relating to the acquisition.

**ABF THE SOLDIERS' CHARITY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2017**

Depreciation is provided for all tangible fixed assets so as to write off their cost in equal instalments over their expected useful lives as follows:

Computer equipment	3 years
Operating software	8 years
Office furniture and fittings	3-5 years
Leasehold improvements	Over the term of the lease

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Loans to Beneficiaries

Loans to Beneficiaries are concessionary loans provided for the benefit of the Charity's beneficiaries. Such loans are initially recognised and measured at the amount paid, with the carrying amount adjusted at each Balance Sheet date to reflect repayments and any accrued interest, less any impairment.

Operating leases

Rentals payable under operating leases are charged to the Statement of Financial Activities as incurred over the period of the lease.

Foreign currency

Transactions denominated in foreign currencies are recorded at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted to Sterling at the rates of exchange ruling at the balance sheet date.

The Accounts of overseas operations are translated to Sterling at the approximate rates of exchange ruling at the balance sheet date. All differences are recorded in the Statement of Financial Activities.

Pension costs

Employees are entitled to join a Group Personal Pension Scheme which is operated on a contributory basis. The assets of the Group Personal Pension Scheme are held separately from those of the Charity and contributions payable by the Charity are charged in the Statement of Financial Activities in the year in which they are payable.

ABF THE SOLDIERS' CHARITY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2017

2. Subsidiary companies' results

Soldiers' Trading Limited

Included in Donations and appeals income in Income is general purpose trading income arising in Soldiers' Trading Limited. The results were as follows:

	2017	2016
	£	£
Turnover	131,846	183,371
Cost of Sales	(75,372)	(81,117)
Gross Profit	56,474	102,254
Administrative expenses	(12,764)	(12,664)
Bank interest and other income	-	-
Profit on ordinary activities	43,710	89,590
Gift Aid to parent charity	(43,710)	(89,590)
Net Profit	-	-
Profit and Loss Account brought forward	-	-
Profit and Loss Account carried forward	-	-
The aggregate of the assets, liabilities and funds was:		
Assets	61,524	163,416
Liabilities	(61,523)	(163,415)
Total Funds	1	1

There were no trading activities during the year and in 2016 for either The Amy Benevolent Fund Enterprises Limited or Tournament Trading Company Limited resulting in no covenanted donation being declared and, therefore payable to the Charity.

	2017	2016
	£	£
The Army Benevolent Fund Enterprises Limited		
The aggregate of the assets, liabilities and funds was:		
Assets	577	577
Liabilities	-	-
Total funds	577	577

	2017	2016
	£	£
The Tournament Trading Company Limited		
The aggregate of the assets, liabilities and funds was:		
Assets	1	1
Liabilities	-	-
Total funds	1	1

ABF THE SOLDIERS' CHARITY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2017

3. Investment Income

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Dividends and Distributions	98,939	361,998	205,027	665,964	1,219,021
Bank interest	21,473	36,587	6,910	64,970	101,508
	<u>120,412</u>	<u>398,585</u>	<u>211,937</u>	<u>730,934</u>	<u>1,320,529</u>
Rental Income	345,582	-	-	345,582	246,380
Total	<u>465,994</u>	<u>398,585</u>	<u>211,937</u>	<u>1,076,516</u>	<u>1,566,909</u>

Unrestricted Funds investment income includes £Nil (2016: £Nil) in bank interest arising in the subsidiary companies.

Rental income arises from the sub-letting of office space in Mountbarrow House to a number of other Service charities.

4. Fundraising trading: Costs of goods sold

Group:

		2017 £	2016 £
Direct costs			
Event costs		1,558,555	1,564,401
Promotion materials		18,570	198,274
Salaries and pensions		105,434	105,434
Other costs		7,429	7,330
		<u>1,689,988</u>	<u>1,875,439</u>
Allocated to:			
Costs of raising funds	1	(160,725)	(178,700)
		<u>1,529,263</u>	<u>1,696,739</u>
Costs of raising funds (Note 5)	2	116,832	117,474
Support costs (Note 9)			
Central and administrative costs		784,997	648,825
Regional office costs		389,990	373,481
Total		<u>2,821,082</u>	<u>2,836,519</u>

ABF THE SOLDIERS' CHARITY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2017

5. Other costs of raising funds

Group and Charity:

		2017	2016
		£	£
Direct costs			
Salaries and pensions		716,736	723,561
Campaign costs		450,783	448,452
Other costs		801	2,725
		<u>1,168,320</u>	<u>1,174,738</u>
Allocated to:			
Grant making and other support costs		(58,416)	(58,737)
Governance		(116,832)	(117,474)
Costs of goods sold (Note 4)	2	(116,832)	(117,474)
		<u>876,240</u>	<u>881,053</u>
Costs of goods sold	1	160,725	178,700
Support costs (Note 9)			
Advertisements and promotion		406,687	414,694
Central and administrative costs		255,124	324,416
Regional office costs		714,981	684,715
Total		<u>2,413,757</u>	<u>2,483,578</u>

**ABF THE SOLDIERS' CHARITY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2017**

6. Grants for the benefit of individuals

All grants made for the benefit of soldiers, former soldiers and their families are paid through their parent Regimental or Corps Associations. The total value of these grants made during the year was £3,565,566 (2016: £3,368,868).

7. Grants to other charities

The Charity, on behalf of the partnership of Army charitable funds, makes grants to national charities which support soldiers, former soldiers and their families.

By the nature of Service charities and other charities supporting serving and former soldiers, many of the Charity's Trustees and senior management work closely with, or serve as trustees for, some of the charities listed below receiving grants from the Charity. Where this applies, the Trustee or member of the management team will not take part in the grant making decision process.

The total values of the grants made during the year were:

	2017	2016
	£	£
<u>GRANTS FROM UNRESTRICTED FUNDS:</u>		
Elderly:		
Age Concern Espana	25,000	25,000
Broughton House	86,000	82,000
Chaseley Trust	-	14,000
Erskine Hospital	150,000	150,000
Queen Alexandra Hospital Home	50,000	40,000
Royal Alfred Seafarers' Society	-	15,000
Royal Cambridge Home	24,400	27,500
Royal Commonwealth Ex-Services League	227,500	-
Royal Hospital Chelsea	35,000	-
Royal Star & Garter Home	74,000	170,000
The Somme Nursing Home	-	7,000
	<u>671,900</u>	<u>530,500</u>
Employment and Training		
Finchale Training College	31,909	20,000
Highground	25,000	35,000
Prisoners Education Trust	15,000	-
Race 2 Recovery	21,000	-
Regular Forces Employment Association (RFEA)	380,163	256,422
Salute My Job	50,000	35,000
Scottish Society for Employment	-	2,500
Skill Force	15,000	15,000
Step Forward Volunteering (Worldwide Volunteering)	18,000	18,000
The Officers' Association	25,000	-
The Poppy Factory	85,000	85,000
Walking with the Wounded	-	4,752
X Forces	48,000	73,000
	<u>714,072</u>	<u>544,674</u>
 Grants from unrestricted funds subtotal	 <u>1,385,972</u>	 <u>1,075,174</u>

ABF THE SOLDIERS' CHARITY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2017

	2017 £	2016 £
Grants from unrestricted funds: (continued)		
Family:		
"Not Forgotten" Association	-	10,000
1 RHA	2,000	-
Army Families Federation	45,847	50,671
Army Welfare Service - Welfare Minibuses	55,283	26,625
Army Widows' Association	14,000	14,000
ATC (Pirbright)	-	(888)
AWS 42 Bde	500	-
Army Welfare Services Colchester - Op Camouflage	3,000	5,797
Carterton Town Council	5,000	-
Chindits Old Comrades Association	-	1,875
Cobseo, The Confederation of Service Charities	21,315	20,000
Family Activity Breaks	12,890	46,000
Gurkha Welfare Trust	-	50,000
HCPT Group 182	-	5,700
Home-Start UK	35,000	35,000
Hong Kong LEP Trust	8,000	8,000
Hospice UK	10,000	5,000
Hostage UK	-	10,000
HQ Wattisham Station	-	10,000
Lord Kitchener Memorial Holiday Centre	16,000	16,000
Lothian Veterans Centre (Mark Wright Project)	-	12,000
Music in Hospitals	-	21,000
Mutual Support	-	10,000
My Daddy is a Soldier Adventures	-	10,000
National Autistic Society	12,350	-
-NSPCC	-	20,000
Poppyscotland (ASAP Project)	-	51,500
Prisoner's Education Trust	-	10,000
QEHB Fisher House	5,000	8,000
Queen Victoria School	-	8,000
RCET	10,000	-
Reading Force	28,495	12,000
Re - Vitalise	51,684	42,480
Royal Commonwealth Ex-Services League	-	240,000
Rutland Citizens Advice Bureau	-	(7,500)
SSAFA Central Offices	287,000	296,763
SSAFA CMS Costs	22,502	-
Storybook Soldiers	5,000	-
Tayforth Veterans Project	-	10,000
The League of Remembrance	1,540	1,440
The Nature of It	-	3,000
The Ripple Pond	-	15,000
The Royal Hospital Chelsea	-	25,000
Union Jack Club	-	30,917
VC and GC Association	15,000	-
Veterans Scotland	15,000	15,000
Wiltshire Wildlife Trust	-	(20,000)
	682,406	1,128,380
	2017	2016
	£	£
Grants from unrestricted funds subtotal (carried forward)	<u>2,068,378</u>	<u>2,203,554</u>

ABF THE SOLDIERS' CHARITY
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	2017 £	2016 £
<u>Grants from unrestricted funds:</u> (continued)		
Housing		
Alabaré Christian Care & Support	50,000	108,000
Amicus Trust	12,500	8,168
Armed Forces & Veterans Launchpad	45,200	35,729
Bournemouth War Memorial Homes	-	10,000
Changing Lives (Thirteen Care and Support (Norcare))	30,000	30,000
Community Self Build Agency	12,000	-
E Hayes Dashwood	-	20,000
Haig Homes	-	50,000
Help for Homeless Veterans	25,000	-
RBLI	96,000	-
Scottish Veterans' Garden City	20,000	25,000
Scottish Veterans Residences	-	20,000
SHAID – St Peters Court	36,500	-
Stoll	25,000	35,000
	<u>352,200</u>	<u>341,897</u>
Wellbeing:		
Altcar Training Camp Pods	10,500	-
BEWSA	12,000	18,000
Combat Stress	215,000	180,000
Combat Veteran Players	-	19,000
Coming Home Centre (Community Veterans Support)	6,672	-
Deafblind UK	10,000	8,800
Defence Medical Welfare Services	-	10,000
Dundee Therapy Garden	15,000	-
Firstlight Trust	18,000	9,500
Forces in the Community	12,000	20,000
Forward Assist	15,000	-
Gardening Leave	-	10,000
Good Vibrations	5,000	-
Home Farm Trust	16,616	20,000
Kartforce	15,000	20,000
King Edward VII Hospital	20,000	-
	<u>370,788</u>	<u>315,300</u>
	2017 £	2016 £
Grants from unrestricted funds subtotal (carried forward)	<u>2,791,366</u>	<u>2,860,751</u>

ABF THE SOLDIERS' CHARITY
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	2017 £	2016 £
<u>Grants from unrestricted funds (continued)</u>		
Wellbeing (continued)		
Liverpool FC Foundation	18,750	-
Lothian Veterans Centre	15,000	-
Mutual Support	8,000	-
Phyllis Tuckwell Hospice	5,000	-
Poppy Scotland	52,000	-
Purple Warriors	5,000	-
Rosie Kay Dance Company	-	12,000
Royal National Orthopaedic Hospital	28,000	-
Spinal Injuries Association	15,000	18,500
Sporting Force	3,000	-
Stand Easy	4,715	1,068
Stubs	5,000	-
The Bridge for Heroes	20,000	-
The Gwennili Trust	5,000	5,000
The Matthew Project	39,333	-
The Not Forgotten Association	28,000	-
The Warrior Programme	20,000	37,500
Thistle Health and Wellbeing	20,000	-
Timebank	50,000	-
Turn to Starboard	18,600	33,600
Veterans in Communities	8,000	-
Veterans Outreach Support	15,000	8,000
Walking With The Wounded	40,000	-
Waterloo Uncovered	15,000	10,000
Williams Simpsons Home	20,000	20,000
	<u>458,398</u>	<u>145,668</u>
	2017 £	2016 £
Grants from unrestricted funds subtotal (brought forward)	2,791,366	2,860,751
Grants from unrestricted funds above	<u>458,398</u>	<u>145,668</u>
Total Grants from unrestricted funds	<u>3,249,764</u>	<u>3,006,419</u>
	2017 £	2016 £
<u>GRANTS FROM DESIGNATED FUNDS:</u>		
Family		
Army Widows Association	5,000	10,000
QEHF Fisher House	5,000	2,000
NIMROD (Via SSAFA NI)	3,000	-
Families Activity Breaks (Child Bereavement Charity)	15,000	-
	<u>28,000</u>	<u>12,000</u>

ABF THE SOLDIERS' CHARITY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2017

	2017 £	2016 £
Grants from designated funds (continued)		
Housing		
Stoll	5,000	-
Elderly		
The Somme Nursing Home	-	7,000
Wellbeing:		
"Not Forgotten" Association	14,000	10,000
Combat Stress	35,000	20,000
Royal National Orthopaedic Hospital	20,000	-
Spinal Injuries Association	5,000	-
The Warrior Programme	20,000	12,500
Turn to Starboard	15,000	-
	<u>109,000</u>	<u>42,500</u>
Total Grants from designated funds	<u>142,000</u>	<u>61,500</u>

	2017 £	2016 £
GRANTS FROM RESTRICTED FUNDS:		
Family:		
Army Widows Association	5,000	-
Family Activity Breaks	5,000	-
Falklands 35	6,000	-
Falklands Islands Memorial Chapel Trust	-	11,500
Falklands Veterans Foundation	15,000	15,000
South Atlantic Medal Association 1982	5,000	5,000
The National Gulf Veterans and Families Association	51,995	65,000
	<u>87,995</u>	<u>96,500</u>
Wellbeing		
"Not Forgotten" Association	18,000	20,000
Combat Stress	20,000	20,000
Warrior Programme	10,000	-
	<u>48,000</u>	<u>40,000</u>
Housing		
Stoll	10,000	-
Total Grants from restricted funds	<u>145,995</u>	<u>136,500</u>

	2017 £	2016 £
Grants from unrestricted funds	3,249,764	3,006,419
Grants from designated funds	142,000	61,500
Grants from restricted funds	<u>145,995</u>	<u>136,500</u>
	<u>3,537,759</u>	<u>3,204,419</u>

ABF THE SOLDIERS' CHARITY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2017

8. Grant making and other support costs

	2017	2016
	£	£
Direct costs		
Salaries and pensions	389,443	379,557
Other costs	11,812	18,732
	<u>401,255</u>	<u>398,289</u>
Support costs (Note 9)		
Advertisement and promotion	156,418	159,498
Costs of raising funds	58,416	58,737
Regional Office costs	129,997	124,494
Central and administrative costs	392,498	324,412
	<u>1,138,584</u>	<u>1,065,430</u>
Other support to charities		
Direct costs		
Salaries and pensions	61,798	61,798
Support costs (Note 9)		
Central and administrative costs	196,249	81,103
	<u>258,047</u>	<u>142,901</u>
Governance costs		
Direct costs		
Salaries and pensions	99,587	99,587
Meeting expenses	11,035	8,918
Auditors: Audit fees	22,900	25,766
Legal & Professional fees	3,010	3,010
Registration	360	-
Trustee expenses	2,856	1,404
	<u>139,748</u>	<u>138,685</u>
Support costs (Note 9)		
Central and administrative costs	333,624	243,306
Costs of raising funds	116,832	117,474
Advertisement and Promotion	62,567	63,799
Regional Office costs	64,998	62,247
	<u>717,769</u>	<u>625,511</u>
	<u><u>2,114,400</u></u>	<u><u>1,833,842</u></u>

Five Trustees were reimbursed £2,856 for travel expenses which had been directly incurred during the year under review (2016: £1,404 to four Trustees).

ABF THE SOLDIERS' CHARITY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2017

9. Analysis of support costs

		2017	2016
		£	£
Regional office costs			
Direct costs			
Salaries and pensions		1,144,716	1,111,537
Office and general expenses		33,040	35,804
Travel expenses		118,996	93,970
Other costs		3,214	3,626
		<u>1,299,966</u>	<u>1,244,937</u>
Allocated to			
Governance	(note 8)	64,998	62,247
Grant making and other support costs	(note 8)	129,997	124,494
Costs of goods sold	(note 4)	389,990	373,481
Costs of raising funds	(note 5)	714,981	684,715
		<u>1,299,966</u>	<u>1,244,937</u>
Advertisements and promotion			
Direct costs			
Advertisements and promotion		625,672	637,991
Allocated to			
Costs of raising funds	(note 5)	406,687	414,694
Governance	(note 8)	62,567	63,799
Grant making and other support costs	(note 8)	156,418	159,498
		<u>625,672</u>	<u>637,991</u>
Central and administrative costs			
Direct costs			
Salaries and pensions		529,388	552,591
Legal and professional		38,176	35,401
Accommodation		749,975	557,057
Relocation		142,437	38,492
Other administrative costs		502,516	438,521
		<u>1,962,492</u>	<u>1,622,062</u>
Allocated to			
Costs of raising funds	(note 5)	255,124	324,416
Costs of goods sold	(note 4)	784,997	648,825
Grant making and other support costs	(note 8)	392,498	324,412
Other support to charities	(note 8)	196,249	81,103
Governance	(note 8)	333,624	243,306
		<u>1,962,492</u>	<u>1,622,062</u>

Costs are allocated, as appropriate, on the basis of headcount or time associated with the activity.

ABF THE SOLDIERS' CHARITY
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10 Staff costs

	2017	2016
	£	£
Total staff costs comprised:		
Wages and salaries	2,775,087	2,771,237
Social security costs	285,331	284,471
Pensions contributions	106,984	103,529
	<u>3,167,402</u>	<u>3,159,237</u>

The Charity employed an average staff of 82 (17 part-time) (2016: 84 including 19 part-time) of whom 42 (2016: 44) are employed at the Charity's head office. A small number of these individuals are on short term contracts to cover vacant posts and also from time to time we engage a limited number of contract and agency staff.

The number of employees whose employee benefits exceed £60,000 was;

	2017	2016
	No.	No.
£60,001 - £70,000	-	1
£70,001 - £80,000	3	3
£80,001 - £90,000	1	1
£120,001 - £130,000	1	1

An increasing number of our employees who have previously served within the Army have become unable to participate in the Charity's pension scheme due to new HMRC Lifetime Allowance restrictions. Noting that this constitutes a significant reduction in their overall employee benefits, the Charity may elect to make a compensating taxable payment, in lieu of their eligibility to an employer contribution, which is therefore included in the above figures.

The key management personnel for the charity comprise the Trustees and the Executive Board (Senior Management Board). The Trustees received no remuneration or benefits-in-kind during the year (2016: £nil). Total employee benefits for the members of the Executive Board was £568,505 (2016: £552,945).

11 Tangible fixed assets – Group and Charity

	Leasehold improvements		Office furniture fittings & equipment		Total	Total
	2017	2016	2017	2016	2017	2016
	£	£	£	£	£	£
Cost						
At 1 April	440,731	440,731	367,078	296,599	807,809	737,330
Additions	2,174	-	24,403	100,620	26,577	100,620
Disposals	-	-	-	(30,141)	-	(30,141)
At 31 March	<u>442,905</u>	<u>440,731</u>	<u>391,481</u>	<u>367,078</u>	<u>834,386</u>	<u>807,809</u>
Depreciation						
At 1 April	271,172	228,652	230,914	229,182	502,086	457,834
Charge for the year	78,971	42,520	54,241	31,873	133,212	74,393
Released on disposal	-	-	-	(30,141)	-	(30,141)
At 31 March	<u>350,143</u>	<u>271,172</u>	<u>285,155</u>	<u>230,914</u>	<u>635,298</u>	<u>502,086</u>
Net book value at 31 March	<u>92,762</u>	<u>169,559</u>	<u>106,326</u>	<u>136,164</u>	<u>199,088</u>	<u>305,723</u>

ABF THE SOLDIERS' CHARITY
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Office furniture, fittings and equipment are normally written off in equal instalments over 3 or 5 years. The investment in the operating software for managing the fundraising activities and the accounting system are being written off in equal instalments over 8 years.

12 Investments – Group

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total £
Market value 1 April 2016	47,765,132	458,532	5,045,075	53,268,739
Purchase of investments	5,500,000	-	-	5,500,000
Transfer between funds	496,572	(496,572)	-	-
Net gains on investments	9,043,886	38,040	709,817	9,791,743
Market value 31 March 2017	<u>62,805,590</u>	<u>-</u>	<u>5,754,892</u>	<u>68,560,482</u>
Cost				
At 31 March 2017	<u>53,019,537</u>	<u>-</u>	<u>2,868,468</u>	<u>55,888,005</u>
At 31 March 2016	<u>47,022,965</u>	<u>257,025</u>	<u>2,868,468</u>	<u>50,148,458</u>

All of the Investments listed above are held by the Charity. In addition, 100% of the issued share capital of Soldiers' Trading Limited, The Army Benevolent Fund Enterprises Limited and The Tournament Trading Company Limited is held by the Charity. Both the cost and valuation of these shareholdings are £5.

The investment portfolio comprises the following at market value;

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total £
BlackRock - Armed Forces Common Investment Fund				
Income units	1,441,816	-	5,754,892	7,196,708
Accumulation units	38,616,922	-	-	38,616,922
CCLA – COIF				
Income units	11,767,144	-	-	11,767,144
Accumulation units	10,979,708	-	-	10,979,708
Market value 31 March 2017	<u>62,805,590</u>	<u>-</u>	<u>5,754,892</u>	<u>68,560,482</u>

ABF THE SOLDIERS' CHARITY
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13 Associates

The Soldiers' Fund (TSF) was incorporated as a tax-exempt charity in the United States in 2012, its primary purpose being to raise funds for British Army personnel, past and present, and their families in times of need. As ABF The Soldiers' Charity can appoint three of the eleven directors of TSF, it is treated as an associate undertaking for the purposes of the consolidated accounts. The Charity's share of TSF's surplus as at 31st March 2017 was £9,589 (2015: £7,258). The Charity's share of TSF's net assets was £22,477.

14 Loan debtors – Group and Charity

	Unrestricted Funds £	Restricted Funds £	Total £
Loan balances at 1 April 2016	2,000	18,835	20,835
Loan balances at 31 March 2017 due within one year	-	6,000	6,000
Loan balances at 31 March 2017 due beyond one year	-	6,835	6,835
Loan balances at 31 March 2017	-	12,835	12,835

15 Other debtors and prepayments

	Group		Charity	
	2017 £	2016 £	2017 £	2016 £
Prepayments and accrued income	2,756,102	1,663,131	2,756,102	1,663,131
Other debtors	1,112,462	82,240	1,090,312	65,484
Due from subsidiaries	-	-	53,506	156,378
	3,868,564	1,745,371	3,899,920	1,884,993

ABF THE SOLDIERS' CHARITY
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16 Creditors: amounts falling due within one year

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Deferred income				
At 1 April	548,667	957,775	548,667	957,775
Arising during the year	1,113,080	274,192	1,166,586	274,192
Released during the year	(1,206,817)	(683,300)	(1,206,817)	(683,300)
At 31 March	<u>454,930</u>	<u>548,667</u>	<u>508,436</u>	<u>548,667</u>
Trade creditors	46,346	163,425	45,404	163,218
Accrued expenses	153,056	92,332	92,475	85,502
Other creditors	<u>6,672</u>	<u>43,545</u>	<u>6,672</u>	<u>43,545</u>
	<u>661,004</u>	<u>847,969</u>	<u>652,987</u>	<u>840,932</u>

ABF THE SOLDIERS' CHARITY
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17 Analysis of net assets between funds

	Tangible Fixed Assets £	Investments and Associates £	Net Current Assets £	Group Total £
Unrestricted Funds				
Unrestricted Fund	199,088	62,828,068	(52,121,759)	10,905,397
Designated Funds				
Northern Ireland Special	-	-	189,972	189,972
Current Operations Fund	-	-	4,292,998	4,292,998
Afghanistan Fund	-	-	8,535,935	8,535,935
Libor Fund	-	-	1,000,000	1,000,000
Strategic Fund	-	-	32,200,000	32,200,000
Relocation Fund	-	-	12,000,000	12,000,000
Restricted Funds				
Falklands Fund	-	3,035,797	320,198	3,355,995
Gulf Fund	-	1,220,196	(532,798)	687,398
Sir Jules Thorn Account	-	-	1,952	1,952
George Purse Trust Fund	-	1,498,900	224,026	1,722,926
Commandos Benevolent	-	-	198,340	198,340
DEFLOG VQ Trust	-	-	2,205,294	2,205,294
Quick Reaction Fund	-	-	6	6
	<u>199,088</u>	<u>68,582,961</u>	<u>8,514,164</u>	<u>77,296,213</u>

The Charity has net assets of £77,295,639. The Designated and Restricted Funds are as above.

	Tangible Fixed Assets £	Investments £	Net Current Assets £	Charity Total £
Unrestricted Funds				
Unrestricted Fund	199,088	62,828,073	(52,122,337)	10,904,824
Designated and Restricted Funds	-	5,754,892	60,635,923	66,390,815
	<u>199,088</u>	<u>68,582,965</u>	<u>8,513,586</u>	<u>77,295,639</u>

ABF THE SOLDIERS' CHARITY
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18 Restricted Funds financial activity:

	Commandos Benevolent Fund £	DEFLOG VQ Fund £	Falklands Fund £	George Purse Trust £	Gulf Fund £	QRF Fund £	Sir Jules Thorn £	Total 2017 £	Total 2016 £
Income									
Income from charitable activities	200,000	2,250,000	-	-	-	6,085	-	2,456,085	119,243
Income from investments	340	6,250	108,318	53,524	43,498	7	-	211,937	201,183
Total income	200,340	2,256,250	108,318	53,524	43,498	6,092	-	2,668,022	320,426
Expenditure									
Direct charitable expenditure	-	-	22	22	22	-	-	66	6
Grants to other charities	-	-	70,000	-	75,995	-	-	145,995	136,500
Grants for the benefit of individuals	2,000	50,956	3,885	18,126	6,598	6,102	2,600	90,267	288,907
Total expenditure	2,000	50,956	73,907	18,148	82,615	6,102	2,600	236,328	425,413
Net income/(expenditure) before net gains/(losses) on investments	198,340	2,205,294	34,411	35,376	(39,117)	(10)	(2,600)	2,431,694	(104,987)
Net gains/ (losses) on investments	-	-	374,440	184,876	150,500	-	-	709,816	(237,548)
Net income/(expenditure) for the year	198,340	2,205,294	408,851	220,252	111,383	(10)	(2,600)	3,141,510	(342,535)
Transfers between funds	-	-	-	-	-	-	-	-	19,921
Net movement in funds	198,340	2,205,294	408,851	220,252	111,383	(10)	(2,600)	3,141,510	(322,614)
Fund balances at 1 April	-	-	2,947,144	1,502,674	576,015	16	4,552	5,030,401	5,353,015
Fund balances at 31 March	198,340	2,205,294	3,355,995	1,722,926	687,398	6	1,952	8,171,911	5,030,401

18 Restricted Funds financial activity (continued)

The Restricted Funds consist of:

- The Quick Reaction Fund, set up in conjunction with Help for Heroes, which exists to provide immediate and direct support to wounded, injured and sick serving soldiers and their dependants and supplements funding available from Regimental Benevolent Associations and other Service charities.
- The Falklands Fund which exists to meet the needs of soldiers, former soldiers and their dependants who have suffered distress as a result of the Falklands conflict.
- The Gulf Trust (Army and Civilian) Fund, which exists to meet the needs of soldiers, civilian personnel attached to or accompanying the Armed Forces and their dependants who have suffered distress as a result of the Gulf conflict and continuing operations.
- The Sir Jules Thorn Account which exists to help those seeking entrance to the Royal Hospital, Chelsea and Old Age Pensioners from the Army, or their dependants, who are in need of special attention.
- The George Purse Trust Fund which exists to make grants which would not otherwise be provided out of Charity unrestricted funds to support the welfare needs of ex-Army personnel, dependants and carers residing in the former boundaries of the counties of Glamorgan and Monmouthshire.
- The Deflog VQ Trust was set up from the funds received from the charity, The Deflog VQ Trust that folded into ABF The Soldiers' Charity this year. The funds are restricted to advance education and training and to relieve unemployment; and relieve the needs of people who are at risk of becoming, socially excluded through the promotion of social inclusion.
- The Army Commandos' Benevolent Fund gave the bulk of its winding up funds as a grant to ABF The Soldiers' Charity for the assistance of any such persons who have served in the Commandos and in making grants to charitable organisations which directly or indirectly benefits the persons or dependents of persons who have served in the Commandos.

ABF THE SOLDIERS' CHARITY
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19 Designated Funds financial activity – Group

	Northern Ireland Special Relief Fund	Current Operations Fund	Afghanistan Fund	Libor Fund	Strategic Fund	Relocation Fund	Total 2017	Total 2016
	£	£	£	£	£	£	£	£
Income								
Donations, events and Charitable activities	-	289,175	-	1,000,000	-	-	1,289,175	8,528,751
Income from investments	9,285	-	389,300	-	-	-	398,585	69,556
Total income	<u>9,285</u>	<u>289,175</u>	<u>389,300</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>1,687,760</u>	<u>8,598,307</u>
Expenditure on Raising Funds	22	73,888	-	-	-	-	73,910	78,146
Expenditure on Charitable activities:								
Grants to other charities	28,000	-	114,000	-	-	-	142,000	61,500
Grants for the benefits of individuals	3,866	1,000	39,031	-	-	-	43,897	38,757
Total expenditure	<u>31,888</u>	<u>74,888</u>	<u>153,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>259,807</u>	<u>178,403</u>
Net income/ (expenditure) before net gains/ (losses) on investments	<u>(22,603)</u>	<u>214,287</u>	<u>236,269</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>1,427,953</u>	<u>8,419,904</u>
Net gains/(losses) on investments	38,040	-	-	-	-	-	38,040	(21,590)
Net income for the year	<u>15,437</u>	<u>214,287</u>	<u>236,269</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>1,465,993</u>	<u>8,398,314</u>
Transfers (to)/from the Unrestricted Funds	-	-	-	-	2,700,000	2,000,000	4,700,000	2,000,000
Net movement in funds	<u>15,437</u>	<u>214,287</u>	<u>236,269</u>	<u>1,000,000</u>	<u>2,700,000</u>	<u>2,000,000</u>	<u>6,165,993</u>	<u>10,398,314</u>
Fund balances at 1 April	174,535	4,078,711	8,299,666	-	29,500,000	10,000,000	52,052,912	41,654,598
Fund balances at 31 March	<u>189,972</u>	<u>4,292,998</u>	<u>8,535,935</u>	<u>1,000,000</u>	<u>32,200,000</u>	<u>12,000,000</u>	<u>58,218,905</u>	<u>52,052,912</u>

**ABF THE SOLDIERS' CHARITY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016**

19 Designated Funds financial activity – Group (continued)

Designated Funds, within Unrestricted Funds, are set aside at the discretion of the Trustees for specific purposes and time.

The Designated Funds now consist of the Northern Ireland Special Relief Fund (NISRF), the Current Operations Fund (COF), the Afghanistan Fund, the Strategic Reserve, the Relocation Fund (RF) and the Libor Fund. The NISRF has been set up to meet the special requirements for aid occasioned by events in Northern Ireland, with the COF being established in 2007 to provide a continuing fund for soldiers, former soldiers and their dependants in times of need who are suffering distress as a result of military operations being undertaken at that time and all subsequent military operations. It will continue in place until such time as all eligible beneficiaries no longer survive.

The Afghanistan Fund was set up during the year, following receipt of a grant from HM Treasury, to support Army families affected by the Afghanistan campaign. Similarly this will be time limited.

As noted in previous Report, the Trustees established a Designated Fund (the Relocation Fund) of £10.0 million to provide for the anticipated relocation of the Charity's National Office when the current building leases expire. Whilst the Charity successfully negotiated new leases for the National Office in Mountbarrow House until June 2021, the premises are due to be redeveloped shortly thereafter, necessitating our move-out. The Relocation Fund will thus be retained to enable the Charity to relocate from 2019/2020 onwards, taking with us the eight or more other Service charities whom we act as landlord for. Indeed, we believe it prudent to plan the capacity for more, given the desirability of other charities folding into us in future years. To reflect these factors, and the likely costs of acquisition and refurbishment, the Relocation Fund has accordingly been increased this year from £10 million to £12 million and we will keep our plans under very careful review.

An initial grant of £1m from LIBOR funds to deliver the better provision of childcare/community facilities for those serving Army families who face particular disadvantage. This is the first year of a £3m/three-year programme.

The Trustees have allocated part of the Unrestricted Fund to be set aside for strategic operational purposes and this has been increased by £2.7m to £32.2 million. The Strategic Fund covers the anticipated grants for Individuals for two years, made by both the Charity and the Army (Regiments and Corps), and the Charity's contingent obligation to the Army Dependants Trust, and ongoing support to other charities. The Strategic Fund covers:

	£m 2017
Two years unrestricted funds benevolence grants for individuals and to other charities	14.0
Two years benevolence grants made by Regiments & Corps	10.0
Obligation to support the Army Dependants Trust	4.0
Two years Grants team infrastructure costs and costs and costs associated with supporting other charities	4.2
Strategic Fund	<u>32.2</u>

ABF THE SOLDIERS' CHARITY
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FOR THE YEAR ENDED 31 MARCH 2017

20 Pension costs

ABF The Soldiers' Charity Group Pension Plan

Employer contributions to this scheme during the year to 31 March 2017 amounted to £106,984 (2016: £103,529).

There were no outstanding pension contributions as at 31 March 2017 (2016: £33,484).

21 Commitments

a. Operating leases

At 31 March 2017 the Charity had future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Land and buildings £	Office machinery £	Vehicles £	Total £
Not later than one year	535,387	73,467	35,695	644,549
Later than one year and not later than five years	2,046,469	128,224	29,746	2,204,439
Later than five years	-	-	-	-
	<u>2,581,856</u>	<u>201,691</u>	<u>65,441</u>	<u>2,848,988</u>

The lease between the Charity and Grosvenor Estate Belgravia covers the first, second and third floors at Mountbarrow House.

22 Prior Year's SOFA - 2016/17

	Notes	Total 2017 £	Unrestricted Funds £	Designated Funds (note 19) £	Restricted Funds (note 18) £	Total 2016 £
Income from:						
Donations and legacies						
The public						
Donations and Appeals Income		7,972,120	4,264,968	8,248,366	-	12,513,334
Legacies		5,274,317	2,707,034	-	-	2,707,034
		13,246,437	6,972,002	8,248,366	-	15,220,368
Army personnel						
From individuals in Army Units		232,334	284,641	-	-	284,641
Regimental and Corps Benevolent Funds		522,457	1,063,231	-	-	1,063,231
Army Dependants Trust		800,000	800,000	-	-	800,000
Service related activities		180,000	190,000	-	-	190,000
		1,734,791	2,337,872	-	-	2,337,872
Investments	3	1,076,516	1,296,170	69,556	201,183	1,566,909
Other trading activities						
Other donations and events		3,212,636	3,318,142	228,750	-	3,546,892
Charitable activities		101,085	-	51,634	119,243	170,877
Total Income		19,371,465	13,924,186	8,598,306	320,426	22,842,918
Expenditure on:						
Raising funds						
Fundraising trading: cost of goods sold	4	2,821,082	2,758,368	78,145	6	2,836,519
Other costs of raising funds	5	2,413,757	2,483,578	-	-	2,483,578
		5,234,839	5,241,946	78,145	6	5,320,097
Charitable activities						
Grants to Regiments and Corps for the benefit of individuals	6	3,565,566	3,041,204	38,757	288,907	3,368,868
Grants to other charities	7	3,537,759	3,006,419	61,500	136,500	3,204,419
		7,103,325	6,047,623	100,257	425,407	6,573,287
Grant making and other support costs	8	2,114,400	1,833,842	-	-	1,833,842
		9,217,725	7,881,465	100,257	425,407	8,407,129
Total expenditure		14,452,564	13,123,411	178,402	425,413	13,727,226
Net income/(expenditure) before net gains on investments		4,918,901	800,775	8,419,904	(104,987)	9,115,692
Net gains/(losses) on investments	12	9,791,743	(1,310,896)	(21,590)	(237,548)	(1,570,034)
Net income/(expenditure) for the year		14,710,644	(510,121)	8,398,314	(342,535)	7,545,658
Transfers between funds	18, 19	-	(2,019,921)	2,000,000	19,921	-
Net interest in the results for the year in associates	13	9,589	7,258	-	-	7,258
Net movement in funds		14,720,233	(2,522,784)	10,398,314	(322,614)	7,552,916
Funds balances at 1 April		62,575,980	8,015,451	41,654,598	5,353,015	55,023,064
Funds balances at 31 March		77,296,213	5,492,667	52,052,912	5,030,401	62,575,980

Solicitors	Bircham Dyson Bell LLP 50 Broadway Westminster London SW1H 0BL
Statutory Auditor	Moore Stephens LLP 150 Aldersgate Street London EC1A 4AB
Principal bankers	HSBC Bank plc The Peak 333 Vauxhall Bridge Road Victoria London SW1V 1EJ
Investment managers	BlackRock Investment Management (UK) Limited 12 Throgmorton Avenue London EC2N 2DL CCLA Senator House 85 Queen Victoria Street London EC4V 4ET
Trading subsidiary companies	Soldiers' Trading Limited (Registered No. 07243995) The Army Benevolent Fund Enterprises Limited (Registered No. 0897830) The Tournament Trading Company Limited (Registered No. 07241136) All three trading subsidiary companies have their registered office at: Mountbarrow House, 6-20 Elizabeth Street, London, SW1W 9RB