

# ANNUAL REPORT AND ACCOUNTS

2015



## EDGAR

Edgar joined the Army in 1937 aged 19 and served most of his service career in North Africa with a stint in the Royal Navy. At the age of 98, he is still very self-sufficient in his everyday life although he suffers from macular degeneration and is registered blind. When his boiler broke in winter, he was told he would need a new one. A SSAFA caseworker helped raise funds to assist Edgar within four days.

“I found it difficult with no hot water. There was a fall of snow and a neighbour lent me an electric heater, but I wasn’t able to move it from the front room. Without SSAFA’s help I wouldn’t have been able to afford a new boiler. SSAFA has done a marvellous job for me.”



COVER PHOTO: Edgar Slater and Sgt Shevonne Bramley  
Edgar Slater, Sgt Shevonne Bramley and Ft Lt Ali Gallagher at Bakers Hall

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## CHAIRMAN'S WELCOME

Welcome to SSAFA's 2015 Annual Report and Accounts

**I'm delighted to report that SSAFA supported 61,155 members of the Armed Forces and veteran communities through our charitable services in 2015. Compared to the 57,712 people we assisted in 2014, this marks a 5.6% increase in the number of people helped.**

SSAFA's core business continues to be case-working, which is delivered through our thriving volunteer network made up of 92 branches and 68 service committees. It is encouraging to see that the number of volunteers increased from 6,967 in 2014 to 7,060 in 2015, reversing a recent trend which had seen a decline in our volunteer numbers.

The year 2015 also saw an increase in cases and visits to clients, with branch volunteers carrying out a total of 36,208 cases and visits compared to 35,181 in 2014. This is particularly gratifying as, up until the end of 2013, the charity had seen a decline in case visits over an eight-year period. Furthermore, Forcesline, our free and confidential helpline, received 21,983 requests for help, marking a 5.5% increase on the number of calls received in 2014.

A total of 24,947 beneficiaries were supported through our specialist services in 2015 compared to 22,531 in 2014. This includes support provided through our mentoring programme, support groups, prison in-reach service and adoption service as well as through our housing services.

Over and above the beneficiaries supported through SSAFA's charitable services, our professional healthcare staff provided primary and community healthcare services to over 26,500 members of the Armed Forces community based overseas. In addition, a further 3,525 members of the RAF serving community also received our help through our RAF Personal Support and Social Work Service.

It is incredibly heartening to see the increase in the number of people we have supported through our charitable services over the last two years. As one of the nation's leading military charities, this is what we exist to do. I would, therefore, like to take this opportunity to thank both SSAFA volunteers and staff for all their hard work as well as all of those who have supported us financially, which has enabled us to serve those who have served.



*Kevin O'Donoghue*

**General Sir Kevin O'Donoghue  
KCB CBE**  
Chairman

## CONTROLLER'S INTRODUCTION

Identifying the changing needs of the Armed Forces community

**During 2015, SSAFA celebrated its 130th anniversary. Much has changed since 1885, and it is testament to SSAFA's enduring ability to adapt and evolve that we are still a thriving charity, helping over 61,155 people in 2015 alone. However, we live in a fast-moving, competitive world and we must continue to change in order to meet the current and emerging needs of our beneficiaries.**

Mindful of this, we have re-structured the organisation in a number of ways to ensure that we are operating at maximum efficiency and making the best use of available funds. In addition, we have reviewed our policies and approach, particularly focussing on fundraising, volunteering and data protection, to ensure that we remain fully legally compliant whilst operating in line with best practice.

We have also invested in brand awareness and income generation. Raising general awareness of SSAFA is vital, not only because we need the public to support us financially, but more importantly, because potential beneficiaries must know whom to turn to when they need support.

Consequently, we are delighted that during 2015 we have started to see real traction, which was not only

evidenced by the 5.6% increase in the number of people we helped last year but also by the growth in our brand awareness and core fundraising income.

The next step is to look much further into the future. We are currently working to identify the changing needs of the Armed Forces community over the next five to 15 years to understand better how SSAFA should change and further adapt to meet those needs.

Of course, we must be here for those facing problems today. However, it is only by understanding the changing military, economic, regulatory and social environment that we can ensure that the charity is fit for the future and will still be here to support our Forces and their families for decades to come.



*David Murray*

**Air Vice-Marshal David  
Murray CVO OBE**  
Controller

## Patron

Her Majesty The Queen

## President

HRH Prince Michael of Kent

## Vice Presidents

- Field Marshal Rt Hon the Lord Bramall
- Lady Carter
- The Lady Dannatt
- The Baroness Fookes
- Air Chief Marshal Sir Michael Graydon
- The Lady Guthrie
- Lieutenant Colonel Colin Hogg
- Lady Houghton
- Surgeon Captain A McEwan
- The Rt Hon the Countess Mountbatten of Burma
- Lady Pulford
- The Lady Walker
- Lady Wall
- The Rt Hon The Lord Westbury
- Lady Zambellas (retired April 2016)

## Chairman

General Sir Kevin O'Donoghue

## Vice Chairmen

Wing Commander K Bushell  
Mr Alastair Gornall (Strategic Development)

## Honorary Treasurer

Mr David Rowe

## Council Members

- Mr J Carleton
- Major C Champion (retired December 2015)
- Commodore P J Cowling (from June 2015)
- Lieutenant Colonel C A Downward
- Mr S Gallimore
- Colonel J Goodsir
- Colonel R Gordon
- Lady Jackson (retired March 2016)
- Mr J L Jelley
- Mrs H Kirkland
- Mr D McAllister (from January 2016)
- Mr D McPhie
- Mr R Murphy
- Mrs S Rutherford Jones (from January 2016)

In attendance, special advisor to National Chairman,  
Mr Colin Smith

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

## Controller

Air Vice-Marshal The Hon D P Murray

## Secretary

Mr R Pearse (left December 2015)  
Mr S Blum (from January 2016)

## Deputy Controller Health & Social Care and Managing Director of SSAFA Family Health Services

Mr M Dickson

## Deputy Controller Volunteer Support

Mrs C M Walker

## Deputy Controller Marketing, Communications & Fundraising

Mrs C Pluchino

## Finance Director

Mr R Pearse (left December 2015)  
Mr S Blum (from January 2016)

## Registered Charity Numbers

210760 (England and Wales)  
SC038056 (Scotland)  
149 (Gibraltar)

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

Queen Elizabeth House, 4 St Dunstan's Hill  
London EC3R 8AD  
Tel: 0800 032 5612  
Fax: 020 7403 8815  
E-Mail: [info@ssafa.org.uk](mailto:info@ssafa.org.uk)  
Website: [www.ssafa.org.uk](http://www.ssafa.org.uk)

## Auditor

### Grant Thornton UK LLP

Statutory Auditor  
Chartered Accountants  
Grant Thornton House  
Melton Street  
Euston Square  
LONDON  
NW1 2EP

## Bankers

### Coutts & Co

440 The Strand  
LONDON  
WC2R 0QS

### Barclays Bank Plc

PO Box 544  
54 Lombard Street  
LONDON  
EC3V 9EX

### Royal Bank of Scotland Plc

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

## Investment Managers

### BlackRock Investment Managers Ltd

33 King William Street  
LONDON  
EC4R 9AS

## Solicitors

### Withers LLP

16 Old Bailey  
LONDON  
EC4M 7EG

# TRUSTEES' REPORT

Council (who are the Trustees) are pleased to present their annual Trustees' Report together with the consolidated financial statements of the Charity as well as those of the Charity itself.

These financial statements comply with SSAFA's governing document, the Charities Act 2011, the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) and the Statement of Recommended Practice applicable to charities.

## Objectives and Activities for the Public Benefit

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

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

- **Welfare advice and support** – This is provided to serving personnel, reservists, veterans and their families through our network of branches in the local community and service committees on military bases.
- **Specialist services** – These services have been designed specifically to meet unmet needs in the Armed Forces community - e.g. mentoring, adoption and support for veterans in the criminal justice system - and are run centrally by our professional staff with support from volunteers where appropriate.
- **Housing** – Our facilities range from long-term accommodation for elderly and disabled veterans to short-term housing for service families with specific needs.
- **Health and social care services for the Armed Forces** – SSAFA delivers primary health care and social work services on contract to the MoD in 12 countries round the world including the UK.

## To achieve SSAFA's objectives we aim to:

- Maintain our network of trained caseworkers and community volunteers and employ high quality, committed employees, to ensure we can meet the needs of our beneficiaries and improve the support we are able to offer.
- Increase the visibility of the Charity to ensure that potential beneficiaries, stakeholders and the general public are aware of the support we provide.
- Raise sufficient funds to ensure we can continue to provide appropriate and timely support for our beneficiaries, maintain our reserves and avoid a running cost deficit in our national funds.
- Manage all our activities as efficiently and effectively as possible to make the best possible use of our resources and maximise the support we are able to give current and future beneficiaries.

## Achievements and Performance

SSAFA's achievements and performance are underpinned by our vision that our Armed Forces (both regulars and reserves), veterans and their families know they can depend on SSAFA for support now and for the rest of their lives.

61,155 people were helped by SSAFA's charitable services in 2015.

We continue to offer support to our Forces and their families in 12 countries (including the UK) across the globe through our professional health and social care services for the Forces community and our volunteer-led activity for veterans in the community.

## Welfare advice and support

As the first point of contact for many SSAFA beneficiaries, SSAFA Forcesline enquiries rose by 6% from the previous year to 21,983. The most striking increase in contacts (calls and emails) was from serving personnel, with more than 3,000 contacts compared to 1,600 in 2014. Our extensive volunteer network remains at the heart of SSAFA's work with the number of SSAFA volunteers, increasing slightly from 6,967 in 2014 to 7,060 trained branch and committee volunteers in 2015.

SSAFA branch volunteers carried out a total of 36,208 case visits to clients in 2015 – the equivalent of four every hour. This is a 2.8% increase on visits in 2014 which totalled 35,181.

## Specialist services

Our specialist services arise from specific needs identified by beneficiaries, SSAFA volunteers, the MoD and third party organisations. Support ranges from assisting serving personnel with the transition from service to civilian life, helping Armed Forces families through support groups and family services and supporting veterans in the criminal justice system.

An independent review of SSAFA's support groups (Bereaved Families Support Group, Bereaved Siblings Support Group and the Support Group for the Families of the Wounded, Injured or Sick Serving Personnel) was undertaken in 2015, with a new focus and service plan initiated in January 2016 as a result.

Number of beneficiaries supported in 2015:

- 492 people were supported through one of SSAFA's support groups
- 156 prisoners supported and 51 family members of prisoners were supported
- 72 veterans are now in active mentoring relationships
- 62 military families (adults and children) attended a SSAFA short break
- 58 military families were supported through the adoption process (including post-adoption support)

## Housing

SSAFA's two Norton Homes provide free accommodation for families of injured service personnel receiving treatment at the Queen Elizabeth Hospital, Birmingham and Headley Court, Surrey. Our Stepping Stone Homes provide safe and supportive accommodation for the families of serving personnel who are experiencing relationship difficulties.

In addition to short term accommodation, we also operate several bungalows, apartments and two residential homes: the Royal Homes in Wimbledon and St.Vincent's Residential Care Home on the Isle of Wight, which received a good rating in a Care Quality Commission (CQC) inspection.

## Beneficiaries supported:

- 1,625 people were supported through SSAFA's housing services
- 673 personnel and family members were supported by Norton Homes
- 107 women and children were looked after at one of our Stepping Stone Homes
- 186 residents were accommodated at SSAFA's long-term residential care homes

## Health and social care services

In 2015, SSAFA staff provided primary healthcare, community healthcare and social work services to over 26,500 service users in 12 countries. This included over 10,000 currently serving service personnel.

2015 was a period of significant change, especially in Germany due to drawdown and the relocation of patients and personnel to the UK, which led to some SSAFA staff based in Germany being made redundant. However, the quality of service and breadth of coverage remain unchanged, enabling us to provide unified professional support to isolated community health staff and deliver efficiencies and flexibility.

## Increasing our visibility

In October 2015, the SSAFA Council approved the introduction of a new descriptor – the Armed Forces charity – to our logo and the addition of the year of our formation to our crest. These changes will help us reach more people who need us, raise more funds and carve out a more prominent position in the crowded marketplace of military charities.

We made significant progress in increasing coverage of SSAFA across national, regional and social media outlets, ensuring that members of the Armed Forces community are aware that we are here to support them as well as enhancing our profile with potential volunteers and donors.

## Media coverage:

- 109% increase in the number of people reached through positive coverage in national media
- 57% increase in the amount of people reached through positive coverage in regional media
- 100% increase in Facebook community from 50,000 to 100,000
- 41% increase in Twitter followers from 22,000 to 31,000

### Raising sufficient funds

In 2015 the funds raised from donations, legacies and fundraising activities was £9.17m (2014 - £10.92m) of which £2.22m was raised by our volunteers in their local communities. The fall in income is in large part due to the fact that the 2014 figures include income raised through the Blood Swept Lands and Seas of Red installation at the Tower of London.

In 2015 we launched a new partnership with Openreach, our first major relationship with a corporate organisation outside the defence sector. We are also very grateful to BAE Systems, Sodexo and Fujitsu for their continued support of the charity.

We have continued to develop our relationships with a wide range of charitable trusts which provide invaluable support to our beneficiaries both locally, on an individual level, and nationally through support for our centrally run specialist services. Particular thanks go to:

- ABF, The Soldier's Charity
- Royal Air Force Benevolent Fund
- The BACIT Foundation
- Royal Navy and Royal Marines Charity
- Army Central Fund
- Freemasons Grand Charity
- Lloyd's Patriotic Fund
- Queen Mary's Trust, Roehampton
- Seafarers UK
- Poppy Scotland
- The Buckinghamshire, Berkshire and Oxfordshire Yeomanry and Artillery Trust

### Key Performance Indicators

SSAFA used key performance indicators (KPIs) to measure its impact and identify areas for improvement in a variety of ways:

### Welfare Advice and Support

We aim to increase our active membership and improve the capacity and capability in our volunteer network in order to increase the number of beneficiaries that we can help. We measure the number of beneficiaries assisted and monies raised to help those in financial hardship. We are also continuing to develop more sophisticated metrics to help us measure the impact of our work.

An Outcomes Working Group looks at the capacity and capability in our volunteer network and makes recommendations. These are being reviewed and refined to ensure the most meaningful measurements are put into place. There were 36,208 cases in 2015 (compared with 35,181 in 2014).

### Health and Social Care

Our contracts with MOD and the NHS are subject to performance-related indicators and monitored via regular contract meetings.

Performance indicators have been developed with commissioners where appropriate. These are a diverse range of indicators reflecting the complexity and breadth of the services we offer. These include operational performance, quality and patient feedback.

Within UK health services this includes the Quality and Outcomes Framework (QOF) and the Commissioning for Quality and Innovation (CQUIN) measures (where applicable). These include a range of nationally and locally agreed indicators focusing on patient outcomes.

SSAFA services in the UK are regulated by the Care Quality Commission (CQC) that include GP Practices and are subject to a ratings-based inspection model. Whilst a formal inspection has not occurred, SSAFA has maintained assurances that compliance with the standards is in place.

Within British Forces Germany (BFG) a large range of indicators are in place based on the English CQC model. In 2015 the service was required to achieve greater than 90% compliance, which was routinely surpassed.

The Cyprus services operate different performance indicators from BFG and UK services, which have also been routinely surpassed.

Adoption services are regulated by Ofsted. SSAFA demonstrated compliance with the standards by achieving a "good service" rating in all areas; the service was last inspected in September 2014.

SSAFA have developed support systems and mechanisms where possible to extract performance data directly from the electronic systems the staff use to minimise the burden of administration undertaken by clinical staff.

### Housing

The welfare of our residents is paramount across all SSAFA homes. To this end, all of our professionally managed schemes are regularly monitored, capturing KPI's and outcomes where statutorily required to do so.

SSAFA ensures that all residents meet the eligibility criteria via a robust selection and application process for each SSAFA housing scheme.

At Stepping Stones Homes we continue to measure a range of well-being outcomes in line with the terms of our grants from Supporting People, funded through the respective Local Authorities. The outcomes measured include: economic wellbeing, be healthy, achieve access to training and education, stay safe, positive contribution to community, equal opportunities and inclusion, housing move-on, children's education.

St Vincents Care Home is regulated by the Care Quality Commission (CQC) and as such all outcomes are measured and reported in line with CQC requirements for each resident.

### Specialist Services

We measure the impact of our professionally accredited services using proven internal management tools. We continually review our methods to ensure we can effectively represent the benefits of our services to clients. We also work closely with other organisations to ensure we share best practice effective evaluation methods.

### Looking to the future

Everything SSAFA does is underpinned by our vision to ensure that the Armed Forces, veterans and their families know they can depend on us for support for the rest of their lives. It is, therefore, essential that we understand not just the current but also the future needs of the service community, and adapt and develop the support we offer as their needs change. We will:

- Recruit, train and retain the highest quality employees and volunteers to ensure we can continue to provide effective, timely support to those in need.
- Meet our contractual obligations to provide high quality health and social care to the Armed Forces in the UK and overseas.

■ Continue to raise our profile and improve our external communications to raise awareness of our services and to ensure those in need know we can help.

■ Invest in our fundraising capacity to maintain and increase our income so we can continue to meet the demand for our services and replace contract income as required.

■ Monitor and analyse changing needs in the service community and refine and develop our services to meet unmet needs.

■ Work with and support the Confederation of Service Charities (COBSEO) and develop greater coherence and co-ordination with other military charities.

■ Continually seek opportunities for efficiencies to ensure our funds are used as efficiently as possible to support our beneficiaries.

### Financial Review

As required, the accounts have been prepared under Charity SORP (FRS 102). To meet the requirements of the Office of the Scottish Regulator of Scotland, Statement of Activities (with supporting notes) has also been prepared for the Charity (as shown on page 19).

### Financial Outcome

The Consolidated Statement of Financial activities for the year show that there was an overall surplus in the year (before defined benefit pension costs of £2.4 million) of £0.776 million (2014: £0.231 million). This comprises a surplus on unrestricted funds of £0.926 million for the year (2014: £0.823million) and a restricted fund deficit of £0.150 million (2014: deficit £0.592 million).

Donations and legacies received in the year were £4.3 million (2014: £5.0 million) and £2.6 million (2014: £ 2.8 million) respectively. Donations in the prior year included a significant contribution from the Bloodswept Land and Seas of Red art installation at the Tower of London commemorating the centenary of the First World War in November. The costs of raising voluntary income were £536k (2014: £ 552k).

The branches continue through their vast volunteer network to raise significant funds of £11.7 million (2014: £11.2 million) from service and other charities to assist a wide variety of forces related individuals in need. At 31 December 2015, £1.65 million (2014: £1.97 million) was being held for unalmonised grants for imminent distribution to the individuals for which the funds were raised. ▶

Health and welfare activities contributed £4.15 million (2014: £0.91 million) to the group. This includes the activities of SSAFA Family Health Services, which is responsible under contract for the delivery of health and social care services in Germany, Cyprus and the Falkland Islands and the RAF Personal Support and Social Work Services in the UK. The principal Germany contract is provided under sub-contract to the Group's joint venture SSAFA GSTT LLP. Whilst income and expenditure decreased significantly, the margin reflects improved cost-management initiatives and the impact of moving away from a fixed-forces exchange rate against sterling to, instead, being paid in sterling for the main contract. Costs incurred included £2.1million for redundancies which arose as a result of the drawdown and relocation of patients and personnel to the UK from Germany, a programme which is due to be completed by 2019. These costs were reimbursed under the terms of the contract by the MoD and are included in turnover.

SSAFA Care CIC primarily provides the health care services to the NHS in England, including through a purpose-built health centre, Southglade in Nottingham, and contributed £837k (2014: £288k) to the group in the year. The increase in the Urgent Care element of the business generated higher surpluses than other health contractual arrangements in place.

Due to the requirements of the new Financial Reporting Standard 102, we have revalued the proportion of our head offices in London which are leased commercially (and which have been reclassified as investment properties). This has resulted in a gain of £2.22 million. The cost of the medical centre at Nottingham has within the books of the charity also been reclassified under FRS 102 as an investment property. An impairment charge of £1.45 million has been made in the books of the charity to reflect the value of the property in its current use.

The pension fund deficit has decreased by £2.754 million to £37.8 million at the balance sheet date. This reflects the increase in discount rate used to calculate the present value of fund liabilities to 3.8% (2014: 3.5%) offset against the lower return on investments experienced particularly around

year end due to the economic climate and does not involve an outflow of cash.

Discussions have continued during the year with the Ministry of Defence (MoD) regarding proposals for a deficit reduction plan for the Local Government Pension Scheme. Trustees believe the MoD has a binding obligation to underwrite the liability arising in respect of former MoD staff who were transferred to SSAFA some years ago. These negotiations are ongoing. (see note 19 for more information).

#### Investment Policy

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

Performance of the fund is measured against a benchmark constructed to represent a balanced portfolio of investments comprising UK and global equities, property and UK and overseas bonds. In 2015, the fund achieved a total return of 1.7%, which was below the benchmark; however, dividends for the year were increased by 5% against 2014 to 7.1p per unit.

#### Reserves Policy

Taking into account guidance provided by The Charity Commission on determining an appropriate level of reserves, Trustees have set a level of approximately two years' of operating costs which must be retained to ensure that the Charity can meet its obligations in the short term. At 31 December 2015 the level of unrestricted reserves which were not represented by fixed assets was 1.65 years' of running costs (2014: 1.37 years).

At 31 December 2015 the unrestricted general reserves (which include designated funds) that were not represented by fixed assets amounted to £27.5 million (2014: £22.8 million) before any adjustment for the pension deficit under FRS 102. The Trustees accept the legal necessity to include the long-term FRS 102 pension liability in the Statement of Financial Activities. They do not, however, agree that this liability constitutes a diminution to reserves due to the liability position noted above. As reported above, a deficit reduction plan is being negotiated with MOD.

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

Taking into account the asset base of the Charity and the declared policy of disposing freehold properties no longer required, Trustees consider that SSAFA has adequate resources to sustain operations for the foreseeable future.

#### Grant Making

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

#### Structure, governance and management Governing Document

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

#### Subsidiary Charities

The Charity has three subsidiary Charities: The Royal Homes, regulated under a Charity Commission Scheme in 1998; the Aircrew Association Charitable Fund, regulated under a Charity Commission Scheme in 2012 and The Military Wives Choirs Foundation, which was established on 25 July 2012 as a private charitable company limited by guarantee, Company Number 08089745, Registered Charity Number 1148302 and in Scotland, Charity Number SCO45217.

The Royal Homes and the Aircrew Association Charitable Fund are administered as part of SSAFA as a result of these schemes, and their results are included within the results of the Charity. The Military Wives Choir Foundation is a subsidiary of SSAFA and prepares its own annual financial statements. These are not included in SSAFA's charity accounts but are consolidated within the group financial statements.

#### SSAFA Forces Help Operational Entities

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

Details of the Companies and the Limited Liability Partnerships are given below:

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

#### Other Charitable Jurisdictions

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

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

In order to operate in Cyprus, SSAFA has been registered with the Charity Commissioners for Cyprus Register of Charities Number 210760. ▶

## Board of Trustees

### Officers of SSAFA

National Chairman, National Vice Chairman, Vice Chairman (Strategic Development) and Honorary Treasurer

### Other Trustees

Chairmen of the following Association Committees:

- The Volunteer Advisory Committee
- The Health & Social Care Advisory Committee
- The Regional Representatives' Forum
- The Public Awareness Advisory Committee
- The Audit and Risk Committee
- The Finance and Investment Committee
- The Service Community Forum

Up to five Regional Representatives including one from each of the Four Nations

Other Trustees with specialist skills

All Trustee appointments are recommended to the Council after a thorough search for suitable candidates. All Trustees are subject to the SSAFA Equal Opportunities policy, and an Enhanced Disclosure and Barring Check is requested prior to appointment.

On appointment each Trustee is given a standard Trustee briefing pack and undergoes an induction briefing. Annually, Trustees are given a briefing following the September meeting of Council. A Register of Trustees' interests is held centrally. The effectiveness of Council is assessed during the Annual Review of the Business Plan.

### Decision Making

Trustees make and approve SSAFA policy, delegating the day-to-day management to the Controller and his staff. Council meets four times each year, or as required, and receives reports from the Controller and his staff on activities and progress.

Traditionally, in November each year Council reviews and approves the group budget for the following financial year. Council reviews all Advisory and Sub Committee

reports, making decisions on any policy issues arising and directing how those issues should be implemented.

Annually, Council reviews SSAFA's Housing Assets. Council will take decisions as appropriate to sell, purchase, and build or extend property. Thereafter having made the decision, the Controller will take the appropriate action.

At each meeting Council reviews the Central Income and Expenditure Budget, recommending adjustments as necessary.

### Finance and Investment Committee

The Finance and Investment Committee meets four times a year. Membership comprises Honorary Treasurer (who is Chairman of the Committee), Chair and Vice Chair of Council, and Mr. Robert Murphy (Trustee) and is attended by the Controller, Finance Director and other members of the Management Team as required.

### Key Management Personnel Remuneration

Council considers that its members, who are the Trustees, the Controller and members of the Management Board, as comprising the key management personnel of SSAFA in charge of directing and controlling the Charity and running and operating the Charity on a day-to-day basis. All Trustees give of their time freely, and no Trustee has received remuneration in the year. Details of Trustees' expenses are disclosed in note 9 and related party transactions are disclosed in note 20.

### Senior management pay policy

Annual salary reviews take place for all SSAFA employees, and this includes all levels of senior management. The Trustees agreed a 1% increase to all eligible employees, including all eligible senior management. SSAFA adheres to strict salary bands. Senior management remuneration is benchmarked against these bands and also, where possible, to equivalent roles in the charity sector.

## Risk Management

The Controller's Management Board meets weekly and reviews the Risk Register to ensure compliance. The Audit and Risk Committee reviews the Risk Management Policy and Register at each meeting. Areas of significant risk are reported to Council at each meeting. Council then seeks assurance from the Controller that all mitigating action is being or has been taken. In addition, during 2015, Council formally approved the appointment of Mazars LLP as internal auditors and have agreed a risk focused internal audit plan with them, covering a variety of areas (including finance) across the organisation

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

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

- having detailed financial planning and processes in place to ensure oversight and ongoing monitoring of the financial position;
- detailed contract planning. A principal financial risk facing the Charity's subsidiary, SSAFA Family Health Services, is related to the relocation of HM Forces from Germany to the UK. Income is associated to population bands, and the relationship between these bands, staffing levels and costs is not linear. The Company's Board is monitoring the situation and continuing to look for ways to streamline costs without impacting the delivery of the quality of services supplied;
- ensuring awareness and compliance of regulatory standards that impact the different activities carried out by the Group;
- preparation of a three-year fundraising strategy underpinned by regular reporting and forecasting processes and development of and investment in the fundraising team; and
- ensuring that Branches and Committees' volunteers have appropriate financial and other training and support available to them to aid them with the raising, recording, monitoring and the distributing of funds in delivering assistance to SSAFA's many beneficiaries.

The group has some transaction and currency exchange rate risk given its international spread of activities. The currency risk was quite significant during the first quarter of the year. Active management of risk was undertaken. The risk was mitigated by renegotiating its contract with the customer in question, which had been previously denominated in sterling using fixed exchange rates. This took effect from 1 August 2015 and the contract is now being settled in sterling.

The objective of the group in managing its liquidity risk is to ensure that it can meet its liabilities when they fall due. The group expects to meet its financial obligations through operating cash flows. In the event that operating cash flows would not cover all the group's financial obligations, Council is comfortable that suitable credit facilities are available.

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

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

### Auditor

Trustees have informed the current auditor, Grant Thornton UK LLP, of their intention to invite tenders from other audit firms for the 31 December 2016 audit. Trustees believe it is good practice to re-evaluate its professional advisers periodically but have also informed Grant Thornton that its proposals to be re-appointed will be welcomed. ▶

### Trustees' Responsibilities Statement

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

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

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

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's and Group's transactions and disclose with reasonable accuracy at any time the

financial position of the Charity and the Group and enable them to ensure that the financial statements comply with the Charities Act 2011 and regulations made thereunder, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the Charity and the Group and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Approved by Council on 22 June 2016

And signed on 22 June 2016 by



General Sir Kevin O'Donoghue KCB CBE Chairman

## INDEPENDENT AUDITOR'S REPORT

To the Trustees of The Soldiers, Sailors, Airmen and Families Association - Forces Help (SSAFA)

We have audited the financial statements of The Soldiers, Sailors, Airmen and Families Association-Forces Help (SSAFA) for the year ended 31 December 2015, which comprise the consolidated statement of financial activities, the Charity statement of financial activities, the consolidated Group and Charity balance sheets, the consolidated statement of cash flows, the principle accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

#### Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement on page 16, the trustees are responsible for the preparation of the financial statements which give a true and fair view. We have been appointed as auditor under sections 151 of the Charities Act 2011 and 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### Opinion on financial statements

##### In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 December 2015 and of the group's and charity's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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

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

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



Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London  
Date: 23 June 2016

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

# CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2015 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2014 £'000
<b>INCOME FROM:</b>							
Donations and legacies	1	5,314	1,590	6,904	6,120	1,642	7,762
<b>Charitable activities</b>							
Contributions - Service/other charities	2	19	11,699	11,718	-	11,155	11,155
Health and welfare	2	24,177	835	25,012	28,103	780	28,883
Care and accommodation	2	1,175	506	1,681	1,157	510	1,667
Adoption services	2	371	-	371	494	-	494
<b>Total charitable activities</b>		<b>25,742</b>	<b>13,040</b>	<b>38,782</b>	<b>29,754</b>	<b>12,445</b>	<b>42,199</b>
<b>Other trading activities</b>							
Health services provided to NHS		4,668	-	4,668	3,902	-	3,902
Fundraising activities		2,003	102	2,105	2,529	-	2,529
Commercial activities		158	-	158	633	-	633
<b>Total trading activities</b>		<b>6,829</b>	<b>102</b>	<b>6,931</b>	<b>7,064</b>	<b>-</b>	<b>7,064</b>
<b>Investments</b>	3	965	63	1,028	821	72	893
<b>Other income</b>	4	174	-	174	1,737	-	1,737
<b>Total income</b>		<b>39,024</b>	<b>14,795</b>	<b>53,819</b>	<b>45,496</b>	<b>14,159</b>	<b>59,655</b>
<b>EXPENDITURE ON:</b>							
<b>Raising funds</b>							
Health services provided to NHS	5	5,312	-	5,312	3,644	-	3,644
Fundraising activities	5	1,987	-	1,987	1,751	-	1,751
Raising voluntary income	5	536	-	536	552	-	552
Other trading activities	5	129	-	129	209	-	209
<b>Total raising funds</b>		<b>7,964</b>	<b>-</b>	<b>7,964</b>	<b>6,156</b>	<b>-</b>	<b>6,156</b>
<b>Charitable activities</b>							
Grants payable	5	7,442	13,252	20,694	6,974	13,064	20,038
Provision of 'Grant Aided' activities	5	49	837	886	-	779	779
Health and welfare	5	20,865	-	20,865	27,974	-	27,974
Care and accommodation	5	3,459	723	4,182	2,678	951	3,629
Adoption services	5	674	169	843	1,041	-	1,041
<b>Total cost of charitable activities</b>		<b>32,489</b>	<b>14,981</b>	<b>47,470</b>	<b>38,667</b>	<b>14,794</b>	<b>53,461</b>
<b>Other expenditure</b>	5	-	-	-	75	-	75
<b>Total expenditure</b>		<b>40,453</b>	<b>14,981</b>	<b>55,434</b>	<b>44,898</b>	<b>14,794</b>	<b>59,692</b>
Net gains on investments	11	141	36	177	230	43	273
Share of net resources from joint venture	11	(6)	-	(6)	(5)	-	(5)
Fair value adjustment on investment properties	11	2,220	-	2,220	-	-	-
Other defined benefit pension costs	19	(2,444)	-	(2,444)	(1,025)	-	(1,025)
<b>Net expenditure</b>		<b>(1,518)</b>	<b>(150)</b>	<b>(1,668)</b>	<b>(202)</b>	<b>(592)</b>	<b>(794)</b>
<b>Other recognised gains and losses</b>							
Actuarial gains (losses) on defined benefit pension	19	5,077	-	5,077	(9,986)	-	(9,986)
<b>Net movement in funds</b>		<b>3,559</b>	<b>(150)</b>	<b>3,409</b>	<b>(10,188)</b>	<b>(592)</b>	<b>(10,780)</b>
<b>RECONCILIATION OF FUNDS</b>							
Total funds brought forward	14	1,643	5,319	6,962	11,831	5,911	17,742
<b>Total funds carried forward</b>	14	<b>5,202</b>	<b>5,169</b>	<b>10,371</b>	<b>1,643</b>	<b>5,319</b>	<b>6,962</b>

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

# CHARITY STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2015 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2014 £'000
<b>INCOME FROM:</b>							
Donations and legacies	1	8,541	1,590	10,131	7,440	1,642	9,082
<b>Charitable activities</b>							
Contributions - Service/other charities	2	19	11,699	11,718	-	11,155	11,155
Health and welfare	2	-	835	835	-	780	780
Care and accommodation	2	1,175	506	1,681	1,157	510	1,667
Adoption services	2	371	-	371	494	-	494
<b>Total charitable activities</b>		<b>1,565</b>	<b>13,040</b>	<b>14,605</b>	<b>1,651</b>	<b>12,445</b>	<b>14,096</b>
<b>Other trading activities - Fundraising</b>		<b>1,630</b>	<b>102</b>	<b>1,732</b>	<b>2,325</b>	<b>-</b>	<b>2,325</b>
<b>Investments</b>	3	1,038	63	1,101	808	72	880
<b>Other income</b>	4	1,171	-	1,171	3,213	-	3,213
<b>Total income</b>		<b>13,945</b>	<b>14,795</b>	<b>28,740</b>	<b>15,437</b>	<b>14,159</b>	<b>29,596</b>
<b>EXPENDITURE ON:</b>							
<b>Raising funds</b>							
Fundraising activities	5	1,986	-	1,986	1,756	-	1,756
Raising voluntary income	5	536	-	536	552	-	552
Other trading activities	5	-	-	-	10	-	10
<b>Total raising funds</b>		<b>2,522</b>	<b>-</b>	<b>2,522</b>	<b>2,318</b>	<b>-</b>	<b>2,318</b>
<b>Charitable activities</b>							
Grants payable	5	6,542	13,252	19,794	7,318	13,064	20,382
Provision of 'Grant Aided' activities	5	49	837	886	-	779	779
Health and welfare	5	985	-	985	1,412	-	1,412
Care and accommodation	5	3,057	723	3,780	2,722	951	3,673
Adoption services	5	672	169	841	1,041	-	1,041
<b>Total cost of charitable activities</b>		<b>11,305</b>	<b>14,981</b>	<b>26,286</b>	<b>12,493</b>	<b>14,794</b>	<b>27,287</b>
<b>Other expenditure</b>	5	-	-	-	75	-	75
<b>Total expenditure</b>		<b>13,827</b>	<b>14,981</b>	<b>28,808</b>	<b>14,886</b>	<b>14,794</b>	<b>29,680</b>
Net gains on investments	11	141	36	177	230	43	273
Fair value adjustment on investment properties	11	2,220	-	2,220	-	-	-
Other defined benefit pension costs	19	(2,444)	-	(2,444)	(1,025)	-	(1,025)
<b>Net income/(expenditure)</b>		<b>35</b>	<b>(150)</b>	<b>(115)</b>	<b>(244)</b>	<b>(592)</b>	<b>(836)</b>
<b>Other recognised gains and losses</b>							
Actuarial gains (losses) on defined benefit pension	19	5,077	-	5,077	(9,986)	-	(9,986)
<b>Net movement in funds</b>		<b>5,112</b>	<b>(150)</b>	<b>4,962</b>	<b>(10,230)</b>	<b>(592)</b>	<b>(10,822)</b>
<b>RECONCILIATION OF FUNDS</b>							
Total funds brought forward	14	(91)	5,319	5,228	10,139	5,911	16,050
<b>Total funds carried forward</b>	14	<b>5,021</b>	<b>5,169</b>	<b>10,190</b>	<b>(91)</b>	<b>5,319</b>	<b>5,228</b>

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

# CONSOLIDATED GROUP AND CHARITY BALANCE SHEETS

FOR THE YEAR ENDED 31 DECEMBER 2015

As at 31 December	Notes	Group 2015 £'000	Group 2014 £'000	Charity 2015 £'000	Charity 2014 £'000
<b>FIXED ASSETS</b>					
Tangible assets	10	15,888	19,717	14,428	16,813
Investments	11	17,661	13,416	19,121	14,876
Investment in joint venture	11	(22)	(16)	-	-
<b>Total fixed assets</b>		<b>33,527</b>	<b>33,117</b>	<b>33,549</b>	<b>31,689</b>
<b>CURRENT ASSETS</b>					
Debtors	12	6,992	10,211	8,264	8,416
Stock		15	10	-	-
Cash at bank and in hand		12,193	11,960	9,544	10,065
		<b>19,200</b>	<b>22,181</b>	<b>17,808</b>	<b>18,481</b>
<b>Creditors:</b> Amounts falling due within one year	13	(4,533)	(7,759)	(3,344)	(4,365)
<b>Net current assets</b>		<b>14,667</b>	<b>14,422</b>	<b>14,464</b>	<b>14,116</b>
<b>Net assets excluding pension liability</b>					
		<b>48,194</b>	<b>47,539</b>	<b>48,013</b>	<b>45,805</b>
Defined benefit pension scheme liability	19	(37,823)	(40,577)	(37,823)	(40,577)
<b>NET ASSETS</b>	15	<b>10,371</b>	<b>6,962</b>	<b>10,190</b>	<b>5,228</b>
<b>FUNDS</b>					
Unrestricted funds - general	14	40,871	39,231	40,690	37,497
Unrestricted funds - designated	14	2,154	2,989	2,154	2,989
Unrestricted funds - pension reserve	14	(37,823)	(40,577)	(37,823)	(40,577)
<b>Total unrestricted funds</b>	14	<b>5,202</b>	<b>1,643</b>	<b>5,021</b>	<b>(91)</b>
<b>Restricted funds</b>	<b>14</b>	<b>5,169</b>	<b>5,319</b>	<b>5,169</b>	<b>5,319</b>
<b>TOTAL FUNDS</b>	14	<b>10,371</b>	<b>6,962</b>	<b>10,190</b>	<b>5,228</b>

Approved by Council on 22 June 2016 and signed on 22 June 2016 by:

General Sir Kevin O'Donoghue KCB CBE  
Chairman

Mr David Rowe  
Honorary Treasurer

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £'000	2014 £'000
<b>Net cash used in operating activities</b>			
	A	(964)	(1,039)
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments		1,028	893
Purchase of tangible fixed assets		(205)	(51)
Proceeds on disposal of fixed assets		2	3
Recovery of VAT on fixed assets		484	-
Purchase of investments		(273)	(68)
Proceeds from sale of investments		161	101
<b>Net cash provided by investing activities</b>		<b>1,197</b>	<b>878</b>
<b>Change in cash and cash equivalents in the year</b>			
		233	(161)
Cash and cash equivalents at 1 January 2015		11,960	12,121
<b>Cash and cash equivalents at 31 December 2015</b>		<b>12,193</b>	<b>11,960</b>

## Notes to the consolidated statement of cash flows

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

	2015 £'000	2014 £'000
Net expenditure for the year	(1,668)	(794)
<b>Adjustments for:</b>		
Depreciation	366	536
Impairment of fixed assets	1,446	-
Gains on investments	(2,391)	(268)
Dividends, interest and rents from investments	(1,028)	(893)
Increase in stock	(5)	(1)
Decrease in creditors	(3,226)	(269)
Change in pension liability	2,323	1,422
Decrease/(Increase) in debtors	3,219	(772)
<b>Net cash used in operating activities</b>	<b>(964)</b>	<b>(1,039)</b>

### B. Analysis of cash and cash equivalents

	2015 £'000	2014 £'000
Cash at bank and in hand	12,193	11,960

# PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies are summarised below:

## Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014\* rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

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

## Basis of consolidation

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

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

## Charity Statement of Cash Flows

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

## Going Concern

The financial statements have been prepared on the basis that the Charity is a going concern. The Trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern. The Trustees accept the legal necessity to include the long term FRS 102 defined pension scheme liability within the financial statements. They do not consider, however, that this liability constitutes a diminution to Reserves because in their view this liability lies with the MoD and not with the Charity (see Note 19). The Charity had £43 million in unrestricted funds at 31 December 2015, excluding the FRS 102 pension liability. The Trustees therefore consider that the Charity has adequate resources to sustain operations for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

## Income

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

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

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

Legacies are recognised once the receipt of the legacy becomes probable and quantifiable. Pecuniary legacies are usually recognised at the point that probate is granted. For residuary legacies, this will usually be at the earlier of cash receipt or when confirmation has been received from the representatives of the estates that payment will be made or property will be transferred and once all the conditions attaching to the legacies have been fulfilled. Where legacies have been notified to the Charity, or the Charity is aware of the granting of probate but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material (see note 16).

Investment income is recognised when receivable.

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

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

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

Health and welfare includes income generated from the provision of health and social care services to British Forces personnel and their dependants around the world. In calculating revenue on contracts, the Group makes certain estimates in respect to the compliance with performance related indicators which the

contracts are subject to. A different assessment may result in a different value being determined for revenue.

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

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

## Expenditure and the basis of allocation of costs

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings within the costs of raising funds and charitable activities. Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with the use of resources. Direct costs, including directly attributable salaries, are allocated on an actual basis to the key strategic areas of activity.

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

## Costs of charitable activities include the following:

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

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

Health and welfare expenditure includes the direct costs of the welfare department at central office, ▶

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

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

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

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

#### Tangible fixed assets and depreciation

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

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

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

#### Investment properties

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

#### Impairment of assets

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

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

#### Investments

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

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

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

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

#### Financial Instruments

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

#### Debtors

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

#### Creditors and provisions

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

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

#### Funds accounting

##### Unrestricted funds

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

Designated funds are unrestricted funds set aside at the discretion of Council for specific purposes. Details of designated funds held are given in note 14.

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

### Restricted funds

Restricted funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose and the restriction means that the related funds can only be used for the specific activities. Details of restricted funds held are given in note 14.

Except for The Royal Homes fund, no interest on cash balances is allocated to restricted funds and no overheads or support costs are allocated except where material costs are incurred by a specific fund. Interest earned on restricted funds and most overhead and support costs if reasonably allocated are considered to be of low value.

For both unrestricted and restricted funds, both the income and any investment gain or loss have been allocated to the individual funds holding the investment.

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

### Operating leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of ownership of the leased assets to the Group. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the consolidated Statement of Activities on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the Group recognises annual rent expense equal to amounts owed to the lessor.

### Foreign currency

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

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

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

### Contributions to pension schemes

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

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

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

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

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

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

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

### Taxation

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

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

### Significant judgements and estimates

In the application of the Group's accounting policies, which are described above, Council are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2015 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2014 £'000
<b>1. DONATIONS AND LEGACIES</b>						
<b>Group</b>						
Donations	3,000	1,320	4,320	3,629	1,382	5,011
Legacies	2,314	270	2,584	2,491	260	2,751
	<b>5,314</b>	<b>1,590</b>	<b>6,904</b>	<b>6,120</b>	<b>1,642</b>	<b>7,762</b>
<b>Charity</b>						
Donations	6,227	1,320	7,547	4,949	1,382	6,331
Legacies	2,314	270	2,584	2,491	260	2,751
	<b>8,541</b>	<b>1,590</b>	<b>10,131</b>	<b>7,440</b>	<b>1,642</b>	<b>9,082</b>

The Charity received donations from its subsidiary companies of £3,266,000 (2014: £1,539,000).

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2015 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2014 £'000
<b>2. INCOME FROM CHARITABLE ACTIVITIES</b>						
<b>Group</b>						
<b>Contributions from services and charities for individuals</b>	<b>19</b>	<b>11,699</b>	<b>11,718</b>	<b>-</b>	<b>11,155</b>	<b>11,155</b>
Community Health and Social Services - UK and overseas	-	835	835	-	780	780
Health and Welfare contracts including share of joint venture	24,177	-	24,177	28,103	-	28,103
<b>Group health and welfare</b>	<b>24,177</b>	<b>835</b>	<b>25,012</b>	<b>28,103</b>	<b>780</b>	<b>28,883</b>
<b>Care and accommodation contributions</b>						
Stepping Stones Homes	243	-	243	214	-	214
Residential Homes and Cottages	821	-	821	817	-	817
Homes from Home	23	-	23	41	-	41
Royal Homes	-	506	506	-	510	510
Other	88	-	88	85	-	85
<b>Group care and accommodation contributions</b>	<b>1,175</b>	<b>506</b>	<b>1,681</b>	<b>1,157</b>	<b>510</b>	<b>1,667</b>
<b>Adoption income</b>	<b>371</b>	<b>-</b>	<b>371</b>	<b>494</b>	<b>-</b>	<b>494</b>
<b>Total income from charitable activities</b>	<b>25,742</b>	<b>13,040</b>	<b>38,782</b>	<b>29,754</b>	<b>12,445</b>	<b>42,199</b>
<b>Charity</b>						
<b>Contributions from services and charities for individuals</b>	<b>19</b>	<b>11,699</b>	<b>11,718</b>	<b>-</b>	<b>11,155</b>	<b>11,155</b>
<b>Community Health and Social Services - UK and overseas</b>	<b>-</b>	<b>835</b>	<b>835</b>	<b>-</b>	<b>780</b>	<b>780</b>
<b>Care and accommodation contributions</b>						
Stepping Stones Homes	243	-	243	214	-	214
Residential Homes and Cottages	821	-	821	817	-	817
Homes from Home	23	-	23	41	-	41
Royal Homes	-	506	506	-	510	510
Other	88	-	88	85	-	85
<b>Charity care and accommodation contributions</b>	<b>1,175</b>	<b>506</b>	<b>1,681</b>	<b>1,157</b>	<b>510</b>	<b>1,667</b>
<b>Adoption income</b>	<b>371</b>	<b>-</b>	<b>371</b>	<b>494</b>	<b>-</b>	<b>494</b>
<b>Total income from charitable activities</b>	<b>1,565</b>	<b>13,040</b>	<b>14,605</b>	<b>1,651</b>	<b>12,445</b>	<b>14,096</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2015 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2014 £'000
<b>3. INVESTMENTS</b>						
<b>Group</b>						
Listed investments	295	63	358	363	69	432
Bank deposits and unquoted investments	89	-	89	21	3	24
Rental income	351	-	351	367	-	367
Other interest receivable	230	-	230	70	-	70
	<b>965</b>	<b>63</b>	<b>1,028</b>	<b>821</b>	<b>72</b>	<b>893</b>
<b>Charity</b>						
Listed investments	295	63	358	363	69	432
Bank deposits and unquoted investments	84	-	84	21	3	24
Rental income	429	-	429	354	-	354
Other interest receivable	230	-	230	70	-	70
	<b>1,038</b>	<b>63</b>	<b>1,101</b>	<b>808</b>	<b>72</b>	<b>880</b>

Charity rental income includes £78,400 receivable from a Group company (2014: £100,800).

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2015 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2014 £'000
<b>4. OTHER INCOME</b>						
<b>Group</b>						
Overage receivable	-	-	-	1,705	-	1,705
Other income	174	-	174	32	-	32
	<b>174</b>	<b>-</b>	<b>174</b>	<b>1,737</b>	<b>-</b>	<b>1,737</b>
<b>Charity</b>						
Overage receivable	-	-	-	1,705	-	1,705
Management charges to subsidiary undertakings	997	-	997	1,508	-	1,508
Other income	174	-	174	-	-	-
	<b>1,171</b>	<b>-</b>	<b>1,171</b>	<b>3,213</b>	<b>-</b>	<b>3,213</b>

The overage receivable arises from an arrangement in respect of the sale of a freehold property in 2007.

	Activities undertaken directly £'000	Support costs (see note 6) £'000	Total 2015 £'000	Total 2014 £'000
<b>5. EXPENDITURE</b>				
<b>Group</b>				
<b>Raising funds</b>				
Health services provided to NHS	5,132	180	5,312	3,644
Fundraising activities	1,930	57	1,987	1,751
Raising voluntary income	60	476	536	552
Other trading activities	121	8	129	209
	<b>7,243</b>	<b>721</b>	<b>7,964</b>	<b>6,156</b>
<b>Charitable activities:</b>				
Grants payable	19,090	1,604	20,694	20,038
Provision of 'Grant Aided' activities	856	30	886	779
Health and welfare	19,880	985	20,865	27,974
Care and accommodation	2,843	1,339	4,182	3,629
Adoption Services	615	228	843	1,041
	<b>43,284</b>	<b>4,186</b>	<b>47,470</b>	<b>53,461</b>
<b>Other resources expended</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75</b>
<b>Total resources expended</b>	<b>50,527</b>	<b>4,907</b>	<b>55,434</b>	<b>59,692</b>

The cost of providing health services to the NHS includes an impairment of £1,446,000 on a leasehold property.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## 5. EXPENDITURE Cont.

	Activities undertaken directly £'000	Support costs (see note 6) £'000	Total 2015 £'000	Total 2014 £'000
<b>Charity</b>				
<b>Raising funds</b>				
Fundraising activities	1,929	57	1,986	1,756
Raising voluntary income	60	476	536	552
Other trading activities	-	-	-	10
	<b>1,989</b>	<b>533</b>	<b>2,522</b>	<b>2,318</b>
<b>Charitable activities:</b>				
Grants payable	18,592	1,202	19,794	20,382
Provision of 'Grant Aided' activities	856	30	886	779
Health and welfare	-	985	985	1,412
Care and accommodation	2,843	937	3,780	3,673
Adoption Services	614	227	841	1,041
	<b>22,905</b>	<b>3,381</b>	<b>26,286</b>	<b>27,287</b>
<b>Other resources expended</b>	-	-	-	<b>75</b>
<b>Total resources expended</b>	<b>24,894</b>	<b>3,914</b>	<b>28,808</b>	<b>29,680</b>

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

Other resources expended in 2014 relates to a claim received from the purchaser of the Queen Elizabeth property sale completed in 2013.

WELFARE AND GRANTS PAYABLE	Unrestricted Funds £'000	Restricted Funds £'000	Total 2015 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2014 £'000
<b>Group</b>						
From Charity funds	184	205	389	188	471	659
On behalf of service funds and other charities	-	11,699	11,699	-	11,155	11,155
Other Welfare costs	7,258	1,348	8,606	6,786	1,438	8,224
	<b>7,442</b>	<b>13,252</b>	<b>20,694</b>	<b>6,974</b>	<b>13,064</b>	<b>20,038</b>

WELFARE AND GRANTS PAYABLE	Unrestricted Funds £'000	Restricted Funds £'000	Total 2015 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2014 £'000
<b>Charity</b>						
From Charity funds	184	205	389	188	471	659
On behalf of service funds and other charities	-	11,699	11,699	-	11,155	11,155
Other Welfare costs	6,358	1,348	7,706	6,733	1,835	8,568
	<b>6,542</b>	<b>13,252</b>	<b>19,794</b>	<b>6,921</b>	<b>13,461</b>	<b>20,382</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## 6. SUPPORT COSTS

Group	Management £'000	Finance £'000	Human Resources £'000	Information Technology £'000	Facilities £'000	Governance £'000	Total 2015 £'000	
<b>Raising funds</b>	47	149	143	145	191	46	721	
<b>Charitable activities:</b>								
Grants payable	106	317	319	328	431	103	1,604	
Care and accommodation	88	265	266	274	360	86	1,339	
Adoption	15	45	46	46	61	15	228	
	<b>256</b>	<b>776</b>	<b>774</b>	<b>793</b>	<b>1,043</b>	<b>250</b>	<b>3,892</b>	
							Health and Welfare services	985
							Grant aided activities	30
							<b>Total support costs</b>	<b>4,907</b>

Charity	Management £'000	Finance £'000	Human Resources £'000	Information Technology £'000	Facilities £'000	Governance £'000	Total 2015 £'000	
<b>Raising funds</b>	47	96	98	100	146	46	533	
<b>Charitable activities:</b>								
Grants payable	106	217	219	227	330	103	1,202	
Care and accommodation	88	164	166	174	259	86	937	
Adoption	15	45	45	46	61	15	227	
	<b>256</b>	<b>522</b>	<b>528</b>	<b>547</b>	<b>796</b>	<b>250</b>	<b>2,899</b>	
							Health and Welfare services	985
							Grant aided activities	30
							<b>Total support costs</b>	<b>3,914</b>

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

Governance costs include:	2015 £'000	2014 £'000
Council/Committee Expenses	48	60
AGM	22	16
Annual Reports	6	6
Audit	80	86
Apportionment of staff costs	94	67
	<b>250</b>	<b>235</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## 7. NET EXPENDITURE

This is stated after crediting/charging:

	2015 £'000	2014 £'000
<b>Fees payable to the Charity's auditor</b>		
- Audit of the Charity's account	55	57
- Audit of subsidiaries and joint venture	25	29
<b>Total audit fees</b>	<b>80</b>	<b>86</b>
<b>Total taxation fees paid to auditor</b>	<b>48</b>	<b>48</b>
<b>Depreciation of tangible fixed assets</b>	366	475
<b>Expenditure on fixtures, fittings &amp; equipment written off in year</b>	102	86
<b>Amounts paid under operating leases (See below)</b>	324	452

The Group's future minimum operating lease payments are as follows:

	2015 £'000	2014 £'000
Within one year	232	331
In two to five years inclusive	360	169

The Charity's future minimum operating lease payments are as follows:

	2015 £'000	2014 £'000
Within one year	42	66
In two to five years inclusive	10	52

## 8. EMPLOYEE AND STAFF COSTS

Staff costs during the year were as follows:

	Charity 2015 £'000	Contracts 2015 £'000	Total 2015 £'000	Charity 2014 £'000	Contracts 2014 £'000	Total 2014 £'000
Wages and salaries	7,032	13,922	20,954	6,184	18,365	24,549
Social security costs	312	1,012	1,324	544	1,410	1,954
Other pension costs	246	1,589	1,835	454	2,224	2,678
	<b>7,590</b>	<b>16,523</b>	<b>24,113</b>	<b>7,182</b>	<b>21,999</b>	<b>29,181</b>
Agency locums and other contractors	727	4,331	5,058	508	5,382	5,890
<b>Total labour costs</b>	<b>8,317</b>	<b>20,854</b>	<b>29,171</b>	<b>7,690</b>	<b>27,381</b>	<b>35,071</b>

Redundancy costs of £2,093,000 (2014: £275,000) are included above. These are recognised when a constructive obligation arises. At the 31st December 2015 £Nil had been accrued (2014: £275,000 and is included in other creditors Note 13).

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## 8. EMPLOYEE AND STAFF COSTS Cont.

The number of employees paid by the Charity whose emoluments, excluding employer's pension contributions, exceeded £60,000 in the year were as follows:

	Charity 2015 Number	Contracts 2015 Number	Total 2015 Number	Charity 2014 Number	Contracts 2014 Number	Total 2014 Number
£60,001 to £70,000	4	7	11	5	4	9
£70,001 to £80,000	-	5	5	1	17	18
£80,001 to £90,000	1	5	6	4	6	10
£90,001 to £100,000	2	17	19	1	5	6
£100,001 to £110,000	-	3	3	-	8	8
£110,001 to £120,000	1	-	1	-	-	-
£120,001 to £130,000	-	3	3	-	1	1
£130,001 to £140,000	-	1	1	-	-	-
£140,001 to 150,000	-	1	1	-	-	-

Four higher paid staff members are accruing retirement benefits under the defined contribution scheme and 34 higher paid staff under the defined benefit schemes, with 12 other higher paid staff not participating in these schemes. (2014: seven higher paid employees participated in the defined contribution scheme and 34 higher paid employees participated in the defined benefit scheme, with 11 others not participating in these schemes). Contributions in the year for the defined contribution scheme for higher paid staff amounted to £12,000 (2014: £20,000).

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

The key management personnel of the Charity comprise the Controller and the members of the Management Board. The cost of employing management personnel for the Charity was therefore £769,232 (2014: £1,015,277). This included 2 (2014: 1) individuals employed on an interim contract basis.

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

	Charity 2015 Number	Contracts* 2015 Number	Total 2015 Number	Charity 2014 Number	Contracts* 2014 Number	Total 2014 Number
Voluntary income	3	-	3	3	-	3
Raising funds	25	50	75	25	55	80
Grants payable	94	-	94	101	-	101
Care and accommodation	70	-	70	65	-	65
Adoption services	12	-	12	18	-	18
Health and welfare	-	335	335	-	516	516
Community health/social service staff - 'Grant Aided' activities	-	17	17	-	22	22
Management and support	29	15	44	24	22	46
<b>Total staff numbers</b>	<b>233</b>	<b>417</b>	<b>650</b>	<b>236</b>	<b>615</b>	<b>851</b>

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

## 9. TRUSTEE REMUNERATION

Trustees are not remunerated. They are reimbursed expenses or amounts are paid on their behalf for attending meetings and duties directly related to their duties as trustees. In 2015 total expenses of £15,990 (2014: £23,557) were paid for 15 (2014: 10) trustees.

Trustee indemnity insurance is held as part of a wider policy covering staff and volunteers. The premium for Trustee insurance cannot be separately identified but is estimated at £2,500 (2014: £2,500).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## 10. TANGIBLE FIXED ASSETS

Group	Freehold properties £'000	Long leasehold properties £'000	Motor vehicles £'000	IT, furniture & equipment £'000	Total £'000
<b>Cost</b>					
At 1 January 2015	16,614	4,205	116	876	21,811
Transfers to investment properties	(1,786)	-	-	-	(1,786)
Additions	-	-	-	205	205
Disposals	-	-	(16)	-	(16)
VAT recovery	(484)	-	-	-	(484)
<b>At 31 December 2015</b>	<b>14,344</b>	<b>4,205</b>	<b>100</b>	<b>1,081</b>	<b>19,730</b>
<b>Depreciation</b>					
At 1 January 2015	1,004	438	103	549	2,094
Transfers to investment properties	(50)	-	-	-	(50)
Charge for year	189	22	-	155	366
Impairment	-	1,446	-	-	1,446
Eliminated on disposal	-	-	(14)	-	(14)
<b>At 31 December 2015</b>	<b>1,143</b>	<b>1,906</b>	<b>89</b>	<b>704</b>	<b>3,842</b>
<b>Net book value</b>					
<b>At 31 December 2015</b>	<b>13,201</b>	<b>2,299</b>	<b>11</b>	<b>377</b>	<b>15,888</b>
<b>At 31 December 2014</b>	<b>15,610</b>	<b>3,767</b>	<b>13</b>	<b>327</b>	<b>19,717</b>

Charity	Freehold properties £'000	Long leasehold properties £'000	Motor vehicles £'000	IT, furniture & equipment £'000	Total £'000
<b>Cost</b>					
At 1 January 2015	16,614	1,116	116	866	18,712
Transfers to investment properties	(1,786)	-	-	-	(1,786)
Additions	-	-	-	203	203
Disposals	-	-	(16)	-	(16)
VAT recovery	(484)	-	-	-	(484)
<b>At 31 December 2015</b>	<b>14,344</b>	<b>1,116</b>	<b>100</b>	<b>1,069</b>	<b>16,629</b>
<b>Depreciation</b>					
At 1 January 2015	1,004	245	103	547	1,899
Transfers to investment properties	(50)	-	-	-	(50)
Charge for year	189	22	-	155	366
Eliminated on disposal	-	-	(14)	-	(14)
<b>At 31 December 2015</b>	<b>1,143</b>	<b>267</b>	<b>89</b>	<b>702</b>	<b>2,201</b>
<b>Net book value</b>					
<b>At 31 December 2015</b>	<b>13,201</b>	<b>849</b>	<b>11</b>	<b>367</b>	<b>14,428</b>
<b>At 31 December 2014</b>	<b>15,610</b>	<b>871</b>	<b>13</b>	<b>319</b>	<b>16,813</b>

Under FRS 102 a proportion of the Charity's head offices was transferred from fixed assets to investment properties and revalued (see Note 11). In addition during the year a further proportion of the property was transferred to investment properties following a decision to lease a further floor.

In the books of the Group one long leasehold property has been impaired as at 31 December 2015. In the books of the Charity this property has been transferred to investment properties (see Note 11).

All assets are owned by the Charity except for The Military Wives Choirs' Foundation's furniture and equipment of £11,078 (2014: £9,078) upon which depreciation of £1,799 (2014: £1,599) was charged.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## 11. INVESTMENTS

	Group 2015 £'000	Group 2014 £'000	Charity 2015 £'000	Charity 2014 £'000
<b>Investments comprise:</b>				
Investments properties	7,842	3,886	9,292	5,336
Listed investments	9,819	9,530	9,819	9,530
Investments in subsidiaries	-	-	10	10
	<b>17,661</b>	<b>13,416</b>	<b>19,121</b>	<b>14,876</b>

	Group Freehold £'000	Charity Freehold £'000	Charity Leasehold £'000	Charity Total £'000
<b>Investment properties at fair value</b>				
As at 1 January 2014 and 1 January 2015	3,886	3,886	1,450	5,336
Transfer from tangible fixed assets	1,736	1,736	-	1,736
Increase in fair value in the year	2,220	2,220	-	2,220
<b>As at 31 December 2015</b>	<b>7,842</b>	<b>7,842</b>	<b>1,450</b>	<b>9,292</b>

Investment properties, one leasehold and a part of the freehold SSAFA Headquarters property, were revalued at 31 December 2015, based on a valuation undertaken by Jones Lang Lasalle, an independent valuer with recent experience in the location and classes of the investment properties being valued. The valuations were prepared in accordance with the RICS Valuation - Professional Standards, January 2014 as published by the Royal Institution of Chartered Surveyors on the basis of Fair Value for current use. The Fair Value valuation for the leasehold investment property assumes that the property will continue to be used as a medical centre and that the NHS or other successor body will be liable to pay rent for the foreseeable future. There are no restrictions on the releasability of the freehold property.

As set out in note 3, property rental income earned during the year was £351,000 (2014: £367,000). The freehold investment property is leased out under operating leases and the leasehold investment property is leased to a subsidiary company for commercial purposes. Direct operating expenses arising on the freehold investment property generated rental income in the year of £73,000 (2014: £65,000). The Charity is additionally contractually obliged to carry out annual repairs and maintenance in respect of the leasehold investment property, which in the current year amounted to £17,300 (2014: £8,900) which is not subject to further recovery.

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

	2015 £'000	2014 £'000
Within one year	317	343
In two to five years inclusive	1,399	1,366
After five years	1,644	1,994

SSAFA manages the maintenance of its investment properties internally.

### Listed investments

	Total £'000
<b>Group:</b>	
<b>Market value:</b>	
At 1 January 2015	9,530
Acquisitions	273
Receipts from disposal of investments	(161)
Realised and unrealised profits on revaluation	177
<b>At 31 December 2015 - Group</b>	<b>9,819</b>
Investment in subsidiary	10
<b>At 31 December 2015 - Charity</b>	<b>9,829</b>
<b>Historical cost at 31 December 2015</b>	<b>5,931</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## 11. INVESTMENTS Cont.

### Listed investments are represented by:

	2015 £'000	2014 £'000
Armed Forces Common Investment Fund Units	9,072	8,919
United Kingdom – Equities	747	611
	<b>9,819</b>	<b>9,530</b>

Investments within the portfolio which amount to more than 5% of total holdings as at 31 December 2014 were:

	2015 £'000	2014 £'000
<b>Armed Forces Common Investment Fund</b>	<b>9,072</b>	<b>8,919</b>

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

### Subsidiary undertakings

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

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

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

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

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

	SSAFA Family Health Services		SSAFA Forces Help Enterprises Limited		SSAFA Care CIC		Military Wives Choirs Foundation	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Total assets	5,443	5,018	224	743	877	849	510	331
Total liabilities	(5,443)	(5,018)	(214)	(733)	(877)	(849)	(305)	(25)
	-	-	10	10	-	-	205	306
<b>Represented by:</b>								
Share capital	-	-	10	10	-	-	-	-
Reserves	-	-	-	-	-	-	205	306
	-	-	10	10	-	-	205	306
<b>The results for the year were:</b>								
Income	24,177	28,104	184	631	4,557	4,015	398	465
Expenditure	(21,780)	(27,117)	(144)	(217)	(3,720)	(3,727)	(499)	(495)
<b>Net income/(expenditure)</b>	<b>2,397</b>	<b>987</b>	<b>40</b>	<b>414</b>	<b>837</b>	<b>288</b>	<b>(101)</b>	<b>(30)</b>
Donation to Charity	(2,397)	(987)	(40)	(414)	(837)	(149)	-	-
<b>Retained in subsidiary</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>139</b>	<b>(101)</b>	<b>(30)</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## 11. INVESTMENTS Cont.

### Joint venture

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

	SSAFA GSTT 2015 £'000	Care LLP 2014 £'000
A summary of the Group's share of the joint venture:		
<b>Turnover</b>	<b>20,592</b>	<b>20,342</b>
<b>Expenditure</b>	<b>(20,598)</b>	<b>(20,347)</b>
<b>Loss before and after tax</b>	<b>(6)</b>	<b>(5)</b>
Current assets	2,228	3,291
Liabilities due within 1 year	(2,250)	(3,307)

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

## 12. DEBTORS

	Group 2015 £'000	Group 2014 £'000	Charity 2015 £'000	Charity 2014 £'000
Trade debtors	1,150	2,016	648	953
Amounts owed by subsidiary undertakings	-	-	4,452	3,081
Amounts owed by related undertakings	1,911	2,970	-	-
Taxation recoverable	-	20	-	20
Other debtors	147	1,094	38	262
Prepayments and accrued income	3,784	4,111	3,126	4,100
	<b>6,992</b>	<b>10,211</b>	<b>8,264</b>	<b>8,416</b>

Prepayments and accrued income in 2015 and 2014 includes £1.8 million in respect of an overage payment which was received in April 2016.

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

## 13. CREDITORS

	Group 2015 £'000	Group 2014 £'000	Charity 2015 £'000	Charity 2014 £'000
<b>Amounts falling due within one year:</b>				
Trade creditors	618	2,947	329	724
Other tax and social security costs	473	733	461	638
Other creditors	400	550	339	393
Unalmonised grants	1,650	1,971	1,650	1,971
Accruals and deferred income	1,392	1,558	565	639
	<b>4,533</b>	<b>7,759</b>	<b>3,344</b>	<b>4,365</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

14. FUNDS	Balance at 1 January 2015 £'000	Incoming resources £'000	Resources expended £'000	Other movements £'000	Balance at 31 December 2015 £'000
<b>General funds</b>	<b>39,231</b>	<b>38,903</b>	<b>(39,618)</b>	<b>2,355</b>	<b>40,871</b>
<b>Designated funds</b>					
Carmichael Walker Fund	347	-	-	-	347
Homes From Home Appeal	1,018	-	(750)	-	268
Royal Patriotic Fund	1,624	-	(85)	-	1,539
<b>Total designated funds</b>	<b>2,989</b>	<b>-</b>	<b>(835)</b>	<b>-</b>	<b>2,154</b>
<b>Pension reserve</b>	<b>(40,577)</b>	<b>121</b>	<b>-</b>	<b>2,633</b>	<b>(37,823)</b>
<b>Total unrestricted funds</b>	<b>1,643</b>	<b>39,024</b>	<b>(40,453)</b>	<b>4,988</b>	<b>5,202</b>
<b>Restricted funds</b>					
Welfare and casegrants	1,060	869	(1,095)	5	839
Housing	-	142	(20)	-	122
Homes from Home appeal	-	178	(178)	-	-
UK Armed Forces and other charities	-	11,699	(11,699)	-	-
UK Armed Forces 'Grant Aided' activities	5	834	(838)	-	1
The Royal Homes	2,285	510	(525)	21	2,291
Miscellaneous Branch funds	1,544	185	(272)	10	1,467
Military Wives Choirs' Foundation	13	-	(13)	-	-
Adoption	-	171	(171)	-	-
Welfare funds	412	207	(170)	-	449
<b>Total restricted funds</b>	<b>5,319</b>	<b>14,795</b>	<b>(14,981)</b>	<b>36</b>	<b>5,169</b>
<b>Total funds-group</b>	<b>6,962</b>	<b>53,819</b>	<b>(55,434)</b>	<b>5,024</b>	<b>10,371</b>
<b>General funds</b>					
Property treated as investment in Charity	(1,444)				-
Share of joint venture	16				24
Military Wives Choirs Foundation	(306)				(205)
<b>Total funds-Charity</b>	<b>5,228</b>				<b>10,190</b>

#### Funds are held for use for the following purposes:

##### General funds

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

##### Designated funds

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

**Homes from Home Appeal** – to provide funding for families visiting injured servicemen and servicewomen at the Norton House Headley Court and Norton House Selly Oak.

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

##### Restricted funds

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

**Homes from Home Appeal** – to provide funding for families visiting injured servicemen and servicewomen at the Norton House Headley Court and Norton House Selly Oak.

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

**UK Armed Forces-Grant Aided** – received under grant in aid to reimburse the costs incurred in the provision of Community Health and Social Services.

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

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

**Military Wives Choirs' Foundation** – were awarded grants in the year towards their 2015 Annual Conference.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

#### 15. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	General 2015 £'000	Designated 2015 £'000	Restricted 2015 £'000	Total 2015 £'000
<b>Fund balances at 31 December 2015 are represented by:</b>				
Tangible fixed assets	15,568	-	320	15,888
Investments	15,388	325	1,926	17,639
Net current assets	9,915	1,829	2,923	14,667
Defined benefit pension liability	(37,823)	-	-	(37,823)
	<b>3,048</b>	<b>2,154</b>	<b>5,169</b>	<b>10,371</b>
	General 2014 £'000	Designated 2014 £'000	Restricted 2014 £'000	Total 2014 £'000
<b>Fund balances at 31 December 2014 are represented by:</b>				
Tangible fixed assets	19,394	-	323	19,717
Investments	11,319	320	1,761	13,400
Net current assets	8,518	2,669	3,235	14,422
Defined benefit pension liability	(40,577)	-	-	(40,577)
	<b>(1,346)</b>	<b>2,989</b>	<b>5,319</b>	<b>6,962</b>

#### 16. CONTINGENT ASSETS

Niether the group nor the Charity have identified any contingent assets due.

#### 17. CAPITAL COMMITMENTS

Neither the Group nor the Charity had any capital commitments at 31 December 2015 or 31 December 2014.

#### 18. BANK GUARANTEE

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

#### 19. RETIREMENT BENEFITS

The total contributions made by the Group in the year were:

	2015 £'000	2014 £'000
Local Government Pension Scheme	1,795	2,248
Scottish Widows Money Growth Plan	5	5
Aviva Group Personal Pension Plan	315	298
NHS Pensions Scheme	69	127
<b>Total contributions</b>	<b>2,184</b>	<b>2,678</b>

#### Scottish Widows Money Growth Plan

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

SSAFA had three active members in the scheme as at 31 December 2015 (2014: 3) and total pension scheme contributions outstanding at year end amounted to £698 (2014: £686).

#### Aviva Group Personal Pension Plan

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

SSAFA had 247 active members in the scheme as at 31 December 2015 (2014: 231) and total pension scheme contributions outstanding at year end amounted to £118,352 (2014: £72,830).

#### NHS Pensions Scheme

Following the transfer of staff to SSAFA from the Ministry of Defence (MoD), SSAFA currently participates in the NHS Pensions Scheme. The NHS Pension Scheme is an unfunded multi-employer defined benefit scheme. The assets of the scheme are administered by NHS Pensions in a fund which is independent of SSAFA. The charge for the year represents those contributions payable to the scheme in respect of the accounting period. Entry into this scheme is strictly limited to employees transferring to SSAFA from the MoD or NHS and at 31 December 2015, the Association had six (2014:18) active members in this scheme.

The pension scheme contributions outstanding at the end of the accounting period amounted to £8,161 (2014: £15,121).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## 19. RETIREMENT BENEFITS (continued)

### Local Government Pension Scheme

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

At 31 December 2015 the Association had 129 active members (2014: 221).

The last actuarial valuation of the scheme was at 31 March 2013 using the projected unit method and the attained age method, dependent on the fund being valued. At the valuation date the market value of the LPFA assets was £4,659m in comparison to the actuarial value of benefits that had accrued to members of £5,142m. Accordingly, as at 31 March 2013, there was a deficit of £483m. Although the London Pension Fund Authority is a multi-employer scheme, it has been able to allocate assets and liabilities relating to SSAFA Forces Help and these are disclosed below.

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

At 31 December 2015 the valuation was updated in accordance with FRS 102. The major assumptions used by the actuary were:

Assumptions as at	31 December 2015 %p.a.	31 December 2014 %p.a.
RPI increases	3.3%	3.2%
CPI increases	2.4%	2.4%
Salary increases	4.2%	4.2%
Pension increases	2.4%	2.4%
Discount rate	3.8%	3.5%

### Mortality assumption

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

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

### Assets

The estimated asset allocation as at 31 December 2015 is as follows:

	31 December 2015 %p.a.	31 December 2014 %p.a.
Equities	49%	44%
LDI/cashflow matching	12%	9%
Target Return Portfolio	20%	29%
Infrastructure	5%	5%
Commodities	0%	1%
Property	3%	3%
Cash	11%	9%
<b>Total</b>	<b>100%</b>	<b>100%</b>

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

	2015 £'000	2014 £'000
<b>Statement of financial position as at 31 December 2015</b>		
Fair value of scheme assets (bid value)	57,262	55,402
Present value of funded obligations	(95,085)	(95,979)
<b>Net pension liability</b>	<b>(37,823)</b>	<b>(40,577)</b>

The Trustees accept the legal necessity to include the FRS102 pension liability in the consolidated Statement of Financial Activities. They do not, however, agree that this liability constitutes a diminution to Reserves, and this is presently being negotiated with the MoD with reference to an agreement dated 25 February 1977.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## 19. RETIREMENT BENEFITS (continued)

	2015	2014
Opening defined benefit obligation	95,979	80,001
Current service cost	2,401	2,364
Interest cost	3,322	3,780
Change in financial assumptions	(4,749)	9,113
Past service costs	996	80
Contributions by Scheme participants	621	721
Liabilities assumed on settlements	-	1,478
Estimated benefits paid (net of transfers in)	(3,485)	(1,558)
<b>Closing defined benefit obligation</b>	<b>95,085</b>	<b>95,979</b>

	2015	2014
Opening fair value of Scheme assets	55,402	50,832
Interest on assets	1,958	2,441
Return on assets less interest	328	(873)
Administration expenses	(84)	(76)
Contributions by Employer (including unfunded)	2,522	2,306
Contributions by Scheme participants	621	721
Estimated benefits paid (net of transfers in and including unfunded)	(3,485)	(1,558)
Settlement prices received	-	1,609
<b>Closing fair value of employers assets</b>	<b>57,262</b>	<b>55,402</b>

The actual return on plan assets over the year ended 31 December 2015 was £2,286,000 (2014: £1,568,000).

	2015 £'000	2014 £'000
<b>Defined benefit costs recognised in the Statement of Financial Activities</b>		
Service cost - including current service cost of £2.4m recognised in charitable activities	3,397	2,313
Net interest on the defined liability	1,364	1,339
Administration expenses	84	76
<b>Defined benefit costs recognised in the Statement of Financial Activities</b>	<b>4,845</b>	<b>3,728</b>

	2015 £'000	2014 £'000
<b>Re-measurement of the net assets/(defined liability)</b>		
Return of fund assets in excess of interest	328	(873)
Change in financial assumptions	4,749	(9,113)
<b>Re-measurement of the net assets/(defined liability)</b>	<b>5,077</b>	<b>(9,986)</b>

	2015 £'000	2014 £'000
<b>Reconciliation of opening and closing deficit:</b>		
Deficit at beginning of the year	(40,577)	(29,169)
Current service cost	(2,401)	(2,364)
Past service cost	(996)	(80)
Employer contributions	2,522	2,306
Settlements and curtailments	-	131
Other finance income	(1,364)	(1,339)
Actuarial gains/(losses)	5,077	(9,986)
Administrative expenses	(84)	(76)
<b>Deficit at end of the year</b>	<b>(37,823)</b>	<b>(40,577)</b>

The estimated employer's contribution for the year to 31 December 2016 will be approximately £2,081,000.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## 20. RELATED PARTY TRANSACTIONS

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

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

	2015 £'000	2014 £'000
Sales to SSAFA GSTT Care LLP	18,006	20,342
Amounts due from SSAFA GSTT Care LLP	1,911	2,970

## 21. TRANSITION TO CHARITIES SORP (FRS 102)

This is the first year that the Charity has presented its financial statements under the Statement of Recommended Practice: Accounting and Reporting by Charities (Charities SORP (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) and the Charities Act 2011. The last financial statements were under the Statement of Recommended Practice (SORP) Accounting and Reporting by Charities (revised 2005), the Charities Act 2011 and UK GAAP applicable in the year ended 31 December 2014. The Charity has amended its accounting policies in accordance with the above requirements of Charities SORP (FRS 102) and FRS 102. The impact on the financial position at 31 December 2013 and 31 December 2014 and the performance for the year ended 31 December 2014 is shown in Note 22.

The impact of the transition adjustments presented below on the previously reported financial performance for the year ended 31 December 2014 is to increase the group incoming resources by £53K and the charity incoming resources by £115K.

## 22. RECONCILIATION WITH PREVIOUS GENERALLY ACCEPTED ACCOUNTING PRACTICE

In preparing the accounts, Council have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was needed. A proportion of the Group's freehold head office building, 4 St Dunstan's Hill, has been reclassified as an investment property from fixed assets due to sub-lease arrangements with third parties in place. In the Charity a leasehold property has also been revalued as shown below. No other restatements were required for the Group. In accordance with the requirements of FRS 102 a reconciliation of opening balances is provided:

Reconciliation of Group funds and balances	1 January 2014 £'000	31 December 2014 £'000
<b>Fund balances as previously stated</b>	<b>17,399</b>	<b>6,566</b>
Upward revaluation of freehold investment property	343	343
Elimination of depreciation charged in 2014	-	53
<b>Fund balances as restated</b>	<b>17,742</b>	<b>6,962</b>

Reconciliation of Charity funds and balances	1 January 2014 £'000	31 December 2014 £'000
<b>Fund balances as previously stated</b>	<b>17,214</b>	<b>6,276</b>
Upward revaluation of freehold investment property	343	343
Elimination of depreciation charged in 2014	-	53
Downward revaluation of leasehold property	(1,507)	(1,507)
Elimination of amortisation charged in 2014	-	63
<b>Fund balances as restated</b>	<b>16,050</b>	<b>5,228</b>

**SSAFA provides lifelong support to our Forces and their families. We began our work in 1885, and last year our staff and team of volunteers helped around 60,000 people - from World War Two veterans to the young men and women recently returned from Afghanistan, and their families.**

### **NEED TO TALK?**

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

- Call **0800 731 4880** Lines open 9.00 to 17.30 weekdays
- Visit **[ssafa.org.uk/forcesline](https://ssafa.org.uk/forcesline)**

### **HELP US SERVE THOSE WHO SERVED**

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

- To donate £5, text '**SSAF44 £5**' to **70070**
- Call **020 7403 8783**
- Visit **[ssafa.org.uk](https://ssafa.org.uk)**

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