



# ANNUAL REPORT AND ACCOUNTS 2017

**SUPPORTING THE  
PERSON BEHIND  
THE UNIFORM**

**ssafa**

the  
**Armed Forces**  
charity

[ssafa.org.uk](http://ssafa.org.uk)





#### SSAFA'S SERVICE COMMITTEES **WETHERALL FAMILY**

SSAFA helped Cheryl and her husband Tim – a Sergeant in the Royal Electrical and Mechanical Engineers – pay to train an assistance dog for their daughter, Emily.

Emily was diagnosed with a heart condition at just a few weeks old. Doctors recommended the family get an assistance dog, trained to give early warning when Emily has difficulties. But Cheryl and Tim were told children under five aren't given dogs as there's no guarantee the child will survive. So, they decided to get a dog and pay for the expensive training themselves.

"It never occurred to me to ask SSAFA – one of my friends suggested it. I met our local service committee volunteer and she said, 'this is exactly the sort of thing we want to help with.' I was delighted! When SSAFA gave us £1,300 towards training our dog, Rocky, I burst into tears! Rocky has already picked up so much – and given me a heads-up once or twice about Emily, which is just amazing."

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#### **The Soldiers, Sailors, Airmen and Families Association - Forces Help**

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London EC3R 8AD  
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ssafa.org.uk

#### **Registered Charity Numbers**

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

#### **Auditor**

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

#### **Bankers**

[Coutts & Co](#)  
440 The Strand, London WC2R 0QS

#### [Royal Bank of Scotland Plc](#)

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

#### **Investment Managers**

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

#### **Solicitors**

Withers LLP, 16 Old Bailey, London EC4M 7EG



# A MESSAGE FROM OUR CHAIRMAN

Welcome to our 2017 Annual Report and Accounts.

Having been Chairman for just over a year, I am extremely proud of the breadth of SSAFA's activity and the impact we have had on all those we have helped. We have continued to work together as one SSAFA family — our staff, teams of volunteers and the many organisations we work with — to support 73,227 people through our charitable and specialist services.

During my short time with SSAFA, I have also been impressed and humbled by the level of commitment shown by our 5,802 passionate volunteers. They completed 38,725 cases and visits this year, despite fewer volunteers than last year and many of those we have helped having much more intricate needs.

The 2017 strategic review was an important step for SSAFA. It helped us recognise we can build on our 133-year legacy, but that there are also new challenges to respond to. The needs of our clients are more complicated than ever before. For example, there is a growing problem of isolation and loneliness among veterans, and more people with mental health issues who need our support. We launched our five-year plan last year. It sets out our vision to be the go-to charity for personalised support for service personnel, veterans and their families out to 2022.

Our five-year plan will help us meet the ever-changing needs of the Armed Forces community. To do this, we need to fully understand those needs. We must strengthen and develop our services, and make sure we have the sustainable resources to deliver complementary, tailored support. We must also make the most of our work with other organisations, such as Veterans' Gateway and the many Benevolent Funds we work with, to meet the needs we've identified in the most effective way.

We've seen more referrals to our mentoring programme this year since we extended it to all three services in the Armed Forces. Thanks to LIBOR funding, we've launched a new service to meet the needs of Gurkhas who relocate to the UK with their families. We've also partnered with Age UK, and our Joining Forces programme is a ground-breaking initiative to improve the lives of those older veterans born before 1950.

We also worked with Stonewall and are proud to be one of their Diversity Champions, enabling us to be more accessible for the lesbian, gay, bisexual and transgender (LGBT) community. This reflects our commitment to diversity and inclusion. It will help us demonstrate to all those who seek our help, and our supporters, we're here to listen and support — without judgement.

SSAFA has continued to deliver primary health care, community health care and social work services on behalf of the Ministry of Defence (MOD), supporting more than 40,000 people in 12 countries. This included more than 30,000 currently serving personnel and their families. Across our UK-based RAF Social Work service, we continue to deliver our contract against a backdrop of complex and dispersed service delivery. Many of the cases called for more specialist help.

The progress we have made this year will stand us in good stead for 2018. We will continue to find new and effective ways to support people in need, making sure we are here for the Armed Forces community whenever they need us.

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



# OVERVIEW OF OUR SERVICES

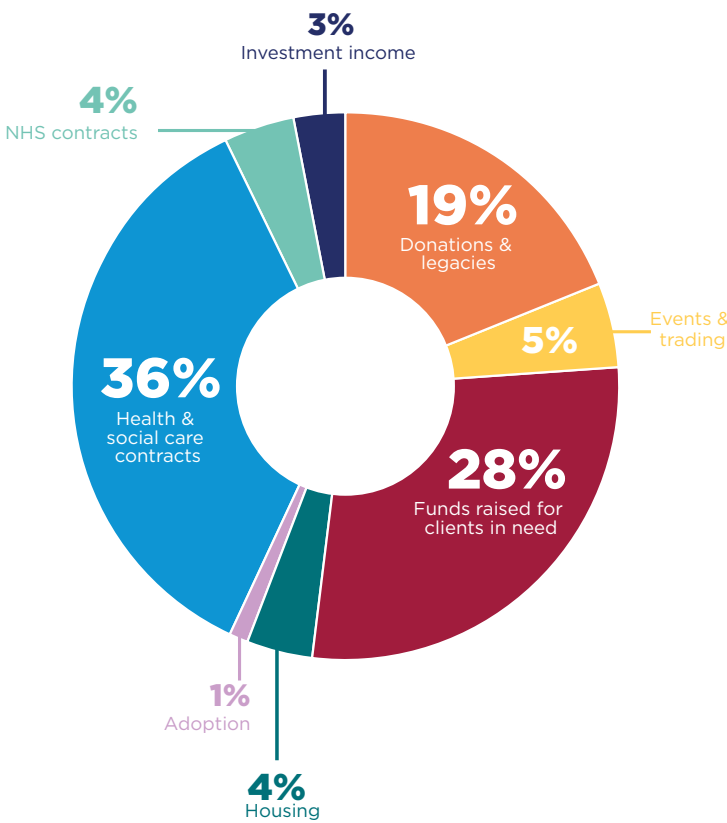
SSAFA, the Armed Forces charity provides lifelong support to our Armed Forces, veterans, reserves and their families. We began our work in 1885 and, in 2017, our staff and teams of volunteers helped more than 73,000 people — from World War Two veterans to those involved in more recent conflicts, and their families.



# OUR 2017 FINANCES IN BRIEF

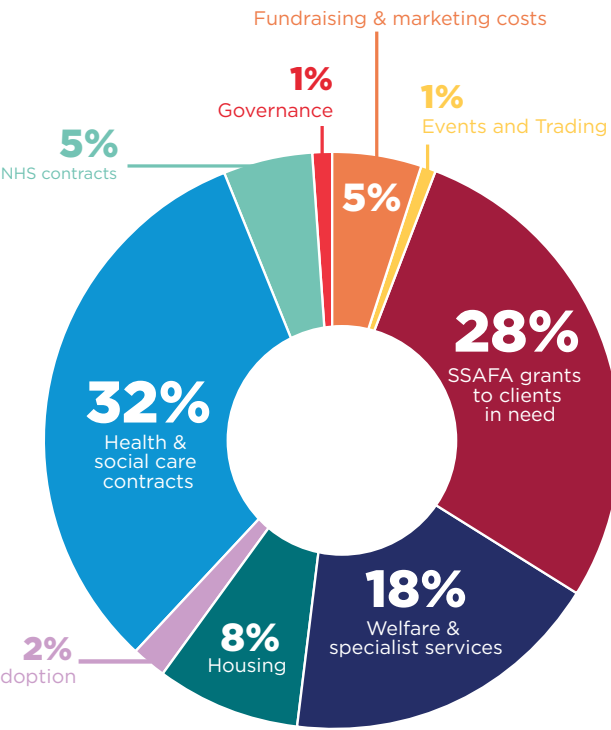
## WHERE THE MONEY COMES FROM

DONATIONS & LEGACIES	£9,247,000
EVENTS & TRADING	£2,566,000
FUNDS RAISED FOR CLIENTS IN NEED	£13,063,000
HOUSING	£1,718,000
ADOPTION	£247,000
HEALTH & SOCIAL CARE CONTRACTS	£17,041,000
NHS CONTRACTS	£2,110,000
INVESTMENT INCOME	£1,276,000
OTHER	£163,000
TOTAL	£47,431,000



## HOW WE SPEND THE MONEY

FUNDRAISING & MARKETING COSTS	£2,180,000
EVENTS & TRADING	£649,000
SSAFA GRANTS TO CLIENTS IN NEED	£13,433,000
WELFARE & SPECIALIST SERVICES	£8,775,000
HOUSING	£3,592,000
ADOPTION	£728,000
HEALTH & SOCIAL CARE CONTRACTS	£14,773,000
NHS CONTRACTS	£2,164,000
GOVERNANCE	£260,000
TOTAL	£46,554,000



# COUNCIL AND ADMINISTRATION

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

Trustees are ultimately responsible for all matters concerning governance, strategic direction, legal operation and financial probity. They are selected for the working knowledge they have of SSAFA's activities and the individual skills they can contribute to the charity's direction. All are volunteers who are encouraged to get involved in any aspect of our work. They exercise authority only when making a majority decision at a duly constituted meeting of Council, comprising between seven and 17 members.

- PATRON**  
Her Majesty The Queen
- PRESIDENT**  
HRH Prince Michael of Kent
- VICE PRESIDENTS**  
Field Marshal Rt Hon the Lord Bramall  
Lady Carter  
The Lady Dannatt  
The Baroness Fookes  
Air Chief Marshal Sir Michael Graydon  
The Lady Guthrie  
Lieutenant Colonel (retd) Colin Hogg  
The Lady Houghton  
Surgeon Captain (retd) Alan McEwan  
The Lady Walker  
Lady Wall  
The Rt Hon The Lord Westbury  
Lady Peach  
Lady Hillier
- CHAIRMAN**  
Lieutenant General (retd) Sir Gary Coward
- VICE CHAIRMEN**  
Wing Commander (retd) Kirsty Bushell  
Mr Jonathan Jelley (Strategic Development)
- HONORARY TREASURER**  
Mr David Rowe

- COUNCIL MEMBERS**  
Mr James Carleton  
Commodore (retd) Peter Cowling  
Lieutenant Colonel (retd) Christopher Downward (retired November 2017)  
Mr Stuart Gallimore (retired June 2017)  
Colonel (retd) John Goodsir  
Mrs Helen Kirkland  
Mr David McCorkell  
Mr Don McPhie  
Mr Robert Murphy  
Mrs Sarah Rutherford-Jones  
Mrs Evelyn Strouts  
Mr David Singletary (from November 2017)  
Air Vice-Marshal (retd) Charles Ness (from March 2018)  
Lieutenant Colonel (retd) G J Meacher (from March 2018)  
Dr Diana Wood (from June 2018)
- CONTROLLER**  
Sir Andrew Gregory
- SECRETARY AND FINANCE DIRECTOR**  
Mr Simon Blum

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



# TRUSTEES' REPORT

We, the Trustees, are pleased to present the annual Trustees' Report and the consolidated financial statements of the Charity. These financial statements comply with SSAFA's governing document, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, the 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).

## OUR CHARITABLE OBJECT AND ACTIVITIES FOR THE PUBLIC BENEFIT

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

### SSAFA's services can be divided into four types:

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

**Specialist services** — we mentor people as they transition from the military to civilian life, help families adopt, help veterans in the criminal justice system and provide a support service to the UK Gurkha community. All our services are designed to meet the specific needs of the Forces community and are run by SSAFA employees with support from teams of volunteers.

**Housing** — we offer a range of safe and comfortable housing options, including long-term accommodation for older and disabled veterans and short-term housing for families of injured service men and women.

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

In July 2017 we published our Strategic Review, which was our pledge to the Armed Forces community to continue to provide lifelong support to those who are serving our nation, those who have previously served, those who will serve and their families. This review outlined the changing needs of our clients and the environment in which we operate. This includes changing demographics of our clients, increased complexity of need, greater regulatory pressures and an uncertain economic climate. As a result, we have created a new strategy which is designed to address these challenges whilst ensuring that we remain focused on our core role. This is, and will remain, the provision of personalised support to those in need.

### For the next five years, we will deliver against objectives that meet five strategic aims:

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

Our new strategy will enable us to deliver a policy of early intervention. Our research has proven that providing help in the earliest stages of need can only be a good thing, particularly in the transition from military to civilian life. As the environment in which we operate becomes increasingly challenging, the principles of the strategic review will ensure SSAFA continues to be an effective, relevant and trusted organisation focused on delivering the best possible personalised support to those who find themselves in need.

## ACHIEVEMENTS AND PERFORMANCE IN 2017

- **We supported 73,227 people with our charitable services in 2017.** We continue to support our Forces and their families in 12 countries, including the UK.
- **Our volunteers donated nearly 1.3 million hours of their time.** Despite a decrease in overall volunteer numbers to 5,802, we completed 38,725 visits and cases. We are seeing more people with more complicated cases that take more time and expertise to resolve.
- **Our volunteer network was able to raise nearly £16.5 million** in funds for those who asked for our help, through applications to benevolent funds and other military and civilian charities.
- **We dealt with 26,759 calls, emails and letters to Forcesline** this year, a 5% increase compared to last year. We received between 2,000 - 2,500 contacts per month to this helpline, from those needing free confidential advice, outside the chain of command.
- **121 people were supported through our mentoring programme** for wounded, injured and sick service leavers across all three services, an increase of 36% in referrals.
- **551 prisoners or family members of prisoners were helped through our Prison In-reach and Veterans in the Criminal Justice System** programmes, a 37% increase from 2016.
- **79 Gurkhas and their families were helped** as a result of our brand-new Gurkha services programme to build literacy and language skills, thanks to LIBOR funds. This project has also enabled us to develop links with local Nepalese communities. Working with the Gurkha Welfare Trust, we are translating information resources into Nepalese and creating specific volunteering guidance and training.
- **Over 9,000 people** were helped through our Joining Forces partnership with Age UK. Of these, 5,930 were older veterans and 3,093 were family members and carers (not all SSAFA-specific cases).
- **Glasgow Helping Heroes supported 237 people** in the city, and has increased links with the local SSAFA branch to ensure that those who need our help locally get the right support, at the right time.
- **We placed nine children with families** for adoption, and there was significant growth in our Post Adoption

Support service. 46 families, which included 89 children, were helped and we anticipate that this service will continue to grow. We received more adoption applications from same-sex couples and joined New Family Social, the UK network for LGBT adoptive and foster families.

Our Forces Additional Needs and Disability Forum (FANDF) support group for those in the military gained 36% more members, thanks to developments we have made to this service. Changes in the summer to our short breaks approach has led to a new model with the Calvert Trust for 2018, and this service continues to meet the needs of our FANDF members.

### JOINING FORCES: AGE UK AND SSAFA

In May 2017, we partnered with Age UK in a ground-breaking initiative to improve the lives of older veterans born before 1950, and their families. This three-year project is financed through the Aged Veterans Fund, funded by the Chancellor using LIBOR funds. We are pooling our resources and expertise to deliver 12 local projects, and several new national services, including:

- tailored information for older veterans and their families on Age UK's website
- Call in Time befriending phone service, putting isolated veterans in touch with volunteers
- a regular tailored newsletter for older veterans and their families.

Through our Joining Forces partnership, we aim to engage with 45,000 older veterans and fill any gaps in service provision until 2020.





## DIVERSITY AND INCLUSION

We are committed to embedding equality, diversity and inclusion into the way we operate. Over the last 12 months we have focused on raising awareness amongst our employees so that we can better support those in the lesbian, gay, bisexual and transgender (LGBT) community, and created more relevant resources. We took part in the Stonewall Workplace Equality Index for the third year running to measure our progress on LGBT inclusion at work. The feedback has shown us what's going well and where we can improve.

We now have a SSAFA Learning, Development and Inclusion Business Partner, who is dedicated to delivering our diversity and inclusion agenda. We have developed and started to implement a focused diversity and inclusion strategy across SSAFA. Being a Stonewall Diversity Champion means we're better enabled to support LGBT staff and those we support to reach their full potential. Our investment in this area also includes a diversity role models programme, as well as creating a designated area on our intranet and extranet platforms for diversity content. We are also reaching out directly to the LGBT Armed Forces community to reiterate the range of services that we offer, including our adoption service.

### In 2017, we helped 2,421 people through our housing services

- 1,181 personnel and family members in Norton Homes
- 44 women and 45 children at Stepping Stone Homes
- 152 residents in our independent living accommodation
- 971 residents at Fisher House
- 28 residents at St Vincents Care Home

In order to continue our support, we successfully completed the purchase of a building in December 2017, which will become SSAFA's new Norton House, Stanford Hall.

St Vincents Care Home is regulated by the Care Quality Commission (CQC), and we measure and report all outcomes in line with their requirements for each resident.

We measure the impact of our professionally accredited services using proven internal management tools. We review our methods regularly to make sure we can effectively represent the benefits of our services to beneficiaries. We also work closely with other organisations to share best practice for evaluation.

## HEALTH AND SOCIAL CARE SERVICES

In 2017, we provided primary health care, community health care and social work services to more than 40,000 people in 12 countries worldwide, including the UK, that included more than 30,000 currently serving personnel.

In British Forces Germany (BFG), a large range of performance indicators are in place based on the English CQC model. In 2017, the service was required to achieve greater than 90% compliance, which was always surpassed. Whilst our Cyprus services have different performance indicators to our BFG and UK-based services, these have also been successfully achieved.

Where possible, we have developed support systems and mechanisms to extract performance data directly from the electronic systems staff use to reduce administration for clinical staff. We've also delivered some new innovations linked to our visiting health visitor service in Kenya. On behalf of Department of Health UK, we've locally piloted the electronic 'Red Book'. This contains an individual child's health records, which up until now have only been held in paper format across the NHS. This pilot is now to be extended across our provision in Cyprus, as part of our existing contracted service.

SSAFA continued to deliver NHS health care services in the UK until the third quarter of 2017 when existing NHS contracts came to their natural end.

We've been providing the Personal Support and Social Work Service for the RAF for 27 years, and our contract with them will continue for another four years.

In 2017, the top three reasons people used the service were for support with relationships and family issues, physical health and disability, and personal support. We introduced two new services: a single point of contact helpline to make it easier for beneficiaries to get support, and Care for the Carers to support HR personnel in the RAF. Last year, we supported 3,067 people. We observed that the cases we are dealing with are more complicated and have required multi-agency working to achieve the desired outcomes for the families and serving personnel involved.

## RAISING OUR PROFILE

Throughout the year, we made significant progress in increasing awareness and media coverage of SSAFA across national, regional and social media outlets. This included ensuring that the Armed Forces community (currently serving, reserves, veterans and their families) were aware that we are here to support them, as well as enhancing our profile with potential volunteers, fundraisers and donors.

In October, we launched an integrated campaign to fight 'The Invisible Enemy' of loneliness and isolation in working-age veterans. We aimed to change public perception, raise money for our mentoring services and encourage veterans to reach out if they feel isolated.

## FUNDRAISING FOR OUR WORK

In 2017, we had another very successful fundraising year, as well as working with our commercial partners. We raised £11.8 million (2016: £12.1 million) from donations, legacies, events and trading activities, and £2.3 million in 2017 (2016: £2.6 million) of that was raised by volunteers in their local communities.

### Commercial Partnerships

In 2017 the partnerships portfolio expanded, with six new organisations signing a commercial agreement to support SSAFA through the sale of goods or services. The SSAFA online store also saw an uplift in direct sales, as a result of increased exposure and new product ranges. Overall commercial fundraising generated a turnover of £372,626 — an impressive 118% increase on 2016.

### Trusts and Major Donors

We continued to develop relationships with our key donors and supporters this year and have been successful in securing new funding, including:

- £1 million has been received since the year end from the Chancellor of the Exchequer for our face-to-face welfare support over the next three years from LIBOR funds;
- a three-year grant from City Bridge Trust for our Stepping Stone Home South East;
- a three-year grant to provide welfare support for older veterans as part of the Joining Forces project lead by Age UK, supported by the Aged Veterans Fund and funded by the Chancellor using LIBOR funds;

We were grateful to be one of the chosen charities to benefit from British couturier Catherine Walker & Co's exclusive exhibition to mark its 40th anniversary.

Thank you to our generous donors, those listed below and to those who prefer to remain anonymous — including the supporter who continues to support the Last Resort Fund, which provides financial assistance to those in need for whom no other funding is available.

### We would like to thank our donors and collaborating organisations for their support over the last year. Particular thanks goes to:

- ABF The Soldiers' Charity
- Age UK
- Amey
- Armed Forces Covenant Fund
- BAE Systems
- BBC Children in Need
- CarillionAmey
- City Bridge Trust
- Clarion Events
- Department for Education
- ESS Compass Group
- Frank Ross Ltd
- Fujitsu Defence
- Koin Club Ltd
- Mr and Mrs R Graham
- LIBOR Fund
- Lloyd's Patriotic Fund
- Northrop Grumman
- Openreach
- Queen Mary's Roehampton Trust
- Royal Air Force Benevolent Fund
- Seafarers UK
- Sodexo
- The Army Central Fund
- The BACIT Foundation
- The Michael Uren Foundation
- The Royal British Legion
- The Royal Navy and Royal Marines Charity
- Thorntons



### THE MILITARY WIVES CHOIRS

The Military Wives Choirs Foundation is a registered subsidiary charity of SSAFA. There are 2,166 women in our 74 choirs in the UK and on bases abroad, including Cyprus, Belgium, Germany and the Netherlands.



### LOOKING TO THE FUTURE

Everything we do is underpinned by our vision that the Armed Forces, veterans and their families know they can depend on us for support for the rest of their lives. It is essential that we understand the current as well as the future needs of the service community. Then, as a result, we need to and adapt and develop the support we offer as their needs change.

#### We will:

- recruit, train and retain the highest-quality employees and volunteers to make sure we can continue to provide effective, timely support to those who need it;
- meet our contractual obligations to provide high-quality health and social care to the Armed Forces in the UK and overseas, whilst effectively managing the drawdown and closure of health care services in Germany;
- continue to raise our profile and improve our external communications to raise awareness of our services, and to make sure those in need know we can help;
- invest in our fundraising capacity to maintain and increase our income so we can continue to meet the demand for our services and replace contract income, if and when we need to;
- monitor and analyse changing needs in the service community, and refine and develop our services to meet unmet needs;
- work with and support the Confederation of Service Charities (COBSEO) and develop greater coherence and co-ordination with other military charities;
- continually look for ways to be more efficient to make sure we use our money as effectively as possible to support our beneficiaries.

### FINANCIAL REVIEW

As required, the accounts have been prepared under Charity SORP (FRS 102). To meet the requirements of the Office of the Scottish Regulator of Scotland a Statement of Activities (with supporting notes) has also been prepared for the Charity (as shown on page 21).

### FINANCIAL OUTCOME

The Consolidated Statement of Financial Activities for the year show that there was an overall surplus in the year (before defined benefit pension costs of £1.8 million (2016: £1.6 million)) of £0.8 million (2016: £2.5 million). This comprises a surplus on unrestricted funds of £0.4 million for the year (2016: £1.8 million) and a restricted fund surplus of £0.4 million (2016: deficit £0.7 million).

Donations and legacies received in the year were £5.9 million (2016: £5.7 million) and £3.3 million (2016: £3.9 million) respectively. The costs of raising voluntary income were £547 thousand (2016: £639 thousand).

The branches continue through their volunteer network to raise significant funds of £13.0 million (2016: £12.5 million) from service and other charities to assist a wide variety of forces-related individuals in need. At 31 December 2017, £1.9 million (2016: £1.8 million) was being held for unalmonised grants for imminent distribution to the individuals for which the funds were raised.

Health and welfare activities contributed £2.9 million (2016: £3.5 million) to the Group. This includes the activities of SSAFA Family Health Services, which is responsible under contract for the delivery of health and social care services in Germany, Cyprus and the Falkland Islands, and the RAF Personal Support and Social Work Services in the UK. The principal Germany contract is provided under sub-contract to the Group's joint venture, SSAFA GSTT Care LLP. Whilst income and expenditure decreased significantly, the margin reflects improved cost-management initiatives. Costs incurred included £0.5 million for redundancies which arose as a result of the drawdown and relocation of patients and personnel to the UK from Germany, a programme which is due to be completed by 2019. These costs were reimbursed under the terms of the contract by the MOD and are included in turnover.

SSAFA Care CIC primarily provides health care services to the NHS in England. All remaining contracts expired in the year and profits were distributed to the charity.

The pension fund deficit has decreased by £6 million to £45.9 million at the balance sheet date. This reflects the decrease in discount rate used to calculate the present value of fund liabilities to 2.6% (2016: 2.7%) offset against the lower return on investments experienced particularly around year end due to the economic climate it does not involve an outflow of cash.

Discussions continued during the year with the MOD regarding proposals for a deficit reduction plan for the Local Government Pension Scheme and led to a contribution of £35 million in 2018.

### INVESTMENT POLICY

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

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

Performance of the fund is measured against a benchmark constructed to represent a balanced portfolio of investments comprising UK and global equities, property and UK and overseas bonds. In 2017, the fund achieved a total return of 13.3%, which was below the benchmark. Dividends for the year were increased to 7.45p per unit.

### RESERVES POLICY

Taking into account guidance provided by The Charity Commission on determining an appropriate level of reserves, Trustees have set a level of approximately two years of operating costs which must be retained to ensure that the Charity can meet its obligations in the short term. At 31 December 2017, the level of unrestricted reserves which were not represented by fixed assets was 1.92 years' of running costs (2016: 1.72 years).

At 31 December 2017, the unrestricted general reserves (which include designated funds) that were not represented by fixed assets amounted to £32 million (2016: £30.2 million) before any adjustment for the pension deficit under FRS 102. The Trustees accept the legal necessity to include the long-term FRS 102 pension liability in the Statement of Financial Activities. They do not, however, agree that this liability constitutes a diminution to reserves due to the liability position noted above. As reported, the MOD has made a contribution since the balance sheet date.

Trustees have noted that the target level of reserves has not been achieved for several years and, at the same time as reviewing if the current target remains appropriate, are evaluating options to increase free reserves to the target level.

### GRANT MAKING

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

### FUNDRAISING POLICIES

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

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



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

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

**SSAFA'S COMMITMENT TO DATA PRIVACY**

We gather a lot of information about the people we support, our fundraisers, supporters and volunteers, so we take data protection very seriously.

In 2017, we worked towards making sure we have the plans and processes in place to comply with the new General Data Protection Regulation (GDPR) which comes into force in May 2018. We reviewed the way we capture, use and retain data to make sure we have the proper safeguards to protect it and use it responsibly.

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

SSAFA (The Soldiers, Sailors, Airmen and Families Association – Forces Help) is fully registered with the Fundraising Regulator, and in 2017 received two complaints, both of which were successfully resolved.

**STRUCTURE, GOVERNANCE AND MANAGEMENT GOVERNING DOCUMENT**

SSAFA (The Soldiers, Sailors, Airmen and Families Association - Forces Help) was established in 1885 under Royal Charter. SSAFA's Charter Rules and Regulations were extensively revised in 2013 and approved by Council in January 2014. The Charter allows the Trustees to establish Regulations for the day-to-day management of the Charity. SSAFA is registered as a charity in England and Wales (number 210760) in Scotland (number SCO38056) and in Republic of Ireland (number 20006082).

**SUBSIDIARY CHARITIES**

The Charity has three subsidiary Charities: The Royal Homes, regulated under a Charity Commission Scheme in 1998; the Aircrew Association Charitable Fund, regulated under a Charity Commission Scheme in 2012 and The Military Wives Choirs Foundation, which was established on 25 July 2012 as a private charitable company limited by guarantee, Company Number 08089745, Registered Charity Number 1148302 and in Scotland, Charity Number SCO45217. The Royal Homes and the Aircrew Association Charitable Fund are administered as part of SSAFA as a result of these schemes, and their results are included within the results of the Charity. The Military Wives Choirs Foundation is a subsidiary of SSAFA and prepares its own annual financial statements. These are not included in SSAFA's charity accounts but are consolidated within the Group financial statements, which in addition to the Military Wives Choirs Foundation include the results of the Charity's three commercial subsidiaries.

**SSAFA OPERATIONAL ENTITIES**

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

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

- SSAFA Family Health Services, a company limited by guarantee not having a share capital, Registered Number 3137764, was established to provide community health, social work and other services for the Armed Forces worldwide.
- SSAFA Care CIC, a Community Interest Company (CIC), limited by shares, Registered Number 06611709, is wholly owned by SSAFA Family Health Services. The CIC carries out contracts for the NHS.
- SSAFA Forces Help Enterprises Limited, a company limited by shares, Registered Number 2493614, was established as a trading company to sell Christmas cards and other merchandise, and enter into other non-charitable commercial arrangements.
- SSAFA GSTT Care LLP, an LLP, Registered Number OC333462, is equally owned by SSAFA Family Health Services and Guy's and St Thomas' NHS Foundation Trust. The LLP was formed to provide health services to the MOD.

**OTHER CHARITABLE JURISDICTIONS**

In order to operate in Scotland, SSAFA has been registered with the Office of the Scottish Charity Regulator Register of Charities under number SCO38056.

In order to operate in Gibraltar, SSAFA has been registered with the Charity Commissioners for Gibraltar Register of Charities under number 149. In order to operate in Cyprus, SSAFA has been registered with the Charity Commissioners for Cyprus Register of Charities under number 210760.

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

**RISK MANAGEMENT**

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

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

**Key elements in the management of this financial risk include:**

- having detailed financial planning and processes in place to ensure oversight and ongoing monitoring of the financial position;
- detailed contract planning. A principal financial risk facing the Charity's subsidiary, SSAFA Family Health Services, is related to the relocation of HM Forces from Germany to the UK. Income is associated to population bands, and the relationship between these bands, staffing levels and costs is not linear. The Company's Board is monitoring the situation and continuing to look for ways to streamline costs without impacting the delivery of the quality of services supplied, ensuring awareness and compliance of regulatory standards that impact the different activities carried out by the Group;
- preparation of a three-year fundraising strategy underpinned by regular reporting and forecasting processes and development of and investment in the fundraising team;
- ensuring that Branches' and Committees' volunteers have appropriate financial and other training and support available to them to aid them with the raising, recording, monitoring and the distributing of funds in delivering assistance to SSAFA's many beneficiaries. The Group has some transaction and currency exchange rate risk given its international spread of activities. The objective of the Group in managing its liquidity risk is to ensure that it can meet its liabilities when they fall due. The Group expects to meet its financial obligations through operating cash flows. In the event that operating cash flows would not cover all the Group's financial obligations, Council is comfortable that suitable credit facilities are available.

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

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





## VETERANS' GATEWAY

We are proud to be part of Veterans' Gateway – a network of expert organisations that support the Armed Forces community in the UK and abroad.

Veterans' Gateway is a free signposting helpline that refers veterans and their families looking for support. Veterans can search for support independently online or contact an advisor, 24 hours a day, seven days a week. Many advisors are veterans themselves. They assess people straightaway and connect them to the organisation that can best support them. As one of the four main consortium partners, SSAFA can support those who are referred to us from Veterans' Gateway; giving them the advice and support they need.



## AUDITOR

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

## TRUSTEES' RESPONSIBILITIES STATEMENT

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

The Charities Act 2011 and regulations made thereunder, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) requires the Trustees to prepare financial statements for each financial year. The Trustees have to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charity and the Group, and of the incoming resources and application of resources, including the income and expenditure, of the Group for that period.

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

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's and Group's transactions, and disclose with reasonable accuracy at any time the financial position of the Charity and the Group and enable them to ensure that the financial statements comply with the Charities Act 2011 and regulations made thereunder, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the Charity and the Group and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities..

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

Approved by Council on 26 June 2018

And signed on 26 June 2018 by

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

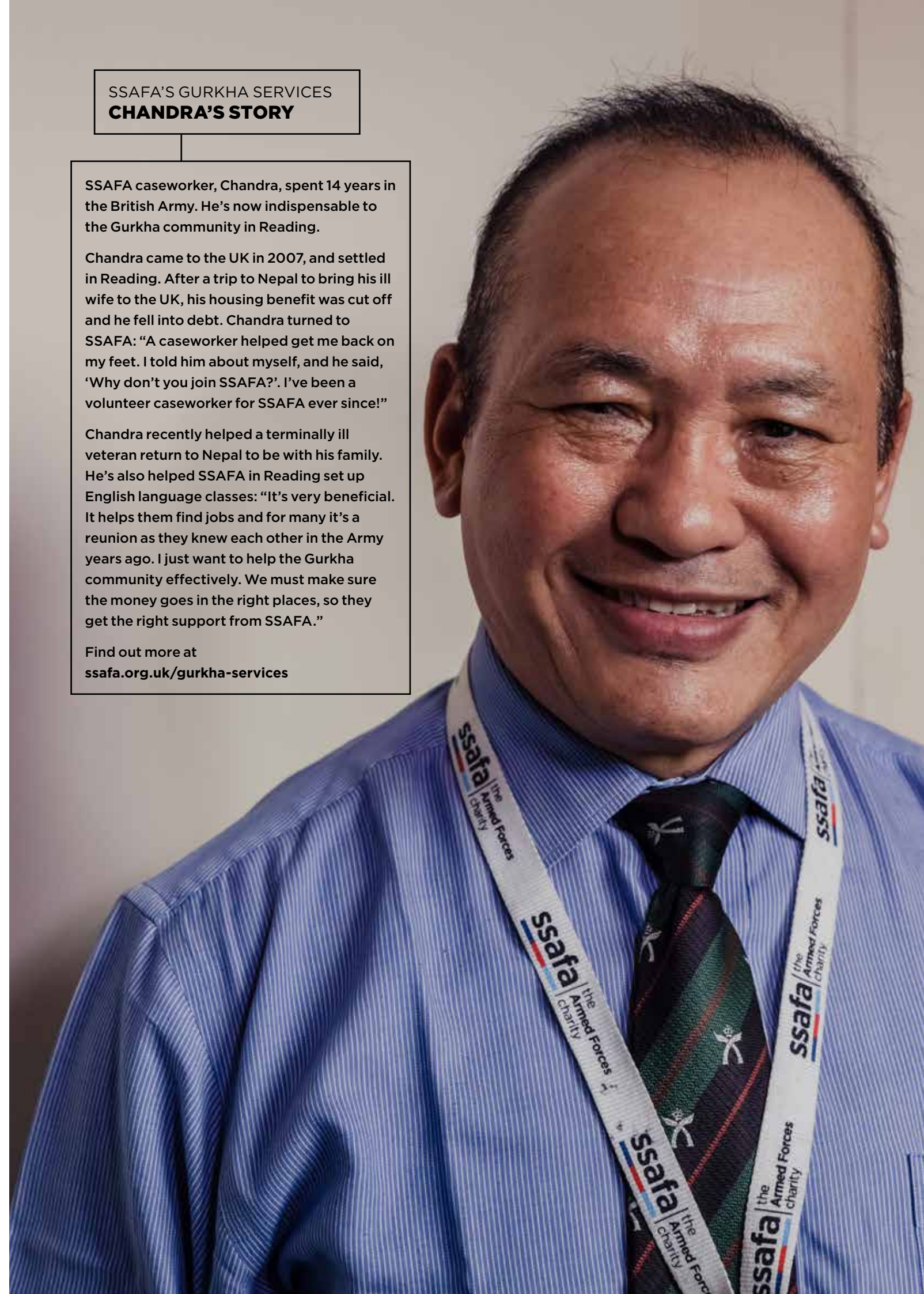
## SSAFA'S GURKHA SERVICES CHANDRA'S STORY

SSAFA caseworker, Chandra, spent 14 years in the British Army. He's now indispensable to the Gurkha community in Reading.

Chandra came to the UK in 2007, and settled in Reading. After a trip to Nepal to bring his ill wife to the UK, his housing benefit was cut off and he fell into debt. Chandra turned to SSAFA: "A caseworker helped get me back on my feet. I told him about myself, and he said, 'Why don't you join SSAFA?'. I've been a volunteer caseworker for SSAFA ever since!"

Chandra recently helped a terminally ill veteran return to Nepal to be with his family. He's also helped SSAFA in Reading set up English language classes: "It's very beneficial. It helps them find jobs and for many it's a reunion as they knew each other in the Army years ago. I just want to help the Gurkha community effectively. We must make sure the money goes in the right places, so they get the right support from SSAFA."

Find out more at  
[ssafa.org.uk/gurkha-services](https://ssafa.org.uk/gurkha-services)





# INDEPENDENT AUDITOR'S REPORT

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

## OPINION

We have audited the financial statements of SSAFA the Armed Forces charity (the 'parent charity') and its subsidiaries (the 'Group') for the year ended 31 December 2017 which comprise the Consolidated Statement of Financial Activities, the Charity Statement of Financial Activities, the Consolidated Group and Charity Balance Sheets, the Consolidated Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

## IN OUR OPINION THE FINANCIAL STATEMENTS:

- give a true and fair view of the state of the Group's and parent charity's affairs as at 31 December 2017 and of the Group's and the parent charity's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

## BASIS FOR OPINION

We have been appointed as auditor under sections 151 of the Charities Act 2011 and 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under those Acts. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and parent charity in accordance with the ethical requirements

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

## WHO WE ARE REPORTING TO

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

## CONCLUSIONS RELATING TO GOING CONCERN

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

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

## OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report, set out on pages 8 to 16 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection

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

We have nothing to report in this regard.

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

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

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

## RESPONSIBILITIES OF TRUSTEES FOR THE FINANCIAL STATEMENTS

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

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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



Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants London

Date: 28 June 2018

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



# CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000
<b>INCOME FROM:</b>							
<b>Donations and legacies</b>	1	<b>6,328</b>	<b>2,919</b>	<b>9,247</b>	<b>7,251</b>	<b>2,279</b>	<b>9,530</b>
<b>Charitable activities</b>							
Contributions — Service/other charities	2	-	13,063	13,063	-	12,542	12,542
Health and welfare	2	16,325	716	17,041	17,507	740	18,247
Care and accommodation	2	1,179	539	1,718	1,320	558	1,878
Adoption services	2	247	-	247	672	-	672
<b>Total charitable activities</b>		<b>17,751</b>	<b>14,318</b>	<b>32,069</b>	<b>19,499</b>	<b>13,840</b>	<b>33,339</b>
<b>Other trading activities</b>							
Health services provided to NHS	12	2,110	-	2,110	4,992	-	4,992
Fundraising activities		2,126	68	2,194	2,330	103	2,433
Commercial activities		372	-	372	177	-	177
<b>Total trading activities</b>		<b>4,608</b>	<b>68</b>	<b>4,676</b>	<b>7,499</b>	<b>103</b>	<b>7,602</b>
<b>Investments</b>	3	<b>1,192</b>	<b>84</b>	<b>1,276</b>	<b>1,008</b>	<b>54</b>	<b>1,062</b>
<b>Other income</b>	4	<b>128</b>	<b>35</b>	<b>163</b>	<b>240</b>	<b>35</b>	<b>275</b>
<b>Total income</b>		<b>30,007</b>	<b>17,424</b>	<b>47,431</b>	<b>35,497</b>	<b>16,311</b>	<b>51,808</b>
<b>EXPENDITURE ON:</b>							
<b>Raising funds</b>							
Health services provided to NHS	5	2,164	-	2,164	4,168	-	4,168
Fundraising activities	5	2,249	-	2,249	2,336	-	2,336
Raising voluntary income	5	547	-	547	639	-	639
Other trading activities	5	102	-	102	110	-	110
<b>Total raising funds</b>		<b>5,062</b>	<b>-</b>	<b>5,062</b>	<b>7,253</b>	<b>-</b>	<b>7,253</b>
<b>Charitable activities</b>							
Grants payable	5	7,263	15,045	22,308	8,198	14,170	22,368
Provision of 'Grant aided' activities	5	-	665	665	-	740	740
Health and welfare	5	14,108	-	14,108	14,703	-	14,703
Care and accommodation	5	2,561	1,108	3,669	3,087	769	3,856
Adoption services	5	407	335	742	684	104	788
<b>Total cost of charitable activities</b>		<b>24,339</b>	<b>17,153</b>	<b>41,492</b>	<b>26,672</b>	<b>15,783</b>	<b>42,455</b>
<b>Total expenditure</b>		<b>29,401</b>	<b>17,153</b>	<b>46,554</b>	<b>33,925</b>	<b>15,783</b>	<b>49,708</b>
Net gains on investments	12	896	190	1,086	488	184	672
Share of net resources from joint venture	12	(1)	-	(1)	24	-	24
Profit on sale of freehold property	11	-	-	-	282	-	282
Fair value adjustment on investment properties	12	(655)	-	(655)	-	-	-
Other defined benefit pension costs	20	(1,827)	-	(1,827)	(1,586)	-	(1,586)
Corporation tax charge	10	(507)	-	(507)	(565)	-	(565)
Transfer between funds	15	53	(53)	-	-	-	-
<b>Net (expenditure)/income</b>		<b>(1,435)</b>	<b>408</b>	<b>(1,027)</b>	<b>215</b>	<b>712</b>	<b>927</b>
<b>Other recognised gains and losses</b>							
Actuarial gains/(losses) on defined benefit pension	20	7,869	-	7,869	(12,541)	-	(12,541)
Tax credit on intra-group donations	10	470	-	470	1,196	-	1,196
<b>Net movement in funds</b>		<b>6,904</b>	<b>408</b>	<b>7,312</b>	<b>(11,130)</b>	<b>712</b>	<b>(10,418)</b>
<b>RECONCILIATION OF FUNDS</b>							
<b>Total (deficit)/funds brought forward</b>	<b>15</b>	<b>(6,582)</b>	<b>5,881</b>	<b>(701)</b>	<b>4,548</b>	<b>5,169</b>	<b>9,717</b>
<b>Total funds/(deficit) carried forward</b>	<b>15</b>	<b>322</b>	<b>6,289</b>	<b>6,611</b>	<b>(6,582)</b>	<b>5,881</b>	<b>(701)</b>

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

All incoming resources and resources expended derive from continuing activities except health services to the NHS, which were discontinued in the year.

# CHARITY STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000 (restated)
<b>INCOME FROM:</b>							
<b>Donations and legacies</b>	1	<b>8,733</b>	<b>2,919</b>	<b>11,652</b>	<b>13,185</b>	<b>1,906</b>	<b>15,091</b>
<b>Charitable activities</b>							
Contributions — Service/other charities	2	-	13,063	13,063	-	12,542	12,542
Health and welfare	2	-	716	716	-	740	740
Care and accommodation	2	1,179	539	1,718	1,320	558	1,878
Adoption services	2	247	-	247	672	-	672
<b>Total charitable activities</b>		<b>1,426</b>	<b>14,318</b>	<b>15,744</b>	<b>1,992</b>	<b>13,840</b>	<b>15,832</b>
<b>Other trading activities — Fundraising</b>		<b>1,808</b>	<b>68</b>	<b>1,876</b>	<b>1,695</b>	<b>103</b>	<b>1,798</b>
<b>Investments</b>	3	<b>1,189</b>	<b>84</b>	<b>1,273</b>	<b>1,077</b>	<b>54</b>	<b>1,131</b>
<b>Other income</b>	4	<b>1,067</b>	<b>35</b>	<b>1,102</b>	<b>1,212</b>	<b>35</b>	<b>1,247</b>
<b>Total income</b>		<b>14,223</b>	<b>17,424</b>	<b>31,647</b>	<b>19,161</b>	<b>15,938</b>	<b>35,099</b>
<b>EXPENDITURE ON:</b>							
<b>Raising funds</b>							
Fundraising activities	5	2,433	-	2,433	2,390	-	2,390
Raising voluntary income	5	545	-	545	493	-	493
<b>Total raising funds</b>		<b>2,978</b>	<b>-</b>	<b>2,978</b>	<b>2,883</b>	<b>-</b>	<b>2,883</b>
<b>Charitable activities</b>							
Grants payable	5	6,706	14,979	21,685	7,166	14,130	21,296
Provision of 'Grant Aided' activities	5	-	665	665	-	740	740
Health and welfare	5	909	-	909	919	-	919
Care and accommodation	5	2,559	1,108	3,667	2,785	769	3,554
Adoption services	5	407	335	742	636	104	740
<b>Total cost of charitable activities</b>		<b>10,581</b>	<b>17,087</b>	<b>27,668</b>	<b>11,506</b>	<b>15,743</b>	<b>27,249</b>
<b>Total expenditure</b>		<b>13,559</b>	<b>17,087</b>	<b>30,646</b>	<b>14,389</b>	<b>15,743</b>	<b>30,132</b>
Net gains on investments	12	896	190	1,086	488	184	672
Fair value adjustment on investment properties	12	(655)	-	(655)	-	-	-
Profit on sale of freehold property	11	-	-	-	282	-	282
Other defined benefit pension costs	20	(1,827)	-	(1,827)	(1,586)	-	(1,586)
Transfer between funds	15	53	(53)	-	-	-	-
<b>Net (expenditure)/income</b>		<b>(869)</b>	<b>474</b>	<b>(395)</b>	<b>3,956</b>	<b>379</b>	<b>4,335</b>
<b>Other recognised gains and losses</b>							
Actuarial gains/(losses) on defined benefit pension	20	7,869	-	7,869	(12,541)	-	(12,541)
<b>Net movement in funds</b>		<b>7,000</b>	<b>474</b>	<b>7,474</b>	<b>(8,585)</b>	<b>379</b>	<b>(8,206)</b>
<b>RECONCILIATION OF FUNDS</b>							
<b>Total (deficit)/funds brought forward</b>	<b>15</b>	<b>(6,829)</b>	<b>5,548</b>	<b>(1,281)</b>	<b>1,756</b>	<b>5,169</b>	<b>6,925</b>
<b>Total funds/(deficit) carried forward</b>	<b>15</b>	<b>171</b>	<b>6,022</b>	<b>6,193</b>	<b>(6,829)</b>	<b>5,548</b>	<b>(1,281)</b>

The Charity Statement of Financial Activities includes all gains and losses recognised in the year. All incoming resources and resources expended derive from continuing activities.

# CONSOLIDATED GROUP AND CHARITY BALANCE SHEETS

FOR THE YEAR ENDED 31 DECEMBER 2017

As at 31 December

	Notes	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
<b>FIXED ASSETS</b>					
Tangible assets	11	14,494	15,440	14,490	13,984
Investments	12	22,546	19,287	22,556	20,747
Investment in joint venture	12	-	2	-	-
<b>Total fixed assets</b>		<b>37,040</b>	<b>34,729</b>	<b>37,046</b>	<b>34,731</b>
<b>CURRENT ASSETS</b>					
Debtors	13	4,477	5,155	3,937	4,808
Stock		39	40	-	-
Cash at bank and in hand		15,658	16,350	14,682	14,947
		<b>20,174</b>	<b>21,545</b>	<b>18,619</b>	<b>19,755</b>
<b>Creditors: Amounts falling due within one year</b>	14	(4,695)	(5,025)	(3,564)	(3,817)
<b>Net current assets</b>		<b>15,479</b>	<b>16,520</b>	<b>15,055</b>	<b>15,938</b>
Net assets excluding pension liability		52,519	51,249	52,101	50,669
Defined benefit pension scheme liability	20	(45,908)	(51,950)	(45,908)	(51,950)
<b>NET (LIABILITIES)/ASSETS</b>	<b>16</b>	<b>6,611</b>	<b>(701)</b>	<b>6,193</b>	<b>(1,281)</b>
<b>FUNDS</b>					
Unrestricted funds — general	15	44,455	43,542	44,304	43,295
Unrestricted funds — designated	15	1,775	1,826	1,775	1,826
Unrestricted funds — pension reserve	15	(45,908)	(51,950)	(45,908)	(51,950)
<b>Total unrestricted funds</b>	<b>15</b>	<b>322</b>	<b>(6,582)</b>	<b>171</b>	<b>(6,829)</b>
<b>Restricted funds</b>	<b>15</b>	<b>6,289</b>	<b>5,881</b>	<b>6,022</b>	<b>5,548</b>
<b>TOTAL (DEFICIT)/FUNDS</b>	<b>15</b>	<b>6,611</b>	<b>(701)</b>	<b>6,193</b>	<b>(1,281)</b>

Approved by Council on 26 June 2018 and signed on 26 June 2018 by:

Lt General Sir Gary Coward KBE CB  
Chairman

Mr David Rowe  
Honorary Treasurer

The accompanying accounting policies and notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £'000	2016 £'000
<b>Net cash used in operating activities</b>	<b>A</b>	<b>260</b>	<b>3,720</b>
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments	3	1,276	1,062
Purchase of tangible fixed assets	11	(851)	(12)
Proceeds on disposal of fixed assets		1	341
Purchase of investments	12	(1,500)	(1,022)
Proceeds from sale of investments	12	122	68
<b>Net cash (used in)/provided by investing activities</b>		<b>(952)</b>	<b>437</b>
<b>Change in cash and cash equivalents in the year</b>		<b>(692)</b>	<b>4,157</b>
Cash and cash equivalents at 1 January 2017		16,350	12,193
<b>Cash and cash equivalents at 31 December 2017</b>		<b>15,658</b>	<b>16,350</b>

## Notes to the Consolidated Statement of Cash Flows

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

Net (expenditure)/income for the year		(1,027)	927
<b>Adjustments for:</b>			
Depreciation	11	346	401
Loss/(profit) on disposal of fixed assets		1	(282)
Impairment of fixed assets	12	655	-
Gains on investments	12	(1,085)	(696)
Dividends, interest and rents from investments		(1,276)	(1,062)
Decrease/(increase) in stock		1	(25)
(Decrease)/increase in creditors	14	(367)	469
Corporation tax charge		507	565
Change in pension liability	20	1,827	1,586
Decrease in debtors	13	678	1,837
<b>Net cash used in operating activities</b>		<b>260</b>	<b>3,720</b>

	2017 £'000	2016 £'000
<b>B. Analysis of cash and cash equivalents</b>		
Cash at bank and in hand	15,658	16,350



# PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies are summarised below.

## BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost convention, with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011. The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

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

## BASIS OF CONSOLIDATION

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

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

## CHARITY STATEMENT OF CASH FLOWS

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

## GOING CONCERN

The financial statements have been prepared on the basis that the Charity is a going concern. The Trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern. The Trustees accept the legal necessity to include the long-term FRS 102 defined pension scheme liability within the financial statements. They do not consider, however, that this liability constitutes a diminution to Reserves because in their view this liability lies with the MOD and not with the Charity (see Note 20). The Charity had £46.2 million in unrestricted funds at 31 December 2017, excluding the FRS 102 pension liability. The Trustees therefore consider that the Charity has adequate resources to sustain operations for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

## INCOME

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

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

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

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

Investment income is recognised when receivable.

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

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

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

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

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

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

EXPENDITURE AND THE BASIS OF ALLOCATION OF COSTS

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings within the costs of raising funds and charitable activities. Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with the use of resources. Direct costs, including directly attributable salaries, are allocated on an actual basis to the key strategic areas of activity.

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

COSTS OF CHARITABLE ACTIVITIES INCLUDE THE FOLLOWING:

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

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

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

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

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

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

TANGIBLE FIXED ASSETS AND DEPRECIATION

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

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

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

INVESTMENT PROPERTIES

Investment properties for which fair value can be measured reliably without undue cost or effort on an ongoing basis are measured at fair value annually with any change being recognised in the Consolidated Statement of Financial Activities.

IMPAIRMENT OF ASSETS

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

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

INVESTMENTS

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

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

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

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

FINANCIAL INSTRUMENTS

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

DEBTORS

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

CREDITORS AND PROVISIONS

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

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



## FUNDS ACCOUNTING

### Unrestricted funds

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

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

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

### Restricted funds

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

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

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

## OPERATING LEASES

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

## FOREIGN CURRENCY

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

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

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

## CONTRIBUTIONS TO PENSION SCHEMES

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

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

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

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

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

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

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

## TAXATION

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

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

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

## SIGNIFICANT JUDGEMENTS AND ESTIMATES

In the application of the Group's accounting policies, which are described above, Council are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Investment leasehold properties are shown at market value based on a professional valuation carried out in 2016. Council believe this is an appropriate carrying value. Pension liabilities are estimated based on professional actuarial valuations.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000
<b>1. DONATIONS AND LEGACIES</b>						
<b>Group</b>						
Donations	3,215	2,730	5,945	3,483	2,181	5,664
Legacies	3,113	189	3,302	3,768	98	3,866
	<b>6,328</b>	<b>2,919</b>	<b>9,247</b>	<b>7,251</b>	<b>2,279</b>	<b>9,530</b>
<b>Charity</b>						
Donations	5,620	2,730	8,350	9,417	1,808	11,225
Legacies	3,113	189	3,302	3,768	98	3,866
	<b>8,733</b>	<b>2,919</b>	<b>11,652</b>	<b>13,185</b>	<b>1,906</b>	<b>15,091</b>

The Charity received donations from its subsidiary companies of £2,443,000 in respect of 2017 results (2016: £2,704,000 donations).

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000
<b>2. INCOME FROM CHARITABLE ACTIVITIES</b>						
<b>Group</b>						
<b>Contributions from services and charities for individuals</b>	<b>-</b>	<b>13,063</b>	<b>13,063</b>	<b>-</b>	<b>12,542</b>	<b>12,542</b>
Community health and social services — UK and overseas	-	716	716	-	740	740
Health and welfare contracts incl share of joint venture	16,325	-	16,325	17,507	-	17,507
<b>Group health and welfare</b>	<b>16,325</b>	<b>716</b>	<b>17,041</b>	<b>17,507</b>	<b>740</b>	<b>18,247</b>
<b>Care and accommodation contributions</b>						
Stepping Stone Homes	233	-	233	273	-	273
Residential homes and cottages	866	-	866	959	-	959
Homes from Home	-	21	21	-	28	28
Royal Homes	-	518	518	-	514	514
Other	80	-	80	88	16	104
<b>Group care and accommodation contributions</b>	<b>1,179</b>	<b>539</b>	<b>1,718</b>	<b>1,320</b>	<b>558</b>	<b>1,878</b>
<b>Adoption income</b>	<b>247</b>	<b>-</b>	<b>247</b>	<b>672</b>	<b>-</b>	<b>672</b>
<b>Total income from charitable activities</b>	<b>17,751</b>	<b>14,318</b>	<b>32,069</b>	<b>19,499</b>	<b>13,840</b>	<b>33,339</b>
<b>Charity</b>						
<b>Contributions from services and charities for individuals</b>	<b>-</b>	<b>13,063</b>	<b>13,063</b>	<b>-</b>	<b>12,542</b>	<b>12,542</b>
<b>Community health and social services — UK and overseas</b>	<b>-</b>	<b>716</b>	<b>716</b>	<b>-</b>	<b>740</b>	<b>740</b>
<b>Care and accommodation contributions</b>						
Stepping Stone Homes	233	-	233	273	-	273
Residential homes and cottages	866	-	866	959	-	959
Homes from Home	-	21	21	-	28	28
Royal Homes	-	518	518	-	514	514
Other	80	-	80	88	16	104
<b>Charity care and accommodation contributions</b>	<b>1,179</b>	<b>539</b>	<b>1,718</b>	<b>1,320</b>	<b>558</b>	<b>1,878</b>
<b>Adoption income</b>	<b>247</b>	<b>-</b>	<b>247</b>	<b>672</b>	<b>-</b>	<b>672</b>
<b>Total income from charitable activities</b>	<b>1,426</b>	<b>14,318</b>	<b>15,744</b>	<b>1,992</b>	<b>13,840</b>	<b>15,832</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000
<b>3. INCOME FROM INVESTMENTS</b>						
<b>Group</b>						
Listed investments	508	84	592	455	54	509
Bank deposits and unquoted investments	13	-	13	13	-	13
Rental income	671	-	671	452	-	452
Other interest receivable	-	-	-	88	-	88
<b>Total investment income</b>	<b>1,192</b>	<b>84</b>	<b>1,276</b>	<b>1,008</b>	<b>54</b>	<b>1,062</b>
<b>Charity</b>						
Listed investments	508	84	592	455	54	509
Bank deposits and unquoted investments	10	-	10	4	-	4
Rental income	671	-	671	530	-	530
Other interest receivable	-	-	-	88	-	88
<b>Total investment income</b>	<b>1,189</b>	<b>84</b>	<b>1,273</b>	<b>1,077</b>	<b>54</b>	<b>1,131</b>

Charity rental income includes Enil receivable from a Group company (2016: £78,400).

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000
<b>4. OTHER INCOME</b>						
<b>Group</b>						
<b>Other income</b>	<b>128</b>	<b>35</b>	<b>163</b>	<b>240</b>	<b>35</b>	<b>275</b>
<b>Charity</b>						
Management charges to subsidiary undertakings	939	-	939	1,051	-	1,051
Other income	128	35	163	161	35	196
	<b>1,067</b>	<b>35</b>	<b>1,102</b>	<b>1,212</b>	<b>35</b>	<b>1,247</b>

	Activities undertaken directly £'000	Support costs (see note 6) £'000	Total 2017 £'000	Total 2016 £'000
<b>5. EXPENDITURE</b>				
<b>Group</b>				
<b>Raising funds</b>				
Health services provided to NHS	1,975	189	2,164	4,168
Fundraising activities	2,206	43	2,249	2,336
Raising voluntary income	83	464	547	639
Other trading activities	102	-	102	110
	<b>4,366</b>	<b>696</b>	<b>5,062</b>	<b>7,253</b>
<b>Charitable activities</b>				
Grants payable	21,296	1,012	22,308	22,368
Provision of 'Grant aided' activities	637	28	665	740
Health and welfare	13,199	909	14,108	14,703
Care and accommodation	2,886	783	3,669	3,856
Adoption services	601	141	742	788
	<b>38,619</b>	<b>2,873</b>	<b>41,492</b>	<b>42,455</b>
<b>Total resources expended</b>	<b>42,985</b>	<b>3,569</b>	<b>46,554</b>	<b>49,708</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

5. EXPENDITURE Cont.	Activities undertaken directly £'000	Support costs (see note 6) £'000	Total 2017 £'000	Total 2016 £'000
<b>Charity</b>				
<b>Raising funds</b>				
Fundraising activities	2,202	231	2,433	2,390
Raising voluntary income	83	462	545	493
	<b>2,285</b>	<b>693</b>	<b>2,978</b>	<b>2,883</b>
<b>Charitable activities</b>				
Grants payable	20,676	1,009	21,685	21,296
Provision of 'Grant aided' activities	637	28	665	740
Health and welfare	-	909	909	919
Care and accommodation	2,886	781	3,667	3,554
Adoption services	601	141	742	740
	<b>24,800</b>	<b>2,868</b>	<b>27,668</b>	<b>27,249</b>
<b>Total resources expended</b>				
	<b>27,085</b>	<b>3,561</b>	<b>30,646</b>	<b>30,132</b>

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

WELFARE AND GRANTS PAYABLE	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000
<b>Group</b>						
From Charity funds	391	-	391	289	-	289
On behalf of service funds and other charities	-	13,142	13,142	-	12,741	12,741
Other welfare costs	6,872	1,903	8,775	7,909	1,429	9,338
	<b>7,263</b>	<b>15,045</b>	<b>22,308</b>	<b>8,198</b>	<b>14,170</b>	<b>22,368</b>

WELFARE AND GRANTS PAYABLE	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000
<b>Charity</b>						
From Charity funds	391	-	391	289		289
On behalf of service funds and other charities	-	13,142	13,142	-	12,741	12,741
Other welfare costs	6,315	1,837	8,152	6,877	1,389	8,266
	<b>6,706</b>	<b>14,979</b>	<b>21,685</b>	<b>7,166</b>	<b>14,130</b>	<b>21,296</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

6. SUPPORT COSTS	Management £'000	Finance £'000	Human Resources £'000	Information Technology £'000	Facilities £'000	Governance £'000	Total 2017 £'000
<b>Group</b>							
<b>Raising funds</b>	63	92	118	177	177	69	696
<b>Charitable activities</b>							
Grants payable	92	131	171	260	258	100	1,012
Care and accommodation	71	102	133	201	199	77	783
Adoption	13	18	24	36	36	14	141
<b>Total charitable activities</b>	<b>239</b>	<b>343</b>	<b>446</b>	<b>674</b>	<b>670</b>	<b>260</b>	<b>2,632</b>
				Health and welfare services			909
				'Grant aided' activities			28
				<b>Total support costs</b>			<b>3,569</b>

	Management £'000	Finance £'000	Human Resources £'000	Information Technology £'000	Facilities £'000	Governance £'000	Total 2017 £'000
<b>Charity</b>							
<b>Raising funds</b>	63	89	118	177	177	69	693
<b>Charitable activities</b>							
Grants payable	92	128	171	260	258	100	1,009
Care and accommodation	71	100	133	201	199	77	781
Adoption services	13	18	24	36	36	14	141
	<b>239</b>	<b>335</b>	<b>446</b>	<b>674</b>	<b>670</b>	<b>260</b>	<b>2,624</b>
				Health and welfare services			909
				Grant aided activities			28
				<b>Total support costs</b>			<b>3,561</b>

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

	2017 £'000	2016 £'000
<b>Governance costs include:</b>		
Council/Committee expenses	17	38
AGM	16	16
Annual reports	6	6
Audit	80	80
Legal and professional	85	78
Apportionment of staff costs	56	78
	<b>260</b>	<b>296</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

## 7. NET EXPENDITURE

	2017 £'000	2016 £'000
This is stated after charging:		
<b>Fees payable to the Charity's auditor</b>		
Audit of the Charity's accounts	52	55
Audit of subsidiaries and joint venture	28	25
<b>Total audit fees</b>	<b>80</b>	<b>80</b>
Non-audit fees: Taxation compliance services	13	12
Other taxation advisory fees paid to auditor	14	103
<b>Depreciation of tangible fixed assets</b>	<b>346</b>	<b>401</b>
<b>Expenditure on fixtures, fittings &amp; equipment written off in year</b>	<b>73</b>	<b>91</b>
<b>Amounts paid under operating leases (see below)</b>	<b>198</b>	<b>272</b>

	2017 £'000	2016 £'000
The Group's future minimum operating lease payments are as follows:		
Within one year	155	136
In two to five years inclusive	43	155

	2017 £'000	2016 £'000
The Charity's future minimum operating lease payments are as follows:		
Within one year	25	7
In two to five years inclusive	10	-

	Charity 2017 £'000	Contracts 2017 £'000	Total 2017 £'000	Charity 2016 £'000	Contracts 2016 £'000	Total 2016 £'000
<b>8. EMPLOYEE AND STAFF COSTS</b>						
<b>Staff costs during the year were as follows:</b>						
Wages and salaries	6,930	8,084	15,014	6,602	9,751	16,353
Social security costs	631	760	1,391	607	838	1,445
Other pension costs	490	1,438	1,928	484	1,116	1,600
<b>Total staff costs</b>	<b>8,051</b>	<b>10,282</b>	<b>18,333</b>	<b>7,693</b>	<b>11,705</b>	<b>19,398</b>
Agency locums and other contractors	303	2,511	2,814	468	3,489	3,957
<b>Total labour costs</b>	<b>8,354</b>	<b>12,793</b>	<b>21,147</b>	<b>8,161</b>	<b>15,194</b>	<b>23,355</b>

Redundancy costs of £482,000 (2016: £801,000) are included above. These are recognised when a constructive obligation arises.

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

	Charity 2017 Number	Contracts 2017 Number	Total 2017 Number	Charity 2016 Number	Contracts 2016 Number	Total 2016 Number
The number of employees paid by the Charity whose emoluments, excluding employer's pension contributions, exceeded £60,000 in the year were as follows:						
£60,001 to £70,000	3	1	4	3	-	3
£70,001 to £80,000	2	-	2	3	1	4
£80,001 to £90,000	1	3	4	1	2	3
£90,001 to £100,000	1	7	8	2	8	10
£100,001 to £110,000	-	1	1	-	1	1
£110,001 to £120,000	-	-	-	-	1	1
£120,001 to £130,000	1	-	1	-	1	1
£130,001 to £140,000	-	2	2	-	1	1

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

## 8. EMPLOYEE AND STAFF COSTS Cont.

Eight higher-paid staff members are accruing retirement benefits under the defined contribution scheme, and 11 higher-paid staff under the defined benefit schemes, with five other higher-paid staff not participating in these schemes. (2016: four higher-paid employees participated in the defined contribution scheme and 34 higher paid employees participated in the defined benefit scheme, with 12 others not participating in these schemes). Contributions in the year for the defined contribution scheme for higher-paid staff amounted to £30,000 (2016: £12,000).

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

The key management personnel of the Charity comprise the Controller and the members of the Management Board. The cost of employing management personnel for the Charity was therefore £706,000 (2016: £729,000). This included no (2016: 1) individual employed on an interim contract basis.

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

	Charity 2017 Number	Contracts* 2017 Number	Total 2017 Number	Charity 2016 Number	Contracts* 2016 Number	Total 2016 Number
Voluntary income	3	-	3	4	-	4
Raising funds	32	13	45	28	34	62
Grants payable	69	-	69	79	-	79
Care and accommodation	54	-	54	58	-	58
Adoption services	10	-	10	9	-	9
Health and welfare	-	214	214	-	243	243
Community health/social service staff - 'Grant aided' activities	-	13	13	-	14	14
Management and support	33	9	42	27	12	39
<b>Total staff numbers</b>	<b>201</b>	<b>249</b>	<b>450</b>	<b>205</b>	<b>303</b>	<b>508</b>

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

## 9. TRUSTEE REMUNERATION

Trustees are not remunerated. They are reimbursed expenses or amounts are paid on their behalf for attending meetings and duties directly related to their duties as Trustees. In 2017 total expenses of £9,000 (2016: £10,000) were paid for 13 (2016: 8) Trustees.

Trustee indemnity insurance is held as part of a wider policy covering staff and volunteers. The premium for Trustee insurance cannot be separately identified but is estimated at £2,500 (2016: £2,500).

	2017 £ '000	2016 £ '000
<b>10. TAXATION</b>		
<b>UK corporation tax on ordinary activities</b>	<b>507</b>	<b>565</b>
<b>Tax credit on intra-group donations</b>		
Gift aid relief claimed on interim donation	(447)	(541)
Gift aid relief claimed on final donation	(23)	(654)
<b>Tax reported in other comprehensive income</b>	<b>(470)</b>	<b>(1,196)</b>
<b>The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained as follows:</b>		
<b>Net (expenditure)/income before taxation</b>	<b>(520)</b>	<b>1,492</b>
Tax on accounting surplus at 19.25% (2016: 20%)	(100)	298
Non-taxable income and expenditure	607	267
<b>Tax on results on ordinary activities</b>	<b>507</b>	<b>565</b>

<b>Tax reported in other comprehensive income</b>	<b>(470)</b>	<b>(1,196)</b>
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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

11. TANGIBLE FIXED ASSETS	Freehold properties £'000	Long leasehold properties £'000	Motor vehicles £'000	IT, furniture & equipment £'000	Total £'000
Group					
Cost					
At 1 January 2017	14,278	4,205	87	1,093	19,663
Additions	851	-	-	-	851
Transferred to investment properties	-	(3,089)	-	-	(3,089)
Disposals	-	-	(12)	-	(12)
At 31 December 2017	15,129	1,116	75	1,093	17,413
Depreciation					
At 1 January 2017	1,325	1,933	78	887	4,223
Charge for year	191	22	-	133	346
Transferred to investment properties	-	(1,639)	-	-	(1,639)
Eliminated on disposal	-	-	(11)	-	(11)
At 31 December 2017	1,516	316	67	1,020	2,919
Net book value					
At 31 December 2017	13,613	800	8	73	14,494
At 31 December 2016	12,953	2,272	9	206	15,440

11. TANGIBLE FIXED ASSETS	Freehold properties £'000	Long leasehold properties £'000	Motor vehicles £'000	IT, furniture & equipment £'000	Total £'000
Charity					
Cost					
At 1 January 2017	14,278	1,116	87	1,081	16,562
Additions	851	-	-	-	851
Disposals	-	-	(12)	-	(12)
At 31 December 2017	15,129	1,116	75	1,081	17,401
Depreciation					
At 1 January 2017	1,325	294	78	881	2,578
Charge for year	191	22	-	131	344
Eliminated on disposal	-	-	(11)	-	(11)
At 31 December 2017	1,516	316	67	1,012	2,911
Net book value					
At 31 December 2017	13,613	800	8	69	14,490
At 31 December 2016	12,953	822	9	200	13,984

All assets are owned by the Charity except for The Military Wives Choirs Foundation's furniture and equipment of £4,000 (2016: £6,000) upon which depreciation of £2,000 (2016: £2,000) was charged.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

12. INVESTMENTS	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Investments comprise:				
Freehold investment properties	7,842	7,842	7,842	7,842
Leasehold investment properties	795	-	795	1,450
Listed investments	13,909	11,445	13,909	11,445
Investments in subsidiaries	-	-	10	10
	22,546	19,287	22,556	20,747

Investment properties at fair value	Group Freehold £'000	Group Leasehold £'000	Charity Freehold £'000	Charity Leasehold £'000
As at 1 January 2017	7,842	-	7,842	1,450
Transfer from tangible fixed assets	-	1,450	-	-
Decrease in fair value	-	(655)	-	(655)
As at 31 December 2017	7,842	795	7,842	795

Investment properties, one leasehold and a part of the freehold SSAFA Headquarters property, were revalued at 31 December 2015, based on a valuation undertaken by Jones Lang Lasalle, an independent valuer with recent experience in the location and classes of the investment properties being valued. The valuations were prepared in accordance with the RICS Valuation - Professional Standards, January 2014 as published by the Royal Institution of Chartered Surveyors on the basis of Fair Value for current use. The Fair Value valuation for the leasehold investment property assumes vacant possession. There are no restrictions on the releasability of the freehold property. The Trustees consider that the professional valuations carried out in 2016 provide an adequate valuation for the investment properties at 31 December 2017 and have made an adjustment to the values reported in the financial statements to reflect anticipated vacant possession.

As set out in note 3, property rental income earned during the year was £671,000 (2016: £452,000). The freehold investment property is leased out under operating leases and the leasehold investment property is leased to a subsidiary company for commercial purposes. Direct operating expenses arising on the freehold investment property generated rental income in the year of £173,000 (2016: £78,000). The Charity is additionally contractually obliged to carry out annual repairs and maintenance in respect of the leasehold investment property, which in the current year amounted to £61,600 (2016: £17,300) which is not subject to further recovery. SSAFA manages the maintenance of its investment properties internally.

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

	2017 £'000	2016 £'000
Within one year	401	401
In two to five years inclusive	1,405	1,517
After five years	585	762

Listed investments	Total £'000
Group:	
Market value:	
At 1 January 2017	11,445
Acquisitions	1,500
Receipts from disposal of investments	(122)
Realised and unrealised profits on revaluation	1,086
At 31 December 2017 - Group	13,909
Investment in subsidiary	10
At 31 December 2017 - Charity	13,919
Historical cost at 31 December 2017	8,233

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

<b>12. INVESTMENTS Cont.</b>	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
<b>Listed investments are represented by:</b>		
Armed Forces Common Investment Fund Units	13,437	10,930
United Kingdom – Equities	472	515
	<b>13,909</b>	<b>11,445</b>

Investments within the portfolio which amount to more than 5% of total holdings as at 31 December 2017 were:

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
<b>Armed Forces Common Investment Fund</b>	<b>13,437</b>	<b>10,930</b>

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

## Subsidiary undertakings

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

Name	Holding	Activity
SSAFA Family Health Services	Limited by guarantee	Health and welfare services
SSAFA Forces Help Enterprises Limited	10,000 £1 ordinary shares	Sale of merchandise
The Military Wives Choirs Foundation	Limited by guarantee	Military Wives and other choirs
Forces Help Society and Lord Roberts Workshops	Limited by guarantee	Dissolved 17 January 2017

As at the balance sheet date, SSAFA Family Health Services owned the entire share capital of SSAFA Care CIC consisting of one £1 ordinary shares.

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

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

	SSAFA Family Health Services		SSAFA Forces Help Enterprises Limited		SSAFA Care CIC		Military Wives Choirs Foundation	
	2017	2016	2017	2016	2017	2016	2017	2016
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total assets	1,511	3,004	484	246	12	420	431	759
Total liabilities	(1,494)	(2,978)	(239)	(175)	(12)	(410)	(254)	(277)
	<b>17</b>	<b>26</b>	<b>245</b>	<b>71</b>	<b>-</b>	<b>10</b>	<b>177</b>	<b>482</b>
<b>Represented by:</b>								
Share capital	-	-	10	10	-	-	-	-
Reserves	17	26	235	61	-	10	177	482
	<b>17</b>	<b>26</b>	<b>245</b>	<b>71</b>	<b>-</b>	<b>10</b>	<b>177</b>	<b>482</b>
<b>The results for the year were:</b>								
Income	16,326	17,507	422	250	2,110	4,881	315	980
Expenditure	(14,532)	(15,992)	(185)	(189)	(2,013)	(4,196)	(620)	(695)
<b>Net income/(expenditure)</b>	<b>1,794</b>	<b>1,515</b>	<b>237</b>	<b>61</b>	<b>97</b>	<b>685</b>	<b>(305)</b>	<b>285</b>
Donation to charity under gift aid	(2,233)	(4,257)	(79)	(40)	(132)	(1,681)	-	-
Tax relief	430	851	15	8	25	336	-	-
Reserves brought forward	26	1,917	62	32	10	670	482	197
<b>Retained in subsidiary</b>	<b>17</b>	<b>26</b>	<b>235</b>	<b>61</b>	<b>-</b>	<b>10</b>	<b>177</b>	<b>482</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

## 12. INVESTMENTS Cont.

### Joint venture

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

	SSAFA GSTT Care LLP 2017	SSAFA GSTT Care LLP 2016
	£'000	£'000
A summary of the Group's share of the joint venture:		
<b>Turnover</b>	<b>9,528</b>	<b>14,054</b>
<b>Expenditure</b>	<b>(9,530)</b>	<b>(14,030)</b>
<b>Profit/(loss) before and after tax</b>	<b>(2)</b>	<b>24</b>
Current assets	2,914	2,503
Liabilities due within 1 year	(2,916)	(2,501)

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

	Group 2017	Group 2016	Charity 2017	Charity 2016
	£'000	£'000	£'000	£'000
<b>13. DEBTORS</b>				
Trade debtors	907	1,947	663	730
Amounts owed by subsidiary undertakings	-	-	874	2,205
Amounts owed by related undertakings	903	1,101	-	-
Other debtors	51	54	51	47
Prepayments and accrued income	2,616	2,053	2,349	1,826
<b>Total debtors</b>	<b>4,477</b>	<b>5,155</b>	<b>3,937</b>	<b>4,808</b>

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

## 14. CREDITORS

### Amounts falling due within one year:

	Group 2017	Group 2016	Charity 2017	Charity 2016
	£'000	£'000	£'000	£'000
Trade creditors	325	760	147	456
Corporation tax payable	-	24	-	-
Other tax and social security costs	598	630	528	630
Other creditors	408	271	408	270
Unalmonised grants	1,884	1,786	1,884	1,786
Accruals and deferred income	1,480	1,554	597	675
<b>Total creditors</b>	<b>4,695</b>	<b>5,025</b>	<b>3,564</b>	<b>3,817</b>

There are no secured debts included in creditors (2016: nil).



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

15. FUNDS	Balance at 1 January 2017 £'000	Incoming resources £'000	Resources expended £'000	Other movements £'000	Balance at 31 December 2017 £'000
General funds	43,542	29,996	(30,002)	919	44,455
Designated funds					
Carmichael Walker Fund	347	11	(11)	29	376
Homes From Home Appeal	18	-	(18)	-	-
Royal Patriotic Fund	1,461	-	(62)	-	1,399
Total designated funds	1,826	11	(91)	29	1,775
Pension reserve	(51,950)	-	(1,827)	7,869	(45,908)
Total unrestricted funds	(6,582)	30,007	(31,920)	8,817	322
Restricted funds					
Welfare and case grants	913	1,803	(1,634)	2	1,084
Housing	26	33	(34)	-	25
Homes from Home appeal	-	216	(136)	-	80
UK Armed Forces and other charities	-	12,995	(12,995)	-	-
UK Armed Forces 'Grant aided' activities	1	717	(665)	(53)	-
The Royal Homes	2,402	566	(938)	121	2,151
Miscellaneous branch funds	1,621	425	(147)	67	1,966
Adoption services	213	398	(334)	-	277
Welfare funds	372	271	(204)	-	439
Total restricted funds — Charity	5,548	17,424	(17,087)	137	6,022
Military Wives Choirs' Foundation	333	-	(66)	-	267
Total restricted funds - group	5,881	17,424	(17,153)	137	6,289
Total (deficit)/ funds - Group	(701)	47,431	(49,073)	8,954	6,611
General funds					
SSAFA Care CIC	(10)				-
SSAFA Family Health Services	(26)				(17)
SSAFA Forces Help Enterprises Limited	(60)				(235)
Share of joint venture	(2)				(1)
Military Wives Choirs Foundation	(482)				(177)
Total (deficit)/funds — Charity	(1,281)				6,181

Funds are held for use for the following purposes:

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

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

**Homes from Home Appeal** — to provide funding for families visiting injured service men and women at the Norton House Headley Court and Norton House Selly Oak.

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

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

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

**Homes from Home Appeal** — to provide funding for families visiting injured service men and women at the Norton House Headley Court and Norton House Selly Oak.

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

16. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS	General 2017 £'000	Designated 2017 £'000	Restricted 2017 £'000	Total 2017 £'000
Fund balances at 31 December 2017 are represented by:				
Tangible fixed assets	14,180	-	314	14,494
Investments	20,131	318	2,097	22,546
Net current assets	10,144	1,457	3,878	15,479
Defined benefit pension liability	(45,908)	-	-	(45,908)
Total net assets between funds	(1,453)	1,775	6,289	6,611

Fund balances at 31 December 2016 are represented by:	General 2016 £'000	Designated 2016 £'000	Restricted 2016 £'000	Total 2016 £'000
Tangible fixed assets	15,123	-	317	15,440
Investments	17,045	318	2,097	19,460
Net current assets	11,374	1,508	3,467	16,349
Defined benefit pension liability	(51,950)	-	-	(51,950)
Total net assets between funds	(8,408)	1,826	5,881	(701)

**17. CONTINGENT ASSETS**  
Neither the Group nor the Charity have identified any contingent assets due either at 31 December 2017 nor at 31 December 2016.

**18. CAPITAL COMMITMENTS**  
Neither the Group nor the Charity had any capital commitments at 31 December 2017 or 31 December 2016.

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

**20. RETIREMENT BENEFITS**  
The total contributions made by the Group in the year were:

	2017 £'000	2016 £'000
Local Government Pension Scheme	1,254	1,164
Scottish Widows Money Growth Plan	-	2
Aviva Group Personal Pension Plan	415	380
NHS Pensions Scheme	53	56
Total contributions	1,722	1,602

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

SSAFA had three active members in the scheme as at 31 December 2017 (2016: 3) and total pension scheme contributions outstanding at year end amounted to £nil (2016: £nil).

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

SSAFA had 271 active members in the scheme as at 31 December 2017 (2016: 286) and total pension scheme contributions outstanding at year end amounted to £48,000 (2016: £49,000).

**NHS Pensions Scheme**  
Following the transfer of staff to SSAFA from the MOD, SSAFA currently participates in the NHS Pensions Scheme. The NHS Pension Scheme is an unfunded multi-employer defined benefit scheme. The assets of the scheme are administered by NHS Pensions in a fund which is independent of SSAFA. The charge for the year represents those contributions payable to the scheme in respect of the accounting period. Entry into this scheme is strictly limited to employees transferring to SSAFA from the NHS and at 31 December 2017, the Association had 9 (2016:7) active members in this scheme.

The pension scheme contributions outstanding at the end of the accounting period amounted to £7,000 (2016: £7,000).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

## 20. RETIREMENT BENEFITS (continued)

### Local Government Pension Scheme (LGPS)

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

At 31 December 2017 the Association had 84 active members (2016: 122).

The last actuarial valuation of the scheme was at 31 March 2017 using the projected unit method and the attained age method, dependent on the fund being valued. At the valuation date the market value of the LPFA assets was £4,515 million in comparison to the actuarial value of benefits that had accrued to members of £4,698 million. Accordingly, as at 31 March 2017, there was a deficit of £183 million. A three-year additional payment plan commenced in April 2017 to contribute towards this deficit. Although the London Pension Fund Authority is a multi-employer scheme, it has been able to allocate assets and liabilities relating to SSAFA Forces Help and these are disclosed below.

The employer contributed 25% during the year and the employee contribution rate ranges from 5.5% to 10.5% depending on the full-time annual rate of pay.

At 31 December 2017 the valuation was updated in accordance with FRS 102 and in line with the assumptions used in the 2017 scheme valuation. The major assumptions used by the actuary were:

Assumptions as at	31 December 2017	31 December 2016
	% p.a.	% p.a.
RPI increases	3.6%	3.6%
CPI increases	2.7%	2.7%
Salary increases	4.2%	4.2%
Pension increases	2.7%	2.7%
Discount rate	2.6%	2.7%

### Mortality assumption

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

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

### Assets

The estimated asset allocation as at 31 December 2017 is as follows:

	31 December 2017	31 December 2016
	% p.a.	% p.a.
Equities	61%	53%
LDI/cashflow matching	0%	14%
Target Return Portfolio	20%	20%
Infrastructure	5%	7%
Commodities	0%	1%
Property	7%	5%
Cash	7%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>

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

Statement of financial position as at 31 December 2017	2017 £'000	2016 £'000
Fair value of scheme assets (bid value)	69,516	64,454
Present value of funded obligations	(115,424)	(116,404)
<b>Net pension liability</b>	<b>(45,908)</b>	<b>(51,950)</b>

The Trustees accept the legal necessity to include the FRS 102 pension liability in the Consolidated Statement of Financial Activities. They do not, however, agree that this liability constitutes a diminution to Reserves. Since the year end the MOD have made a contribution of £35 million to the pension scheme.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

## 20. RETIREMENT BENEFITS (continued)

Reconciliation of defined benefit obligation:	2017 £'000	2016 £'000
Opening defined benefit obligation	116,404	95,085
Current service cost	1,375	1,368
Interest cost	3,107	3,549
Change in financial assumptions	1,970	22,100
Change in demographic assumptions	-	(2,291)
Experience gain on defined benefit obligation	(4,697)	-
Past service costs	420	413
Contributions by scheme participants	297	382
Estimated benefits paid (net of transfers in)	(3,451)	(4,202)
<b>Closing defined benefit obligation</b>	<b>115,425</b>	<b>116,404</b>

Reconciliation of fair value of employer assets:	2017 £'000	2016 £'000
Opening fair value of scheme assets	64,454	57,262
Interest on assets	1,717	2,113
Return on assets less interest	4,350	7,268
Administration expenses	(84)	(74)
Other actuarial gains	791	-
Contributions by employer (including unfunded)	1,442	1,705
Contributions by scheme participants	297	382
Estimated benefits paid (net of transfers in and including unfunded)	(3,451)	(4,202)
<b>Closing fair value of employers assets</b>	<b>69,516</b>	<b>64,454</b>

The actual return on plan assets over the year ended 31 December 2017 was £6,067,000 (2016: £9,381,000).

Defined benefit costs recognised in the Statement of Financial Activities	2017 £'000	2016 £'000
Service cost — including current service cost of £1.6 million recognised in charitable activities	1,795	1,781
Net interest on the defined liability	1,390	1,436
Administration expenses	84	74
<b>Defined benefit costs recognised in the Statement of Financial Activities</b>	<b>3,269</b>	<b>3,291</b>

Re-measurement of the net assets/(defined liability)	2017 £'000	2016 £'000
Return of fund assets in excess of interest	4,350	7,268
Other actuarial gains on assets	792	-
Change in financial assumptions	(1,970)	(22,100)
Experience gain on defined benefit obligation	4,697	-
Change in demographic assumptions	-	2,291
<b>Re-measurement of the net assets/(defined liability)</b>	<b>7,869</b>	<b>(12,541)</b>

Reconciliation of opening and closing deficit:	2017 £'000	2016 £'000
Deficit at beginning of the year	(51,950)	(37,823)
Current service cost	(1,375)	(1,368)
Past service cost	(420)	(413)
Employer contributions	1,442	1,705
Other finance income	(1,390)	(1,436)
Actuarial (losses)/gains	7,869	(12,541)
Administrative expenses	(84)	(74)
<b>Deficit at end of the year</b>	<b>(45,908)</b>	<b>(51,950)</b>

The estimated employer's contribution for the year to 31 December 2018 will be approximately £1,382,000.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

21. RELATED PARTY TRANSACTIONS

The Charity has taken advantage of the exemption under FRS 102 not to disclose transactions with wholly owned subsidiaries.

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

	2017 £'000	2016 £'000
Sales to SSAFA GSTT Care LLP	8,733	9,126
Amounts due from SSAFA GSTT Care LLP	889	1,101

SSAFA CASEWORK  
MANDY'S STORY

Corporal Mandy Small's husband, Chris, took his own life in November 2016. Mandy, who served 12 years in the RAF Police, has been supported throughout by SSAFA.

"Chris changed a lot during his last two years of service. We separated because he was unfaithful and drinking too much. He served 21 years as a chef on some gruelling tours, including Iraq, Bosnia and Kosovo, all of which really took its toll on him. He hadn't been officially diagnosed with PTSD but he was obviously struggling."

Two-and-a-half years after leaving the Army, Chris committed suicide: "I think he was so used to having everything done for him, when he came out he struggled. He must have been desperate." Mandy saw an advert for SSAFA and got in touch: "Sue, my SSAFA caseworker, went through all the paperwork with me and got funding for the funeral. She even helped organise counselling for my son. She has been absolutely fantastic. I'm not sure what we'd have done without her."

Find out more at [ssafa.org.uk/fight](https://ssafa.org.uk/fight)



FUNDRAISING FOR SSAFA  
**KATHY'S STORY**

Kathy, our Division Secretary for Staffordshire, didn't even own a bike when she signed up for our Ride to the Somme challenge.

Kathy wanted to fundraise for SSAFA in memory of her grandfather. "My grandfather went missing during the Battle of Somme and my grandmother had a letter saying he was missing, presumed killed in action. After 16 weeks, a Gurkha found him and brought him to safety", explained Kathy.

When Kathy saw the Ride to the Somme 2017, she enrolled and bought herself a road bike. "At the age of 69, I signed up and in February I could only cycle two miles, but when I went to the Somme in August, I cycled 168 miles. The sense of achievement was incredible."

Now, not only has she set her sights on our SSAFA D-Day landings Ride in 2019, Kathy has set up Cycle-Ops, a cycling club for local veterans.

Find out more at [ssafa.org.uk/fundraise](https://ssafa.org.uk/fundraise)



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**SSAFA, the Armed Forces charity, provides lifelong support to our Armed Forces, veterans and their families. We began our work in 1885, and in 2017 our staff and teams of volunteers helped more than 73,000 people — from Second World War veterans to those involved in more recent conflicts and their families.**

#### **NEED TO TALK?**

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

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

■ Visit **[ssafa.org.uk/forcesline](https://ssafa.org.uk/forcesline)**

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

■ Call **020 7403 8783**

■ Visit **[ssafa.org.uk/give](https://ssafa.org.uk/give)**

