



The Gurkha Welfare Trust

Annual Report & Accounts

1 July 18 - 30 June 19



THE GURKHA WELFARE TRUST

Annual Report and Accounts

Year ended 30 June 2019

Company Limited by Guarantee Number: 05098581
Registered Charity Number: 1103669

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TRUSTEE'S REPORT

FOR THE YEAR ENDING 30 JUNE 2019

This report is drawn up in accordance with applicable accounting standards, including the Charities (Accounts and Reports) Regulations 2008 and the requirements of the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" issued in 2015 and the Companies Act 2006.

STRUCTURE, GOVERNANCE AND MANAGEMENT

TRUST STRUCTURE

The Gurkha Welfare Trust's (GWT or Trust) headquarters is in Salisbury, Wiltshire.

In Nepal The Gurkha Welfare Trust (Nepal) (GWT(N)), is located in Pokhara, West Nepal. It oversees and directs the activities of the Trust's network of 21 Area Welfare Centres (AWCs) sited in key locations throughout areas of traditional Gurkha recruitment in Nepal, plus one Centre in Darjeeling, India. These AWCs provide the platform for the delivery of all Trust welfare programmes as well as providing a permanent footprint across the country to Gurkha communities. The AWC network has been restructured along geographical lines to create clusters based around five 'key' AWCs. These self-supporting clusters enable the multi-disciplinary Pensioner Support Teams (PST) to operate and support beneficiaries with the proactive and mobile delivery of both welfare and medical assistance. It also allows them to respond swiftly to requests for support and to react quickly to situations such as natural disasters.

In the UK the Gurkha Welfare Advice Centre, Salisbury (GWAC) provides advice on statutory entitlements and guidance on welfare support available to ex-Gurkhas in UK who find themselves in need. A subsidiary office is located at Aldershot in support of a major ex-Gurkha settlement.

The Trust has a wholly owned trading subsidiary, GWT Trading Limited, whose accounts are consolidated in the group financial statements.

TRUST GOVERNANCE

The Trust was established by Trust deed in November 1969 for the relief of hardship and distress among Gurkha ex-servicemen of the British Crown and their dependants. It was re-constituted, also by trust deed, in 1994. In April 2004 the Trust became a Charitable Company Limited by Guarantee (CCLG). These accounts amalgamate those of the unincorporated trust in compliance with the Charity Commission's uniting direction.

The development and execution of Trust policies is the responsibility of a Board of Trustees that meets three times each year. Their agenda is supported by a number of subordinate committees that consider investment, governance, audit and finance matters.

The Board of Trustees are responsible for setting the strategic aims of the Trust.

The Finance Committee, a sub-committee of the Board with approval to make decisions on the Board's behalf is, among other responsibilities, tasked with setting salary levels of key personnel. In setting these salary levels consideration is given to benchmarking with equivalent roles in the wider industry.

TRUSTEE SELECTION

The Governance committee, currently comprising a Chairman and three Members, is responsible for oversight of Trustee selection. Trust procedures governing recruitment were updated by the committee in 2017 and ratified once more in 2018.

It was felt that further enhancements to Trustee recruitment could be made and the Governance committee promulgated new standard procedures which were endorsed by the Board on 11 September 2019. These included greater involvement of the Governance committee to ensure due process; advertising for roles in order to ensure greater exposure to potential candidates and formal interviews with direction on panel composition.



KEY MANAGEMENT PERSONNEL

The Trust's Director is responsible for the day-to-day operation of the Trust. He directs and coordinates the work of the Salisbury headquarters and oversees the work of the Gurkha Welfare Trust (Nepal) and the Gurkha Welfare Advice Centres.

The Director of the GWT(N) acts as the interface between strategic direction in UK and operational delivery in Nepal and provides assurance on authority, responsibility and accountability for the delivery of welfare support in Nepal in accordance with Trust policies, as well as insight into the political dynamics of Nepal.

The Field Director of the GWT(N) in Nepal is responsible for daily operational management of the GWT(N) and implementing welfare support in accordance with Trust policies.

A new key management position, Medical Director, has been created in order to oversee the Trust's enhanced medical and healthcare system in Nepal. The role is based at HQ GWT(N) in Pokhara, Nepal.

The Deputy Director Plans & Resilience is responsible for liaising with external organisations, future plans and the implementation of disaster preparedness.

The Head of Fundraising leads the fundraising team in the UK.

IMPLEMENTING PARTNERS

Many of our services in Nepal are delivered in partnership with other organisations.

The Trust builds rural water and sanitation projects in Nepal assisted by an annual grant provided by the British Government's Department for International Development (DFID).

The Ministry of Defence (MOD) continues to provide an annual Grant in Aid towards staff and administration costs of the GWT(N) in support of welfare delivery. This enhances value for money for donors as it allows, in conjunction with investment income, all donations to be spent directly on welfare projects.

In March 2019, the MOD formally announced a new £25M investment over ten years in support of the Trust's healthcare provision for veterans in Nepal.

In Nepal, the Trust continues to work closely with the Kadoorie Agricultural Aid Association (KAAA), which concentrates on community aid and development, including bridge construction, the provision of potable water supplies and hydro-electricity projects.

Additionally, the Trust works in partnership with CAIRN in providing a new holistic approach to supporting education through the provision of teacher and librarian training.

In UK, the Trust works with the relevant Government departments and key service charities to enable the delivery of statutory and welfare advice to ex-Gurkhas and their dependants seeking settlement.

VOLUNTEERS

People volunteer for the Trust in a number of different ways. Often members of the public raise funds on our behalf (community fundraisers), others offer to help at Trust challenges and events.

Some gain experience in the UK office by assisting with fundraising and marketing efforts and others maintain a relationship with us owing to their own longstanding association with the Brigade of Gurkhas. Their individual and collective effort and dedication, often over many years, is appreciated enormously by the Trust. We do not recruit volunteers to directly work on project delivery in Nepal, apart from a few exceptional cases where it is part of a funding commitment.

PUBLIC BENEFIT

The Trustees have given due regard to the Charity Commission's guidance on reporting public benefit when planning the charity's activities and are satisfied that the Trust is fully compliant with the Charities Act 2011.

OBJECTS AND ACTIVITIES

The Trust's Objects are:

- To relieve either generally or individually Gurkhas and their dependants and other persons in Gurkha community areas, who are in conditions of need, hardship or distress.
- To promote the education of Gurkhas, dependants and other persons in Gurkha community areas.
- To make provision for the medical diagnosis and treatment of Gurkhas and their dependants and other persons in Gurkha community areas who are in need of such diagnosis or treatment and for the prevention of any disease or adverse conditions which may affect any such person: and

- Such other charitable purposes which are in the opinion of the Trustees connected directly or indirectly with the foregoing purposes as the Trustees from time to time think fit.

The Trust's Vision is: "Gurkhas living with dignity". Welfare support is delivered against the following priorities:

- The provision of a Welfare Pension.
- The provision of welfare/emergency grants.
- The provision of a medical support; a free primary healthcare scheme for beneficiaries and subsidised hospital care.
- The provision of water and sanitation projects.
- The running of two Residential Homes (RH).
- A programme of building 300 earthquake resistant homes for beneficiaries.
- The building of schools and community centres

The Trust raises funds in support of welfare programmes involving individuals and communities in Nepal and also in an advisory capacity in support of ex-Gurkhas in UK.

FUTURE PROSPECTS

The Trustees are confident that there is a demonstrable need for activities delivered by the Trust and that it can continue as a going concern. The Board feels that the Trust is in a sound financial position and able to maximise any opportunities throughout the year as it actively seeks to expand through organic growth.

The Trust's core beneficiaries, the Welfare Pensioners (WP), number

approximately 4,440 with this figure reducing by around 400 per year. The strategy forecast detailed below will, among other concerns, identify how the Trust will adapt and evolve as a result of not only the declining number of WPs but also the added demands of supporting the 20,000+ Gurkha veterans and their dependents in Nepal and Darjeeling who are currently eligible to access our healthcare provision.

THE STRATEGIC REPORT

TRUST STRATEGY

The Trust defines its priorities in five-yearly increments, setting parameters within which the Trust can best respond to the needs of ex-servicemen and their dependents. The current five-year strategy defining activities runs until 2020 although it is the subject of regular review as circumstances change.

A new Strategic forecast is being developed following Board endorsement on 11th September 2019.

The priorities identified for this year were:

THE CONTINUED IMPLEMENTATION OF A WIDE-RANGING OVERHAUL IN THE TRUST'S MEDICAL STRUCTURE AND DELIVERY IN NEPAL.

Led by consultants from International SOS, a major overhaul and professionalisation of our medical services has been undertaken throughout the

reporting period. Details of this can be found under the Medical section of Achievements and Performance.

RECRUITMENT OF A NEW MEDICAL DIRECTOR

This post will be key to ensuring the continued progress and maintenance of clinical standards and governance underpinning our healthcare provision.

IMPLEMENTATION OF THE CLUSTER SYSTEM AND MOBILE APPROACH TO WELFARE DELIVERY

Following the introduction of this new concept of welfare delivery and its supporting structure, all five clusters have been successfully introduced and all are fully operational supporting our beneficiaries.

PENSIONER RISK ASSESSMENT (PRA)

Each cluster, through their Pensioner Support Teams, was tasked with conducting individual PRAs for each WP to ensure a relevant and bespoke level of welfare assistance to all.

DISASTER RESILIENCE

Following the formal conclusion of the Trust's earthquake reconstruction programme effort, attention has been re-directed to disaster resilience, planning and mitigation.

As part of this overall strategy the Board approved the construction of 100 WP homes, each year for three years, that meet the Government of Nepal's standard for earthquake resilient design to ensure that our core beneficiaries are given the best possible opportunity to withstand any future events or disasters.

ACHIEVEMENTS AND PERFORMANCE

OUR FINANCIAL AID

This year we committed to provide financial aid to Welfare Pensioners and recipients of the Disability Support Grant during 2018/19. At 1 July 2018 there were 4,831 Welfare Pensioners in receipt of a pension of NPR 11,000 per month, and 219 recipients of the Disability Support Grant. We committed to a Winter Allowance in the form of the provision of winter jackets, shawls and hats for all Pensioners to be distributed prior to end of November 2018.

We committed to the provision of financial support for family members required to provide full time care to our Welfare Pensioners through the Home Care Allowance, and for the immediate support to Welfare Pensioners and their families in times of hardship through Hardship Grants and a Funeral Grant.

WELFARE PENSIONS

We pay a pension to thousands of impoverished Gurkha veterans or widows in Nepal who aren't eligible to receive a British Army pension. The rate is calculated each year using a 'shopping basket' of basic goods such as rice, vegetables and firewood.

For many people, this is their only source of income. In addition to the food basket, the Trust now utilises the Government of Nepal's statistical data used to define the minimum wage as another relevant benchmark.

At the beginning of the reporting period there were 4,831 individuals in receipt of a Welfare Pension from the Trust. They were each paid a Welfare Pension equating to 11,000 NPR per month.

During the past 12 months 373 Welfare Pensioners or their widows have passed away. In addition to this number, 71 Welfare Pensions were ceased owing to the pensioner moving to UK and four were relocated to one of our Residential Homes. 67 pensions were transferred to

widows and 61 new WPs were granted, including 25 to those who have returned from the UK. 46% of our Welfare Pensioners are now paid monthly through their bank accounts.

As at 30 June 2019 the number of Welfare Pensioners had reduced to 4,444.

For the Financial Year 2019/20 Trustees agreed an increase of 5% to the rate of welfare pension from NPR 11,000 to NPR 11,500 per month (NPR 132,000 pa). This increase maintains the rate at 100% of the food basket used to determine a pensioner's monthly requirement for essential items. In the Financial Year 2018/19 the cost of the Welfare Pension programme was £5,614,000 (2017/18: £6,025,000)

which represents 30% of total charitable expenditure.

WINTER ALLOWANCE

Our Winter Allowance is an additional annual gift distributed to all of our pensioners to ensure that they are equipped to endure the colder months of winter.

The allowance was previously paid in cash however, in line with the Trust's policy of avoiding cash payments in favour of payment in-kind, this reporting period saw all of our Welfare Pensioners issued warm winter jackets, shawls and hats.

The direct cost of the Allowance in 2018/19 was £81,000 (2017/18: £98,000).



DISABILITY SUPPORT GRANT

For disabled children of our core beneficiaries, we offer a regular monthly grant similar to the Welfare Pension. Without this financial support, and in the absence of a developed-world health system, disabilities can pose an insurmountable obstacle in Nepal.

In 2018/19 227 people received the grant (2017/18: 219). The total cost of these grants in 2018/19 was £232,000 (2017/18: £215,000).

HOME CARERS ALLOWANCE

Sometimes, family members of our Pensioners care for them full-time. When this happens they are able to apply for a grant from us to support them as they are unable to work.

In 2018/19 406 people received this grant (2017/18: 302). The total cost of these grants in 2018/19 was £89,000 (2017/18: £74,000).

WELFARE GRANTS

We are needed the most during moments of tragedy. When disaster strikes in the form of fire, flood, landslide or earthquake, GWT is ready to provide immediate assistance, by offering financial and other support.

The overwhelming number of Welfare Grants given in 2018/19 were for the immediate relief of destitution with the remainder in response to fire, flood and landslide damage.

There has been a significant rise in welfare grants this year.

This is attributable to the Government of Nepal's "build back better" policy. Where before minor repairs to damage would suffice, the policy means that an entire rebuild has to take place to ensure adherence to the Government's earthquake resilient design criteria.

In 2018/19 1,831 grants were distributed in total at a cost of £880,000 (2017/18: 1,985, £536,000). Funeral grants were paid in respect of 357 former Welfare Pensioners.

The additional cost also includes the first tranche of the Trust's earthquake-resilient home project.

OUR EARTHQUAKE- RESILIENT HOMES

It's not if another earthquake hits Nepal, it's when. We are taking pre-emptive action by building earthquake-resilient homes for Gurkha veterans and widows. We have committed to the provision of 100 homes in each of the next three years commencing July 2018.

This year 103 new homes for vulnerable pensioners were completed. These homes offer a safer alternative for some of our most vulnerable Pensioners.

OUR RESIDENTIAL HOMES

The Trust runs two Residential Homes (RHs), one located at the Area Welfare Centre (AWC) at Kaski, west Nepal and a second located at the AWC at Dharan, east Nepal.

The Homes provide round-the-clock care to Gurkha veterans and widows who would otherwise struggle to live alone. With no

comparable facility in Nepal, they set the standard of care for the elderly.

During the year there has been between up to 48 residents in the homes. The annual running costs of both RHs are met by designated funds.

Following a report commissioned by the Trust and conducted by Humanities & Inclusion, a Kathmandu based NGO, Trustees have granted authority to include Physical & Functional Rehabilitation (P&FR) – such as physiotherapy, training and modifications to living spaces so that beneficiaries are able to return to their community when care is successfully concluded. Rehabilitation is directly linked with the ability to live with dignity, the core ethos of the Trust. By keeping a number of bed spaces vacant in each RH there is facility within existing resources to meet this requirement which is available to all Welfare Pensioners.

Residents continue to benefit from the activities run by RH staff under the supervision of Bihani Social Venture. This included a successful and hugely popular field trip by residents of both RHs to Kathmandu.

An upgrade to RH Kaski is on-going; on completion a similar upgrade package will occur at RH Dharan, further improving the facilities and environment for the residents and staff. Additional staff are being recruited to ensure that the residents of both RHs receive the highest level of care.

CASE STUDY: GETTING TIKA AND HER VILLAGE BACK ON THEIR FEET

Tika Maya Sunuwar and her local community are an amazing example of what we can achieve for whole villages thanks to your help. Tika lives in a small village which is a two-hour drive from our nearest Welfare Centre in Jiri. It boasts a population of around 250 people.

Receiving a pension

Tika was previously married to Ranga Bahadur Sunuwar, who served with 10th Princess Mary's Own Gurkha Rifles for 12 years before leaving the Army in 1964. He has since sadly passed away.

"I remember many of my friend's husbands passed away due to battles. I felt very bad for them. I can still remember that they were crying and I was giving them empathy regarding their loss. I was proud of my husband and everyone because I personally felt that they were very brave to sacrifice their life. I was very worried about my husband because I thought he will also die in that war."

Having not served the 15 years required to receive a British Army pension, Tika relies on us to pay her a pension. The 11,000NPR

(£75) we give her each month makes her the breadwinner in her family and she shares the funds with them wherever she can.

Earthquake damage

When the earthquake struck in 2015 her village was severely affected. As well as irreparable damage to her home, the village's communal taps were also badly disturbed and as a result many water sources dried up.

With her community relying heavily on local agriculture, and with water fetching times becoming unmanageable, she reached out to us for help.

Thanks to the response to our emergency appeal here in the UK, we were able to get straight to work on a new earthquake-resilient house for Tika and her family – somewhere she could feel safe and somewhere to call home.

Bringing water to people's doorsteps

Our team then helped get Tika's community back on their feet. The new water system we installed in the village has removed the need for anyone to fetch water – by placing one tap stand at each household.

"It used to take nearly an hour to fetch water. There were public taps but still we needed to queue for quite some time. It was very difficult to manage that water for household activities and for our personal hygiene. Now people are happy about the new development.



People can access the water in their own house.

Now, I can clean my face properly. I can use water for my vegetables as well as for my animals."

Tika speaks with pride about the involvement The Gurkha Welfare Trust have had in her life. As well as the new home, the pension and the water source she now benefits from, her grandchild has just started at the local school – also built by The Gurkha Welfare Trust.

"Namaste. Thank you to all the people who have helped in a time period when I need support. You are looking after me. When I ask for clothes, you provided me with a winter shawl. I feel very happy. GWT staff come to my house, check my health and bring happiness to my family. They are very friendly and chat with me when they visit my village.

Thank you for your love and support. My community including my family is very happy and proud for your noble cause."



OUR MEDICAL AID

The Trust provides an international standard of healthcare and medication to Gurkha veterans and their families living in Nepal. We do this through our regional medical clinics, via home visits by specialist staff and by arranging subsidised treatment at carefully selected national hospitals.

We committed to the provision of primary medical care enabling all pensioners access to an appointment at one of our medical centres and to be seen by appropriately qualified medical staff.

During the year the team saw 73,500 cases at a cost of £5,218,000 (2017/18: £4,686,000). The increase in cost is due to the

engagement of consultants from International SOS, the upgrading of facilities and the increased professionalism of the service.

In 2018/19 the Trust supported two medical camps at Baglung and Bhojpur that treated a total number of 2,817 individuals from the wider community at a direct cost of £89,000 (2017/18: £89,000). This cost was met in full by

CASE STUDY: RIFLEMAN MANBAHADUR GHIMIRE TURNS 100

Over ten decades Rifleman Manbahadur Ghimire has lived many lives...

Born in Bhojpur in eastern Nepal Manbahadur joined the army in 1942. After his initial training he was posted to 3rd coy, 3 platoon and 3 section of 9th Gurkha Rifles.

With the world in the throes of World War Two, he sailed from India with his battalion to Italy and later Greece where he fought the Germans. For four years Manbahadur fought in battles across Europe with courage and skill.

When the War was finished and the Army downsized, Manbahadur was no longer needed.

Life in Nepal after the War

He returned to Nepal and, in a tale familiar to us here at The Gurkha Welfare trust, began a life of subsistence farming for him and his family.

Sadly, Manbahadur was widowed twice – he lost his first wife many years ago and his second in the mid-1980s.

As he grew older he was unable to farm like he used to and found it hard to harvest enough crops to get by. He moved to a very remote village in eastern-Nepal

so that he could be looked after by his second son and his family.

Life in Nepal can be incredibly tough and his son's family struggled to support Manbahadur. In 1994 we began paying Manbahadur a pension, to help him afford life's essentials like food and fuel. By the 2000's he was finding it tough to get by even with this income.

The move to our Residential Home

In 2010 we opened a Residential Home for Gurkha veterans and widows in Kaski. Manbahadur was delighted to be one of our first residents. Three years later we opened a second Home in the east of Nepal (Dharan). We moved Manbahadur there so that he could be closer to his family.

Manbahadur is incredibly well-respected by our staff, the Home's visitors and his fellow residents alike. Always cheerful and up for a game of cards, he is often the focal point of social functions.

He is perceived by our staff as a wise man and someone to go to for advice. A very religious man, he spends every morning conducting a 'puja', a Hindu prayer ritual.



Earlier our staff were excited to throw him a 100th birthday party.

"Nobody knows what future serves us. I turned 100 years in 2018 and so I wanted to share my happiness with all"

"Living was quite difficult. I survived many years of adversity and still am alive because I was sure God had planned something wonderful for me; better life with dignity and respect, I am living it since GWT sheltered me."

Kadoorie Agricultural Aid Association (KAAA). The format of medical camps continues to be evaluated with clinical governance and patient support being of highest priority. The new Medical Director will take the lead on the future direction and composition of medical camps. KAAA have announced that from 2020 they will cease funding

these medical camps and the Trust will bear the financial responsibility thereafter.

The MOD announced that it was investing £25M over the next ten years in medical support for veterans living in Nepal. This contribution is aligned with the recommendations of the All Party Parliamentary Group (APPG) report in to Gurkha grievances in 2014.

The Trust is now evaluating how to most effectively utilise this additional funding for the benefit of Nepal-based pensioners.

In this year the introduction of an integrated Nepal-wide Medical information system incorporating appointments, consultation and procedure records, prescribing, dispensing and labelling of medications, referrals for lab tests,

CASE STUDY: FROM JUNGLE WARFARE TO A PEACEFUL VILLAGE LIFE

Rifleman Bhim Prasad Rai proudly served with the 6th Gurkha Rifles between December 1944 and January 1947.

"I went to fight when the war was about to end. Those who had to fight against the German across the sea used to get Khaki uniform. And those who had to fight in the jungle like me used to get green coloured uniform."

When World War Two finished Bhim resigned from the Army due to personal reasons and returned to his village in the east of Nepal.

Now 91 years-old he is proud to still be living in the village his father grew up in, and his grandfather before him. These days he shares his home with his wife, his sons and his granddaughter. We caught up with him recently at our Medical Camp in the region.

Free Medical Camp

We provide free medical camps for communities living in the remote hills of Nepal. For many, this is the only medical assistance they receive. Bhim was attending our 101st camp in the country.

"It is very good because to come this far out and to give such a nice service not only to ex-servicemen but also to other people in need is

very good. I am very happy and so are the people from this village. All the people got to see a doctor and the medical camp is free of cost."

While at the camp we were able to provide him with medication for his arthritis and for his high blood pressure. We were also able to provide him with a pair of adjustable eye-glasses to help with his sight which, by his own admission, has deteriorated with age.

"I didn't have much problem seeing far objects but I had some difficulty in seeing small, near objects. Now, after getting the glasses I can easily read and see close objects clearly. I don't use these glasses every time. I only use it to read, write something and even to see the calendar. I also know the power of these glasses can be adjusted but so far, I don't have to adjust anything. I am happy."

We helped them win the war and even celebrated together

Bhim has also been a recipient of the Welfare Pension we pay to impoverished veterans, for just over ten years. With no other source of income, the money

he receives from us is vital for his wellbeing.

"We are very grateful for the things you have done for us. When the British government needed us at the time of World War Two, where both the Germans and Japanese were attacking them, we went and helped them. We helped them win the war and even celebrated together, taking out a victory rally. I think because of that they are helping us in return."



imaging and to see secondary care providers has been implemented across all locations.

In addition to the fixed applications within the AWCs, this has also been extended into the pensioner's homes by the use of mobile applications on tablets which link back to the main software. This has brought about enormous safety improvements as doctors can now safely prescribe to any location as required and after a conversation with the GWT health practitioner seeing the patient at the time.

The new system has allowed the introduction of appointment systems in all the key AWCs which in turn has ensured a reasonable consultation time for all patients, improved the efficiency of the doctors and significantly reduced the amount of waiting time for the elderly pensioners compared to the previous "first come first served" policy.

We have enabled a country wide laboratory service with blood tests being taken in all the key AWCs making for a "one stop shop" for the pensioners and removing the burden of paying and claiming back the costs from a provider that they would have had to see separately in the past.

We have been able to start gathering data from the management information system and make some extremely important safety improvements. For example searching for all patients on certain drug combinations that are potentially dangerous permitting efficient evaluation and modification as required.

The rehabilitation/respite services have progressed and we are poised to add to our staff mix some full time rehabilitation therapists to further improve the rehabilitation activities that our

staffs are already providing. As well as this, the changing of four rooms in each of the Residential Homes from long term residential beds to short term, rehabilitation or respite interventions is almost completed in Pokhara and soon to start in Dharan. The services have already started as we could not wait for the infrastructure to be altered, and Dharan in particular has had some very positive outcomes for the patients they have had for a few weeks and then returned home in a much stronger physical and emotional state, as well as great improvements from the carer's perspective.

OUR SCHOOLS

Our schools' programme builds, repairs and improves schools in remote regions of Nepal and in turn provides access to education and a better future for Nepali children. This year we committed to the provision of two major and 98 minor school projects.

Retaining the skills and expertise in construction techniques amongst our staff is a key requirement in ensuring that we retain key skills in-house to ensure we can react immediately following natural disaster and forms part of our disaster resilience strategy.

Total expenditure in 2018/19 was £1,119,000. The following were completed during this reporting period:

- Two major school builds (including the new 'model' school in Tanahun district).
- 20 minor school extensions.
- Six major school refurbishments
- 104 minor school refurbishments

A new "model" school concept has now been implemented and will be formally assessed. It includes the participation of multiple partners to ensure that a conducive

environment is created that promotes improved education and hygiene, eliminates gender disparity and enhances the facilities available to students and teachers alike. This project, and all future school projects, includes the provision of a library. In collaboration with the CAIRN Trust, librarian training was provided as well as a teacher training programme. Monitoring and evaluation will be conducted over a two - five year period.

OUR CLEAN WATER AND SANITATION

Our water projects bring clean water and sanitation to remote communities in Nepal. We install individual tap stands and toilets to households and schools. By ensuring a safe water source and providing a comprehensive education programme on the importance of sanitation we see sharp drops in water-borne diseases such as dysentery. We committed to delivering 95 projects in 2018/19 and preparing for a further 90 projects in 2019/20 within the current contractual agreement with DFID.

Over the year a total of 101 (2017/18: 125) projects were constructed; 93 new projects (2017/18: 112) and 8 projects repairing existing schemes (2017/18: 13). This constitutes coverage of a total of 5,252 households with a total number of 30,342 people benefiting (2017/18: 31,603). In addition to the main projects 11 simple drip irrigation (SDI) schemes were completed benefitting 383 households with a population of 2,319 (2017/18: 11 projects, 369 households, 2,485 beneficiaries). These schemes ensure that families have the means to grow vegetables both for themselves and to market.

CASE STUDY: SHREE SIDDHARTHA PRIMARY SCHOOL

Nestled in a village 50km south of the bustling tourist town of Pokhara, Shree Siddhartha Primary School was founded back in 1954. The school's classrooms had suffered substantially during storms in the annual monsoon season and when the earthquake struck in 2015 the walls became unsafe. As a result children were being taught in temporary corrugated iron (CGI) structures in a bid to keep lessons going.

"Before, it used to be very hot during the day as the CGI sheets started heating up. There was no adequate supply of water so the toilets were not very clean."

Ms. Shristi Sigdel, Class 5, 11 yrs old



Model school concept

For the first time in the history of our schools programme we have been working towards a 'model' school concept, looking not only at the structure and buildings of schools but also at the way a new school may benefit the whole local community and provide the very best standard of education available for Nepali children.

Creating a school step by step

Buildings: We created a new school building entirely, built to our earthquake-resilient standards to ensure that students would be protected were the worst to happen again. The new building boasts eight classrooms across two floors. The site is contained within a wall and compound fence, keeping pupils safe.

Furnishing: We furnished the new building with 130 new benches, 65 desks, 10 book racks

and carpets to ensure their new environment was conducive to learning. The CAIRN Trust were able to provide further materials including teaching tools and whiteboards.

Teacher training: The CAIRN Trust were able to arrange two weeks training in Pokhara for the school's teachers. Following the training a coach has been attached to the school for the next 18 months to ensure that staff are supported in all that they are doing for the children.

Library: The school library building is now in place and The CAIRN Trust are working to furnish it with books so that both the pupils and the local community can benefit.

Water and Sanitation: We have installed taps which access a safe and clean water source located almost 2km away in the jungle. As well as multiple taps we have also

built and installed gender-separate toilets (which we know can make all the difference to student attendance levels). We will shortly be delivering some educational sessions on sanitation at the school and distributing re-usable sanitary pads for female students.

A new start for the children

"GWT chose us for its 'Model School' concept and they completed the construction in 7 months! Including providing us with toilet blocks, safe drinking water, desks and benches."

I would like to thank the GWT for this help. I hope this continues as we aim to become a leading example for educational institutions."

Mr. Bodh Raj Sigdel,
School Principal

CASE STUDY: QUEENS OF THE ROAD: OUR ALL-FEMALE MOTORBIKE TRAINING



Some of our female staff in Nepal have been undertaking motorbike training. Their new skills will enable them to venture out to support Gurkha veterans and widows living in the hills of Nepal.

Last year we partnered with the UK's leading road safety charity and advocate IAM Roadsmart. We asked them to help train our staff on motorbike techniques to keep them safe in the hills of Nepal. The training was a big success but identified a need for a slightly amended training programme to cater for some of our female colleagues. On 25 March 2019 IAM Roadsmart trainers were back in Nepal to make that happen.

Our all-female motorbike training

Over the five-day course, a selection of our female staff were taught the basics of motorbike mechanics, how to safely mount and dismount our bikes, and some practical training over difficult terrain. Once our team had mastered the basics they were out on some longer journeys – reflective of the kind of drives they will be taking to reach our most vulnerable pensioners in remote villages of Nepal.

Speaking about the terrain we operate on in Nepal, trainer Scott Tulip said:

“These are tracks throughout the mountains. They are rough (very) in places and steep.”

“We are not training for competition here, or even recreational off-roading. This is work for them, with serious consequences if they do not arrive at their pensioners to deliver care and assistance.”

Pooja Gurung, one of our Mobile Health Officers commented on the opinion of female motorcyclists in Nepal:

“It is common in Nepal to be looked at differently if ladies are riding a bike. We need to change this.”

“[In this training] we have gained such confidence levels. The thinking that girls cannot do it is not right. We can do it – we need to keep trying and not give up.”

In partnership with DFID the Trust delivered the projects at a cost of £3,361,000 (2017/18: £3,359,000).

Our projects have a proven life of at least 15 years and in many cases over 25 years, giving an average cost of £32 per household per year which is ~29% lower than most other schemes demonstrating long term value for money to DFID and our donors. Following DFID's review of projects completed in 2018/19 RWSP was awarded an A+ rating, the highest available and a great accolade to the efforts of all staff in this significant accomplishment.

OUR DISASTER RESILIENCE

The Earthquake Response programme was completed in 2018, delivering the final eight school projects and two community centres. Total programme expenditure following the earthquake in 2015 was £11M.

A new contract with DFID, extending beyond the current contract's conclusion in 2020, is being defined and will, for the first time, also include an element encompassing disaster preparedness. At its core lies the Trust's network of 21 AWCs. It will be this national and permanent footprint which will provide the framework and flexibility in any future response to natural or other disaster.

As part of this overall strategy the Board approved the renovation of pensioner homes to ensure they meet the Government of Nepal's standard for earthquake resilient design so that our core beneficiaries are given the best possible opportunity and security to withstand any future events or disasters. In addition to the implementation of this pre-

emptive strategy a two week training course in disaster management was conducted for our field staff by Team Rubicon UK.

All key AWCs, which form the nodal point of each cluster, have been equipped with new Satellite communications systems that enable both voice and data connectivity which will be vital in coordinating a response to a natural disaster but also enable those in the field to communicate updates, including images, to support any emergency fundraising appeal. As part of the Trust's reserves, a £6M Disaster Response fund has been set aside as designated funds which will allow the Trust to respond and act immediately when required.

OUR STAFF AND INFRASTRUCTURE

The staff and administration costs of the GWT(N) continue to be met in large part by the MOD through an annual Grant in Aid (GIA) for the Trust's contribution to fulfilling vital tasks on behalf of the serving and retired members of the Brigade of Gurkhas, that the MOD is unable to facilitate itself, through its network of staff and AWCs throughout Nepal by the secondment of a Field Director and Project Engineer and part of the time of the Defence Advisor as Director GWT(N). These tasks include liaising with family members of serving Gurkha servicemen in compassionate cases.

Our network of 21 Area Welfare Centres (AWCs) has been divided in to five clusters with up to four satellite AWCs centred around a Key AWC (Butwal, Kaski, Kathmandu, Dharan & Damak). Within these clusters, multi-disciplinary Pensioner Support Teams (PST) facilitate a more

dynamic and mobile approach to welfare delivery direct to our pensioner's homes. How often a pensioner is visited will depend on the vulnerability assessment that has been conducted for all Welfare Pensioners with those deemed most vulnerable being visited with greater frequency according to need.

A comprehensive maintenance schedule has taken place to upgrade all AWC facilities. This programme includes electrical systems upgrades, the provision of secondary power supply, the installation of air-conditioning and cooler units (for pharmaceutical storage), upgrading fire safety equipment and the extension of WiFi into AWC medical centres.

In the UK, the Trust has a Gurkha Welfare Advice Centre (GWAC) to assist pensioners and their dependants with access to welfare and statutory entitlements that arise as a result of linguistic and cultural hurdles. This centre is co-located with the Trust Headquarters in Salisbury. In addition, the Trust runs another advice centre jointly with HQ Brigade of Gurkhas (HQB) in Aldershot, one of the main centres of Gurkha settlement in the UK.

The Trust and both GWACs work closely with local councils, Government departments and other Service charities to ensure effective support to those ex-servicemen and their dependents who may struggle as a result of linguistic and cultural hurdles in accessing appropriate support. Those service charities remain responsible for meeting the cost of any welfare support which enables the Trust to retain its focus on Nepal and those ex-servicemen and their dependants who remain in conditions of very real poverty and distress. However, in recognition of their

work supporting the increasing number and complexity of welfare cases in the UK the Trust makes an annual welfare grant to ABF – The Soldier's Charity. During this reporting period, this welfare grant was £250,000. The Trust remains extremely grateful for the assistance provided by ABF – The Soldier's Charity and those other organisations that are routinely involved with assisting those arriving from Nepal to settle in the UK.

INTERNAL COMMUNICATION

Effective communication with employees is of vital importance and the Trust has established procedures to provide information to, and consult with, employees on financial, employment and other matters that affect them.

DIVERSITY AND INCLUSION

The Trust is committed to promoting and supporting diversity through the creation of an environment in which individuals are treated on the sole basis of their relevant merits and abilities. All staff and trustees share this commitment. The Trust will not tolerate any discrimination or behaviours towards an individual in respect of age, disability, race, religion, gender or sexual orientation, which are offensive, discriminatory or hostile towards the individual.

Through the provision of reasonable adjustments within the workplace, the Trust seeks to maximise the talent and opportunities for both potential and current employees. Arrangements will be made, wherever possible, for retraining

employees to enable them to perform work identified as appropriate to their aptitude and ability.

The Trust complies with all UK legislation and applies this as best practice in Nepal wherever practicable, in accordance with Nepal statutory regulations.

ENVIRONMENTAL MATTERS

The Trust is committed to minimising the impact that its processes have on the environment and to providing a safe working environment for our employees. Accordingly, a new Environmental policy is being produced by the Trust.

TRAINING

The Trust is committed to ensuring that staff are properly trained for their roles as well as helping maintain motivation and supporting continued professional development. We have increased the number of staff available to deliver in-house training as well as utilised a wide range of individuals and teams from UK, where the necessary skills do not exist in Nepal.

Both staff in the UK and in Nepal have enjoyed comprehensive training over the year including topics such as specialist rehabilitation and physiotherapy, masonry and plumbing, digital fundraising, monitoring and evaluation and many more.

OUR POLICIES

Grants Policy

Welfare Pensions are awarded in cases of destitution to ex Gurkha Soldiers who have served in the British Army and their widows who have not qualified by length of service for a pension paid by the British Government. All cases are investigated by an Area Welfare Officer and only in cases where obvious destitution exists are they granted. All cases are re-examined at a time determined at the time of award, but no longer than five years, to ensure that the pension is still required.

Hardship grants are made when the applicant reports, or the hardship case is discovered by a



Pensioner Support Team. At this stage a form is completed outlining the situation, the status of the applicant and any other relevant details. In the case of a house rebuild, details of land ownership are also captured. Group cases, such as large-scale rebuilding of houses following a natural disaster such as the 2015 earthquake are considered by members of a board who will decide relative merits of cases and allocate appropriate resources within priorities and budget.

A Home Care Allowance is

awarded to those who support our most vulnerable pensioners, those who are unable to look after themselves or even to get out of bed. The allowance is made to a member of the family or an acquaintance who will then look after the pensioner, manage their medical condition and ensure that they eat properly. Allowances are only granted once case specific training has been received and regular visits are made to ensure the 'home carer' is discharging their duties appropriately. Such allowances are reviewed when the pensioner risk assessment is reviewed.

Fundraising Policy

In order to comply with best fundraising practice and General Data Protection Regulation (GDPR) we have taken the following steps:

- We have paid the levy to join The Fundraising Regulator and promote our association and aim to comply with their guidance on our website.
- We have joined up with the Fundraising Preference Service and ensure nobody is contacted who registers with them.
- We comply with and regularly review the Fundraising Code of Practice.

- We aim to only telephone or email people who have given us explicit consent to do so. With direct mail, we use the Information Commissioner's Office (ICO) guidelines around 'legitimate interest' when contacting supporters.
- We do not share supporter details with any other organisation for marketing or fundraising purposes.
- We update donor details on our database according to their wishes and ensure our database is fully GDPR compliant.
- We have a procedure for logging complaints: www.gwt.org.uk/complaints
- All staff have regular training on Data Protection.
- We update our Privacy Policy on a regular basis to comply with ICO guidance.
- We do not wealth screen in compliance with the GDPR.
- We only share donor data with third parties assisting us with our fundraising and we take every measure to ensure data is transferred securely via encryption and passwords and to secure servers.
- Our supporters are at the heart of everything we do and you can find our Supporter Promise here (https://www.gwt.org.uk/wp-content/uploads/2017/08/Our_vow_to_you.pdf).

Investment Policy and Performance

The Trust meets the key challenges of short-term liquidity, cash flow flexibility and long term sustainability by cash holdings and splitting investments between a medium-term investment portfolio and a long-term investment portfolio. In addition there are two more, smaller funds invested in

alternative investments and smaller companies. The purpose of the two main portfolios is to delineate the Trust's requirements between monies that are held as an immediate reserve to cover cash flow requirements (c. 18 months) and truly long-term monies which can weather capital volatility and have a 5-7 year time horizon. The medium-term portfolio is seeking a return that is better than cash (three month LIBOR) and over the last 12 months to 30th June produced a return of 5.2% (after fees) compared to the benchmark of 0.8%. The long-term portfolio is seeking a return that is better than both a composite benchmark (a composition of indices) and an inflation plus target (CPI + 4%). Over the past 12 months the long-term portfolio returned 7% (after fees), compared to the benchmark of 7.5%.

INVESTMENT RISK – THE RISKS & HOW DO WE MITIGATE THESE THROUGH OUR INVESTMENT STRATEGY?

Investment risk covers a number of different areas and the investment committee, on behalf of the Trustees, have reviewed the internal procedures as well as the investment process of their fund manager in order to ensure that all of the industry safeguards are in place. The investment committee have guarded against two main areas of risk.

The first is to ensure that the cash flow from the UK to Nepal does not force the realisation of investments held within the portfolio when not appropriate and this has led to the setting up of the medium-term portfolio.

The second investment risk is the recognition that the MOD's grant in aid and the Trust's fundraising activities are in a different currency (Sterling) to the recipient beneficiaries (Nepali Rupee – NPR). It is difficult to mitigate this risk as there are few investments that can be made in Nepal and the NPR had been in decline against sterling for some time until it recently reversed. The solution has been to keep some monies in Nepal (in NPR) and to move a proportion of both the long and medium-term portfolios into US\$, the Indian Rupee (the Nepal Rupee is pegged to the Indian Rupee at a rate of NPR 1.60/1 INR) and to have a large weighting of overseas equities and bonds within the long-term portfolio.

RISK MANAGEMENT

All activities are subject to regular risk review by the Board of Trustees. Major risks are, for this purpose, those that could have a significant effect on:

- The Trust's operational performance, including risks to personnel and volunteers.
- The Trust's ability to achieve its objects.
- Meeting the expectations of beneficiaries and supporters.
- The Trust's reputation and integrity.
- The Trust's assets.

The Trustees review all risks on an ongoing basis and satisfy themselves that adequate procedures are in place to minimise and manage the risks identified. Where possible and appropriate, risks are covered by insurance.

The Trust's financial Reserves policy is assessed and set at a level which enables the Trust to help manage its risks.

OUR PRINCIPAL RISKS AND UNCERTAINTIES

a. Operational Risks

Operational risks that confront the Trust are the result of:

- **Ongoing political and social uncertainty in Nepal.** The 2017 federal, provincial and municipal elections made the communist alliance the most powerful in Nepal's democratic history. There were high expectations that stability would attract investment, create jobs and improve accountability and governance. Despite inevitable teething problems there has been success in implementing the new federal structure which has set the foundations to move forward. However, the political environment remains challenging. A Maoist splinter group, Biplav, has successfully orchestrated nationwide strikes accompanied by a significant number of hoax and explosive devices. As yet, none of the Trust's facilities or operations have been directly targeted but it has served to disrupt our routine activity. During a recent UK visit, PM KP Oli raised the subject of the Tri-Partite Agreement (1947) and his desire to see this replaced with a more current bilateral arrangement. The effect of a renegotiated treaty is currently being assessed by the UK Government but could potentially alter the way the Trust operates in Nepal.
- **Natural disasters.** Nepal suffers from a high level of seismic activity as evidenced by the earthquakes in 2015. The Trust has a decentralised structure with Area Welfare

Centres spread across the country which provide a local base for emergency response. If one area is affected severely then neighbouring centres can immediately move in to provide support. This national footprint forms the cornerstone of our future disaster management plan. A collaboration with DFID has had a positive approach and will be developed further in the next financial year.

- **Activities that jeopardise the Trust's reputation.** The Trust operates in a country that has a relatively high risk of fraud and corruption. To minimise this risk Audit and Governance committees monitor recruitment and adherence to procedures. An internal audit function carries out risk related checks. In addition, GWT(N) senior management are recruited from former Gurkha officers who have a proven track record of financial probity in the British Army. The Trust is committed to ensuring the safeguarding of our beneficiaries and our employees. GWT(N) has continued to deliver appropriate safeguarding training to all staff and assessing the compliance and reporting of activity with internal policies remains a priority for the internal assurance and audit programme.

b. Financial Risks

The Trust faces a number of key financial risks. The Trustees consider that the following summarises those financial risks and their responses to them:

- **Funding Risk.** The Trust negotiates grants awarded to finance its activities and incorporates this information into its annual business plans. The fundraising team spreads

its appeals across a wide range of sources of funding to minimise risk.

- **Exchange Rate Risk.** The Trust monitors the rate of exchange on a daily basis. Over the long term the rate of exchange moves to counteract the differential in inflation between two countries but over periods of up to 10 years politics and financial confidence can cause significant movements up or down away from this trend. As inflation has traditionally been higher in Nepal than UK the movement has benefited the Pound and assisted our work in Nepal. However, in 2007 the financial collapse severely affected the value of the Pound and again in June 2016, following the referendum. Following a period in which there were signs of recovery, the political turbulence in the UK in May/June 2019 has resulted in a further fall. Over the past 25 years the Pound has gained by an average of 3% per annum but this includes swings of plus 16% or minus 14%. At present, a 1% change to the average rate creates an increase or reduction in costs of £180,000 but it also changes the value of our liabilities on the balance sheet by £450,000 so our net assets can change in value by over £5,000,000 from one year to the next. To mitigate against adverse movements funds to cover three months cash flow are held in Nepali Rupees and the investment portfolio is spread across a wide range of currencies.

CASE STUDY: RAISING FUNDS ONE STEP AT A TIME



In 1974, when Simon Hood was seven years-old he sat and watched soldiers from the 10th Gurkha Rifles training at Dhekelia Garrison in Cyprus.

With Turkey having just invaded the island, the Gurkhas had been sent to defend the British sovereign base. It was a moment he never forgot.

This year Simon Hood is President of the Overseas Buffalos Association, one of the largest fraternal organisations in the United Kingdom.

He has very kindly chosen The Gurkha Welfare Trust as their charity of the year and is undertaking a host of activities to raise money for us – supporting impoverished veterans and widows in Nepal.

Sponsored walk

On Saturday 15 June Simon took part in a sponsored walk from Whitby to Robin Hoods Bay along the Cleveland Way, a route of around eight miles with elevations of over 300 metres.

“The most challenging part of the walk for me was basically all of it,

I have multiple sclerosis, I get very tired and can trip over my own feet for no apparent reason.”

Simon persevered and supported by his very own TEAM GURKHA (his wife Caroline and friends) helping with the fundraising, and friends Jeff Daysh, Len Whiteing, Mark Cussons and daughters Kathryn and Kloii Hood walking with him he finished in a time of around five hours.

“The walk took 5 hours, with several stops along the way for rest and drinks etc. It was very picturesque with sheer cliff faces and fields of cows and sheep to walk through. Overall a steady pace was what I required to achieve my goal of completing the walk.”

Simon smashed his fundraising target, raising in excess of £1,500 for the Trust. Later this year Simon hopes to return to Cyprus, where he will lay a Poppy wreath during Remembrance.

ADDITIONAL POLICIES

The Trust is committed to sustainable development, meeting the needs of our beneficiaries without compromising the ability of future generations to meet their own requirements and this is a guiding principle within our work in Nepal. Concern for the environment is an integral and fundamental part of this commitment and our aim is to reduce the impact of our operations on the environment.

A new, updated Environmental policy is being promulgated in support of the Trust's approach.

OUR FINANCIAL REVIEW

Income

Trust income from all sources during the financial year 2018/19 was £21,154,000 (2017/18: £21,052,000).

Donations from individuals, companies, trusts and other organisations totalled £6,755,000 (2017/18: £6,793,000). We continue to be supported by the MOD who provided a grant of £2,937,000 (2017/18: £2,810,000) towards the cost of the means of delivery of our aid. Our current contract with DFID is due to run until 2020 and during the year we received £2,650,000 (2017/18: £3,247,000).

TRAILWALKER, an annual fundraising event on behalf of the Trust, coordinated by the Queen's Gurkha Signals Regiment in conjunction with Oxfam GB, was cancelled due to safety concerns over extreme temperatures and rescheduled for September 2019, but still resulted in income of £104,000.

Other notable donations include £235,000 (2017/18: £220,000) contributed by all ranks of the Brigade of Gurkhas and the Gurkha Contingent of the Singapore Police Force under the Service Day's Pay Giving scheme. The Trust's volunteer regional branches continue to pro-actively raise funds for the Trust totalling £96,000. Legacy income totalled £6,115,000 (2017/18: £4,352,000). The use of Gift Aid generated additional income of £854,000.

To address wider economic uncertainty and the resulting challenging financial environment, Trustees approved a 5-Year Fundraising Strategy commencing 2018/19 to both sustain and diversify and subsequently increase our income streams.

EXPENDITURE

Charitable expenditure totalled £18,826,000 (2017/18: £19,325,000). This is 87% of total expenditure of £21,535,000 (2017/18: £21,522,000). Our cost of raising funds including investment management is £2,709,000 (2017/18: £2,197,000) of which 83% is covered by our investment income of £2,253,000. Fundraising expenditure of £2,406,000 (2017/18: £1,889,000) continues to be effective raising income of £13,225,000 (2017/18: £12,197,000). This represents a Return on Investment of £5.50 for every £1 spent (2017/18: £6.47). 2018/19 is year one of the 5-Year Fundraising Strategy which is based on increased investment for donor acquisition in order to sustain and increase total income over the five year period and beyond. The rate of return remains above industry standards but has predictably dropped as a consequence of the planned increased investment. This expenditure is planned to

continue to support future proposals which include the continuing development of individual aid and medical support as well as in-depth review of disaster resilience in the Gurkha communities.

RESERVES

Designated Fund

The Trustees are concerned that the level of running costs of the Residential Homes should not have a detrimental effect on our ability to provide support to the much wider community of Welfare Pensioners. Therefore, a designated fund has been created that is sufficient to meet the costs for 20 years. Following specialist advice on the risk of future earthquakes, in June 2018, the Trustees agreed a designated fund (£6,000,000) to allow an immediate response to natural disaster. Designated funds total £14,909,000 (2017/18: £14,964,000) as at 30th June 2019.

Restricted Funds

The Trust started the year with £348,000 in funds restricted to assist water projects and schools in Nepal. At the 30th June 2019, there was a balance of (£50,000) of which £35,000 is restricted for 100 Homes and school projects and (£85,000) is held in funds restricted against the water and sanitation programme, to be offset with funding from DFID in 2019/20.

Constructive Obligation

When a charity has created a valid expectation through past practice that it will meet a liability the Charity Commission requires it to recognise the liability on the balance sheet as a constructive obligation. The Trust considers

that a constructive obligation has been created for the payment of the Welfare Pensions and the disability support grants.

Reserves Policy

Based on a risk assessment and after allowing for funds to meet the constructive obligations, Residential Homes running costs and Disaster Response, as mentioned above, the Trust's Reserves Policy takes into consideration:

- The Trust's clear and long-term objective of supporting the Welfare Pensioners in their declining years including the provision of welfare and medical support.
- Essential provision for a period of readjustment for those in receipt of welfare support if the Trust should ever be required to reduce or cease its activities, for whatever reason.
- The Trust's requirement to respond promptly and appropriately to new and unforeseen needs or challenges that might affect the way in which welfare support is delivered. Trustees specifically note the Trust carries out its welfare activities in a country where there are not only geophysical dangers such as earthquakes but also political, social and economic uncertainties. In addition, to deliver welfare support, the Trust depends on a number of partners whose support in the future is not guaranteed.
- The impact of adverse changes to the rate of exchange between Sterling and the Nepali Rupee (NPR).
- Economic adversity, as despite a strong supporter base, there is no guarantee that recent levels of income will be

matched in the future or that investments/assets will maintain their value.

Trustees consider that the Trust ideally requires free reserves equivalent to 12 months of standard expenditure not covered by other provisions, currently around £16,350,000. This level of reserve will enable the Trust to adjust its infrastructure and respond quickly to any of these risks. The Reserve Policy is reviewed annually during the budget setting process taking account of current and future risks and the economic climate, both in the UK and Nepal, and consequential impact on the Trust's investment portfolio.

After taking the Constructive Obligation into account the Trust has total funds of £34,951,000 (2017/18: £31,000,000), however, the free reserves which are available to meet contingencies and exclude tangible fixed assets, designated and restricted funds amount to £19,303,000 (2017/18 restated: £15,015,000) as at 30 June 2019. This represents 118% of the level of reserves deemed appropriate by the Trustees. Given the volatility of investment markets, the continued uncertainty over future rates of exchange, the uncertain fundraising climate and the substantial risk of future natural disasters in Nepal, Trustees will continue to keep Trust finances under close review balancing current needs and the need to reach the ideal level of reserves to protect the interests of beneficiaries in the future.

FUTURE PLANS

Following a detailed review of how the GWT(N) needs to deliver welfare in the future to our ageing and less mobile

beneficiaries, a transformational change programme has been implemented.

Remaining priority areas identified include:

- **Medical Information System (IS)**

The new Medical IS has been designed and installed but it requires further software improvements to allow it to provide the bespoke data required to support the Trust's medical and healthcare system. Further recruitment of specialist staff will take place to provide sufficient resilience in support of GWT(N)'s IT requirements.

- **Medical provision in Darjeeling**

The Trust will address medical and healthcare provision in Darjeeling. A new AWC location has been found and a technical refurbishment programme due to commence under the guidance of ISOS. The recruitment of staff, materiel and resources will commence under a new two-year contract with ISOS endorsed by the Board on 11th September. This will replicate the improvements made in Nepal.

- **The 100 Homes Project**

The second tranche of 100 pensioner homes to be constructed to an earthquake resilient design will take place in 2019/20. This Project ensures greater safety and security for our core beneficiaries to withstand any future disaster.

- **Introduction of Physical and Functional Rehabilitation (P&FR)**

Following a study conducted by a Kathmandu based NGO, H & I, the Trust has decided to introduce, initially, limited P&FR services utilising the resources and capacity of our two RHs.



STATEMENT OF TRUSTEES' RESPONSIBILITIES

Trustees, who are also directors of The Gurkha Welfare Trust for the purposes of company law, are responsible for preparing the Trustees' report (including the Group Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the charitable company's constitution. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

So far as each of the Trustees is aware at the time the report is approved:

- there is no relevant audit information of which the company and the group's auditors are unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This Trustees' Report incorporating the Strategic Report was approved and authorised for issue by the Board of Trustees on 12 December 2019 and signed on its behalf by:

Lieutenant General Sir Nick Pope KCB CBE
Chairman
12 December 2019

TRUSTEES

Under the patronage of HRH The Prince of Wales KG KT GCB OM AK QSO PC ADC

VICE PATRONS

Field Marshal The Lord Bramall
of Bushfield KG GCB OBE MC JP
(to 12 November 2019)

Field Marshal Sir John Chapple
GCB CBE DL

Miss Joanna Lumley OBE

TRUSTEES, OFFICIALS AND ADVISORS

Trustees

Lieutenant General Sir Nick Pope
KCB CBE (Chairman)*

J J Brade Esq MBE

D P Clifford Esq MVO
(to 11 September 2019)

Major General J J Cole OBE***

S J Cooper Esq
(from 11 September 2019)

Colonel J P Davies MBE
(from 20 September 2019)**

F S Dufficy Esq

Major General A J S Fay CB***

Major (Retd) Krishnabhadur
Gurung MVO MBE

D G Hayes Esq CBE***

D J Hitchcock Esq OBE

Dr J D Keeling
MBA, MB BS, FRCGP, DRCOG

Colonel J G Robinson CBE
(to 20 September 2019)**

Major General G M Strickland
DSO MBE***

Ms C L Turner

Lieutenant General R Wardlaw
OBE***

Investment Committee

D J Hitchcock Esq OBE (Chairman)

J J Brade Esq MBE

Major General J J Cole OBE***

P M Rigg Esq

C Gate Esq

Audit & Finance Committees

D P Clifford Esq MVO (Chairman)
(to 11 September 2019)

S Cooper Esq (Chairman)
(from 11 September 2019)

Colonel J P Davies MBE
(from 20 September 2019)**

Dr J D Keeling
MBA, MB BS, FRCGP, DRCOG

Colonel J G Robinson CBE
(to 20 September 2019)**

Ms C L Turner

Governance Committee

F S Dufficy Esq (Chairman)

J J Brade Esq MBE

Major General A J S Fay CB***

D G Hayes Esq CBE

THE GURKHA WELFARE TRUST

Director

The Gurkha Welfare Trust

A P W Howard Esq

**Director The Gurkha Welfare
Trust (Nepal)**

Colonel I Logan
(to 7 December 2018)

Colonel R Goodman
(from 7 December 2018)

**Field Director The Gurkha
Welfare Trust (Nepal)**

Lieutenant Colonel S J Whitlock
QGE (to 4 October 2019)

Lieutenant Colonel E Davis QG
SIGNALS (from 4 October 2019)

**Deputy Director
Plans & Resilience**

J R White Esq

Head of Fundraising

Ms S J Cherrington

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**Company Limited
by Guarantee Number**

05098581

Registered Charity Number

1103669

* Ex officio Trustee – Colonel Commandant Brigade of Gurkhas

** Ex officio Trustee – Colonel Brigade of Gurkhas

*** Nominated Trustees – Gurkha Brigade Association, The Royal Gurkha Rifles, The Queen's Gurkha Engineers, The Queen's Gurkha Signals and The Queen's Own Gurkha Logistic Regiment



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GURKHA WELFARE TRUST

Opinion

We have audited the financial statements of The Gurkha Welfare Trust for the year ended 30 June 2019 which comprise the Consolidated Statement of Financial Activities, Consolidated and Charity Balance Sheet and the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 30 June 2019 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 23, 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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent 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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's 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 trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. 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' Annual Report (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Trustees' Annual Report (which incorporates the strategic report and the directors' report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Use of this 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. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Sewell (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP,
Statutory Auditors
10 Queen Street Place, London EC4R 1AG
13 December 2019

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2019

(incorporates the consolidated income and expenditure account)

	Notes	Unrestricted General £000	Designated £000	Restricted £000	2018-19 Total £000	2017-18 Total £000
Income from:	3					
Donations and legacies						
Donations	3a	4,550	0	2,205	6,755	6,793
Legacies	3b	6,113	0	2	6,115	4,352
Grants						
Ministry of Defence	3c	0	0	2,937	2,937	2,810
Charitable activities	3d					
Department for International Development		0	0	2,650	2,650	3,247
KAAA		0	0	89	89	89
Other trading activities						
Fundraising Events	3e	296	0	59	355	1,052
Investments	3f	2,238	0	15	2,253	2,709
Total		13,197	0	7,957	21,154	21,052
Expenditure on:	4					
Raising funds						
Fundraising	4f	2,406	0	0	2,406	1,889
Investment management costs	4f	303	0	0	303	308
Charitable activities						
Individual aid	4a	3,760	0	3,772	7,532	7,680
Medical Aid	4b	4,918	0	300	5,218	4,686
Disaster response	4d	602	0	584	1,186	2,125
Residential Homes	4c	0	414	6	420	493
Community aid	4e	792	0	3,678	4,470	4,341
Total		12,781	414	8,340	21,535	21,522
Net income/(expenditure) before other gains and losses		416	(414)	(383)	(381)	(470)
Other gains and losses						
Net gains/(losses) on investments	8	2,679	0	0	2,679	896
Net income/(expenditure) Transfers between funds	14 & 15	3,095 (344)	(414) 359	(383) (15)	2,298 0	426 0
		2,751	(55)	(398)	2,298	426
Other recognised gains/(losses)						
Movement in constructive obligation	13	1,676	0	0	1,676	5,958
Profit & loss revaluation (loss)/gain		(23)	0	0	(23)	(51)
Net Movement in Funds		4,404	(55)	(398)	3,951	6,333
Reconciliation of funds						
Funds brought forward		15,688	14,964	348	31,000	24,667
Total Funds Carried Forward		20,092	14,909	(50)	34,951	31,000

NOTES

The consolidated statement of financial activities includes the income and expenditure account.

There are no other gains and losses other than those shown above.

All the Trust's activities are derived from continuing activities.

Deficit for Companies Act purposes (before unrealised gains and losses) is: £1,149,000 (2017/18: deficit £498,000).

See Note 17 for a comparative statement of financial activities for year ended 30th June 2018.

The notes on pages 35 to 54 form part of these accounts.



CONSOLIDATED AND CHARITY BALANCE SHEET

AT 30 JUNE 2019

The Gurkha Welfare Trust Company registration number 05098581

	Notes	Group		Charity	
		2019 £000	2018 £000	2019 £000	2018 £000
Fixed assets:					
Tangible assets	7	1,879	1,889	1,879	1,889
Investments	8	69,762	67,951	69,762	67,951
Total fixed assets		<u>71,641</u>	<u>69,840</u>	<u>71,641</u>	<u>69,840</u>
Current assets					
Medication, project & trading stock		208	263	208	260
Debtors	9	1,587	752	1,611	692
Cash at bank and in hand		6,271	7,006	6,233	6,957
Total current assets		<u>8,066</u>	<u>8,021</u>	<u>8,052</u>	<u>7,909</u>
Liabilities					
Creditors: amounts falling due within one Year	10	(1,020)	(1,195)	(1,043)	(1,162)
Provisions for liabilities falling due within one year					
Constructive Obligation	13	(4,270)	(4,334)	(4,270)	(4,334)
Net current assets or liabilities		<u>2,776</u>	<u>2,492</u>	<u>2,739</u>	<u>2,413</u>
Creditors: amounts falling due after more than one year					
Gratuity commitments	12	0	(254)	0	(254)
Provisions for liabilities falling due after more than one year					
Constructive Obligation	13	(39,466)	(41,078)	(39,466)	(41,078)
Total net assets or liabilities		<u>34,951</u>	<u>31,000</u>	<u>34,914</u>	<u>30,921</u>
Funds:					
Restricted funds	16	(50)	348	(50)	348
Unrestricted funds					
General		63,828	61,100	63,791	61,021
Welfare pension reserve		(43,736)	(45,412)	(43,736)	(45,412)
Net General funds	15	<u>20,092</u>	<u>15,688</u>	<u>20,055</u>	<u>15,610</u>
Designated	15	<u>14,909</u>	<u>14,964</u>	<u>14,909</u>	<u>14,964</u>
Unrestricted funds after provision for liabilities and charges		<u>35,001</u>	<u>30,652</u>	<u>34,964</u>	<u>30,573</u>
Total funds		<u>34,951</u>	<u>31,000</u>	<u>34,914</u>	<u>30,921</u>

NOTES

Group includes GWT Trading Limited, the wholly owned trading subsidiary. The net income in funds for the Trust for the year ended 30 June 2019 was £2,298,000 (2018: £426,000). As permitted by Section 408 of the Companies Act 2006, no separate Statement of Funds or Income and Expenditure account has been presented for the Charity only.

Approved and authorised for issue by the Board of Trustees on 12 December 2019 and signed on their behalf by:

Lieutenant General
Sir Nick Pope KCB CBE
Chairman
12 December 2019

The notes on pages 35 to 54 form part of these accounts



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	Notes below	2018/19 £000	2017/18 £000
Cash flows from operating activities:			
<i>Net cash provided by (used in) operating activities</i>	Note A	<u>(3,568)</u>	<u>(4,622)</u>
Cash flows from investing activities:			
Dividends and interest from investments		2,253	2,709
Proceeds for the sale of property, plant and equipment		0	0
Purchase of property, plant and equipment		(313)	(310)
Proceeds from sale of investments		15,409	34,079
Purchase of investments		(12,503)	(30,516)
<i>Net cash provided by (used in) investing activities</i>		<u>4,846</u>	<u>5,962</u>
Cash flows from financing activities:			
Repayment of borrowing		0	0
Cash inflows from new borrowing		0	0
Receipt of endowment		0	0
<i>Net cash provided by (used in) financing activities</i>		<u>0</u>	<u>0</u>
Operating activities			
<i>Change in cash and cash equivalents in the reporting period</i>		1,278	1,340
Cash and cash equivalents at the beginning of the reporting period	Note B	<u>10,584</u>	<u>9,244</u>
Cash and cash equivalents at the end of the reporting period	Note B	<u>11,862</u>	<u>10,584</u>
NOTES			
A. Reconciliation of net income/(expenditure) to net cashflow from		2018/19	2017/18
		£000	£000
<i>Net income/(expenditure) for the reporting period (as per SOFA)</i>		<u>2,298</u>	<u>426</u>
Adjustments for:			
Depreciation		323	286
(Gains)/losses on investments		(2,679)	(896)
Investments donated		(25)	0
Dividends and interest from investments		(2,253)	(2,709)
(loss)/gain on foreign exchange		(23)	(51)
(Increase)/decrease in stocks		55	(17)
(Increase)/decrease in debtors		(835)	(130)
Increase/(decrease) in creditors		(429)	(1,531)
<i>Net Cash provided by (used in) operating activities</i>		<u>(3,568)</u>	<u>(4,622)</u>
B. Analysis of cash and cash equivalents		2018/19	2017/18
		£000	£000
Cash in hand and at bank		6,271	7,006
Overdraft facility repayable on demand		0	0
Notice deposits (less than 3 months)		5,591	3,578
Total cash and cash equivalents		<u>11,862</u>	<u>10,584</u>
			Cash flow in year £000
			(735)
			0
			2,013
			<u>1,278</u>





NOTES TO THE ACCOUNTS

FOR THE YEAR ENDING 30 JUNE 2019

1. BASIS OF PREPARATION

Statement of compliance

The financial statements are prepared under the historical cost convention as modified to include the revaluation of investments at fair value. The format of the financial statements has been presented to comply with the Companies Act 2006 and FRS102 *The Financial Reporting Standard applicable in the UK and Ireland* and the Statement of Recommended Practice *Accounting and Reporting by Charities* ("SORP 2015"). The Charity is a Public Benefit Entity as defined by FRS102.

General information

The Charity is a company limited by guarantee, incorporated in England and Wales (company number: 05098581) and a charity registered in England and Wales (charity number: 1103669). The Charity's registered office address is: P.O Box 217, 22 Queen Street, Salisbury SP2 2EX

Basis of Consolidation

These financial statements consolidate the results, assets and liabilities of the Charity's trading subsidiary, GWT Trading Limited, on a line by line basis.

The Charity's own Statement of Financial Activities has not been presented, as permitted by section 408 of the Companies Act 2006. The Charity's net income for the year as an individual entity was a surplus of £2,298,000 (2017/18: a surplus of £426,000).

Going concern

The Trustees consider that there are no material uncertainties which would cast doubt on the Charity's ability to continue as a going concern.

Significant judgments and sources estimation uncertainty

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Charity's accounting policies. The key judgements that have been applied by management relate to:

- **Constructive obligation:** The valuation of the constructive obligation is based on the following assumptions:
 - Future inflation rate in Nepal 5.5% per annum.
 - Future payments have been discounted at 5.5% per annum.
 - Life expectancy for our beneficiaries is 3 years longer than estimated in the Nepali Government Mortality tables.
 - There are anticipated 50 new entrants per year for the next five years.
 - 50% of former soldier pensions will be transferred to a widow.
- **Legacies:** Income is accrued for pecuniary legacies when a grant of probate has been obtained, it is possible to reliably estimate the amount receivable and there is probability of receipt.
- **Depreciation:** The rate of depreciation for tangible fixed assets is selected by management based on their estimate of normal economic life taking into consideration the environment in which the asset is deployed.

2. PRINCIPAL ACCOUNTING POLICIES

The following principal accounting policies have been applied:

Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Recognition of income is deferred where conditions specify that such income relates to future accounting periods. Where donors specify that funds are for specific purposes such income is included in incoming resources of restricted funds.

Donations and legacies income includes donations and gifts in wills which are recognised where there is entitlement, probability of receipt and the amount of the gift is measurable.

Income from donations, covenants and gift aid includes receipts from fundraising events. Donations, together with the resulting tax credit from gift aid, is credited directly to the statement of financial activities on an accruals basis. Donations and all other receipts (including capital receipts) from fundraising are reported gross and the related fundraising costs are reported in raising funds.

Pecuniary Legacies are accrued and credited directly to the statement of financial activities when the value becomes known with reasonable certainty, probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. For residuary and reversionary legacies, entitlement is established in the year that the Charity has been notified of an impending distribution. Where a legacy is received, or notified as receivable (by the personal representatives) after the accounting year end, but it is clear that a legacy had been agreed by the personal representatives prior to the year end (hence providing evidence of a condition that existed at the balance sheet date) it is accrued in the statement of financial activities and the balance sheet.

Grant Income. Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognized when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income from other trading activities is recognised as earned as the related goods are provided.

Interest and Dividends Receivable. Investment income is recognised on a receivable basis and the amounts can be measured reliably. Interest on funds on deposit is included when receivable upon notification by the relevant banking institutions. Dividends receivable on assets held for investment purposes are receivable upon notification by the relevant investment institutions.

Expenditure

All expenditure is included in accordance with the accruals concept. Any liabilities as a result of legal or constructive obligations committing the Trust to expenditure have been included.

Cost of raising funds comprises costs directly attributable to fundraising and managing the investment portfolio. Charitable activity costs in the UK are incurred in running the Gurkha Welfare Advice Centre and in supporting the activities in Nepal. The costs of running the Trust's office and staff costs

have been allocated on a time spent and area occupied basis to raising funds and charitable activity.

Governance costs are apportioned on the same basis as the office and staff costs and are disclosed in the notes comprising audit and legal fees and the costs associated with constitutional and statutory requirements.

Costs in Nepal have been allocated to the direct charitable activities. Direct costs include actual grants made and costs related to people directly employed in providing one of our charitable activities. Other direct costs such as staff costs and overheads of the Area Welfare Centres established for the delivery of more than one charitable activity are apportioned as other direct costs. Support costs include staff and administrative overheads. Support and governance costs have been allocated to activity cost categories in a fair and appropriate method on a basis consistent with the use of resources by applying person days spent on the various activities or space occupied.

Grants payable to individuals may be subject to conditions. Expenditure on such performance-related grants is recognised to the extent that the recipient has complied with the conditions.

Short term benefits including holiday pay are recognised as an expense in the period in which the service is received. Termination benefits are accounted for on an accrual basis and in line with FRS 102.

Taxation

Irrecoverable VAT is not separately analysed and is charged directly to the Statement of Financial Activities (SOFA) as part of the expenditure to which it relates.

Operating leases

Rental payments under operating leases are charged on a straight-line basis over the period of the lease.

Foreign currencies

Fixed assets in foreign currencies are converted to sterling at the exchange rate ruling at the time of purchase. Investments, current assets and liabilities in foreign currencies are converted into sterling at the exchange rate ruling at the balance sheet date. Transactions during the year in foreign currencies, mainly Nepalese rupees, are converted into sterling at the average rate of exchange for the month in which the transaction was undertaken. Exchange rate gains or losses are recorded as support costs to the activities to which they relate.

Pensions and retirement benefits

In UK, the Trust makes contributions to employee individual defined contribution pension plans.

In Nepal, the Trust contributes to individual plans within a defined contribution Provident Fund managed by Standard Chartered Bank Nepal Limited. In addition, historically, employees were entitled to a one-off gratuity payment on leaving that was based on length of service. Following changes under the Labour Act of Nepal in 2017, the Gratuity liability has transferred from a defined benefit to contributory scheme in which employers are required to make a monthly contribution of 8.33% (rising to 10% in FY19-20) of salary for all employees that will eventually be transferred into a Government Gratuity Fund.

Contributions for both UK and Nepalese schemes are charged to the SOFA on the basis of amounts provided for the period.

Fund accounting

Funds held by the Trust are either:

- *Unrestricted general funds* – these are funds, which can be used in accordance with the charitable objects at the discretion of the Trustees.
- *Designated funds* – these are funds set aside by the Trustees out of unrestricted (general) funds for specific purposes.
- *Restricted funds* – these are unspent funds that can only be used for particular restricted purposes within the objects of the Trust. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of each fund is included in the notes to the financial statements.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small. In particular:

- Restructuring provisions are recognised when the Group has a detailed, formal plan for the

restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and provision is not made for future operating losses.

- Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Investments

Listed investments are stated in the balance sheet at fair value. All movements in value arising from investment changes and revaluations are included in the Statement of Financial Activities (SOFA).

Fixed assets

The cost of minor additions or acquisitions of fixed assets under £5,000 is charged wholly to the SOFA in the year of purchase. Fixed assets above this amount are capitalised in the financial statements at cost. Donated fixed assets are brought into account at an estimate of their market value at the time of acquisition. Land, beneficially owned by the Trust, is valued at historical cost and is not depreciated.

Depreciation

Depreciation is provided on all assets except land to write off the costs of the asset less any material residual value, by equal instalments over their expected useful lives. Depreciation rates are:

- | | |
|--------------------------|--|
| • Completed buildings | 10% per annum on a straight-line basis. |
| • Vehicles and equipment | 25% per annum on a straight-line basis. |
| • Computers and software | 33.33% per annum on a straight-line basis. |

For all depreciable assets, a full year's depreciation is charged in the year of acquisition or completion and no depreciation is charged in the year of disposal.

Stocks

The stocks of medication, project materials and bought-in goods for sale are valued at the lower of cost and net realisable value on a first in first out basis.

Financial Instruments

Basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable are accounted for on the following basis:

Cash and cash equivalents includes cash in hand, deposits held at banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within current liabilities.

Debtors and creditors are measured at the transaction price less any provision for impairment. Any losses arising from impairment are recognised as expenditure.

Bank borrowings. Liabilities for borrowings which are subject to a market rate of interest are measured at the value of the amount advanced, less capital repayments.

3. INCOME

Total income includes income transferred from the charitable trust “Gurkha Welfare Trust”, former charity number 1034080. The Trust is retained while it receives donations and legacy income.

	2019 £000	2018 £000
a. Donations		
Donations from individuals	6,047	5,870
Donations from companies, trusts, clubs and organisations	708	923
	<u>6,755</u>	<u>6,793</u>
b. Legacies	6,115	4,352
c. Grants		
Ministry of Defence – to support operating costs in Nepal	2,937	2,810
d. Charitable Activities		
DfID – for water and sanitation projects in remote locations	2,650	3,247
KAAA – for medical camps	89	89
e. Other trading activities		
Fundraising events	355	1,052
f. Investments		
Investment dividends and interest	1,891	2,281
Bank interest	362	428

Donations from individuals include part of the contributions made by all ranks of the Brigade of Gurkhas under Service Day’s Pay Giving of £235,000 (2017/18: £204,000). This also includes donations from the Gurkha Contingent of the Singapore Police, who also qualify for support from the Trust.

Income from investments includes interest, dividends and transitional tax credits. Fundraising events include income generated by branches and supporters throughout the country as well as events such as the Carol Service and the Doko Challenge and sponsorship income from Trailwalker.

4. EXPENDITURE

	Grants	Direct Costs	Support Costs		2018/19	2017/18
	£000	£000	Support £000	Governance £000	Totals £000	Totals £000
a. Individual Aid						
Welfare pension	4,196	0	1,371	47	5,614	6,025
Care for the elderly	87	0	1	1	89	169
Disability support	159	0	71	2	232	215
Winter allowance	81	0	35	2	118	137
Welfare Grants & support	729	0	144	7	880	536
UK welfare	250	330	4	15	599	598
Total individual aid	5,502	330	1,626	74	7,532	7,680
b. Medical aid	938	3,396	840	44	5,218	4,686
c. Residential Homes	29	334	53	4	420	493
d. Disaster Response	0	982	194	10	1,186	2,125
e. Community aid						
School projects	207	582	310	10	1,109	982
Water projects	0	2,957	399	5	3,361	3,359
Total community aid	207	3,539	709	15	4,470	4,341
Charitable activities total	6,676	8,581	3,422	147	18,826	19,325
f. Cost of generating funds						
Fundraising	0	1,820	554	32	2,406	1,889
Investments	0	281	21	1	303	308
Total costs of generating funds	0	2,101	575	33	2,709	2,197
Total	6,676	10,682	3,997	180	21,535	21,522

UK Welfare includes a grant of £250,000 (2017/18: £250,000) paid to ABF The Soldiers' Charity for the support of former Gurkhas who have retired in the UK. All other grants totalling £6,426,000 (2017/18: £6,253,000) were to individuals or small community groups.

The number of grants issued to individuals or communities on the table below are recorded on a beneficiary database based on British Army records which is subject to independent audit in Nepal.

All grants to individuals require proof of identity before issue and community grants are only arranged with approval from the local community council less capital repayments.

Activity	Beneficiaries	Notes
Welfare pensions:	4,892	There were 4,831 recipients at the start of the year and 61 new recipients. A detailed database of all welfare pensioners is maintained based on data from British Army records. Payments are made on a quarterly basis and require proof of identity.
Care:	406	We maintained 406 grants to assist the support of the most vulnerable. A fixed number of grants have been issued and details of the beneficiaries recorded on our database.
Disability Support:	227	The number of recipients increased to 227 by the year end. This data is held on the same database as the welfare pensioners and is subject to both proof of identity and medical requirement.
Winter allowance:	5000+	All welfare pensioners, wives, DSG recipients and residential home residents supported last December received items (jackets, shawls, hats) purchased through the winter allowance.
Welfare (Hardship) grants:	1,831	These grants were awarded for cases of special need not covered by the other awards. Each grant is individually assessed and approved by a senior member of staff. For 18-19, this included the first phase of the 300 Homes project in which 103 earthquake resilient houses were provided.
Disaster response:	10 (projects)	Completion of 8 schools and 2 community centres under the final phase of the Earthquake Disaster response programme. The programme formally completed on 31 October 2018.
Residential care:	45	Our 2 residential homes have a capacity of 48. There were 45 residents at the 30 June 2019. 2 rooms in each home have become rehabilitation and respite rooms providing short - medium term care for pensioners prior to returning to their homes.
School projects:	132 (projects)	Communities were assisted through the repair, extension or new build of a school. Every project is arranged with and authorised by the local community committee and requires a community contribution.

Further information on the grants can be found in the Trustees' Annual Report. The total charitable activity cost of £18,826,000 represents over 87% of total expenditure.

Analysis of Support Costs

	People	Premises & vehicles	Services	Legal & Professional	Currency	Sub Total Support	Sub Total Governance	Total
	£000	£000	£000	£000	£000	£000	£000	£000
a. Individual Aid	1,315	304	138	3	(134)	1,626	74	1,700
b. Medical Aid	677	156	73	2	(68)	840	44	884
c. Disaster Response	156	36	17	1	(16)	194	10	204
d. Residential Homes	42	10	4	0	(3)	53	4	57
e. Community Aid	588	71	75	1	(26)	709	15	724
f. Fundraising	317	69	126	42	0	554	32	586
g. Investment management	13	2	4	2	0	21	1	22
Total	3,108	648	437	51	(247)	3,997	180	4,177
Basis of allocation	Time spent	Space & time	Time spent	Direct	Pro rata with cost	Attribution & time		

5. GOVERNANCE COSTS

Apportioned governance costs were:

	2018/19 Total £000	2017/18 Total £000
Staff employment costs	36	49
Staff & trustee other costs	61	56
Premises costs	6	6
Office services	6	7
Legal & professional	71	47
	180	165

6. STAFF, TRUSTEE AND GOVERNANCE COSTS

a. Staff numbers

The trust employed the following average number of staff:

	2018/19	2017/18
UK: Administration & fundraising	18	17
Welfare	9	10
Nepal: Individual aid inc medical and general staff	317	281
Water projects	124	131
Schools projects	19	8
Disaster response	18	36

b. Staff costs

	2018/19 £000	2017/18 £000
UK: Salaries	933	867
Social security costs	95	86
Pension	83	78
	1,111	1,031
Nepal: Salaries	3,680	3,259
Benefits	66	87
Pension (see Note 12)	329	711
Gratuity (see Note 12)	276	323
	5,462	5,411

The number of employees whose emoluments exceeded £60,000 for the year was:

	2018/19 Number	2017/18 Number
£60,001 - £70,000	1	-
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-
£90,001 - £100,000	-	1
£100,001 - £110,000	1	-

Employer's pension contributions for the higher paid employees were £22,000. (2017/18: £16,000).

Key people in the Trust in UK and Nepal with delegated authority from the Trustees are the Director, Director GWT(N), the Field Director GWT(N), Deputy Director Plans & Resilience and the Head of Fundraising. They have combined salary and benefits cost to the Trust totalling £262,000 (2017/18: £255,000).

Both the Director GWT(N) and the Field Director GWT(N) are seconded from the British Army with their costs being met by the MOD.

The Trust did not incur any costs in respect of redundancy or termination payments (2017/18: £16,000).

Trustees' expenses, remuneration and donations

In 2018/19 no Trustee received any remuneration or pension but five Trustees were either reimbursed or expenses were paid on their behalf of £18,500: principally on travel to Nepal but also in respect of attendance at meetings at the GWT Salisbury office and in London (2017/18: six Trustees were either reimbursed or expenses were paid on their behalf of £18,000). Trustees donated a total of £1,560 (2017/18: £720).

Related party transactions

Colonel James Robinson is a Trustee of The Gurkha Museum Trust. Transactions between The Gurkha Welfare Trust and The Gurkha Museum Trust during 2018/19 were:

Payments to The Gurkha Museum Trust £3,654

Payments from The Gurkha Museum Trust £9,962

Payments due to The Gurkha Museum Trust at 30 June 2019 £486

Net expenditure

Net expenditure for the period is stated after charging:

			2018/19 £000	2017/18 £000
Audit Fees	UK excluding VAT	Haysmacintyre LLP UK 18-19	29	27
		Haysmacintyre LLP Nepal 18-19	8	0
		Haysmacintyre LLP – 17-18 adjust	5	0
	Nepal:	CSC & Co	11	15
		Joshi and Bhandari	5	4
Actuarial fees			2	2
Trustee indemnity insurance			2	2

Operating Lease commitments

At 30 June 2019 the group's future minimum operating lease payments are as follows:

			2018/19 £000	2017/18 £000
UK Property lease				
		Within 1 year	82	82
		Between 1 to 5 years	305	327
		Over 5 years	221	282
Nepal Property				
		Within 1 year	38	32
		Between 1 to 5 years	7	14
		Over 5 years	0	2

7. MOVEMENT OF TANGIBLE FIXED ASSETS, GROUP AND CHARITY

	Freehold Land & Buildings £000	Leasehold Property £000	Vehicles & Equipment £000	Computer Software £000	Assets in Construction £000	Total £000
Cost						
At 1 July 2018	2,040	503	792	136	9	3,480
Asset reclass	24	(24)	0	0	0	0
Additions	7	33	18	59	196	313
At 30 June 2019	<u>2,071</u>	<u>512</u>	<u>810</u>	<u>195</u>	<u>205</u>	<u>3,793</u>
Depreciation						
At 1 July 2018	(787)	(107)	(657)	(40)	0	(1,591)
Asset reclass	(2)	2	0	0	0	0
Depreciation	(131)	(51)	(83)	(58)		(323)
At 30 June 2019	<u>(920)</u>	<u>(156)</u>	<u>(740)</u>	<u>(98)</u>	<u>0</u>	<u>(1,914)</u>
Net Book Value						
At 1 July 2018	1,253	396	135	96	9	1,889
At 30 June 2019	<u>1,151</u>	<u>356</u>	<u>70</u>	<u>97</u>	<u>205</u>	<u>1,879</u>

Reclassification is in respect of works at Dharan AWC completed in FY17-18 which were incorrectly reported as leasehold.

8. INVESTMENTS

The historical cost of investments at 30 June 2019 (including investment cash) was £62,167,176 (2017: £62,231,000). 86% of the investment assets are placed in a mixed portfolio of thematic funds.

Listed investments		2018/19 £000	2017/18 £000
Fixed interest	UK	4,986	4,930
	Overseas	4,274	4,693
Equities	UK	237	6,651
	Americas	547	468
	Emerging markets	3,059	4,047
	Alternative investments	10,311	11,553
	Other overseas/Non-specific region	38,127	28,626
	Property	2,630	3,405
		64,171	64,373
Cash held as part of investment portfolio		5,591	3,578
		69,762	67,951

Major movements in investments during the year were:

	2018/19 £000	2017/18 £000
Opening market value (excl. Cash)	64,373	67,040
Purchases	12,503	30,516
Disposal proceeds	(15,409)	(34,079)
Realised gains/(losses)	(768)	(28)
Unrealised gains/(losses)	3,447	924
Investments donated	25	0
Closing market value (excl cash)	64,171	64,373

Investment in subsidiary

GWT owns 100% of the issued share capital of GWT Trading Ltd, being 2 ordinary shares with a nominal value of £1. GWT Trading Ltd is registered in England and Wales No.: 02986861 and its registered office is P.O Box 2170, 22 Queen Street, Salisbury SP2 2EX.

GWT Trading Ltd Statement of Income and Retained Earnings for the year ended 30 June 2019

		2018/19 £	2017/18 £
Turnover	1	83,957	142,777
Cost of sales	2	(41,660)	(59,432)
Gross profit		42,297	83,345
Administrative expenses		(5,398)	(4,046)
Operating profit		36,899	79,299
Profit for the financial year before taxation	5	36,899	79,299
Tax on profit on ordinary activities		0	0
Profit for the financial year after taxation		36,899	79,299

GWT Trading Ltd Statement of Changes in Equity

	2018/19		2017/18	
	£	£	£	£
	P&L	Share Capital	P&L	Share Capital
Total funds brought forward	79,299	2	0	2
Profit for the year	36,899	0	79,299	0
Gift Aid payment	(79,299)	0	0	0
Retained earnings at year end	36,899	2	79,299	2

The company has no recognised gains or losses other than the profit in both periods.
All amounts relate to continuing activities.

GWT Trading Ltd Balance Sheet at 30 June 2019

	2019 £	2018 £
Current Assets		
Stock	0	2,440
Debtors	9,454	27,815
Cash at bank and in hand	37,632	50,046
	47,086	80,301
Creditors - amounts falling due within one year	(10,185)	(1,000)
Net Current Assets	36,901	79,301
Net Assets	36,901	79,301
Share Capital	2	2
Retained Profit	36,899	79,299
	36,901	79,301

9. DEBTORS

	Group		Charity	
	2019	2018	2019	2018
	£000	£000	£000	£000
Trade Debtors	52	199	52	139
Prepayments and Accrued Income	126	4	126	4
Legacies	1,062	342	1,062	342
Other Debtors	347	207	347	207
Intercompany balances	0	0	24	0
	1,587	752	1,611	692

10. CREDITORS

	Group		Charity	
	2019	2018	2019	2018
	£000	£000	£000	£000
Taxation & social security	28	25	28	25
Trade Creditors	332	503	324	503
Creditors – Tax Deducted at Source	10	14	10	14
Accruals	164	56	162	56
Other Creditors	486	597	486	597
Intercompany balances	0	0	33	(33)
	1,020	1,195	1,043	1,162

11. FINANCIAL INSTRUMENTS

	Group		Charity	
	2018/19	2017/18	2018/19	2017/18
	£000	£000	£000	£000
Financial assets measured at fair value				
Investments in shares	64,171	64,373	64,171	64,373
Financial assets measured at amortised cost				
Gratuity fund (see Note 12)	0	25	0	25
Accrued Income – Legacies	1,062	342	1,062	342
Accrued Income – Other	77	0	77	0
Other debtors	347	207	347	207
Investments in cash	5,591	3,578	5,591	3,578
	7,077	4,152	7,077	4,152
Financial liabilities measured at amortised cost				
Trade creditors	332	503	324	503
Other creditors	486	597	486	597
Gratuity liability (see Note 12)	0	254	0	254
	818	1,354	810	1,354
Other liabilities measured at fair value				
Constructive obligations (see Note 13)	43,736	45,412	43,736	45,412
Net financial instruments	26,694	21,759	26,702	21,759

The constructive obligation is measured at fair value based on the expected amounts payable, discounted at an appropriate market rate. The Trust has no loans or overdrafts and has no forward currency contracts or hedging arrangements.

12. PENSIONS AND LEAVING BENEFITS

The charity provides defined contribution pension arrangements for its employees in the UK, and UK employees in Nepal. Each employee is able to either join the Government's NEST scheme or arrange their own personal pension plan and the charity contributes 2% of salary for every 1% contributed by the employee, up to a maximum of 10%. Contributions are charged to the statement of financial activities in the year in which they are made. The assets of the plans are held separately from those of the charity. The contributions made by the charity in 2018/19 were £90,000 (2017/18: £85,000). No further liability arose other than these payments.

The retirement benefits in Nepal consist of a defined contribution Provident Fund with 10% contributions from both employer and employee. The Provident Fund is held by the Gurkha Welfare Scheme Staff Retirement Benefit Fund, an independent body. In addition Nepali Labour Laws require employers to contribute to a Gratuity fund. Traditionally this was accumulated in a fund and paid to employees on leaving based on years of service and an independent gratuity fund was established to match the liability (2017/18: £254,000). In 2017, under the Labour Act Nepal the Gratuity has changed from a defined benefit to a defined contribution scheme where the employer contributes 8.33% (rising to 10% in 2019-20) of the salary into a Gratuity Fund on a monthly basis. The Trust has no further liability for the Gratuity other than the monthly payments recognised in the SOFA.

13. CONSTRUCTIVE OBLIGATION

The Trust has recognised for some years a long-term constructive obligation, as defined by SORP 2015, in respect of its welfare pensions. SORP 2015 requires that such "constructive obligations", even though they are not legally binding liabilities, be recognised on a charity's balance sheet. From 2014/15 the Trust has recognised a similar obligation for the welfare support provided to the disabled children of welfare pensioners who were not able to support themselves when their parents were deceased.

After detailed examination of the mortality rate for our beneficiaries it was discovered that they were living longer than estimated using the Nepali Government's official table. With actuarial advice, an adjustment has been applied to the calculation of the constructive obligation assuming that our welfare pension beneficiaries will live three years longer than the normal Nepali life expectancy. In addition, an allowance is added for new entrants and the transfer of the pension to a widow on the death of an ex-Gurkha.

An independent actuarial assessment of the net present value of future payments for both the welfare pension and the disability support (DSG) has been obtained using the following long-term assumptions:

- The level of benefit agreed for welfare pensions for 2019/20, NPRs 138,000 per annum (132,000 per annum in 2018/19) and DSG of NPRs 114,000 will increase with inflation at 5.5% over the long term (5.5% in 2017/18).

- An estimated number of 4,444 welfare pensioners (2017/18: 4,831) with an average age of 80.35. There are 222 DSG beneficiaries with an average age of 57.65.
- An estimated 1,515 ex-Gurkhas who left the service in the late 1960's and early 1970's and 280 ex Indian Army who served before 1947 who are not in receipt of a service pension may apply for a welfare pension in the future. A provision for 50 new entrants for each of the next five years has been made.
- Future payments have been discounted at 5.5% pa (2017/18: 5.5%), which represents an average yield on high-quality bonds in Nepal.

The value of the obligation is particularly sensitive to the exchange rate of NPRs to GBP and whilst this year the average rate has been NPRs 144.29 / £1, the rate fell 3% during May - June 2019 reflecting uncertainty over Brexit. Based on the exchange rate of NPRs 138.26 / £1, (2017/18: NPRs 142.11.00 / £1) that applied on 30th June 2019 the value of the obligation for the welfare pension was £40,374,000. This is a reduction of £1,970,000 on the figure for 2017/18 of £42,344,000. The value required to cover DSG has increased by £294,000 following the introduction of one rate from 1 July 2019 to £3,362,000, (2017/18: £3,068,000). The combined total constructive obligation was £43,736,000.

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS OF THE GROUP AND CHARITY

	Unrestricted General	Unrestricted Designated	Restricted	Total
	£000	£000	£000	£000
Tangible assets	789	1,090	0	1,879
Investments	55,943	13,819	0	69,762
Current assets	8,116	0	(50)	8,066
Current liabilities	(1,020)	0	0	(1,020)
Constructive obligation	(43,736)	0	0	(43,736)
	<u>20,092</u>	<u>14,909</u>	<u>(50)</u>	<u>34,951</u>

The unrestricted designated fund provides for 20 year running costs of the two Residential Homes and a Disaster Response fund.

15. UNRESTRICTED FUNDS OF THE GROUP AND CHARITY

	Balance at 1 July 2018 in the year	Incoming resources in the year	Outgoing resources	Gains and Transfers	Movement in obligation	Balance at 30 June 2019
	£000	£000	£000	£000	£000	£000
Designated funds						
<i>Disaster response</i>	6,000	0	0	0	0	6,000
<i>Residential homes</i>	8,964	0	(414)	359	0	8,909
Total designated funds	<u>14,964</u>	<u>0</u>	<u>(414)</u>	<u>359</u>	<u>0</u>	<u>14,909</u>
General funds	15,688	13,197	(12,781)	2,312	1,676	20,092
Total unrestricted funds	<u>30,652</u>	<u>13,197</u>	<u>(13,195)</u>	<u>2,671</u>	<u>1,676</u>	<u>35,001</u>

Unrestricted funds, both general and designated, are expendable at the discretion of the Trustees in the furtherance of the Trust's objectives. The designated funds have been earmarked by the Trustees for particular purposes but the designations have an administrative purpose only and do not legally restrict the Trustees' discretion to apply the funds.

Trustees took the prudent precaution in 2011-12 of creating a designated fund to cover the running costs of the residential homes for the next twenty years so that the homes would not be a drain on other activities. In June 2018, following advice from leading seismologists, Trustees created a designated fund to enable an immediate response to any future natural disasters. This fund remains at £6,000,000 at 30 June 2019.

16. RESTRICTED FUNDS OF THE CHARITY

	Balance at 01 Jul 18 £000	Income £000	Expenditure £000	Transfers £000	Balance at 30 Jun 19 £000
a. Grants to individuals:					
Welfare pensions & DSG	0	548	(548)	0	0
Welfare grants	0	897	(880)	0	17
Winter allowance	0	80	(80)	0	0
UK welfare	0	0	0	0	0
Nepal welfare	0	0	0	0	0
General individual aid	0	0	0	0	0
	<u>0</u>	<u>1,525</u>	<u>(1,508)</u>	<u>0</u>	<u>17</u>
b. Medical:					
Medical	0	212	(212)	0	0
Medical camps	0	88	(88)	0	0
	<u>0</u>	<u>300</u>	<u>(300)</u>	<u>0</u>	<u>0</u>
c. Residential Homes	0	6	(6)	0	0
d. Disaster Response:	0	313	(313)	0	0
e. Water projects:					
Water projects - DFID	333	2,662	(3,080)	0	(85)
Water projects - other	0	118	(118)	0	0
	<u>333</u>	<u>2,780</u>	<u>(3,198)</u>	<u>0</u>	<u>(85)</u>
f. Schools projects:					
Neal Turkington Fund	14	4	0	0	18
Schools	0	47	(47)	0	0
	<u>14</u>	<u>51</u>	<u>(47)</u>	<u>0</u>	<u>18</u>
g. Other grants:					
Vehicles & equipment	0	41	(26)	(15)	0
MOD grant in Aid	0	2,937	(2,937)	0	0
Support & infrastructure	0	0	0	0	0
UK Admin & fundraising	0	5	(5)	0	0
	<u>348</u>	<u>7,958</u>	<u>(8,340)</u>	<u>(15)</u>	<u>(50)</u>

a. Grants to individuals

Restricted funds for welfare pensions are obtained from individuals that regularly donate to a pensioner support fund as well as other advertising and appeals. One supporter continued to fund the Winter Allowance in 2018-19.

b. Medical

Several charitable trusts have specifically sponsored the expansion of the field medical and care services and Kadoorie Agricultural Aid Association fund the medical camps.

c. Disaster response

Following the disastrous earthquakes in Nepal in April 2015 an appeal was launched to enable us to help individuals and communities in the affected areas. The Disaster Response programme was completed at 31 October 2018.

d. Water projects

DFID award a grant for the rural water and sanitation programme with additional funding coming from charitable trusts and individuals.

e. Schools projects

Several individuals and charitable trusts have sponsored the rebuilding of schools. A memorial fund in memory of Neal Turkington, lost in action while serving in Afghanistan, funded two major build projects in 2013. Funds continue to be raised for this cause although there was no expenditure incurred in support of the two schools during 2018-19.

f. Other grants

The MOD grant-in-aid is provided to support the administration and infrastructure costs of the GWT(N) while several individuals and trusts have sponsored the upgrading of our medical clinics, motorbikes and all-terrain vehicles to assist our field staff in reaching remote locations.





The following notes, numbers 17 to 22, refer to financial year 2017/18 and are included for comparative purposes only.

17. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR ENDED 30 JUNE 2018

	Notes	Unrestricted General £000	Designated £000	Restricted £000	2017-18 Total £000
Income from:	3				
Donations and legacies					
Donations	3a	5,192	0	1,601	6,793
Legacies	3b	4,015	96	241	4,352
Grants					
Ministry of Defence	3c	0	0	2,810	2,810
Charitable activities	3d				
Department for International Development		0	0	3,247	3,247
KAAA		0	0	89	89
Other trading activities					
Fundraising Events	3e	886	0	166	1,052
Investments	3f	2,703	0	6	2,709
Total		12,796	96	8,160	21,052
Expenditure on:	4				
Raising funds					
Fundraising	4f	1,889	0	0	1,889
Investment management					
Costs	4g	308	0	0	308
Charitable activities					
Individual aid	4a	5,098	0	2,582	7,680
Medical Aid	4b	4,351	0	335	4,686
Disaster response	4d	982	0	1,143	2,125
Residential Homes	4c	0	493	0	493
Community aid	4e	347	96	3,898	4,341
Total		12,975	589	7,958	21,522
Net (expenditure)/income before other gains and losses		(179)	(493)	202	(470)
Other gains and losses					
Net gains/(losses) on Investments	8	896	0	0	896
Net (expenditure)/income		717	(493)	202	426
Transfers between funds	14&15	(3,319)	3,306	13	0
		(2,602)	2,813	215	426
Other recognised gains/(losses)					
Movement in constructive Obligation	13	5,958	0	0	5,958
Profit & loss revaluation gain/(loss)		(51)	0	0	(51)
Net Movement in Funds		3,305	2,813	215	6,333
Reconciliation of funds					
Funds brought forward		12,383	12,151	133	24,667
Total Funds Carried Forward		15,688	14,964	348	31,000

18. COMPARATIVE STATEMENT OF EXPENDITURE 2017-18

	Grants	Direct costs	Support costs		2017/18
	£000	£000	Support	Governance	Totals
			£000	£000	£000
Charitable activities					
a. Individual aid					
Welfare pensions	4,534	0	1,445	46	6,025
Care for the elderly	72	95	1	1	169
Disability support	153	0	60	2	215
Winter allowance	98	0	38	1	137
Welfare grants	381	0	151	4	536
UK welfare	253	326	4	15	598
Total	5,491	421	1,699	69	7,680
b. Medical aid	721	3,026	903	36	4,686
c. Residential homes	32	400	57	4	493
d. Disaster Response	41	1,854	214	16	2,125
e. Community aid					
Schools projects	218	425	331	8	982
Water projects	0	2,957	398	4	3,359
Total Community Aid	218	3,382	729	12	4,341
Charitable activities total	6,503	9,083	3,602	137	19,325
Raising funds					
f. Fundraising	0	1,341	521	27	1,889
g. Investment management	0	289	18	1	308
Raising funds total	0	1,630	539	28	2,197
Total	6,503	10,713	4,141	165	21,522

19. COMPARATIVE ANALYSIS OF SUPPORT COSTS 2017-18

	People	Premises & vehicles	Services	Legal & Professional	Currency	Governance	Total
	£000	£000	£000	£000	£000	£000	£000
a. Individual Aid	1,154	214	89	3	239	69	1,768
b. Medical Aid	613	114	48	2	126	36	939
c. Disaster Response	144	27	13	1	29	16	230
d. Residential Homes	38	7	3	0	9	4	61
e. Community Aid	580	62	40	0	47	12	741
f. Fundraising	300	53	134	34	0	27	548
g. Investment management	11	2	4	1	0	1	19
Total	2,840	479	331	41	450	165	4,306
Basis of allocation	Time spent	Space & time	Time spent	Direct	Pro rata with cost	Attribution & time	

20. COMPARATIVE ANALYSIS OF NET ASSETS BETWEEN FUNDS, GROUP AND CHARITY 2017-18

	Unrestricted	Restricted	Total
	£000	£000	£000
Tangible assets	1,869	20	1,889
Investments	67,951	0	67,951
Current assets	7,693	328	8,021
Current liabilities	(1,195)	0	(1,195)
Gratuity commitments	(254)	0	(254)
Constructive obligation	(45,412)	0	(45,412)
	<u>30,652</u>	<u>348</u>	<u>31,000</u>

21. COMPARATIVE UNRESTRICTED FUNDS OF THE GROUP AND CHARITY 2017-18

	Balance at 1 July 2017	Incoming resources in the year	Outgoing resources in the year	Gains and Transfers	Movement in obligation	Balance at 30 June 2018
	£000	£000	£000	£000	£000	£000
Designated funds						
<i>Schools projects</i>	0	96	(96)	0	0	0
<i>Disaster Response</i>	0	0	0	6,000	0	6,000
<i>Residential homes</i>	12,151	0	(493)	(2,694)	0	8,964
Total designated funds	<u>12,151</u>	<u>96</u>	<u>(589)</u>	<u>3,306</u>	<u>0</u>	<u>14,964</u>
General funds	12,383	12,796	(12,975)	(2,474)	5,958	15,688
Total unrestricted funds	<u>24,534</u>	<u>12,892</u>	<u>(13,564)</u>	<u>832</u>	<u>5,958</u>	<u>30,652</u>

Unrestricted funds, both general and designated, are expendable at the discretion of the Trustees in the furtherance of the Trust's objectives. The designated funds have been earmarked by the Trustees for particular purposes but the designations have an administrative purpose only and do not legally restrict the Trustees' discretion to apply the funds.

Trustees took the prudent precaution in 2011-12 of creating a designated fund to cover the running costs of the residential homes for the next twenty years so that the homes would not be a drain on other activities. This year, following advice from leading seismologists, the Trustees created a new designated fund to enable an immediate response to any future natural disaster.

22. COMPARATIVE RESTRICTED FUNDS OF THE CHARITY 2017-18

	Balance at 30 Jun 18 £000	Income £000	Expenditure £000	Transfers £000	Balance at 01 Jul 17 £000
a. Grants to individuals:					
Welfare pensions & DSG	0	282	(282)	0	0
Welfare grants	0	17	(17)	0	0
Winter allowance	0	100	(100)	0	0
UK welfare	0	11	(11)	0	0
Nepal welfare	0	3	(3)	0	0
General individual aid	0	0	0	0	0
	0	413	(413)	0	0
b. Medical:					
Medical	0	246	(246)	0	0
Medical camps	0	89	(89)	0	0
	0	335	(335)	0	0
c. Disaster Response:	0	869	(869)	0	0
d. Water projects:					
Water projects - DFID	133	3,252	(3,052)	0	333
Water projects - other	0	285	(285)	0	0
	133	3,537	(3,337)	0	333
e. Schools projects:					
Neal Turkington Fund	0	1	0	13	14
Schools	0	138	(138)	0	0
		139	(138)	13	14
f. Other grants:					
Vehicles & equipment	0	5	(5)	0	0
MOD grant in Aid	0	2,810	(2,810)	0	0
Support & infrastructure	0	50	(50)	0	0
UK Admin & fundraising	0	2	(2)	0	0
	133	8,160	(7,958)	13	348

g. Grants to individuals

Restricted funds for welfare pensions are obtained from individuals that regularly donate to a pensioner support fund as well as other advertising and appeals. One supporter continues to fund the Winter Allowance.

h. Medical

Several charitable trusts have specifically sponsored the expansion of the field medical and care services and Kadoorie Agricultural Aid Association fund the medical camps.

i. Disaster response

Following the disastrous earthquakes in Nepal in April 2015 an appeal was launched to enable us to help individuals and communities in the affected areas.

j. Water projects

DfID award a grant for the rural water and sanitation programme with additional funding coming from charitable trusts and individuals.

k. Schools projects

Several individuals and charitable trusts have sponsored the rebuilding of schools and a memorial fund in memory of Neal Turkington, lost in action while serving in Afghanistan, continues to raise funds for this cause.

l. Other grants

The MOD grant-in-aid is provided to support the administration and infrastructure costs of the GWTN whilst several individuals and trusts have sponsored the upgrading of our medical clinics and motorbikes to assist our field staff in reaching remote locations.



Registered Charity Number: 1103669
Company Limited by Guarantee Number: 05098581
Registered in England

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