

# ANNUAL REPORT & ACCOUNTS 2018



Company registered in England and Wales No 256353,  
Charity No 206002, Charity Scotland No SC038828



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## Liberating Lives

Our new film features veterans Colin, Dave, Hari and John and focuses on the experience of living with PTSD.

The film, which features a roundtable discussion with the four former servicemen, aims to raise awareness of military mental health and the impact that treatment and support from Combat Stress has had on their lives.

We wanted to capture thoughts and feelings about how life had changed since treatment so the veterans were asked to come along and simply chat. Dr Manveer Kaur, one of our psychologists, helped guide the conversation.

The four veterans who took part didn't know each other before the day. Despite this, the bond between them was quickly formed and there was a lot of good-humoured banter during the day!

**To see the film and to read more about the veterans who took part, please visit [combatstress.org.uk/liberatinglives](http://combatstress.org.uk/liberatinglives)**







# COMBAT STRESS AT A GLANCE

## OUR HELPLINE

**12,000+**

During the year our Helpline handled **over 12,000** calls.

**60%**

Nearly **7,500** of these calls were made by new callers.

## OUR SUPPORT TO VETERANS

**3,416**

veterans were directly helped by us during the year.

**5,000+**

During the year **over 5,000** treatment programmes were provided.

**3,000+**

Our specialist teams based in local communities also undertook **over 3,000** telephone appointments.

**591**

veterans also used our Peer Support Service.

**8,000+**

individual face to face appointments were provided at our community clinics.

## THE VETERANS WE HELP

**43 YEARS OLD**

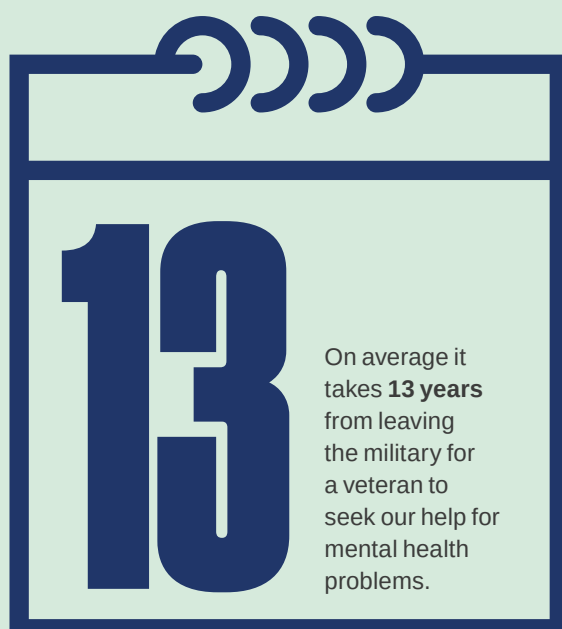
The average age of a veteran receiving our help is **43**.

**20 YEARS OLD**

The youngest veteran we are supporting currently is aged **20**.

**97 YEARS OLD**

The oldest veteran we are supporting is **97 years old**.

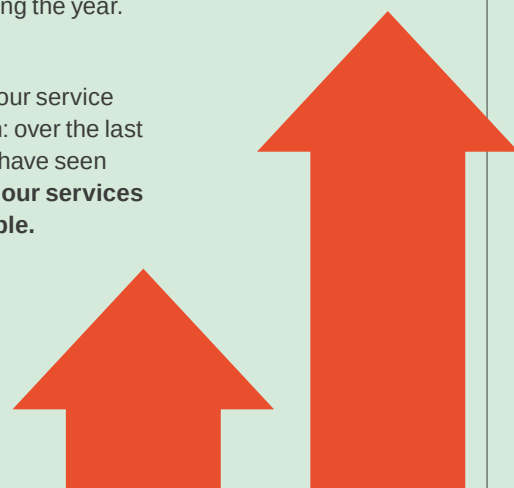


## NEW VETERAN REFERRALS

**2,200**

We had **over 2,200** new veteran referrals during the year.

Demand for our service remains high: over the last 10 years we have seen **demand for our services almost double**.



## VETERANS FROM RECENT CONFLICTS ARE SEEKING HELP EARLIER

**SIX YEARS**

Iraq veterans on average seek treatment **six years** after leaving service.

**FOUR YEARS**

Afghanistan veterans on average seek treatment **four years** after leaving service.

# HIGHLIGHTS OF OUR YEAR

There have been many highlights during the last year – here are just a few of them:



April 2017



May 2017



June 2017



March 2018



February 2018

## April 2017

Paralympian and former Royal Marine, Joe Townsend, visits our Surrey-based treatment centre to hand over the funds he raised for us.

## May 2017

Our third Military Mind business symposium considering veteran mental health in the workplace takes place in London and Edinburgh.

## June 2017

The Hollybush House treatment centre fete raises a record-breaking amount.

## July 2017

Our research reveals risk of considerable mental health impact on partners of veterans with PTSD.

## August 2017

Wholesale jewellery brand, Frank Ross Ltd., raises almost £40,000 for us through the sale of their poppy jewellery collection.





December 2017

### September 2017

We launch our new five-year strategy to improve veterans' access to mental health treatment and support.

### October 2017

RAF veteran Charlie Hammerton and his pet ferret, Bandit, become a hit on social media when they complete an eight-mile walk to raise over £1,000 for us.

### November 2017

General The Lord Dannatt GCB CBE MC DL is the speaker at our Armistice Lecture. A packed house enjoys his insights on the law, morality and armed conflict.

### December 2017

We celebrate the festive season with our annual Festival of Lessons and Carols for Christmas at the Royal Hospital Chelsea, London. Presenter and journalist Susanna Reid attends the event.

### January 2018

Channel 4 Great British Bake Off winner, Sophie Faldo, becomes an ambassador for the charity.

### February 2018

New film adaptation of 'Journey's End' launches – veterans supported by us play a crucial role in the film's development.

### March 2018

Our new virtual event, March in March, launches – supporters, trustees and employees across the country take on the challenge of walking 10 miles on any day in March.

We also hold our annual Supporter Dinner, with guests including our ambassadors Sir Patrick Stewart and Joanne Froggatt.



March 2018



November 2017

# DAVE'S STORY

“

When I stepped through the doors of Combat Stress, it was the first time in 35 years that I felt safe.”

Dave served in the Royal Navy for 11 years. He was just 19 when he went to the Falklands conflict in 1982. He was diagnosed with PTSD 20 years later but didn't seek help from Combat Stress until 2016. After treatment he says 'my wife has her husband back and my children have their dad back'.





# INTRODUCTION

The last year has seen the launch of our new five-year strategy, the start of a transformative period for the charity and considerable success in delivering our planned programme within budget to register a small surplus.

The service delivery element of our strategy has three key strands: streamlined access and triage; focused treatment by us, where we are best suited to do it, or by others where we are not; and supporting veterans to integrate into their local communities.

To begin our move to become a more flexible, integrated and sustainable organisation, we began making changes to the way we provide our services in our Central Region and also how we provide our triage service. These changes were essential for us to meet the evolving demand for our services. We received over 2,200 new veteran referrals this year.

For the first time in three years we have a positive set of financial results. Being back in a balanced position is a tremendous achievement and a credit to every single member of the team.

The decision by NHS England to reassign the funding of £3.3m for our PTSD residential Intensive Treatment Programme (ITP) from April 2018 was not unexpected. The ITP has achieved international recognition and we

believe for a number of veterans it remains the optimum treatment option. We will continue to provide it without any compromise on standards for a smaller number of veterans. The contract for NHS Scotland has been extended for an additional three years.

We have begun to secure the foundations for a sustainable future without relying on NHS England income to ensure we can achieve the next phase of transformation and continue to provide residential treatment for those who need it.

Raising awareness of the charity and veterans' mental health amongst influential and empathetic audiences has remained a priority. This year saw the launch of our new, distinct brand and website, both of which place veterans and their stories at their heart.

We are confident that the work undertaken during this year has put in place strong foundations for the charity to be able to continue to provide expert treatment to those who need it most.



**Lieutenant General  
Andrew Graham CB CBE**  
Chair of Trustees



**Sue Freeth**  
Chief Executive

## 2,200+

We had over 2,200 new veteran referrals during the year



Positive set of financial results for the first time in three years

# HARI'S STORY

“

It was after I left the military that my mental health problems began. I really didn't want to admit that I needed help – I was used to being so strong – but when a friend said 'you need help', I found the courage to approach Combat Stress.”

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Former Gurkha Hari's life changed in an instant when he was caught in a bomb blast in Afghanistan. He lost both legs above the knee and sustained multiple injuries. Now, after treatment from Combat Stress, he's planning to climb Mount Everest.





# VISION, MISSION, VALUES AND AIMS

## 2017-2022

### OUR VISION

We want former servicemen and women to lead full and liberated lives after military service, in communities that understand the issues they face with mental health.

### OUR MISSION

To provide timely, effective clinical treatment and support to veterans who suffer from psychological injuries.

### OUR VALUES

#### Together

Former servicemen and women are at the centre of everything we do. We are united in our care and commitment to them. We are stronger working collaboratively across teams and disciplines and working in partnerships.

#### Bold

We are ambitious in what we seek to achieve for and with veterans. Their personal stories inspire us so we can inspire others. We are global practice leaders; confident and purposeful; willing and equipped to speak out fearlessly.

#### Focused

We are confident, professional and transparent about our priorities. We help veterans recover from mental health problems. We innovate and yet stay focused on standards, quality and results.

#### Personal

We respect every individual's skills, experience and diversity. We care and show compassion for each other. We are able to share our ideas, feel we belong and are appreciated. We enjoy and feel fulfilled in our work.

### OUR STRATEGIC AIMS

## AIM 1

Deliver sustainable, accessible services to meet the needs of veterans with mental health problems.

## AIM 2

Develop a distinct brand positioning to improve engagement and sustain and grow our supporter and financial base.

## AIM 3

Build a healthy, cohesive and effective organisation – a place where people want to work.

# DELIVER SUSTAINABLE, ACCESSIBLE SERVICES TO MEET THE NEEDS OF VETERANS WITH MENTAL HEALTH PROBLEMS

This year we have focused on planning and designing changes to the way we deliver our services.

The aims of these changes are to:

- Make it easier for veterans to access our services.
- Continue to provide residential programmes for veterans who need them and will benefit from them the most.
- Develop our community-based programmes so that veterans with work or family commitments can access treatment closer to home.
- Make referrals from and to other agencies easier.
- Help veterans to get welfare or other support they need from partner organisations, including military charities.
- Work in ever-closer collaboration with the NHS and other providers of mental health services for veterans to avoid duplication and to identify any unmet needs or gaps.

We have structured the changes to our services into three phases. Phase one began in September 2017 and included:

- Improvements to our triage process.
- Our Helpline becomes our single point of contact.
- Central Region changes.
- Design of new non-residential treatment programmes.
- New programme pilot: Preparation for Therapy.
- Integration of our treatment pathways.
- NHS collaboration.
- Developed our Peer Support Service.

## Improvements to our triage process

We are working to put in place the systems and employees to provide a simpler and more streamlined triage process. From spring 2018 our specialist triage nurses have sat beside our veteran Helpline team for the first time. The Helpline acts as a single point of access to our clinical and peer support services. Should an individual meet the eligibility criteria for our services, they will be transferred to a triage nurse giving them a quicker start to their recovery journey.

Along with improvements to our triage assessment process, we also introduced weekly multi-disciplinary triage outcome meetings from spring 2018. The more detailed triage means that recommendations can more easily and quickly be made about treatment options for a veteran.



**Above:** Andy Walton, one of our community psychiatric nurses

**Left:** Veterans taking part in one of our psycho-educational groups run by our community psychiatric nurses

## Our Helpline becomes our single point of contact

Alongside the changes to our triage process, our Helpline has become a single point of contact for veterans so that they have better access to our services.

Our 24-hour Helpline continues to be a vital source of support for veterans. Over 12,000 calls were handled by our Helpline during the year, and 7,468 of these calls were made by new callers.

Our Helpline was also contacted over 2,500 times by email and text – for some veterans picking up the phone can be tough and they prefer to communicate in this way instead.

Our Helpline is the main way veterans access our services – almost two thirds of referrals (64%) are made in this way.

In February 2018, we worked with the Ministry of Defence to launch a new mental health helpline number for serving personnel and their families. Our aim is to provide a listening service for those in need of support and we can refer serving personnel back to Defence Medical Services should that be needed.

## Central Region changes

To help make our services more accessible to more veterans, we plan to introduce a number of new non-residential programmes to better fit in with veterans work and family life. To release resources to run these programmes, in November 2017 we took the decision to no longer deliver residential treatment at our Audley Court treatment centre in Shropshire. Instead the treatment centre has become an outpatient centre, serving our Central Region. All employees were involved in the consultation process regarding these changes.

# 24%

Increase in calls to our Helpline

# 60%

of callers to our Helpline are new callers



Above: one of our peer support group meetings

## Design of new non-residential treatment programmes

We have designed new non-residential treatment programmes to make it easier for veterans with other commitments, such as work or family, to undertake treatment. These will start to be available from April 2018 in our Central Region:

### **Outpatient PTSD Intensive Treatment Programme**

Based on our six-week residential programme, this outpatient-based format includes psychoeducational groups, individual psychology sessions of trauma-focused CBT, and individual occupational therapy and art therapy sessions.

### **Outpatient Anger Management Programme**

A non-residential version of our two-week residential Anger Management Programme.

We have also introduced flexible treatment options for veterans where PTSD treatment is not a priority. This includes nurse-led individual or group psycho-education sessions and individual occupational therapy and art therapy sessions.

## New programme pilot: Preparation for Therapy

During the year we piloted a new programme, Preparation for Therapy. The programme is for veterans with a diagnosis of PTSD who may need some help in developing skills to manage their symptoms before embarking on trauma therapy. Following a successful pilot, from April 2018 this programme will be available as a one-week residential programme at our two treatment centres and as a weekly outpatient group at our Audley Court outpatient centre.

## Integration of our treatment pathways

Our residential treatment centres and community teams have now been combined. Working in this way means veterans can access our services more easily and receive more coordinated support during their recovery journey. We operate from three regions and are scoping out the creation of a fourth region.

“

I now feel less isolated”

“

Meeting up with others can really help”

“

It's good to reminisce about the old times and talk about the new times ahead”

Comments from veterans using our Peer Support Service



## NHS collaboration

We have been commissioned as the NHS Scotland PTSD specialist service provider for veterans for the past five years and are pleased that this has been extended for a further three years. Whilst we were disappointed that NHS England reduced funding for our services following the creation of the NHS Veterans' Mental Health Complex Treatment Service (VMHCTS), we continued to seek opportunities to collaborate with the NHS. We were part of a bid by the Leeds and York Partnership NHS Foundation Trust to deliver the north region of the VMHCTS and this service will start to be provided in April 2018.

## Peer Support Service

Thanks to funding from The Royal British Legion, we have continued to develop and embed this valuable service. During the course of the year almost 600 veterans have used the service. It provides peer support for veterans through groups and one-to-one sessions across the UK.

## Other developments

### Veterans' Substance Misuse Case Management Service

Based on evaluation from previous years, the main focus of this pilot this year has been on changing the model in order to provide greater input into Regional teams, to align the service with Combat Stress treatment pathways.

In the last year there were 10 specialist nurses and practitioners providing the service across the country. There were 237 referrals to the service, 219 assessments, with 106 successful treatment outcomes for substance misuse.

### Veteran Involvement Group

We have set up a veteran involvement group to provide veterans with the opportunity to become more involved in the way we operate and the services we provide. The group of veterans meet regularly with members of the Combat Stress leadership team. This group has also been involved in the proposal by veterans to retain a block of accommodation at Audley Court for use by those in need of a break or attending the centre for an outpatient appointment.

### Patient records system

We have reviewed and assessed details of all veterans on our Carenotes patient records system. We now have a clearer view on those who need our help and we are currently supporting around 3,000 veterans.

### Collaborations with other providers

Our involvement in the Veterans' Gateway has continued and we have supported their marketing campaigns over the year. As a member of Contact, the military mental health group, we have also continued to be involved in The Royal Foundation's Heads Together initiative.

## Our research

We have continued to use research to develop our services and lead best practice in the field of veteran mental health.

### Veteran needs study

Our ongoing study into veteran needs continues to enhance our understanding and help us, the NHS and other partners to plan clinical services. The study began in 2016 and is the first of its kind in the UK to explore the needs of veterans seeking help for mental health problems in a nationally representative sample.

To date, we have published, or submitted for publication, over ten peer-reviewed papers from this study. These covered a range of subject areas including: exploring the profile of treatment seeking veterans; exploring differences in mental and physical health in veterans residing in different areas of the UK; exploring issues related to physical health, risk-taking behaviours, suicidal ideation, multiple deprivation (for example, poor housing, low income, lack of local services), body mass index, anger and alcohol problems.

### Partners research

We have undertaken further research, kindly funded by The Royal British Legion, into how to support partners of veterans living with PTSD. There is evidence that if the family is supported during a veteran's PTSD treatment, the outcome for the veteran is improved. We developed a pilot programme to support partners and the results of the two-year trial will be used to inform services provided in the future.

### PTSD teletherapy research

In 2017 we conducted a pilot study, kindly funded by Forces in Mind Trust, to deliver psychological treatment for PTSD using Skype and other telecommunication and information technology to complement our other services. This has been successful, even with veterans who are significantly unwell. We have published some of our findings and will be publishing more about this exciting prospect. We plan to expand this treatment to veterans who are working or who live in remote locations.

### International collaborations

We are currently working on several international collaborations. Two of these are:

1. 'Exploring the concept of Moral Injury in veterans' led by the US Veterans Affairs and working with colleagues from the USA, Canada, Australia and the Netherlands.
2. Comparing the profile of treatment-seeking veterans we support at Combat Stress with veterans seeking support for mental health difficulties with The Phoenix Centre, Melbourne University, Australia.

### International conferences and teaching

Presentations about our work were delivered at various psychological trauma and other academic conferences and workshops in Israel, Ukraine, Malta, USA and Australia.

# DEVELOP A DISTINCT BRAND POSITIONING TO IMPROVE ENGAGEMENT AND SUSTAIN AND GROW OUR SUPPORTER AND FINANCIAL BASE

## Distinct brand positioning

To raise awareness of Combat Stress and veterans' mental health amongst priority and key audiences, we refreshed the Combat Stress brand to make it stronger and more impactful. We now have a more authentic brand that enables us to stand out from other charities. The new look was launched in September 2017 and since then we have been introducing the brand on all collateral.

Alongside the new look, we also launched a new, more accessible and engaging website. We have seen a 15% increase in users since the launch of the new-look website. We have also started work to refresh our magazine in terms of format and content to make it more informative and appealing to a much wider audience.

We also commissioned a new corporate film. The film features a roundtable discussion with four veterans sharing their experiences of living with PTSD and aims to raise awareness of military mental health and the impact of our treatment on the lives of the veterans we treat. The film will be available for use by all employees to assist with supporter engagement.

## Sustain and grow our supporter and financial base

Faced with a rising demand for trauma-related mental health treatment among a younger generation of veterans of recent conflicts and the requirement to make Combat Stress' services more accessible and convenient, we needed to transform our services and reshape our financial base. Through a diverse range of support, our loyal and generous donors have helped us to raise £10.3m in voluntary income despite more testing times for charities as a whole.

**Below:** Employees from BAE Systems taking part in the GRIM Challenge in aid of Combat Stress





**Above:** Hollybush House employees taking on our new virtual event, March in March



**Below:** The British Military Fitness group in Weybridge, Surrey celebrating completing their 10 miles for March in March

Looking ahead we must keep pace with demand, stay relevant and achieve long-term sustainability if we are to meet the evolving needs of the veteran community.

Alongside this requirement to change our services, we have also faced the loss of £3.3m of earned income from NHS England from April 2018. Funding has been made available in the first quarter of 2018/19 for veterans for whom treatment is already planned, but from July 2018 we will be 80% reliant on voluntary income (compared to 60% for the previous year).

To achieve our next phase of transformation and to prepare the organisation for the change in income stream, in winter 2017 we began to approach longstanding strategic partners for an elevation in their support to us through increased funding for a period of five years. Substantial grants have been requested from all five major Armed Forces benevolent organisations to enable us to meet and improve support to former servicemen and women with trauma-related mental health conditions, and enable us to deliver our strategic aims up to 2022 and secure a sustainable future for the charity.

We have also made cost savings of £1.5m, primarily through the changes made to our Central Region.

In addition, we undertook an independent review of our fundraising and communications activity to assess and strengthen our approach to grow our supporter base. Recommendations from the review will be implemented during the year ahead.

With the introduction of new General Data Protection Regulation, we have assessed the operational impact and introduced new policies and procedures across the organisation to address the requirements of the new regulation.

Our sources of income are varied and we are very grateful to all those who support our work. Here are some highlights from the year:

## Individual Giving and Legacies

This year we have reviewed all elements of our supporter journey to ensure that we are actively and appropriately engaging with our supporters.

We have been developing stronger relationships with our supporters, particularly legacy enquirers and pledgers, by having more direct and personalised conversations. We are planning on holding our first legacy events in 2018/19.

A highlight from the year was our Christmas appeal which raised over £150,000.

# £10.3M

raised in voluntary income from loyal and generous donors





**Above:** Benefactor Dr Atul Pathak OBE with Nicola Wearing, Major Gifts Manager

## Volunteer and Community

We launched a new virtual event, March in March. Supporters walked 10 miles on any day in March, raising over £32,000.

We were one of the charities chosen to benefit from the sale of the new 'The SAS and LRDG Roll of Honour' set of books – we received over £100,000 from this.

We have also partnered with Blesma and Blind Veterans UK to plan for the relaunch of the D-Day 44 Challenge in June 2018.

October saw the expansion of our Volunteer, Community and Regional fundraising through the launch of the South of England Regional Committee along the model of our successful Scottish Regional Committee. Expanding our fundraising and awareness campaigns in this way will be an important building block for our future income generation.

## Major Gifts

The Major Gifts team exceeded its fundraising target for 2017-18. This was helped enormously by a £250,000 donation from one of our most generous supporters.

This year we focused on expanding the Benefactor giving group and, where possible, we encouraged people to make multi-year pledges to support our work.

We have continued raising awareness amongst our major supporter base, which included a Q&A event with members of the Naval and Military Club, and a private hospitality experience at the Highclere Castle Battle Proms concert.

## Trusts and Foundations

Through a combination of existing and new supporters in this area, we received nearly 350 grants during the year, covering a range of projects:

- Our community mental health services were widely supported by over 80 grants, ranging from £150 to £50,000, covering South West England to the Highlands.
- We worked with a number of funders to identify areas where their donations could have the greatest impact and their grants specifically funded services including occupational therapy, art therapy, the Helpline, treatment programmes and research.
- Around two thirds of grants were unrestricted, enabling us to flexibly allocate funding depending on need. This includes a grant of £1m from the Oak Foundation to be spent over the next three years.



The advice, help and treatment for mental health issues on offer from Combat Stress is superb. It is truly a praiseworthy charity and the Punjabi Society of the British Isles is honoured to play our part in supporting those veterans and service personnel who need its help.”

Dr Atul Pathak OBE,  
Benefactor of Combat Stress  
and President of The Punjabi  
Society of The British Isles



## Our partners

We worked with a number of partners during the year including:

- **LIBOR Fund:** we received a grant of £2.1m towards aspects of the treatment pathway for veterans before and after they attend the six-week PTSD Intensive Treatment Programme.
- **Armed Forces Covenant Trust Fund:** a grant of £149,800 towards community mental health services in Northern Ireland.
- **The Royal British Legion:** funding of almost £1m was provided. The various grants during the year supported community occupational therapy (£531,367), our Peer Support Service (£365,500), research into how to support partners of veterans living with PTSD (£88,372) and a grant to work with New Philanthropy

Capital to look at data collection, evaluation and impact reporting (£9,960). In addition to this The Royal British Legion kindly provided us with space at several of their centres.

- **Royal Air Force Benevolent Fund:** a grant of £237,937 funded assessment, treatment and support for former RAF personnel.
- **Royal Navy and Royal Marines Charity:** a grant of £40,000 funded assessment, treatment and support for former Royal Navy and Royal Marines personnel.

agreements established with Gallantry Art, British Military Fitness and Lila & Angelys.

Our largest corporate supporter, BAE Systems, engaged employees in a new fundraising initiative, the GRIM Challenge – one of the original mud runs, held over the Army's vehicle testing tracks. A team of 70 took on the challenge and BAE Systems agreed to match all the funds that the team collectively raised. The final donation was £21,698.

## Corporate partnerships

A new development this year has been the creation of a cause-related marketing proposition for our commercial partners. Whilst still in the early stages of development, this new direction has seen

For every £1 raised we spend:

**EIGHTY-FOUR PENCE**

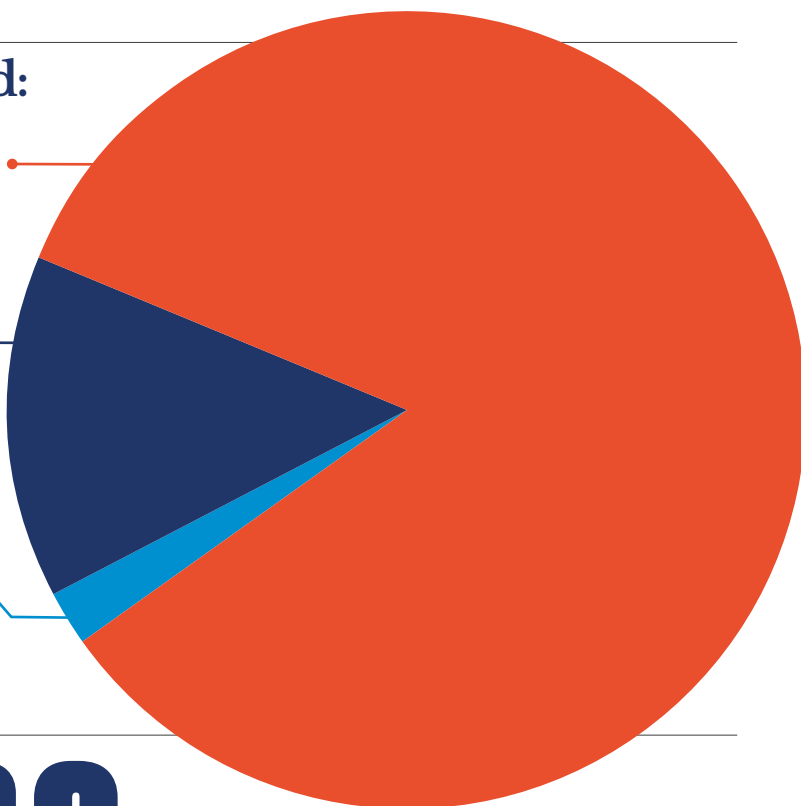
on veteran treatment and support

**FOURTEEN PENCE**

on fundraising

**TWO PENCE**

on raising awareness and improving access



**£1 = £4.89**

For every £1 we spend on fundraising, we raise £4.89

# BUILD A HEALTHY, EFFECTIVE ORGANISATION

## A place where people want to work

To ensure the charity is efficient in its operation and makes effective use of resources and employees, we have begun to review and revise our ways of working across all areas.

### Employee engagement

To develop a sustainable and high-performing workforce and a cohesive team approach, we have undertaken a number of initiatives to engage our employees – these include:

- Introduction of a new HR strategy to help us become an employer of choice. Alongside this we have set up an HR steering group to provide guidance for the implementation of the HR strategy.
- Implementation of a new HR system for launch in 2018. This new self-service system will make it easier for employees to manage personal administration (such as booking annual leave or reviewing pay history). It will also provide more management information to help run the charity more efficiently.
- Relaunch of our employee forum as Viewpoint in April 2017. Viewpoint is a group who can be consulted on behalf of all employees about issues affecting them or the organisation. During the last year Viewpoint was a valuable forum for directors to consult with employees, especially in relation to the consultation process

around the changes to our Central Region in autumn 2017.

- Improved employee communication: our annual employee survey identified that better communication within the organisation was required. To address this we have now put in place a number of new initiatives including an employee conference in November 2018, new 'meet the CEO' events and attendance by a Director at new employee inductions (held at all sites).
- Launch of employee assistance programme in July 2017. This free confidential helpline offers advice and support over a wide range of topics.
- Launch of new set of shared organisational values. Employees were involved in the development of our new values through workshops and presentations. These new values will be used to build a new behaviour framework to ensure the culture of the organisation underpins our new aims.

### Digital strategy

As part of our five-year strategy, work has begun to develop our digital capacity to allow us to take advantage of technology to:

- support our workforce
- increase access to our services to veterans
- manage the operation of the charity

In addition, employees based in the community now have access to all relevant data whilst working remotely. We have also set up a project group for performance reporting to drive improved performance and better control over deliverables.

### Governance

The Board of Trustees is responsible for the long-term direction of the charity overall and has a responsibility for areas including governance, compliance, policy and overseeing the work of Combat Stress. Our Trustees have a diverse skill set and are highly experienced and knowledgeable in their respective areas of expertise. There are five committees which report to the Board of Trustees, all of which have written terms of reference and enable the Trustees to be informed and assured of activities across the charity.

We have implemented all the recommendations made from our internal Governance review. We are aware of the Charity Governance Code and will be considering the principles and recommended practice.

# FUTURE PLANS

In the year ahead our focus is to continue to balance income and expenditure, maintaining control of costs whilst absorbing the first year of a significant fall in income from NHS England.

We have approached our longstanding charity sector strategic partners for increased funding over the next five years. We already have commitment for significant sums from ABF The Soldiers' Charity and the RAF Benevolent Fund and are advancing discussions with others.

We will continue work to position our 24-hour mental health helplines for serving and former serving personnel as providing a more accessible and improved triage entrance into either the NHS, Ministry of Defence, our own or others' services.

Our newly-configured Central Region will start to roll out our new non-residential treatment format. Veterans who are working or have caring responsibilities will benefit from the new outpatient format. We will be monitoring and assessing treatment outcomes to ensure veterans do not lose out on the benefits of being treated amongst a sympathetic and supportive residential community.

During the year ahead we expect to reorganise our regional boundaries, creating a fourth region with a new hub to increase access to our services in the north of England.

The completion of key research projects this year will create the templates for using Skype and also our Substance Misuse Case Management Service. The research will also establish how best to meet the needs of partners and children of veterans with complex PTSD.

Our Veteran Involvement Group will generate new ideas and help us to co-produce services as well as helping us to embed our new brand identity. We are also supporting a group of veterans who previously had support at Audley Court to design and operate a respite project independently.

Recommendations from an independent review of Fundraising and Communications will be implemented. This will involve optimising current public income generation channels and methods as well as testing new ways of working. Individual Giving and digital marketing will be a focus to enable us to maximise our awareness and engagement activities. We will be reviewing the events we host to increase supporter engagement and grow the range of opportunities for veterans and their families to support us.

Finally 2019 is our Centenary year. We plan to mark this with various events and activities to increase public awareness and engagement of new and existing supporters in our life-changing treatment for veterans, 100 years on from the end of the First World War.

# 1919– 2019

We will mark our Centenary this year

# BOARD OF TRUSTEES

**There are 14 members of the Combat Stress Board of Trustees. Here they explain why they have chosen to support the charity.**



**Andrew Graham, Chairman**

"While I was serving the advocacy and passion of the late Clive Fairweather sowed the seed that Combat Stress was a charity of real worth and impact as it went about its work to help veterans in their close battle with trauma-related mental ill health."



**Jenny Green, Vice Chair**

"I became a trustee of Combat Stress in 2008. My background in the mental health sector and my involvement with ex-service charities has enabled me to contribute to this wonderful organisation whose results enable veterans with mental health issues to rebuild their lives."



**Mickey Morrissey, Honorary Treasurer**

"Coming from a military family, my father and I both served in the Irish Guards, I understand the unique bond that servicemen and women share. Unfortunately some have the scars of trauma and therefore I am happy to support them in any way I can."



**Peter Allen**

"I am a passionate advocate of veterans' mental health and as a former Royal Marine and Fleet Air Arm pilot I feel it an honour to serve as a Trustee. I remember my great uncle's suffering from First World War and I am now privileged to help today's veterans and their families by using my business and fundraising experience to guide the charity and increase awareness and income for its vital work."



**Tim Evans**

"I have always been aware personally of the debt of gratitude we owe the servicemen and women of my grandparents, parents and current generations."



**Sally Goldthorpe**

"I chose to work with Combat Stress as a Trustee to use my experiences and contribute to a professional organisation that is in a phase of significant change and which is a critical support to many veterans of multiple generations and their families."



**Mark Izatt**

"Looking after those who have bravely looked after us was a key motivator for me in becoming a trustee of Combat Stress. As someone who works in marketing and communications I'm using my experience to help the charity reach the people who need its help most and those donors who make our vital work possible."

**Calvin Man**

"Having served in the Army and recognising the impact on veterans (and their families) of mental health problems, I am delighted to be able to use my professional experiences to support Combat Stress. I am privileged to be a Trustee."

**Christian Melville**

"As a former soldier, I feel passionately that more must be done at every level to ensure that the military covenant is respected and honoured. In the meantime, the very real work that Combat Stress undertakes to support our veteran community remains truly unique in the United Kingdom, and more vital than ever."

**Mary Molesworth-St Aubyn**

"My background in mental health and personal experience of a family member suffering undiagnosed PTSD gives me some understanding of the problems faced by veterans from the armed forces. I am proud to be a trustee of a wonderful charity and wish we could do more to meet the rising needs and numbers of those who need our help."

**Jan Sobieraj**

"I see being a Trustee as an absolute privilege as our work literally improves the lives of so many as well as their families and often saves them too."

**Suzy Walton**

"I became involved in Combat Stress over a decade ago after doing a PhD in the Ministry of Defence into military suicide. I have enjoyed every moment of helping to keep the organisation safe, solvent and strategic."

**Robert Ward**

"It has been a great privilege to serve as a Trustee of Combat Stress for the last 15 years. To help our veterans suffering from the severe effects of PTSD makes a vital contribution to their safety, security and well being."

**Simon Wessely**

"I find it very moving to be involved with an organisation with such a strong military history. If we want to understand how to better treat veterans with mental health issues, we need to look at the past and use this learning to develop better treatments today."



We are very grateful for the work, time and dedication that our Trustees, Co-opted Members and Vice Presidents give to us. If working with us in this way might be of interest to you, please let me know."

Sue Freeth, Chief Executive

# COLIN'S STORY

“

I struggled with civilian life from the start – I found the transition very difficult. I missed the pattern and routine of life in the Army and didn't feel like anyone understood me.”

---

Colin joined the Ulster Defence Regiment when he was 18 years old and served for 18 years in Northern Ireland. After leaving the Army, he found life difficult, experiencing depression, anger, flashbacks and anxiety. It wasn't until he contemplated suicide that he made the call to us to ask for help. Colin is now a regional coordinator for our Peer Support Service.



# FINANCIAL REVIEW



# FINANCIAL REVIEW

The increasing cost of providing world-leading clinical care coupled with an increasingly competitive income generation environment required us to draw on our reserves in recent years. In the last two years we've focused efforts on bringing our finances back into balance without impacting the high standard of care we deliver. This plan resulted in a 60% reduction in the deficit to £1.3m last year, and this year a modest surplus of £0.3m was returned on operating activities.

As pressures on income generation continue throughout the charitable sector, the route to reversing the deficit had to be

through cost control. The programmes initiated in 2016/17 continued into 2017/18. Amongst other measures, we reduced the number of residential beds, and replaced this with community-based therapy. Unfortunately, this affected our employees and our staffing levels, particularly in the Central Region.

We have worked closely with the NHS for many years, and have benefited from contracts with NHS England and NHS Scotland for the care of veterans most in need of support. NHS England has moved away from funding residential support for veterans, and our contract with them will

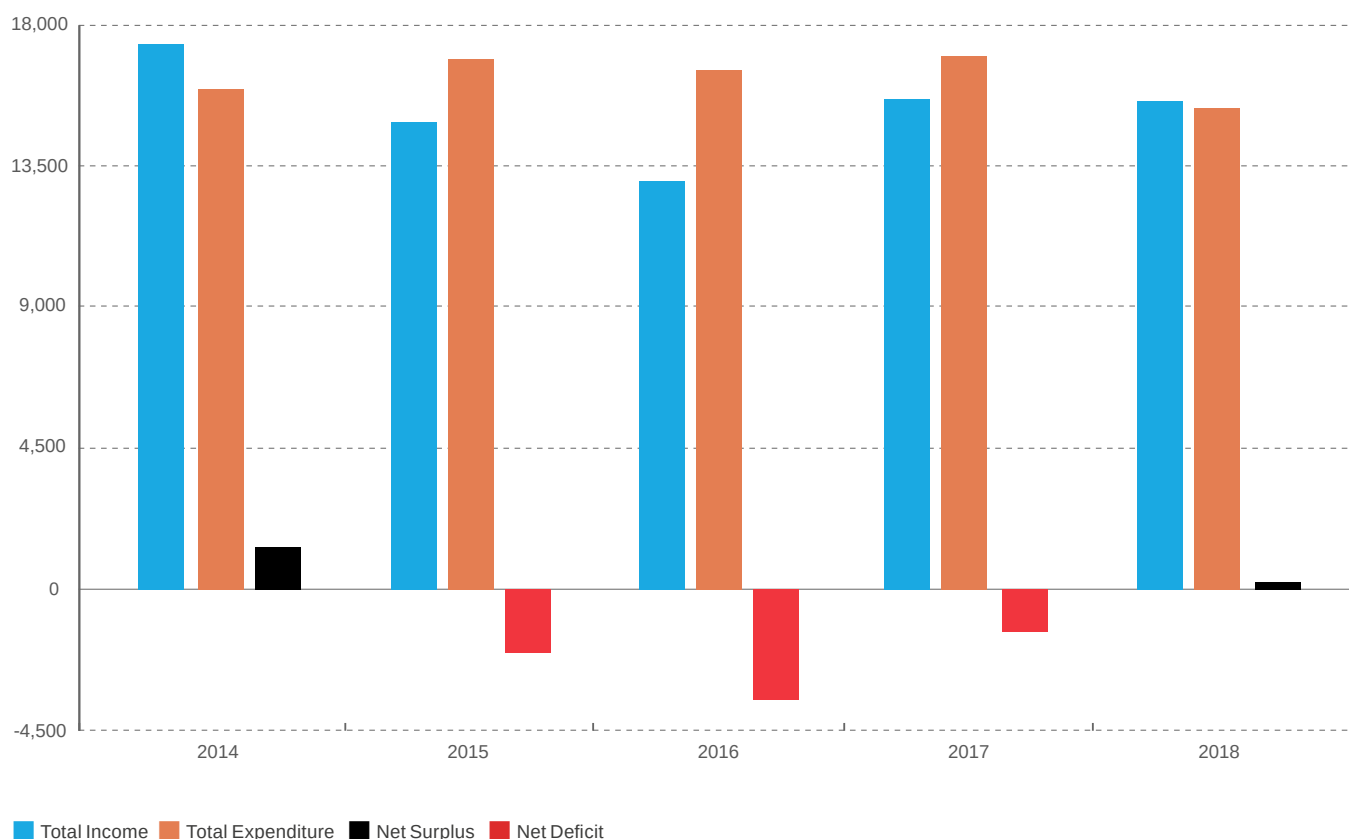
end in June 2018. We maintain a small role in their new community-based model. The contract with NHS Scotland has been extended for an additional three years.

Our work would not be possible without the generous help of individuals, companies, trusts and statutory bodies. We are immensely grateful for their continued help and support.

## Incoming resources

Our total incoming resources for the year were £15.8m (2016/17: £15.7m).

## Net income / (expenditure) before transfers and investment gains and losses (£'000)





# £15.8M

Income maintained at previous levels

Income from our strategic partners was down this year compared to a very strong 2016/17. The relationships with these partners remain close and collaborative, and income is expected to return to previous levels. The Royal British Legion (£1m) continues to provide significant multi-year funding, allowing us to roll out important new programmes such as the Peer Support Service and community-based occupational therapists.

Statutory income rose sharply due to a £2.1m grant for core services from HM Treasury (LIBOR Fund).

# £1.6M

Expenditure was reduced by £1.6m

Legacies remain an important income stream at £2.0m (2016/17: £2.2m) and we are rolling out a legacy marketing programme.

In 2018/19, we will continue to work hard to build stronger and longer-term relationships with all of our partners and supporters.

Income from charitable activities was £4.8m (2016/17: £4.8m). Contractual income from NHS England was £3.3m (2016/17: £3.3m) and £1.2m from NHS Scotland (2016/17: £1.2m).

Investment income of £238k was slightly increased from last year (2016/17: £228k).

# 86%

The percentage of expenditure on charitable activities

## Resources expended

Total resources expended for 2017/18 were £15.4m (2016/17 £17.0m) with 86% being spent on charitable activities (2016/17: 86%).

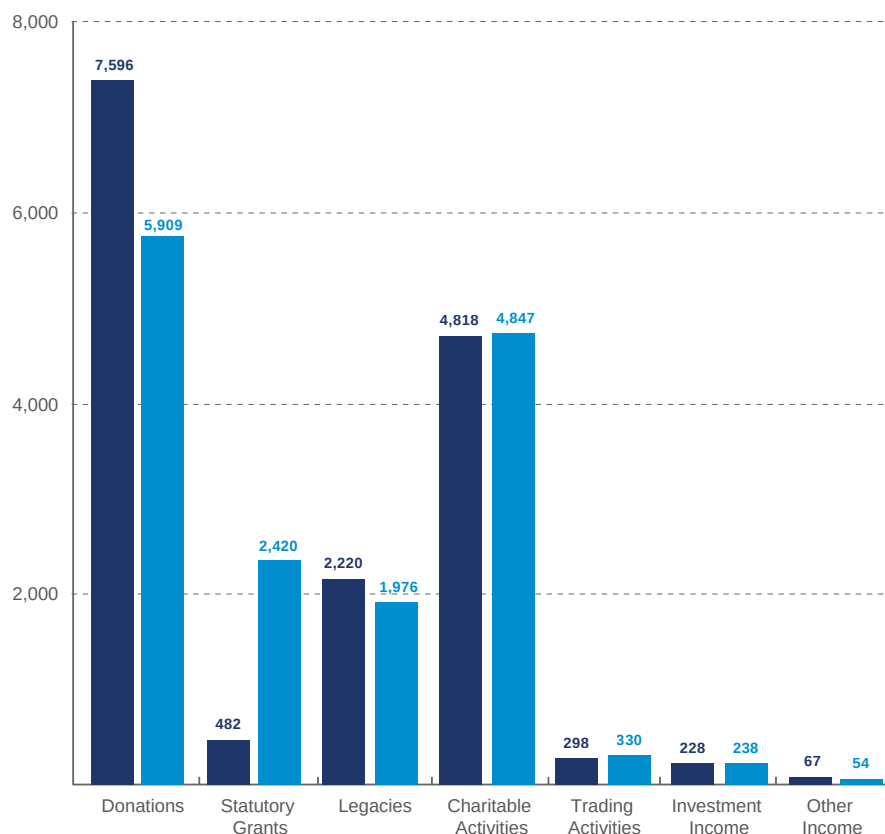
The reduction in expenditure of £1.6m was spread across all areas of the charity. During 2017/18, we continued our programme to review our activities and spending in order to balance our books. The principal reasons behind the reduction in expenditure are:

- The full-year effect of a change that was made in January 2017: to close our regional welfare service, whilst ensuring that all affected veterans received support from our partners who were better placed to deliver this.
- The part-year effect of changes in the Central Region in December 2017, to end our residential capacity in this region, moving to a community-based care model.
- Close monitoring and management of all costs. As an example, agency costs were reduced by 50% to £392k.

In 2017/18, our spending on charitable activities was £13.3m (2016/17: £14.7m). This reduction was a direct effect of the pressure on charitable income forcing us to restrain our overall expenditure. Clinical services – including our six-week PTSD Intensive Treatment Programme – continued to represent our area of biggest spend (70% of charitable activity). Helpline costs have increased as we have moved triage into the Helpline, in order to provide a faster point of entry to our services.

Staff costs comprise 71.3% of our total costs (2016/17: 70.1%) as shown in Note 8. It remains a challenge to recruit and retain excellent employees in a competitive market, and we are seeking to address this through our HR strategy review.

## Group income (£'000)



■ 2016/17 ■ 2017/18

# PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Trustees has overarching responsibility for managing risks faced by the Charity. Major risks have been reviewed and systems established to mitigate these risks. As well as a corporate risk register, we also maintain registers for key projects and for each department. The corporate risk register is regularly reviewed by the Risk Management Group which is made up of senior managers, and is further reviewed by the Executive directors. The Audit and Risk Management Committee oversees risk management arrangements. All other committees review their sections of the risk register, and the Board reviews the corporate risk register at each meeting.

Clinical and service-related incidents are reported to the Medical Director and Director Client Services. The most significant cases are reported to the Serious Incident Review Group as well as to the Clinical Governance Committee and the Board of Trustees. All incidents undergo appropriate investigation.

The principal risks facing the Charity and how we manage them are as follows:

- Compliance risks: including the need to safeguard the confidential medical records of veterans using our services, as well as those of our supporters. We mitigate this by having implemented thorough policies, procedures and training across the charity as well as ensuring our IT hardware and applications are secure. The compliance risks caused by GDPR affect the entire charity and have been addressed by the GDPR steering group, which has members from all departments. They have audited all data held, assessed risks, put in place all processes needed by 25 May 2018 and prepared work plans for all further processes that will need to be revised.
- Income generation: the need to grow our income by our own efforts and with the help of our partners, in order to offset the loss of contract income.
- Operational risks: the risk of harm to a veteran, member of staff or another person in the course of our work. We mitigate this risk by having effective policies and procedures and effective training in place to promote a safe environment for all. Operational risks are also significant if we are unable to recruit and retain the skilled employees we require to deliver our services. We manage this risk by paying salaries in line with the NHS and employee engagement activities. We will continue to deliver our HR strategy in 2018/19 in order to improve our employee engagement position.
- Governance risks: that the Charity lacks effective leadership, so is unclear on its future direction. We have mitigated this by recently reviewing our governance and leadership arrangements. The charity is mindful to the importance of providing a safe and trusted environment for anyone who comes into contact with us. Combat Stress takes safeguarding adults seriously and ensures that everyone, including Trustees, has a role to play in the safeguarding of adults. The Trustees and Directors of Combat Stress last attended Level 4 Safeguarding Adults training on 12 June 2018.

## REMUNERATION

Combat Stress employs people whose skills and competencies are in great demand throughout the healthcare and charity sectors. Our policy is to pay at the NHS salary scale rates plus 2.5%. The additional uplift recognises that the NHS makes a larger pension contribution for its employees. As an essential cost cutting measure for 2016/17 we reduced the uplift that we pay on NHS pay rates to 1.5%, and this policy has continued into 2017/18. We will review this position as part of a full review of our rewards package in 2018/19.

The Remuneration and Nominations Committee determines the salary and any benefits of the Chief Executive and Executive Directors. Their salaries are set at the median for the charity sector.

Combat Stress operates a defined contribution pension scheme, to which all eligible employees are auto-enrolled. Any employee who does not qualify automatically may opt to join. The minimum employee contribution level was 4% of basic salary in 2017/18 and is currently 5% in 2018/19 in line with the auto-enrolment requirements. The employee contribution is matched by the organisation. Staff may opt to make higher contributions, which we match up to a maximum of 10%. At March 2018, 88% of our employees were enrolled in the pension scheme.

## FUNDRAISING

Gearing up for GDPR has been a crucial focus within the fundraising team over the last year. We have undertaken an audit of all our activities to make sure we are GDPR compliant in preparation for the go-live date of 25 May 2018. Whilst we are happy that we have been legally contacting supporters up until now, we want to put the control firmly back into the hands of supporters and have therefore made the decision to seek new consent from the majority of people who currently give to Combat Stress. We are asking our supporters to let us know what they want to hear about and how they want to hear it. We will continue to do this until January 2020, after which we will only contact those supporters who have given consent. The intent is to remain absolutely compliant with this important set of new regulations.

We continue to work with external agencies that meet our high standards to help us deliver our work – including telemarketing agencies, creative agencies, print and mail houses. We monitor closely all the organisations we use; having regular meetings, listening to live calls (if applicable), and carrying out checks. If we find cause for concern, we will investigate as a matter of urgency.

We do not engage the services of professional fundraisers who take commission from donations to fundraise on our behalf. We strive for the highest possible standards in our fundraising, are registered with the Fundraising Regulator and are committed to complying with its Fundraising Promise and the Code of Fundraising Practice. We are also a member of the Institute of Fundraising and seek to demonstrate best practice with all fundraising activity.

We have complied with all the rules and regulations and to date not received any notification of a breach. In 2017, we received 14 complaints from over 817,000 touch points (this compared to 26 complaints from 745,000 touch points in 2016). Each complaint is investigated thoroughly in a timely and sensitive manner and acted upon as necessary. Complaints typically concern matters such as the frequency or reason for communications from the charity. We are especially careful and sensitive when engaging with vulnerable people, including the elderly and those affected by mental health issues. Our procedures and practice reflect this. Each supporter is given a genuine choice to donate and we are always respectful of the wishes of our supporters.

# PUBLIC BENEFIT, POLICIES AND GOVERNANCE

## Public benefit

The Trustees have considered the Charity Commission's guidance when reviewing our aims and objectives and planning future activities.

The public benefit of the Charity is in mitigating the effect of mental health issues of veterans across the UK. Our strategic aims and activities are designed to achieve this benefit.

Combat Stress is widely acknowledged as the specialist in the treatment of veterans suffering from service-related mental illness.

Our services are accessible to all veterans who need our help. We help veterans on their recovery journey so they are able to integrate more fully back into their communities.

Our campaigning and education work means we contribute to a better understanding of mental illness across the UK, and particularly in the Armed Forces. By working in partnership with the NHS, other service charities, statutory agencies and the media, we are seeing a growing understanding of the needs of those with hidden injuries.

As a result of the above, the Trustees consider that Combat Stress clearly satisfies the public benefit test.

## Investment policy and returns

Under the Memorandum and Articles of Association, Combat Stress has the power to make any investment that the Trustees see fit.

The Board of Trustees is responsible for setting our investment policy, which it reviews on a regular basis.

We recognise that the way we invest our funds can make a positive contribution to society. Combat Stress does not invest in the shares of individual companies, but instead in a pooled fund. This is the most effective way to produce a reasonable, sustainable return, and to reduce the risk of financial loss should stock markets fall, so best protects our financial position. This meets our obligation to make the best use of our assets in the interest of veterans. It means though that we are not able to make decisions ourselves on which companies to exclude from our portfolio. However, we seek to work with an investment manager who takes ethical investment issues seriously, including demonstrating active engagement with companies on environmental, social and governance issues and has signed up to the UK Stewardship Code.

Combat Stress holds its investments in the Cazenove Charity Multi-Asset Fund. The stated objective of the fund is, over a three-year period, to deliver a total return target of the Consumer Price Index plus 4.5%. The fund holds a range of diversified investments to reduce risk. We review the performance of our investments on a quarterly basis.

During 2017/18, the performance of markets resulted in unrealised losses of £156k (2016/17 gain of £419k). At 31 March 2018, our investments were worth £8.1m (2017: £8.1m).

Cash balances totalling £2.1m, (2017: £2.3m) held by the investment manager at year end are included in these investment figures.



## Reserves policy

Trustees reviewed our Reserves Policy in February 2018.

Combat Stress has a long-term commitment to veterans. The Trustees believe the level of free reserves (that is those funds not tied up in fixed assets, designated and restricted funds) should represent six months' budgeted unrestricted expenditure. This protects our services from the risk of disruption due to lack of funds, whilst at the same time ensuring we do not retain income for longer than necessary.

The general reserve, excluding pension scheme reserve, at 31 March 2018 stood at £6.7m, representing 5.1 months' budgeted unrestricted expenditure (2017: £5.2m, or 5.2 months). We will seek to restore the level of general reserves to six months' budgeted unrestricted expenditure, in line with our policy, as soon as we practically can, by increasing income and implementing further controls on expenditure.

Restricted and designated funds are held for specific purposes, as detailed in note 21.

The valuation for financial reporting purposes of the Ex-Services Mental Welfare Society 1974 Pension & Life Assurance Scheme at 31 March 2018 showed a surplus of £289k (2017: deficit of £37k). The last triennial actuarial valuation was for 30 September 2014. Under the current recovery plan, which expires in September 2018, the Charity is required to make a payment of £150k per year to address any deficit.

Following a consultation with active members the Scheme was closed to future accrual on 31 March 2013. Details of the Scheme are disclosed in Note 18 of the accounts. The next triennial actuarial valuation will take place on 30 September 2020.

## Governance

Combat Stress is a charitable company limited by guarantee. It was incorporated on 11 May 1931 and is governed by Memorandum and Articles of Association, which were revised on 14 November 1991 and then amended by resolution on 21 September 2006, 20 September 2007 and 17 July 2008. In December 2016, we changed our legal name from Ex-Services Mental Welfare Society to Combat Stress.

The objects of the charity are 'to provide, establish and maintain recuperative homes, hospitals, sanatoria, schools of training, clubs, workshops and other centres for discharged officers, men and women members of the Navy, Army, Air Force and other allied services, with a view to aid their restoration to health of mind and body, and more particularly to assist those suffering from neurasthenia and mental diseases, and to train or employ them in industries and handicrafts either for a return to their homes and previous occupations or so as to enable them to take up a new life and occupations in the United Kingdom, and to assist and to provide for their dependants.'

The Board of Trustees is responsible for selecting and recommending suitable

Trustees for election to office at the annual general meeting. A maximum of 15 Trustees are elected, each of whom serve for an initial period of three years. One third of the trustees normally retire from office at each Annual General Meeting. Retiring Trustees are the longest serving Board members, excluding ex-officio members. A retiring Trustee is eligible for re-election and may serve a maximum of two consecutive terms of three years unless there is an extenuating reason for their retention approved at the General Meeting, or they are elected to the office of Chairman, Vice Chairman or Honorary Treasurer. The Board of Trustees is empowered to appoint a Trustee to fill a casual vacancy until the next Annual General Meeting. The Trustees are the Directors for the purposes of company law.

The Chairman, Chief Executive and Executive Directors induct new Trustees through briefings. We also provide a copy of the Trustee Handbook to all new Board members. The induction process includes a visit to a treatment centre and a Trustee may also accompany a member of the Community Team to visit veterans.

The Board of Trustees meets at least four times a year and has appointed committees with responsibility for finance, income generation, audit and risk management, clinical governance, remuneration and nominations. A further independent committee is responsible for stewardship of the closed defined benefit pension scheme. The Board delegates management of day-to-day activities to the Chief Executive and a team of Executive Directors.

# STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of Combat Stress for the purposes of company law) are responsible for preparing the strategic report, the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors 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 company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- ensure that applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

## Disclosure of Information to Auditors

In the case of each of the persons who are directors of the company at the date when this report was approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditors are unaware; and
- each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

The Board of Trustees approved this Trustees' Annual Report and Strategic Report on 8 August 2018.



**Andrew Graham**  
Chairman

# INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF COMBAT STRESS

## Opinion

We have audited the financial statements of Combat Stress ("the Parent Charitable Company") and its subsidiary ("the Group") for the year ended 31 March 2018 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 March 2018 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006, as amended in 2010.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section

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

## Conclusions related 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 Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. The other information comprises Highlights of the Year, Introduction from the Chairman and Chief Executive and Strategic Aims. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' Report, have been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 requires us to report to you if, in our opinion:

- proper and adequate accounting records have not been kept by the Parent Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines 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 Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the Parent Charitable Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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

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 at the Financial Reporting Council's ("FRC's") website at:

[www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the Charitable Company's trustees, as a body, in accordance with the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charitable Company's members and 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 Charitable Company, the Charitable Company's members as a body and the Charitable Company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



### Don Bawtree

Senior Statutory Auditor  
For and on behalf of BDO LLP,  
Statutory Auditor, Gatwick



BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



# CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2018

|  |           | Unrestricted<br>Funds<br>£'000 | Restricted<br>Funds<br>£'000 | Totals<br>2018<br>£'000 | Totals<br>2017<br>£'000 |
|--|-----------|--------------------------------|------------------------------|-------------------------|-------------------------|
|  | Note      |                                |                              |                         |                         |
| <b>Income from:</b>  |           |                                |                              |                         |                         |
| Donations and legacies   | 3         | 5,905                          | 4,400                        | 10,305                  | 10,298                  |
| Charitable activities  | 4         | 4,847                          | -                            | 4,847                   | 4,818                   |
| Trading activities   |           | 330                            | -                            | 330                     | 298                     |
| Investments  |           | 238                            | -                            | 238                     | 228                     |
| Other  |           | 51                             | 3                            | 54                      | 67                      |
| <b>Total income</b>  |           | <b>11,371</b>                  | <b>4,403</b>                 | <b>15,774</b>           | <b>15,709</b>           |
| <b>Expenditure on:</b>   |           |                                |                              |                         |                         |
| Raising funds  |           | 2,191                          | -                            | 2,191                   | 2,323                   |
| Charitable activities  |           |                                |                              |                         |                         |
| Clinical services  |           | 6,499                          | 2,836                        | 9,335                   | 9,855                   |
| Community services   |           | 1,089                          | 1,657                        | 2,746                   | 3,503                   |
| Helpline   |           | 231                            | 42                           | 273                     | 229                     |
| Raising awareness and improving access   |           | 358                            | 9                            | 367                     | 395                     |
| Substance misuse case management service   |           | -                              | 529                          | 529                     | 743                     |
|  |           | <b>8,177</b>                   | <b>5,073</b>                 | <b>13,250</b>           | <b>14,725</b>           |
| <b>Total expenditure</b>   | <b>5</b>  | <b>10,368</b>                  | <b>5,073</b>                 | <b>15,441</b>           | <b>17,048</b>           |
| <b>Net income / (expenditure) before transfers and investment gains and losses</b> |           | <b>1,003</b>                   | <b>(670)</b>                 | <b>333</b>              | <b>(1,339)</b>          |
| Net gains/(losses) on investments  |           | (156)                          | -                            | (156)                   | 654                     |
| <b>Net income / (expenditure)</b>  |           | <b>847</b>                     | <b>(670)</b>                 | <b>177</b>              | <b>(685)</b>            |
| <b>Transfers between funds</b>   | <b>21</b> | <b>350</b>                     | <b>(350)</b>                 | <b>-</b>                | <b>-</b>                |
| Actuarial gains/(losses) on defined benefit pension scheme                         | 17        | 175                            | -                            | 175                     | 79                      |
| <b>Net movement in funds</b>   |           | <b>1,372</b>                   | <b>(1,020)</b>               | <b>352</b>              | <b>(606)</b>            |
| <b>Reconciliation of funds:</b>  |           |                                |                              |                         |                         |
| Fund balances brought forward at 1 April   |           | 15,600                         | 3,558                        | 19,158                  | 19,764                  |
| <b>Fund balances carried forward at 31 March</b>                                   | <b>21</b> | <b>16,972</b>                  | <b>2,538</b>                 | <b>19,510</b>           | <b>19,158</b>           |

The notes on pages 41 to 55 form part of these financial statements. All activities relate to continuing operations.

There are no gains and losses for either the current or prior years other than those recognised above. All items in the Statement of Financial Activities would appear in the Income and Expenditure Account with the exception of the realised and unrealised gain/(loss) on investments. There is no difference between the net incoming resources before other recognised gains and losses and their historical cost equivalents.

# CONSOLIDATED AND CHARITY BALANCE SHEETS AT 31 MARCH 2018

|   | Notes     | Group         |               | Charity       |               |
|---|-----------|---------------|---------------|---------------|---------------|
|   |           | 2018<br>£'000 | 2017<br>£'000 | 2018<br>£'000 | 2017<br>£'000 |
| <b>Fixed assets</b>                               |           |               |               |               |               |
| Tangible assets                                   | 9         | 8,991         | 9,324         | 8,991         | 9,324         |
| Investments                                       | 10        | 8,055         | 8,091         | 8,055         | 8,091         |
| <b>Total fixed assets</b>                         |           | <b>17,046</b> | <b>17,415</b> | <b>17,046</b> | <b>17,415</b> |
| <b>Current assets</b>                             |           |               |               |               |               |
| Stock   |           | 36            | 37            | -             | -             |
| Debtors   | 11        | 1,725         | 1,420         | 1,828         | 1,502         |
| Cash at bank and in hand                          |           | 1,257         | 1,157         | 1,172         | 1,108         |
| <b>Total current assets</b>                       |           | <b>3,018</b>  | <b>2,614</b>  | <b>3,000</b>  | <b>2,610</b>  |
| <b>Liabilities</b>                                |           |               |               |               |               |
| Creditors: amounts falling due within one year    | 12        | (843)         | (834)         | (825)         | (830)         |
| <b>Net current assets</b>                         |           | <b>2,175</b>  | <b>1,780</b>  | <b>2,175</b>  | <b>1,780</b>  |
| <b>Net assets excluding pension liability</b>     |           | <b>19,221</b> | <b>19,195</b> | <b>19,221</b> | <b>19,195</b> |
| Defined Benefit Pension Scheme Asset /(Liability) | 17        | 289           | (37)          | 289           | (37)          |
| <b>Total net assets</b>                           | <b>19</b> | <b>19,510</b> | <b>19,158</b> | <b>19,510</b> | <b>19,158</b> |
| The funds of the charity:                         |           |               |               |               |               |
| Unrestricted income funds                         |           |               |               |               |               |
| General fund                                      |           | 6,449         | 5,261         | 6,449         | 5,261         |
| Defined benefit pension scheme reserve            |           | (289)         | (37)          | (289)         | (37)          |
| General fund, excluding pension scheme reserve    |           | 6,738         | 5,224         | 6,738         | 5,224         |
| Investment revaluation reserve                    |           | 843           | 1,002         | 843           | 1,002         |
| Designated funds                                  |           | 9,391         | 9,374         | 9,391         | 9,374         |
|   |           | <b>16,972</b> | <b>15,600</b> | <b>16,972</b> | <b>15,600</b> |
| <b>Restricted income funds</b>                    |           | <b>2,538</b>  | <b>3,558</b>  | <b>2,538</b>  | <b>3,558</b>  |
| <b>Total charity funds</b>                        | <b>21</b> | <b>19,510</b> | <b>19,158</b> | <b>19,510</b> | <b>19,158</b> |

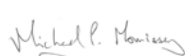
The notes on pages 34 to 49 form part of these financial statements.

During the year ended 31 March 2018 Combat Stress, the parent charity results showed a surplus of £352k (2017 deficit of £0.6m).

The Financial Statements were approved by the Board of Trustees on 8 August 2018 and signed on its behalf by:



**Andrew Graham**  
Chairman



**Mickey Morrissey**  
Honorary Treasurer

# CONSOLIDATED STATEMENT OF CASH FLOWS AND CHARITY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

|  | Group |         | Charity |         |
|--|-------|---------|---------|---------|
|  | 2018  | 2017    | 2018    | 2017    |
|  | £'000 | £'000   | £'000   | £'000   |
| Cash flows from operating activities:                              |       |         |         |         |
| Net cash provided by (used in) operating activities                | 130   | (1,782) | 94      | (1,779) |
| Cash flows from investing activities:                              |       |         |         |         |
| Dividends, interest and rents from investments                     | 238   | 228     | 238     | 228     |
| Proceeds from sale of property, plant and equipment                | 1     | 8       | 1       | 8       |
| Purchase of property, plant and equipment                          | (149) | (123)   | (149)   | (123)   |
| Proceeds from sale of investments                                  | 18    | 3,507   | 18      | 3,507   |
| Purchase of investments  | (281) | (106)   | (281)   | (106)   |
| Net cash provided by (used in) investing activities                | (173) | 3,514   | (173)   | 3,514   |
| Change in cash and cash equivalents in the reporting period        | (43)  | 1,732   | (79)    | 1,735   |
| Cash and cash equivalents at the beginning of the reporting period | 3,422 | 1,690   | 3,373   | 1,638   |
| Cash and cash equivalents at the end of the reporting period       | 3,379 | 3,422   | 3,294   | 3,373   |

## Reconciliation of net income / (expenditure) to net cash flow from operating activities

|   | Group |         | Charity |         |
|---|-------|---------|---------|---------|
|   | 2018  | 2017    | 2018    | 2017    |
|   | £'000 | £'000   | £'000   | £'000   |
| Net income / (expenditure) for the reporting period<br>(as per the Statement of Financial Activities) | 352   | (606)   | 352     | (606)   |
| Adjustments for:  |       |         |         |         |
| Depreciation charges  | 482   | 545     | 482     | 545     |
| (Gains) / losses on investments   | 156   | (654)   | 156     | (654)   |
| Actuarial (gains) / losses on defined benefit pension scheme  | (175) | (79)    | (175)   | (79)    |
| Dividends, interest and rents from investments  | (238) | (228)   | (238)   | (228)   |
| Loss / (profit) on the sale of fixed assets   | (1)   | -       | (1)     | -       |
| (Increase) / decrease in stocks   | 1     | 22      | -       | -       |
| (Increase) / decrease in debtors  | (305) | (393)   | (326)   | (367)   |
| Increase / (decrease) in creditors  | 9     | (245)   | (5)     | (246)   |
| Pension scheme costs under FRS 102 – employer contribution  | (150) | (150)   | (150)   | (150)   |
| Pension scheme costs under FRS102 - Interest Movements  | (1)   | 6       | (1)     | 6       |
| Net cash provided by (used in) operating activities   | 130   | (1,782) | 94      | (1,779) |

## Analysis of cash and cash equivalents

|                                      | Group |       | Charity |       |
|--------------------------------------|-------|-------|---------|-------|
|                                      | 2018  | 2017  | 2018    | 2017  |
|                                      | £'000 | £'000 | £'000   | £'000 |
| Changes in net funds during the year |       |       |         |       |
| Cash at bank and in hand             | 1,257 | 1,157 | 1,172   | 1,108 |
| Notice deposits (less than 3 months) | 2,122 | 2,265 | 2,122   | 2,265 |
|                                      | 3,379 | 3,422 | 3,294   | 3,373 |

# JOHN'S STORY

“

It was my wife Sue who knew something was wrong – she was the one who noticed the change in me when I retired.”

---

Army veteran John (pictured here with his wife of 43 years, Sue) joined up when he was 20 years old and served for 13 years. A successful career in the Police followed but when he retired, things started to come to the surface, more than 30 years after he'd left the Army. After treatment, he's a changed person and able to enjoy his retirement with Sue.





# NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

## 1. Accounting policies

### a. Basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of investments, which are included at fair value (bid price). The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" applicable to charities in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2015 and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The Financial Statements are prepared on the going concern basis which assumes that Combat Stress will continue in operational existence for the foreseeable future. The Board of Trustees have considered the working capital and cash flow requirements and consider that the current and forecast cash resources are sufficient to cover the working capital requirements of the charity for at least 12 months.

### b. Basis of consolidation

The charity has one wholly owned subsidiary, Combat Stress Trading Limited, which is registered in England. Consolidated Financial Statements for the Group, being Combat Stress and Combat Stress Trading Limited have been prepared on a line by line basis in the Statement of Financial Activities and Balance Sheet.

### c. Company status

Combat Stress (formerly the Ex-Services Mental Welfare Society) is a company limited by guarantee. The directors of the company are the members of the Board of Trustees named on page 56.

In the event of Combat Stress being wound up, the liability in respect of the guarantee is limited to £1 per member.

### d. Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objects of Combat Stress and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Board of Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

### e. Incoming resources

All incoming resources are included in the Statement of Financial Activities when Combat Stress is legally entitled to the income, and the amount can be quantified with reasonable accuracy. The following specific policies apply to categories of income:

### • Legacies

Legacies are recognised as income when notification of entitlement has been received by Combat Stress, a grant of probate has been issued, the amount of the legacy can be estimated with reasonable certainty and the likelihood of receiving the income is judged to be probable. No value is included where the legacy is subject to a life interest held by another party.

### • Donated services and facilities

Gifts donated for resale are included as income when they are sold. Donated assets and services are included at the value to Combat Stress where this can be quantified. No amounts are included in the financial statements for services donated by volunteers.

### • Grants received which are to be utilised over more than one year

In accordance with the Charities Statement of Recommended Practice, Combat Stress recognised £2m grant funding for the substance misuse case management service in the year of receipt (2013/14) as a restricted grant. The income was received in advance of the expenditure on the activity funded by the grant but the charity had entitlement to this funding with the timing of the expenditure being within the discretion of the charity. Therefore, the incoming resources were not deferred but the unspent monies are carried forward as a restricted fund balance to be expended in future years.

## Accounting policies (continued)

### f. Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

Expenditure is allocated as follows:

#### i. Cost of generating funds

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

#### ii. Clinical Services

This represents all direct expenditure incurred in the running of treatment centres, including related payroll, office and other costs. A proportion of central support costs is allocated on the basis set out in note 6.

#### iii. Community Services

Costs represent the direct expenditure on community services and a proportion of central support costs allocated on the basis set out in note 6.

#### iv. Helpline

This represents the direct cost of providing the 24-hour Helpline and a proportion of central support costs allocated on the basis set out in note 6.

#### v. Raising awareness and improving access

This represents the direct costs of publicising and promoting our services directly to veterans, their families and medical health professionals. It includes a proportion of central support costs allocated on the basis set out in note 6.

#### vi. Substance misuse case management service

This represents the direct cost of providing the substance misuse case management service and a proportion of central support costs allocated on the basis set out in note 6.

### g. Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and provision for impairment. Only items over £1,000 are capitalised. Repairs are written off as incurred. Depreciation is provided from the month following the date assets are brought into use, to write down cost to estimated residual value over the estimated useful life by equal annual instalments, as follows:

|   |          |
|---|----------|
| Freehold property                                 | 40 years |
| Furniture and equipment                           | 5 years  |
| Computer equipment                                | 3 years  |
| Computer software – Patient Administration System | 6 years  |
| Plant   | 10 years |
| Maintenance vehicles                              | 3 years  |

### h. Investments

Investments are stated at fair value (bid price). Unrealised gains and losses arising on the revaluation of investments are, together with the realised gains and losses arising on the sale of investments, shown in the consolidated statement of financial activities as net gains/(losses) on investments.

#### i. Pension costs

Pension costs and the pension provision for the defined benefit scheme are calculated on the basis of actuarial advice and are charged to the statement of financial activities on a basis to spread the costs over the employees' working lives. Pension costs for the defined contribution scheme are charged to the accounts on an accruals basis in accordance with FRS 102 and SORP 2015. A pensions reserve has been created within unrestricted funds in compliance with SORP 2015. Details of the pension schemes are disclosed in note 17 to the accounts.

#### j. Leases

Rentals applicable to operating leases are charged to the Statement of Financial Activities over the period in which the cost is incurred.

### k. Employee benefits

Expenditure is recognised for all employee benefits resulting from their service to Combat Stress during the period. A liability has been included for the cost of annual leave to which employees are entitled at the reporting date that has yet to be paid.

### l. Financial instruments

The Group and parent financial instruments comprise fixed asset investments measured at fair value through profit or loss and other financial assets which comprise cash, Group debtors, and other debtors and financial liabilities which comprise trade creditors, and other creditors, measured at amortised cost.

## 2. Results of the parent charity

|   | Unrestricted | Restricted | <b>Total</b>    | Total    |
|---|--------------|------------|-----------------|----------|
|   |              |            | <b>2018</b>     | 2017     |
|   | £'000        | £'000      | £'000           | £'000    |
| Charity total incoming resources                | 11,306       | 4,403      | <b>15,709</b>   | 15,643   |
| Charity resources expended                      | (10,303)     | (5,073)    | <b>(15,376)</b> | (16,982) |
| Transfers between funds                         | 350          | (350)      | -               | -        |
| Charity net incoming resources                  | 1,353        | (1,020)    | <b>333</b>      | (1,339)  |
| (Loss)/gain on investment assets                | (156)        | -          | <b>(156)</b>    | 654      |
| Actuarial gain/(loss) on defined benefit scheme | 175          | -          | <b>175</b>      | 79       |
| Charity net movement in funds                   | 1,372        | (1,020)    | <b>352</b>      | (606)    |
| Funds balance brought forward                   | 15,600       | 3,558      | <b>19,158</b>   | 19,764   |
| Funds balance carried forward                   | 16,972       | 2,538      | <b>19,510</b>   | 19,158   |

The total incoming resources figure for the Charity excluding the subsidiary includes the gift aid donation from Combat Stress Trading Limited of £4,507 (2016/17: £14,428). This will result in no tax having to be paid on the net profits.

As permitted by section 408 of the Companies Act 2006 no separate Statement of Financial Activities is presented in respect of the parent company.

## 3. Voluntary income

### Group voluntary income

|                  | Unrestricted | Restricted | <b>Total</b>  | Total  |
|------------------|--------------|------------|---------------|--------|
|                  |              |            | <b>2018</b>   | 2017   |
|                  | £'000        | £'000      | £'000         | £'000  |
| Donations        | 3,929        | 1,980      | <b>5,909</b>  | 7,596  |
| Statutory grants | -            | 2,420      | <b>2,420</b>  | 482    |
| Legacies         | 1,976        | -          | <b>1,976</b>  | 2,220  |
|                  | 5,905        | 4,400      | <b>10,305</b> | 10,298 |

The voluntary income in 2017 was £10,298k of which £4,076k was restricted.

### Charity voluntary income

|                              | Unrestricted | Restricted | <b>Total</b>  | Total  |
|------------------------------|--------------|------------|---------------|--------|
|                              |              |            | <b>2018</b>   | 2017   |
|                              | £'000        | £'000      | £'000         | £'000  |
| Donations                    | 3,933        | 1,980      | <b>5,913</b>  | 7,611  |
| Statutory grants (See below) | -            | 2,420      | <b>2,420</b>  | 482    |
| Legacies                     | 1,976        | -          | <b>1,976</b>  | 2,220  |
|                              | 5,909        | 4,400      | <b>10,309</b> | 10,313 |

The voluntary income in 2017 was £10,313k of which £4,076k was restricted.

The charity's voluntary income includes a donation from the subsidiary trading company of £5k (2017: £14k).

Certain legacies had been notified to Combat Stress as at 31 March 2018 but have not been included in the accounts as they do not meet the criteria to enable them to be measured or the entitlement is not yet certain. None are considered to be material but their combined value is estimated to be £502k (2017: £420k).

### 3. Voluntary income (continued)

The details of government (statutory) grants received were as follows:

|  |   | <b>Total</b> | <b>Total</b> |
|--|---|--------------|--------------|
|  | <b>Purpose</b>  | <b>2018</b>  | <b>2017</b>  |
|  |   | <b>£'000</b> | <b>£'000</b> |
| Victims and Survivors Service – Northern Ireland | Grant to fund the community team working with victims of the conflict in Northern Ireland       | -            | 103          |
| Scottish Executive                               | Grant from the Scottish Government to fund part of the community services in Scotland           | 200          | 200          |
| Armed Forces Covenant Fund                       | Grant to fund the community team working in Northern Ireland                                    | 150          | 179          |
| HM Treasury (LIBOR Fund)                         | Grant to cover costs of medical and clinical staff, assessing and treating UK military veterans | 2,070        | -            |
|  |   | <b>2,420</b> | <b>482</b>   |

None of the above grants have any unfulfilled conditions or contingencies.

### 4. Incoming resources from charitable activities (Group and Charity)

|   | Unrestricted | Restricted   | <b>Total</b> | <b>Total</b> |
|---|--------------|--------------|--------------|--------------|
|   |              |              | <b>2018</b>  | <b>2017</b>  |
|   | <b>£'000</b> | <b>£'000</b> | <b>£'000</b> | <b>£'000</b> |
| Clinical services                           |              |              |              |              |
| Ministry of Defence – Veterans' Agency fees | 121          | -            | 121          | 24           |
| Contract funding                            | 4,487        | -            | 4,487        | 4,474        |
| Performance related grant                   | 238          | -            | 238          | 320          |
| Other                                       | 1            | -            | 1            | -            |
|   | <b>4,847</b> | <b>-</b>     | <b>4,847</b> | <b>4,818</b> |

### 5. Total Group resources expended

|  | Activities undertaken directly | Allocated support costs | <b>Total</b>  | <b>Total</b>  |
|--|--------------------------------|-------------------------|---------------|---------------|
|  |                                |                         | <b>2018</b>   | <b>2017</b>   |
|  | <b>£'000</b>                   | <b>£'000</b>            | <b>£'000</b>  | <b>£'000</b>  |
| Cost of generating funds                 |                                |                         |               |               |
| Cost of generating voluntary income      | 1,909                          | 189                     | 2,098         | 2,228         |
| Cost of trading activity                 | 75                             | -                       | 75            | 67            |
| Investment management fees               | 18                             | -                       | 18            | 28            |
|  | <b>2,002</b>                   | <b>189</b>              | <b>2,191</b>  | <b>2,323</b>  |
| Charitable activities                    |                                |                         |               |               |
| Clinical services                        | 8,106                          | 1,229                   | 9,335         | 9,855         |
| Community and outreach services          | 2,418                          | 328                     | 2,746         | 3,503         |
| Helpline                                 | 267                            | 6                       | 273           | 229           |
| Awareness raising and improving access   | 304                            | 63                      | 367           | 395           |
| Substance misuse case management service | 476                            | 53                      | 529           | 743           |
|  | <b>11,571</b>                  | <b>1,679</b>            | <b>13,250</b> | <b>14,725</b> |
| <b>Total</b>                             | <b>13,573</b>                  | <b>1,868</b>            | <b>15,441</b> | <b>17,048</b> |



## 5. Total Group resources expended (continued)

|                                    | 2018  | 2017  |
|------------------------------------|-------|-------|
|                                    | £'000 | £'000 |
| Resources expended included:       |       |       |
| Audit fee – charity                | 23    | 21    |
| Audit fee – trading company        | 1     | 1     |
| Audit fee – pension scheme         | 7     | 7     |
| Other accountancy and VAT services | -     | -     |
| Operating leases                   | 131   | 193   |
| Depreciation                       | 482   | 545   |

## 6. Support costs

| 2017/18 Allocations:                     | Finance    | Management | Governance | Human Resources | Information Technology | 2018 Total   |
|--|------------|------------|------------|-----------------|------------------------|--------------|
|  | £'000      | £'000      | £'000      | £'000           | £'000                  | £'000        |
| Activities for generating funds          | 44         | 28         | 13         | 42              | 62                     | 189          |
| Clinical services                        | 186        | 211        | 98         | 313             | 421                    | 1,229        |
| Community services                       | 56         | 56         | 25         | 82              | 109                    | 328          |
| Helpline                                 | 6          | -          | -          | -               | -                      | 6            |
| Awareness raising and improving access   | 7          | 12         | 5          | 17              | 22                     | 63           |
| Substance misuse case management service | 11         | 8          | 4          | 13              | 17                     | 53           |
|  | <b>310</b> | <b>315</b> | <b>145</b> | <b>467</b>      | <b>631</b>             | <b>1,868</b> |
| 2016/17 Allocations:                     | Finance    | Management | Governance | Human Resources | Information Technology | 2017 Total   |
|  | £'000      | £'000      | £'000      | £'000           | £'000                  | £'000        |
| Activities for generating funds          | 72         | 40         | 14         | 36              | 52                     | 214          |
| Clinical services                        | 299        | 345        | 116        | 314             | 447                    | 1,521        |
| Community services                       | 109        | 103        | 35         | 94              | 125                    | 466          |
| Helpline                                 | 8          | -          | -          | -               | -                      | 8            |
| Awareness raising and improving access   | 12         | 14         | 5          | 14              | 17                     | 62           |
| Substance misuse case management service | 23         | 20         | 7          | 17              | 23                     | 90           |
|  | <b>523</b> | <b>522</b> | <b>177</b> | <b>475</b>      | <b>664</b>             | <b>2,361</b> |

### Basis of allocation

The support costs expenditure is allocated on the following basis:

|                        |   |
|------------------------|---|
| Finance costs          | On the basis of the value of direct costs incurred by each activity.                          |
| Management costs       | On the basis of full time equivalent numbers of employees directly employed in each activity. |
| Governance             | On the basis of full time equivalent numbers of employees directly employed in each activity. |
| Human Resource costs   | On the basis of full time equivalent numbers of employees directly employed in each activity. |
| Information technology | On the basis of the number of employees directly employed in each activity.                   |

## 7. Trustee expenses

Out-of-pocket expenses were reimbursed and paid on behalf of trustees as follows.

|                            | 2018   |       | 2017   |       |
|----------------------------|--------|-------|--------|-------|
|                            | Number | £'000 | Number | £'000 |
| Travel and sundry expenses | 9      | 4     | 7      | 3     |

No members of the Board of Trustees received any remuneration or emoluments in respect of services during the year (2017: £Nil), nor had any beneficial interest in any contract with Combat Stress during the year.

## 8. Staff costs

Combat Stress Trading Limited, the only subsidiary in the Group, does not have any employees and does not pay directors. Consequently, all of the information in this note relates to the Group and to the charity.

|                                     | 2018          | 2017          |
|-------------------------------------|---------------|---------------|
|                                     | £'000         | £'000         |
| Wages and salaries                  | 9,120         | 9,743         |
| Social security costs               | 908           | 910           |
| Redundancy and termination payments | 290           | 114           |
| Pension costs                       | 424           | 545           |
| Decrease in pension provision       | 150           | (150)         |
| Other costs                         | 392           | 786           |
|                                     | <b>11,284</b> | <b>11,948</b> |

### Emoluments for employees above £60,000

|                             | 2018<br>Executive | 2018<br>Clinical | 2018<br>Total | 2017<br>Total |
|-----------------------------|-------------------|------------------|---------------|---------------|
| Between £60,001 - £70,000   | -                 | 2                | 2             | 3             |
| Between £70,001 - £80,000   | 1                 | -                | 1             | 3             |
| Between £80,001 - £90,000   | 2                 | 1                | 3             | 2             |
| Between £90,001 - £100,000  | -                 | 1                | 1             | 1             |
| Between £110,001 - £120,000 | -                 | 1                | 1             | 1             |
| Between £130,001 - £140,000 | 1                 | -                | 1             | 1             |
| Between £140,001 - £150,000 | -                 | 1                | 1             | 1             |
|                             | <b>4</b>          | <b>6</b>         | <b>10</b>     | <b>12</b>     |

The total remuneration costs of the CEO and Executive Directors in 2017/18 was £665k (2017: £788k), excluding superannuation contributions.

The decrease in number of employees with emoluments over £60,000 in 2017/18 is due to the restructuring of executive directors following a review in 2016/17, meaning that their figures are included in 2016/17 but not in 2017/18. The number of clinical staff in these salary ranges is unchanged.

As a charity providing complex clinical services, we employ senior clinicians, including psychiatrists and psychologists. The highest paid Director is the Medical Director, a consultant psychiatrist, who leads the research and design of the treatment programmes. It is essential that we have a leading expert in the field of veterans' mental health for this post.

Benefits provided to all staff include matched contributions of up to 10% into the Group Personal Pension Scheme, childcare voucher scheme, cycle to work scheme and free car parking.

## 8. Staff costs (continued)

### Pension contributions for employees above £60,000

|                              | 2018      |               | 2017      |               |
|------------------------------|-----------|---------------|-----------|---------------|
|                              | Number    | £'000         | Number    | £'000         |
| Defined contribution schemes | <b>10</b> | <b>65,768</b> | <b>12</b> | <b>68,517</b> |

The number of employees including bank and casual staff, analysed by function was:

|  | 2018       |            | 2017       |            |
|--|------------|------------|------------|------------|
|  | Number     | FTE*       | Number     | FTE*       |
| Clinical services                        | 197        | 166        | 209        | 184        |
| Community and outreach services          | 49         | 44         | 59         | 55         |
| Substance misuse service case management | 8          | 7          | 11         | 11         |
| Fundraising and communications           | 36         | 31         | 32         | 30         |
| Management and administration            | 22         | 19         | 24         | 21         |
|  | <b>312</b> | <b>267</b> | <b>335</b> | <b>301</b> |

\* FTE = Full Time Equivalent

## 9. Tangible fixed assets for use by the Group and the Charity

|                                 | Assets<br>in the<br>course of<br>construction | Freehold<br>property | IT projects<br>in progress | Furniture<br>and<br>Equipment | Plant     | Total         |
|---------------------------------|---|----------------------|----------------------------|-------------------------------|-----------|---------------|
|                                 | £'000   | £'000                | £'000                      | £'000                         | £'000     | £'000         |
| <b>Asset cost</b>               |   |                      |                            |                               |           |               |
| At 1 April 2017                 | -   | 12,229               | 12                         | 1,580                         | 84        | <b>13,905</b> |
| Additions                       | 1   | -                    | 31                         | 117                           | -         | <b>149</b>    |
| Disposals                       | --  | -                    | -                          | (1)                           | -         | <b>(1)</b>    |
| Transfers                       | (1)   | 1                    | -                          | -                             | -         | -             |
| At 31 March 2018                | <b>-</b>                                      | <b>12,230</b>        | <b>43</b>                  | <b>1,696</b>                  | <b>84</b> | <b>14,053</b> |
| <b>Accumulated depreciation</b> |   |                      |                            |                               |           |               |
| At 1 April 2017                 | -   | 3,557                | -                          | 1,002                         | 22        | <b>4,581</b>  |
| Charge for period               | -   | 306                  | -                          | 168                           | 8         | <b>482</b>    |
| Disposals                       | -   | -                    | -                          | (1)                           | -         | <b>(1)</b>    |
| At 31 March 2018                | <b>-</b>                                      | <b>3,863</b>         | <b>-</b>                   | <b>1,169</b>                  | <b>30</b> | <b>5,062</b>  |
| <b>Net book values</b>          |   |                      |                            |                               |           |               |
| At 1 April 2017                 | -   | 8,672                | 12                         | 578                           | 62        | <b>9,324</b>  |
| At 31 March 2018                | <b>-</b>                                      | <b>8,367</b>         | <b>43</b>                  | <b>527</b>                    | <b>54</b> | <b>8,991</b>  |

The value of Freehold Property above includes an amount of £1.1m which is represented by a restricted fund. Details are provided in Note 14 below.

## 10. Investments

### Fixed asset investments

|  | Group and Charity |         |
|--|-------------------|---------|
|  | 2018              | 2017    |
|  | £'000             | £'000   |
| Investments at start of the period                     | 8,091             | 8,579   |
| Less cash held by investment manager                   | (2,265)           | 6       |
| Market value at start of the period                    | 5,826             | 8,573   |
| Additions at cost                                      | 281               | 106     |
| Disposal proceeds                                      | (18)              | (3,507) |
|  | 6,089             | 5,172   |
| Net investment gain / (loss)                           | (156)             | 654     |
| Market value at end of period                          | 5,933             | 5,826   |
| Cash held by investment manager                        | 2,122             | 2,265   |
|  | 8,055             | 8,091   |
| Analysis of investments held at end of the period      |                   |         |
| Schroders Charity Multi Asset Fund                     | 5,933             | 5,826   |
| Historical cost of listed investments at end of period | 5,090             | 4,824   |
| Unrealised gains / (losses)                            | 843               | 1,002   |

The cash held by the investment manager is held for cash management purposes.

## 11. Debtors

|                        | Group |       | Charity |       |
|------------------------|-------|-------|---------|-------|
|                        | 2018  | 2017  | 2018    | 2017  |
|                        | £'000 | £'000 | £'000   | £'000 |
| Fees                   | 304   | 22    | 304     | 4     |
| Accrued income         | 1,232 | 1,277 | 1,232   | 1,277 |
| Income tax recoverable | 35    | 19    | 35      | 19    |
| VAT recoverable        | -     | -     | -       | -     |
| Other debtors          | 7     | 18    | 110     | 118   |
| Prepayments            | 147   | 84    | 147     | 84    |
|                        | 1,725 | 1,420 | 1,828   | 1,502 |



## 12. Creditors: amounts falling due within one year

|                                    | Group      |            | Charity    |            |
|------------------------------------|------------|------------|------------|------------|
|                                    | 2018       | 2017       | 2018       | 2017       |
|                                    | £'000      | £'000      | £'000      | £'000      |
| Trade creditors                    | 259        | 75         | 243        | 75         |
| Other taxes and national insurance | 217        | 252        | 217        | 252        |
| Accruals and deferred income       | 96         | 148        | 95         | 147        |
| Accrued holiday pay                | 108        | 198        | 108        | 198        |
| VAT payable                        | 1          | 3          | -          | -          |
| Pension fund                       | 59         | 58         | 59         | 58         |
| Sundry creditors                   | 103        | 100        | 103        | 100        |
|                                    | <b>843</b> | <b>834</b> | <b>825</b> | <b>830</b> |

## 13. Capital and financial commitments

|  | Group and Charity |           |
|--|-------------------|-----------|
|  | 2018              | 2017      |
|  | £'000             | £'000     |
| Total commitments under non-cancellable leases – total payments due over lease term: |                   |           |
| In less than one year  | 40                | 49        |
| In two to five years   | 18                | 6         |
| In later years   | -                 | -         |
|  | <b>58</b>         | <b>55</b> |

## 14. Group and Charity contingent liabilities

In 2011/12 restricted funding of £3.5m was received from Help for Heroes for refurbishment and to extend the facilities at Tyrwhitt House as follows:

- the refurbishment and extension to the Welfare Block
- the extension to the Activities Centre
- the extension of the “Living Zone”
- the reorganisation of the ground floor including the construction of a new main entrance
- other associated work including professional fees and expenses for design and project management, infrastructure, external works, furnishings and equipment

If Combat Stress disposes of Tyrwhitt House or ceases to make use of it in accordance with its charitable objects then for a period of ten years from 31 March 2011 funding shall be repayable on reducing terms calculated as a proportion of the period yet to expire. The remaining value of the restricted fund at 31 March 2018 is £1.05m (2017: £1.40m).

## 15. Taxation

The company is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

No tax charge arose in the year.

The subsidiary company makes qualifying donations of all taxable profit to the Charity. No corporation tax liability arises in the accounts.

## 16. Trading subsidiary

The charity has one wholly owned trading subsidiary, Combat Stress Trading Limited, which is registered in England and Wales (Company registration number 07839816) and has its registered office at Tyrwhitt House, Oaklawn Road, Leatherhead KT22 0BX. The company was incorporated on 9 November 2011 and started to trade on 1 April 2013. The following is a summary of the assets and liabilities at 31 March 2018.

|                               | 2018<br>£        | 2017<br>£ |
|-------------------------------|------------------|-----------|
| <b>Net assets at 31 March</b> |                  |           |
| Current assets                | <b>120,567</b>   | 104,849   |
| Current liabilities           | <b>(120,566)</b> | (104,848) |
| <b>Share capital</b>          | <b>1</b>         | <b>1</b>  |

Combat Stress Trading Limited's issued share capital comprises one £1 ordinary share, which is held by the charity.

During the year the directors of the trading company, who were all executive directors of the charity, were Sue Freeth and Robert Marsh.

The office of Company Secretary was held by Richard Whitley (to 31.07.17) and Jeff Harrison (01.08.17 onwards).

The main source of income for the company was the sale of merchandise, such as Christmas cards, clothing and badges and promotional material bearing the Combat Stress logo. An agreement is in place between Combat Stress and the trading subsidiary such that the profits are gifted annually to Combat Stress.

|                                      | 2018<br>£       | 2017<br>£ |
|--------------------------------------|-----------------|-----------|
| Royalty income                       | -               | -         |
| Sale of merchandise and event income | <b>86,619</b>   | 104,844   |
| Total turnover                       | <b>86,619</b>   | 104,844   |
| Cost of sales                        | <b>(73,085)</b> | (81,904)  |
| Gross profit                         | <b>13,534</b>   | 22,940    |
| Administrative costs                 | <b>(9,027)</b>  | (8,512)   |
| Profit for the year                  | <b>4,507</b>    | 14,428    |
| Gift aid donation to Combat Stress   | <b>(4,507)</b>  | (14,428)  |
| Retained profit for the year         | <b>-</b>        | -         |

## 17. Pension costs

|                             | Group and Charity |               |
|-----------------------------|-------------------|---------------|
|                             | 2018<br>£'000     | 2017<br>£'000 |
| Defined benefit scheme      | <b>150</b>        | 150           |
| Defined contribution scheme | <b>424</b>        | 389           |
|                             | <b>574</b>        | 539           |

Defined contribution scheme:

The defined contribution scheme is a Group Personal Pension Scheme provided by Scottish Life. Employee contributions into the scheme are matched by Combat Stress up to a maximum of 10% of basic salary.

## 17. Pension costs (continued)

### Ex-Services Mental Welfare Society 1974 Pension & Life Assurance Scheme

Combat Stress (the "Employer") operates a defined benefit pension arrangement called the Ex-Services Mental Welfare Society 1974 Pension and Life Assurance Scheme (the "Scheme"). The Scheme was closed to new entrants on 31 August 2000 and closed to future accrual on 31 March 2013. The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death.

The Employer expects to contribute £112,500 to the Scheme during the year to 31 March 2019.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Employer must agree with the trustees of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective.

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 30 September 2017. The results of that valuation were updated by an independent qualified actuary to 31 March 2018 allowing for cashflows in and out of the Scheme and changes to assumptions over the period.

### Explanation of amounts in the financial statements

#### The amounts recognised in the Balance Sheet at 31 March 2017 are as follows:

|  | 2018<br>£'000 | 2017<br>£'000 |
|--|---------------|---------------|
| Present value of Scheme obligations                  | (11,951)      | (12,797)      |
| Fair value of Scheme assets                          | 12,240        | 12,760        |
| Net defined benefit (liability)/ surplus at 31 March | 289           | (37)          |

#### The amounts recognised in the Statement of Financial Activities (SoFA) over the year are as follows:

|                         | 2018<br>£'000 | 2017<br>£'000 |
|-------------------------|---------------|---------------|
| Current service cost    | -             | -             |
| Administration costs    | -             | -             |
| Interest on liabilities | 352           | 397           |
| Interest on assets      | (353)         | (391)         |
| Past service cost       | -             | -             |
| Settlement cost         | -             | -             |
|                         | (1)           | 6             |

#### Remeasurements over the year:

|  | 2018<br>£'000 | 2017<br>£'000 |
|--|---------------|---------------|
| Loss / (gain) on Scheme assets in excess of interest     | 558           | (892)         |
| Experience losses / (gains) on liabilities               | (971)         | -             |
| Losses / (gains) from changes to demographic assumptions | 78            | (763)         |
| Losses / (gains) from changes to financial assumptions   | 160           | 1,576         |
| Changes in effect of asset ceiling                       | -             | -             |
| Total remeasurements                                     | (175)         | (79)          |

## Reconciliation of assets and Defined Benefit obligation.

Analysis of changes in the present value of the defined benefit obligations and fair value of assets

|  | Present value of defined<br>benefit obligation |               | Value of<br>Scheme assets |               | Net (asset) /<br>liability recognised<br>in the Balance Sheet |               |
|--|--|---------------|---------------------------|---------------|---|---------------|
|  | 2018<br>£'000                                  | 2017<br>£'000 | 2018<br>£'000             | 2017<br>£'000 | 2018<br>£'000   | 2017<br>£'000 |
| Scheme liabilities at the start of the year                | 12,797   | 12,114        | 12,760                    | 11,854        | 37  | 260           |
| Current service cost                                       | -  | -             | -                         | -             | -   | -             |
| Interest cost  | 352  | 397           | -                         | -             | 352   | 397           |
| Interest on Scheme assets                                  | -  | -             | 353                       | 391           | (353)   | (391)         |
| Employer contributions                                     | -  | -             | 150                       | 150           | (150)   | (150)         |
| Members contributions                                      | -  | -             | -                         | -             | -   | -             |
| Benefits received / (paid)                                 | (465)  | (527)         | (465)                     | (527)         | -   | -             |
| Experience (gain) / loss on defined<br>benefit obligations | (971)  | -             | -                         | -             | (971)   | -             |
| Changes to demographic assumptions                         | 78   | (763)         | -                         | -             | 78  | (763)         |
| Changes to financial assumptions                           | 160  | 1,576         | -                         | -             | 160   | 1,576         |
| Return on plan assets less interest                        | -  | -             | (558)                     | 892           | 558   | (892)         |
| Scheme (surplus) liabilities at the end of<br>the year     | 11,951   | 12,797        | 12,240                    | 12,760        | (289)   | 37            |

## Assets

The major categories of assets as a percentage of total assets are:

| Asset category    | 2018        | 2017        |
|-------------------|-------------|-------------|
| UK equities       | 8%          | 6%          |
| Overseas equities | 15%         | 13%         |
| Bonds             | 11%         | 11%         |
| Annuities         | 56%         | 58%         |
| Property          | 6%          | 6%          |
| Other assets      | 2%          | 3%          |
| Cash              | 2%          | 3%          |
| <b>Total</b>      | <b>100%</b> | <b>100%</b> |

The actual return on the Scheme's assets over the period to the review date was £205k.

The Scheme has no investments in the Charity or the Group or in property occupied by the Charity or the Group.

## Actuarial assumptions

The principal assumptions used to calculate the Scheme's liabilities include:

|  | 2018   | 2017   |
|--|--|--|
| Discount rate  | 2.65% p.a.   | 2.80% p.a.   |
| Retail Prices Index (RPI) inflation  | 3.50% p.a.   | 3.65% p.a.   |
| Consumer Prices Index (CPI) inflation  | 2.50% p.a.   | 2.65% p.a.   |
| Pensionable salary increases   | 3.50% p.a.   | 3.65% p.a.   |
| Increases to pension in payment at 5% or<br>RPI if less, subject to a minimum of 3% pa | 3.80% p.a.   | 3.85% p.a.   |
| Mortality base table   | 90% S2PXA  | 90% S2PXA  |
| Mortality projections  | CMI 2017 with a long term rate of 1.5%<br>for both males and females           | CMI 2016 with a long term rate of 1.5%<br>(males) / 1.0% (females)             |
| Tax free cash  | Members will commute 20% of their<br>pension for a cash lump sum on retirement | Members will commute 20% of their<br>pension for a cash lump sum on retirement |



## 18. Related party transactions

### COBSEO

A payment of £7,840 (2016/17: £5,583) was made during the year for a subscription to The Confederation of Service Charities, Cobseo, of which the Chief Executive of Combat Stress served as a Board member until 11 July 2017.

### Combat Stress Trading Limited

- During the year Combat Stress Trading Ltd purchased clinical services from Combat Stress for £0 (2016/17: £17,819), which it sold to an external party for £0 (2016/17: £17,819). These figures represent the cost to Combat Stress of providing these services.
- During the year Combat Stress purchased merchandise from Combat Stress Trading Ltd for £10,343 (2016/17: £0), which it used for fundraising activities.
- All profits of Combat Stress Trading Ltd are donated to its ultimate parent undertaking, Combat Stress. For the year ended 31 March 2018 this was £4,507 (31 March 2017: £14,428).
- There are no employees within Combat Stress Trading Ltd. Work undertaken by the ultimate parent undertaking, Combat Stress, on behalf of Combat Stress Trading Limited has been charged as a management fee. For the year ended 31 March 2018 this was £6,782 (31 March 2017: £6,200).
- At 31 March 2018 Combat Stress Trading Ltd owed Combat Stress £102,835 (2017: £100,291).
- All of these items have been eliminated on consolidation into these Group accounts.

## 19. Analysis of net assets between funds

### Group

Fund balances at 31 March 2018 are represented by:

|  | Restricted<br>funds | Designated<br>funds | Investment<br>revaluation<br>reserve | General<br>funds | Total         |
|--|---------------------|---------------------|--------------------------------------|------------------|---------------|
|  | £'000               | £'000               | £'000                                | £'000            | £'000         |
| Tangible fixed assets                    | 1,050               | 7,941               | -                                    | 0                | 8,991         |
| Investments                              | 900                 | 1,450               | 843                                  | 4,862            | 8,055         |
| Current assets                           | 588                 | -                   | -                                    | 2,430            | 3,018         |
| Current liabilities                      | -                   | -                   | -                                    | (843)            | (843)         |
| Defined benefit pension scheme liability | -                   | -                   | -                                    | 289              | 289           |
|  | <u>2,538</u>        | <u>9,391</u>        | <u>843</u>                           | <u>6,738</u>     | <u>19,510</u> |

Fund balances at 31 March 2017 were represented by:

|  | Restricted<br>funds | Designated<br>funds | Investment<br>revaluation<br>reserve | General<br>funds | Total         |
|--|---------------------|---------------------|--------------------------------------|------------------|---------------|
|  | £'000               | £'000               | £'000                                | £'000            | £'000         |
| Tangible fixed assets                    | 1,400               | 7,924               | -                                    | -                | 9,324         |
| Investments                              | 1,300               | 1,450               | 1,002                                | 4,339            | 8,091         |
| Current assets                           | 858                 | -                   | -                                    | 1,756            | 2,614         |
| Current liabilities                      | -                   | -                   | -                                    | (834)            | (834)         |
| Defined benefit pension scheme liability | -                   | -                   | -                                    | (37)             | (37)          |
|  | <u>3,558</u>        | <u>9,374</u>        | <u>1,002</u>                         | <u>5,224</u>     | <u>19,158</u> |

Analysis of net assets between funds is materially the same for the parent charity as the Group figures shown above.

## 20. Disclosure of Funding

In addition to those funders mentioned elsewhere in this report, funding is acknowledged under the terms and conditions of the following grants and donations:

| Funder                                 | Purpose   | Funding Received £'000 |
|--|---|------------------------|
| Endeavour Fund                         | Sports package  | 7                      |
| Irish Ex Service Trust                 | Ireland Community Team  | 50                     |
| LIBOR Funds                            | Preparation and residual care of veterans with PTSD               | 2,070                  |
| Oak Foundation                         | Unrestricted  | 333                    |
| Royal Air Force Benevolent Fund        | Community services and residential treatment for ex-RAF personnel | 238                    |
| Royal Navy and Royal Marines Charity   | Royal Navy and Royal Marines veterans                             | 40                     |
| The Royal British Legion               | Veterans' partners project  | 88                     |
| The Royal British Legion               | Community occupational therapy                                    | 531                    |
| The Royal British Legion               | Peer Support Service  | 365                    |
| The Royal British Legion               | NPC consultation project  | 10                     |
| Scottish Government (Section 10 Grant) | Community services in Scotland                                    | 200                    |
| Tudor Investments                      | Anger Management Programme  | 25                     |

## 21. Statement of changes in reserves

| Statement of changes in reserves 2017/18                  | At 1 April 2017 | Income        | Expenditure     | Gains/ (Losses) | Transfers    | At 31 March 2018 |
|---|-----------------|---------------|-----------------|-----------------|--------------|------------------|
|   | £'000           | £'000         | £'000           | £'000           | £'000        | £'000            |
| <b>General reserves</b>                                   | <b>5,261</b>    | <b>11,371</b> | <b>(10,519)</b> | <b>-</b>        | <b>336</b>   | <b>6,449</b>     |
| <b>Investment revaluation reserve</b>                     | <b>1,002</b>    | <b>-</b>      | <b>-</b>        | <b>(156)</b>    | <b>(3)</b>   | <b>843</b>       |
| <b>Defined benefit pension scheme asset / (liability)</b> | <b>(37)</b>     | <b>-</b>      | <b>151</b>      | <b>175</b>      | <b>-</b>     | <b>289</b>       |
| <b>Designated funds</b>                                   |                 |               |                 |                 |              |                  |
| Fixed asset fund  | 7,924           | -             | -               | -               | 17           | 7,941            |
| Tyrwhitt House project                                    | 500             | -             | -               | -               | -            | 500              |
| IT development fund                                       | 200             | -             | -               | -               | -            | 200              |
| Property maintenance fund                                 | 250             | -             | -               | -               | -            | 250              |
| Strategy implementation fund                              | 500             | -             | -               | -               | -            | 500              |
| <b>Total unrestricted funds</b>                           | <b>15,600</b>   | <b>11,371</b> | <b>(10,368)</b> | <b>(19)</b>     | <b>350</b>   | <b>16,972</b>    |
| <b>Restricted funds</b>                                   |                 |               |                 |                 |              |                  |
| Community services  | -               | 831           | (763)           | -               | -            | 68               |
| Community occupational Therapists                         | 402             | 531           | (578)           | -               | -            | 355              |
| Peer Support  | 320             | 365           | (314)           | -               | -            | 371              |
| Helpline  | -               | 42            | (42)            | -               | -            | -                |
| Improving access  | -               | 9             | (9)             | -               | -            | -                |
| Clinical services   | 250             | 2,463         | (2,713)         | -               | -            | -                |
| Medical research  | 148             | 151           | (72)            | -               | -            | 227              |
| Substance misuse case management service                  | 974             | -             | (529)           | -               | -            | 445              |
| Patient Administration System                             | 50              | -             | (50)            | -               | -            | -                |
| Peterborough veterans                                     | 3               | -             | (1)             | -               | -            | 2                |
| Veterans' Hardship Fund                                   | 11              | -             | (2)             | -               | -            | 9                |
| Property – Tyrwhitt House                                 | 1,400           | -             | -               | -               | (350)        | 1,050            |
| <b>Total restricted funds</b>                             | <b>-</b>        | <b>11</b>     | <b>-</b>        | <b>-</b>        | <b>-</b>     | <b>11</b>        |
| <b>Total funds</b>  | <b>3,558</b>    | <b>4,403</b>  | <b>(5,073)</b>  | <b>-</b>        | <b>(350)</b> | <b>2,538</b>     |
|   | <b>19,158</b>   | <b>15,774</b> | <b>(15,441)</b> | <b>(19)</b>     | <b>-</b>     | <b>19,510</b>    |

### Statement of changes in reserves:

- General (Free) Reserves: these are funds which are available for general use and are not designated or restricted to particular purposes.
- Investment Revaluation Reserve: this represents the excess of the market value of investments over their historical cost at the balance sheet date.
- Defined Benefits Pension Scheme liability: this represents the actuarial surplus or deficit calculated under the requirements of FRS 102. At 31 March 2018 the valuation of the pension scheme showed a surplus of £289k (2017: deficit of £37k).

Other than general and revaluation reserves the only funds that moved by a material amount in 2016/17 were:

- Peer Support funding is a two-year grant. The first funding of £366k was received in 2016/17, and £46k was expended. Consequently, the restricted fund was £0k at 1 April 2016 and £320k at 31 March 2017.
- As described in note 14, in 2011/12 restricted funding of £3.5m was received from Help for Heroes for refurbishment and to extend the facilities at Tyrwhitt House. This restricted funding is being reduced by £350k each year for 10 years, in line with the grant conditions. During 2016/17 the restricted fund reduced from £1.75m to £1.40m.

### Designated funds:

Total net transfers of £17k during the year to designated funds from general reserves (2016/17: £475k to designated funds from general reserves) as detailed below:

- Fixed Asset Fund: this represents the net book value of fixed assets, less amounts represented by restricted funds, and reflects the fact that the reserve value is tied up in property and assets and therefore the funds cannot be spent on operational activity.
- Tyrwhitt House Project Fund: these are designated funds which have been set aside for expected capital work.

- The IT Development Fund enables Combat Stress to undertake planned development of the information technology infrastructure and database software. The IT Development Fund has been set aside to complete the implementation of the HR system, an intranet and to re-develop the website, all of which are expected to be completed during 2018/19.
- The Property Maintenance Fund is to ensure that sufficient funds are set aside for any unforeseen major property issues and to provide a sinking fund for regular, but costly maintenance, such as internal and external redecoration. It is expected that redecoration and refurbishment costs may result in these funds being required within the next two years.
- The Strategy Implementation Fund represents the estimated one-off costs relating to our corporate strategy. These costs will be incurred in 2018/19. £435k of expenditure was incurred on these costs in 2017/18.

### Restricted funds:

- Community Services: these funds represent donations or grants which have been received for regional Community Services.
- Community Occupational Therapists: £1.5m has been donated by The Royal British Legion over three years commencing in 2015/16 to pay for the salary costs, line management and administration of the occupational therapists based in The Royal British Legion Pop-In Centres in England and Wales.
- Helpline: this represents grant funding for running the Helpline.
- Improving Access: this funding is to address stigma issues and to work to improve knowledge of the mental health problems encountered by veterans so that ex-service personnel are informed about our services and can access them more easily.
- Clinical Services: this funding allows us to provide ongoing services at out residential centres. This figure includes a grant of £2.1m from HM Treasury (LIBOR Fund).
- Medical Research: Funding of £99k from The Royal British Legion and £52k from the Forces in Mind Trust to allow us to continue our research into which treatments provide the best outcomes for veterans.
- Substance Misuse Case Management Service: this funding has been provided by the Ministry of Defence Armed Forces Covenant Team from the fund set up from collection of penalties incurred by banks for LIBOR fixing. The funding of £2m is to run a UK wide multi-year project providing a case management service for those veterans with substance misuse disorders who may also have underlying mental health issues.
- Substance Misuse Case Management Service: the Big Lottery provided funding of £629k to provide substance misuse case management services in Scotland commencing in 2014/15. This funding was received between 2014/15 and 2016/17. The grant was spent during 2014/15 to 2017/18 and it is now fully used.
- Patient Administration System: BAE Systems Plc are providing funding of £150k over three years to help pay for the new Patient Administration System (CareNotes).
- Peterborough veterans: this is the balance of funding received from a local supporters group to help provide additional help to veterans living in the Peterborough area.
- Veterans' Hardship Fund: this Fund is to help pay for veterans' travel if they are unable to attend treatment due to financial hardship.
- Property – Tyrwhitt House: this restricted funding is detailed in Note 14 above. The transfer of £350k from the restricted fund to general reserves reflects the annual release of the restriction for 2017/18.

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CB CBE \*

Jenny M Green OBE MA

Major Michael Morrissey FSCI

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BDO LLP  
2 City Place  
Beehive Ring Road  
Gatwick  
West Sussex  
RH6 0PA

### Bankers

National Westminster Bank plc  
City of London Office  
PO Box 12258  
1 Princes Street  
London  
EC2R 8PA

The Royal Bank of Scotland plc  
1 Redheughs Avenue  
Edinburgh  
EH12 9JN

### Investment Managers

Cazenove Capital Management  
12 Moorgate  
London  
EC2R 6DA

### Solicitors

Radar Limited  
13 Waterside Business Park  
Livingstone Road  
Hessle  
HU3 4A

Bates Wells Braithwaite  
10 Queen Street Place  
London  
EC4R 1BE

## Registered Office

Tyrwhitt House  
Oaklawn Road  
Leatherhead  
Surrey  
KT22 0BX

Company Registered in England & Wales  
No. 256353

Charity Registration No. 206002

Charity Registration Scotland No.  
SC038828

combatstress.org.uk

# A SPECIAL THANK YOU

Combat Stress is sincerely grateful for all donations, every single one of which makes a real difference to the veterans we help. Our supporters are fundamental to our success as the go-to veterans mental health charity and we would like to acknowledge their generosity and encouragement. In particular, we would like to thank the following who have contributed £10,000 or more to our work this year:

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The Royal British Legion

Oak Foundation  
And one anonymous funder

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## CONTACT US

Combat Stress  
Tyrwhitt House  
Oaklawn Road  
Leatherhead  
Surrey  
KT22 0BX

01372 587 000  
[contactus@combatstress.org.uk](mailto:contactus@combatstress.org.uk)  
24-hour Helpline: 0800 138 1619

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