



# Annual report

and accounts 2020

**ssafa** | the  
Armed Forces  
charity

Regulars | Reserves | Veterans | Families

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

## CONTENTS

- [03](#) A message from our Chairman
- [04](#) SSAFA's Governance Structure
- [05](#) SSAFA Committees
- [06](#) Trustees' Report
- [18](#) Independent Auditor's Report
- [22](#) Consolidated Statement of Financial Activities
- [23](#) Charity Statement of Financial Activities
- [24](#) Consolidated Group and Charity Balance Sheets
- [25](#) Consolidated Statement of Cash Flows
- [26](#) Principal Accounting Policies
- [32](#) Notes to the Financial Statements



Regulars | Reserves | Veterans | Families

### The Soldiers', Sailors', Airmen's and Families'

#### Association - Forces Help

Queen Elizabeth House, 4 St Dunstan's Hill  
London EC3R 8AD  
[ssafa.org.uk](http://ssafa.org.uk)

#### Registered Charity Numbers

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

#### Auditor

Moore Kingston Smith LLP, Statutory Auditor, Chartered Accountants, 60 Goswell Road, London EC1M 7AD

#### Bankers

Coutts & Co  
440 The Strand, London WC2R 0QS

Royal Bank of Scotland Plc  
West End Commercial Centre, 1st Floor, Argyll House, 246 Regent Street, London W1B 3PB

#### Investment Managers

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

#### Solicitors

Withers LLP, 20 Old Bailey, London EC4M 7EG

## A MESSAGE FROM OUR CHAIRMAN

Welcome to our 2020 Annual Report and Accounts

SSAFA is deeply proud of all members of the Armed Forces community and is here for all those serving (regulars and reserves), veterans and their families - irrespective of service history, rank, regiment, gender, sexual orientation, ethnicity or religion. The support we offer is diverse, because our Forces family is diverse too.

Through our range of complementary services, and some new innovative programmes launched to directly tackle the unique impacts of Covid-19, we have supported 79,540 individuals in 2020. This is lower than last year as many traditional external referral routes contracted. Combined with the UK's strong 'Stay at home' message, this resulted in a reduction in help seeking across society.

However, we saw a rise in urgent financial need; our Welfare Grants team distributed £231,669 to those most in need, with an additional £60,559 being distributed from our Crisis Fund. As the pandemic extended, SSAFA continued to respond and evolve new programmes and services to support our beneficiaries. Veterans Not Forgotten - our collaboration with AgeUK-sought to help older veterans affected by the pandemic. Our SSAFA Together Project, funded by a National Lottery grant, supported local groups seeking to tackle loneliness and isolation in areas of significant veteran populations, including a meals-on-wheels service for the most vulnerable.

Forcesline saw a significant increase in the number of contacts, many related to loneliness and isolation. Operating throughout the lockdowns, our team of specially trained advisors dealt with 27,761 enquiries in 2020, without interruption, by moving our free, multi-channel confidential helpline into their own homes.

We embraced new digital and virtual methods of service delivery, from online adoption assessments in the UK to midwife appointments in Cyprus. Our Learning & Development team ensured our volunteer and employee training continued throughout, with 1,646 volunteers and employees attending 112 virtual courses last year.

Anticipating falls in fundraising our teams sought additional income streams. We accessed exceptional Government-funded grants from the Department of Culture, Media and Sport and the Armed Forces Covenant Trust Fund, with a combined total of £750,000. In April 2020 we also launched our

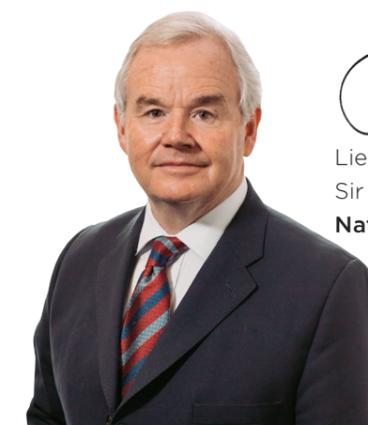
Emergency Response Fund Appeal which raised over £250,000 to provide essential crisis grants to those most in need.

We launched our SSAFA@140 programme in 2019, with the objective to focus on optimising our network to ensure sustainability and being able to provide a timely and quality assured service for the next decade and beyond. Implementation will start in 2021 and we have resolved to reduce our regional structure but with increased paid support.

We also commissioned an external review of the Charity's governance by our internal auditors Mazars. Whilst finding no major failings, the report provided a 20-item action plan to optimise our governance of the Charity, which included adjustment to some procedures, recruitment of additional, more diverse talent and decide how to make better use of our committees and Vice Presidents.

2020 was not just the year of the Pandemic, it also marked monumental moments in history: 20th anniversary of the military ban lifted for people expressing same sex attraction from serving, 75th anniversary of VE Day and VJ Day, 30 years since the Royal Navy first women to sea, and SSAFA's 135th anniversary. Our plans to mark VE Day and VJ Day 75th anniversary and commemorate the wartime generation, all had to be cancelled. We were able to participate in the national virtual moments, sharing stories of SSAFA beneficiaries from the wartime generation. 100 million people saw our SSAFA brand over the VE Day weekend and our fundraising was bolstered.

As the impact of Covid-19 was felt by all, the wartime spirit was often evoked. Our 4,751 volunteers UK-wide and around the world, supporters, beneficiaries and employees all exhibited this zeal. We responded, adapted and rose to the challenges of the pandemic. I am humbled by all their efforts and support, ensuring SSAFA continues to be there for the Armed Forces community, for as long as they need us.



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

# SSAFA'S GOVERNANCE STRUCTURE

This page provides an overview of SSAFA's governance structure.

SSAFA is governed by a Trustee body, referred to as SSAFA Council, with our National Chairman the Chairman of Council.

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 our Trustees are required to retire each year but are eligible for re-election by the Association.

Trustees are ultimately responsible for all matters concerning governance, strategic direction, legal operation and financial probity. They exercise authority only when making a majority decision at a duly constituted meeting of Council, comprising between seven and 17 members.

Our Chief Executive, known as the Controller, is responsible to the charity's Trustees for the management of SSAFA's global activities. The Controller chairs the Management Board, which oversees SSAFA's wide range of activities in support of the Armed Forces community.

## PATRON

Her Majesty The Queen

## PRESIDENT

HRH Prince Michael of Kent

## VICE PRESIDENTS

Lady Carleton-Smith

Lady Carter

The Lady Dannatt

The Baroness Fookes

Lady Hillier (retired December 2020)

Lieutenant Colonel Colin Hogg

The Lady Houghton

Surgeon Captain Alan McEwan

The Lady Walker

The Rt Hon Lord Westbury

Lady Peach (retired July 2020)

## CHAIRMAN

Lieutenant General Sir Gary Coward

## VICE CHAIRMAN

Wing Commander Kirsty Bushell

## HONORARY TREASURER

Mr David Rowe

## COUNCIL MEMBERS

Mr James Carleton

Warrant Officer Class 1 Glenn Haughton (retired May 2021)

Commodore Peter Cowling (retired March 2020)

Mr David McCorkell

Lieutenant Colonel (ret'd) Graham Meacher

Mr Robert Murphy

Air Vice-Marshal Charles Ness

Colonel Stephen Oxlade

Mr David Singletary (retired December 2020)

Mrs Evelyn Strouts

Dr Diana Wood

## CONTROLLER

Lieutenant General Sir Andrew Gregory

## SECRETARY AND FINANCE DIRECTOR

Mr Simon Blum

# SSAFA COMMITTEES

SSAFA has a number of committees overseeing different work streams. Each is chaired by a Trustee with the intention of providing advice and support for our Council in governance in order to achieve the objectives of the charity.

## The following committees meet on a quarterly basis:

- **Risk Committee**, responsible for ensuring that SSAFA and its subsidiaries conduct their business to the highest standard of probity, reporting to Council thereon.
- **Finance Committee**, responsible for ensuring that SSAFA's financial position is sustainable and advising Council accordingly.
- **Regional Representatives' Forum**, a consultative non-executive body with responsibility for effective two-way communication and facilitation between Council, committees, volunteers and employees, reporting to Council.
- **Scottish Resources Committee**, working with SSAFA Trustees, branches, service committees, volunteers, employees and external stakeholders to ensure the efficient and effective coordination of resources and activities to alleviate need amongst veterans, serving personnel and their families in Scotland.
- **Vice Chairman's Committee**, responsible for making decisions about governance, human resources, remuneration, honours and awards, reporting to Council.

Under the authority of Council, SSAFA operates three subsidiary companies, one Limited Liability Partnership and one incorporated charity:

- **SSAFA Family Health Services,**
- **SSAFA Forces Help Enterprises Limited,**
- **SSAFA CMS Limited,**
- **SSAFA GSTT Care LLP,**
- **The Military Wives Choirs Foundation.**

For further information and governance details, please refer to pages 15-16.

SSAFA's Council meets on a quarterly basis and ensures the charity is carrying out its purposes for the benefit of our beneficiaries, is accountable, and complies with our governing documents and the law, as well as ensuring our resources are managed responsibly.

## There are also several standing Council agenda items which include;

Safeguarding, Fundraising Strategy & Policy, Equality Diversity & Inclusion, as well as Data Protection and Information Management - which is managed by an independent Data Protection Officer.

# TRUSTEES' REPORT

We, the Trustees, are pleased to present the annual Trustees' Report and the consolidated financial statements of the Charity. These financial statements comply with SSAFA's governing document, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Act (Gibraltar) 1962-12, the Charities Act 2009 (Republic of Ireland) and 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 2019).

## OUR CHARITABLE OBJECT AND ACTIVITIES FOR THE PUBLIC BENEFIT

SSAFA is a public benefit entity. The Trustees have given due consideration to the Charity Commission published guidance on the operation of the Public Benefit requirement, and confirm that the 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.

Crucial to the successful delivery of all our charitable activities is a network of more than 4,750 volunteers across the globe. It is impossible to quantify the value of their contribution in monetary terms, and therefore no amounts are recorded in the financial statements.

## DURING 2020, SSAFA'S SERVICES FOCUSED ON:

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

**Tailored support services** — we mentor service leavers and their families as they transition from the military to civilian life, support veterans and their families in the criminal justice system, provide a support service to the UK Gurkha veteran community and, with Glasgow City Council, provide welfare and wellbeing support to members of the Armed Forces family in Glasgow. We also help older veterans struggling with disability, sourcing practical items such as mobility aids or replacing household goods. Our free confidential helpline, Forcesline, provides a wide range of financial,

practical, and emotional support to the Armed Forces community. We offer long-term accommodation for older and disabled veterans and we have short-term housing available for families of injured service personnel as well as for women and children affected by domestic violence from families serving in the Armed Forces. We run a series of support groups; ranging from families affected by injury or bereavement to those affected by the suicide of a loved one as well as a support forum (FANDF) for those in the military who have a family member with an additional need or disability. We also provide short break holidays for those Forces families with additional needs and disabilities. In addition, we operate the UK's only adoption agency specifically designed for Armed Forces serving personnel, which is Ofsted-rated as 'Outstanding'. This tailor-made service for military families, provides support throughout the adoption process, including family finding, link-making and post-adoption support.

**Health and social care services** — we provide primary and community health care in nine countries and overseas territories around the world - Cyprus, Brunei, Gibraltar, Canada, Germany (centred on Sennelager), Belgium, the Netherlands, Italy and Kenya. Depending on the requirements, these services range from Ministry of Defence [MOD] Contracted Community Healthcare in Cyprus to Grant-in-aid Health Visiting in Kenya and Speech and Language therapy in Brunei. Up until June 2020 we were providing personal social work services (PSWS) in Cyprus. We are currently providing PSWS to the Royal Air Force (RAF) in the UK under contract to the MOD.

## DELIVERING AGAINST OUR 2020 AIMS AND OBJECTIVES

We are focused on continuing to ensure that the needs of the Armed Forces, veterans and their families are met in an appropriate and timely way. We exist to relieve need, suffering and distress amongst the Armed Forces, veterans and their families - to support their independence and dignity. Our five strategic aims deliver this through:

- 1. Understanding need:** We will ensure that we understand and adapt to the needs of those we support.
- 2. Effective support:** We will alleviate suffering and distress by providing appropriate, timely and effective support.

**3. Awareness and understanding:** We will strive to be recognised, known and understood.

**4. Sustainable resource:** We will ensure we have people with the right skills and sufficient time to deliver our services, underpinned by a sustainable income.

**5. Collaborative working:** We will work collaboratively within the organisation and with external partners.

We will continue to drive progress against these strategic objectives and meet client need against a dynamic backdrop of change. Our core services, which will always focus on the needs of our beneficiaries, are met either through our volunteer casework, meeting serving communities' needs, or through mentoring and working with individuals at all stages of the criminal justice system.

During the last 12 months, we have seen a fall in income from contracted services. Despite the Covid-19 pandemic and subsequent lockdowns, however, 2020 proved to be more financially resilient than we had originally forecast when the first lockdown was enforced in March 2020.

In line with our strategic aim of achieving sustainability and in response to an uncertain financial impact during the Covid-19 pandemic, a proportion of our employees were included in the Government furlough scheme in 2020. In addition, around a third of remaining staff members had a 20 per cent reduction in hours and pay imposed from May 2020. This was then subsequently reduced to 10 per cent in July, with hours and pay reverting to 100 per cent in October 2020. Frontline service staff and those employed on MOD contracts or Grant-in-Aid were exempt from these cuts, ensuring our most vital services continued to operate throughout the crisis. Further cost savings came from the switch to remote training and working, reducing travel and accommodation expenses. These measures had a combined saving of approximately £900,000.

We also worked collaboratively to seek out new funding streams during 2020. Charitable donations from public collections and branch activities were significantly reduced due to the pandemic, along with the majority of our fundraising events which had to be cancelled. In 2020 we secured substantial Government-funded major donations and grants to support our work. SSAFA was awarded in total £750,000 from funds drawn from separate applications to the Department for Digital, Culture, Media and Sport [DCMS] and the Armed

Forces Covenant Trust Fund [AFCTF].

A significant element of the Charity's activities is the granting of funds to eligible individuals. SSAFA volunteers sourced over £10 million during the year to assist our clients.

## OUR ACHIEVEMENTS AND PERFORMANCE IN 2020

- We supported 79,540 individuals with our charitable services in 2020. In addition, through our commercial contracts, we continue to support our serving Armed Forces and their families in the UK and overseas.
- Our 4,751 volunteers completed 24,772 visits and cases. With national lockdown restrictions in place for the majority of the year, caseworking visits are significantly down on last year, a trend shared by other large caseworking organisations. However, our volunteers embraced new, Covid-compliant approaches to caseworking to ensure that they continued to support our beneficiaries, donating more than 900,000 hours of their time.
- Our volunteer network raised £10.3 million for those who asked for our help, through applications to military benevolent funds and other welfare charities.
- Our service committees, which provide support to serving personnel and their families on military bases in the UK and overseas awarded over £36,000 in grants, the majority of which were individual support for Financial issues. The top three areas of need were family life, bereavement and subsistence. At least 140 clients were supported, with the majority (over 65%) of those aged between 18-40 years old. Our Service Committees also recorded more than 1,700 hours of volunteering being committed to support those service personnel and their families needing our help.
- We dealt with 27,761 enquiries to our free confidential helpline, Forcesline, in 2020. Our Forcesline webchat helpline, launched in October 2019 continued to provide a vital lifeline during Covid-19 with 1,886 people assisted through this new innovation. Determined that Forcesline should continue despite lockdown, our team of special advisors moved seamlessly to home working, continuing to answer calls, emails, letters and webchats from their own homes, at a time when support was never more needed. The team saw a dramatic increase in the number of calls related to loneliness and isolation as the pandemic unfolded.

- Our central Welfare Grants team received 1,241 requests for support last year. 628 people were supported with funds totalling £231,669.

A further 387 requests for financial aid totalling £60,599 were met by our Welfare Grants team through the Boeing Crisis Fund. This fund was set up in 2020, in direct response to the Covid-19 pandemic and funded by a generous donation from the world's largest aerospace company Boeing. The Boeing Crisis Fund ensured that veterans and their families experiencing urgent need and hardship received swift assistance. This was a lifeline as it was at a time when caseworkers were isolating, branch operations were restricted and almonisation processes across the sector were experiencing delays.

- We supported 747 people through our mentoring programmes, 94% more than in 2019. The age range of those accessing the service is 17-50 years old, and 2020 saw a 37% increase in the number of women across the Armed Forces accessing SSAFA Mentoring. As demands for this service increase, we are actively recruiting new volunteer mentors. Despite the lockdown restrictions, we were able to train a further 79 mentors and SSAFA remains the only military charity to be accredited for mentoring by the National Council for Voluntary Organisations.
- We helped 1,326 prisoners or family members of prisoners through our Veterans in the Criminal Justice System [VCJS] Support Service. Due to the Covid-19 pandemic, our SSAFA volunteer caseworkers have not been permitted to visit prisons, which has resulted in a fall in the number of people accessing this service in 2020. Our volunteers have however worked tirelessly to find new ways to support prisoners remotely using email, and have also focused their support on those families needing assistance outside.
- 2,353 people were helped this year by our Gurkha services. The project offers a wide range of services across the UK, including Nepali speaking caseworkers, translation services, English lessons and a comprehensive programme of raising awareness amongst healthcare service providers, the local community and Government. Traditionally, our Gurkha support has been face-to-face due to language barriers, however the pandemic significantly impacted on this. The majority of those we support are elderly with over 60% being in the 70-79-year-old age range.

As they are particularly vulnerable to Covid-19 this meant that our regular contact and our outreach activities were significantly restricted.

- Glasgow's Helping Heroes, our partnership with Glasgow City Council, supported 235 people in the city. 2020 was the 10th anniversary of this service. Our beneficiaries needed more 'life essential' support than in previous years. With a marked increase in food poverty being seen, our Glasgow's Helping Heroes service provided food in the form of foodbank vouchers, supermarket vouchers, or hampers throughout the year with 56 different clients receiving 156 emergency food supplies. In comparison to 2019, this support was only needed by 26 clients and only 48 times, clearly illustrating that food poverty in the local veteran community has more than doubled in the last 12 months and the frequency of support required has more than tripled.
- We placed nine children with adoptive military families. All these children were considered harder to place due to their age, being in a sibling group or having additional needs. We approved nine new households to adopt, half of which were same sex couples, far higher than the national average for adoption. In total, 409 households were supported by our Adoption services in 2020, with 268 of these being new households enquiring about adoption through SSAFA. Throughout, our Adoption service has remained operational, with adoption preparation group events held virtually, as well as the adoption panel approvals process being conducted online. Our adoption social workers remained in constant touch with the families they were supporting, becoming a lifeline at a time of global uncertainty.
- Our Forces Additional Needs and Disability Forum (FANDF) continues to grow, and 2020 saw 106 new members register with us. We also received 189 new enquiries; a 92% increase compared to 2019. The Covid-19 restrictions greatly impacted our short break holiday provision which gives those Forces families with additional needs and disabilities a fully funded activity holiday tailored to their specific requirements. We were only able to run one Short Break in 2020 in October, when the easing of Covid-19 restrictions allowed, with eight families, totalling 29 people able to attend.

- We ran 11 Support Group events for those facing bereavement, military families affected by suicide and families of wounded, injured, and sick personnel. 74 beneficiaries attended the events through 2020, with all but one of these events having to take place online due to the Covid-19 restrictions. Themed sessions with topics such as Wellbeing, Creativity and a Q&A on coping with bereavement proved popular and we will be offering more of these virtual events.
- 17,274 people have accessed our UK National Support Fund from across Germany, France and Cyprus. Launched in February 2020 the project is aimed at supporting veterans in Europe following Britain's departure from the EU. Working in partnership with the Foreign Commonwealth & Development Office, local SSAFA trained caseworkers are assisting UK national veterans living overseas, with their residency applications. In Cyprus, 76 veterans supported by SSAFA have now secured residency. Other applications in all three countries of operation are pending.
- 222 people were supported as part of the Veterans Should Not Be Forgotten project. Run in collaboration with AgeUK, we supported older veterans (aged 50+) who required additional support as a result of the Covid-19 pandemic and subsequent lockdowns.
- 813 individuals have been supported by the SSAFA Together Project, which seeks to combat loneliness and isolation. The project is funded by a National Lottery Community Fund grant of £100,000 and currently supports five groups from areas of high veteran density - Romford, Southend, Port Talbot, Morley and Gloucester. 161 people from these groups were identified as highly vulnerable and SSAFA has been providing Meals on Wheels since April 2020 to these individuals.
- In 2020, we helped 1,074 people through our housing services:
  - 281 personnel and family members in Norton House, Stanford Hall;
  - 328 women and children at our Stepping Stone Home, Gildea House, supporting residents and those in the local community; a 104% increase compared to 2019;
  - 364 residents at Fisher House;
  - 81 residents in our independent living accommodation, the Royal Homes Wimbledon;

- 38 residents in our bungalows across the country.

Like all our operations and services, our housing provisions were also negatively impacted by the Covid-19 pandemic. With both operations and rehabilitation activity restricted at the Defence Medical Rehabilitation Centre [DMRC], there were fewer patients and visitors requiring accommodation at Norton House. At Fisher House, with many appointments and consultations at Queen Elizabeth Hospital Birmingham carried out virtually and a reduction in training incidents within the Armed Forces, there were fewer patients and their families needing our assistance. However, our teams were not idle during the pandemic, Fisher House answered the call from the MOD and NHS to provide additional accommodation to nursing staff during lockdown to minimise travel and the Norton House team made good use of the quieter periods to install a new playground and air conditioning in the house.

For our Stepping Stone Home, the impact of Covid-19 was also felt, with a 104% increase in the number of women and children accessing the service from the local community. Gildea House provides a secure, female-only place of safety for women and children of the Armed Forces community. One of the well documented impacts of the Covid-19 pandemic nationally was a significant rise in the incidents of domestic abuse and coercive control. Enquiries to Stepping Stone have doubled in 2020 compared to 2019 in line with national trends.

Our streamlining of our housing services over the past two years, which includes the sale of St Vincents Residential Home in 2019 and bungalows on the Isle of Wight in early 2020, has resulted in an overall reduction in the number of people housed directly by SSAFA.

#### **SOCIAL CARE OPERATIONS**

2020 marked the 30th anniversary of our RAF Personal Support and Social Work Service. This MOD contracted welfare service is run by a team of 60, providing support to the RAF community on base. In 2020, 4,675 service users were supported, with 3,205 consultations, 984 referrals, 337 Long Term Sick [LST] referrals and 149 welfare supervisions.

We saw a significantly higher need for support in the first quarter of 2020 than in 2019. The majority of support required was for personal support, mental health and relationships - a similar picture to 2019. However, there was a notable increase in support

required around housing, accounting for 10.54% compared to 7.03% in 2019. Once again, our RAF Personal Support and Social Work Service was highly rated by service users, with 99% rating the service as 'Very Good' in 2020.

### COMMUNITY HEALTHCARE OPERATIONS

We provided primary and community healthcare to thousands of Armed Forces and entitled personnel and their families in nine countries around the world.

- We provide Community Healthcare to the British Forces Community based in Cyprus under the current MOD contract. We deliver this across three geographical locations. The services we provide include: Child & Adolescent Mental Health Services [CAMHS], Health Visiting, Midwifery, Community Children's Nursing, Dietetics, School Nursing, Speech and Language, Podiatry and Orthoptics.
- In 2020 our teams provided in excess of 3,000 consultations across the services to serving personnel and their families in Cyprus, with 404 new referrals made to the Community Healthcare service. Our midwives and health visitors supported the mothers of 120 babies born on the island in 2020, while health visitors supported children 0-5 years delivering the Healthy Child and UK Immunisation Programme. Nearly 300 school age children participated in the National Child Measurement Programme (NCMP).
- Further healthcare operations are provided through Grant-in-Aid procurement, to our Armed Forces Personnel posted around the world. This includes providing Health Visiting in Gibraltar and in Canada, where 137 people were supported in 2020. Health Visiting and Speech & Language Therapy was provided to SHAPE (Belgium), Naples (Italy) and AFNORTH (Netherlands) as well as Sennelager (Germany) and Kenya.
- In Brunei our midwifery service supported 73 pregnant women and provided postnatal support following 29 births, including supporting parents of three babies admitted to the Neonatal Intensive Care Unit.

As well as providing essential and highly valued support to the Armed Forces around the world, these commercial contracts are an important source of income for the Charity and the surplus revenue generated makes an important contribution to SSAFA's annual financial performance.

### LEARNING AND DEVELOPMENT

All our volunteers and employees are provided with learning and development relevant to their roles within the organisation, to assist them in delivering the best support and service to our beneficiaries. Traditionally this training has been delivered face-to-face. The Covid-19 restrictions in place for the majority of 2020 meant we had to establish new forms of training delivery.

The introduction of our online training and modular approach to volunteer induction courses has given us more flexibility and more cost-effective training options. The virtual training delivery is also more accessible for our volunteers; reducing the amount of time and travel required, as well as being more flexible so that they can be trained in the comfort of their own home and work around any other caring responsibilities they may have.

As a result we have been able to continue to recruit and train new volunteers and new employees, ensuring that they receive the highest quality training so we can continue to provide effective, timely support to those who need it most. In 2020 1,646 volunteers attended different webinars, with 112 courses run last year including Mentoring, Remote Caseworker course, Mental Health First Aid, as well as investing in Equality and Diversity training.

### MEASURING AND EVALUATING THE IMPACT OF OUR WORK

In line with the Charity's strategic plan demonstrating the impact of SSAFA's services provided to our beneficiaries is key in allowing us to better understand the needs of the Armed Forces community and their families.

SSAFA's approach to measurement of these outcomes begins with developing a theory of change for each support service, which allows us to identify those outcomes we wish to explore. This forms the basis for an evaluation plan where we develop or use existing validated tools to demonstrate how we have helped our beneficiaries. We do this using a range of methods including outcome measures, feedback surveys, qualitative and economic studies, as our approach depends on the individual service's need. SSAFA employs a continuous improvement approach when measuring impact. This allows us to not only measure success, but also learn how we can improve so that we continually develop our services to meet our beneficiaries' needs.

Where appropriate, SSAFA appoints external evaluators to measure the outcomes and impact of our services,

with methods including surveys, interviews and focus groups. For example, researchers from the University of Stirling and Glasgow Caledonian University are currently conducting an evaluation of our Glasgow's Helping Heroes, funded by Forces in Mind Trust (FiMT).

Exploring the impact of our services is of high priority to SSAFA. Therefore, we are undertaking a pilot using the Outcomes Star to measure the impact of our interventions at Glasgow's Helping Heroes.

### OUR FOCUS ON COLLABORATIVE WORKING

At the heart of SSAFA are our beneficiaries – those that need our support. It is vital that we continue to develop our services to meet the current and future needs of the Armed Forces community. We need to adapt and evolve what we offer, as their needs change. We will continue to monitor and analyse these changing needs in the Forces family, refining what we deliver, so that it continues to service these unmet needs.

To ensure this is done in the right way, at the right time, we have launched our SSAFA@140 programme, which focuses on our internal organisational development and developing a sustainable future for our organisation. We want to create a consistent volunteer support network for SSAFA by successfully recruiting and training volunteers and employees, whilst ensuring the delivery of timely quality-assured support to our beneficiaries - wherever they are.

At the same time, we are working with and supporting the Confederation of Service Charities (Cobseo) to develop greater coherence and co-ordination of support with other military charities. We want to make certain that all beneficiaries get the best possible help in a timely, consistent manner so that our support services complement each other, rather than duplicate, those offered by other organisations.

### MILITARY WIVES CHOIRS

The Military Wives Choirs Foundation (MWCF) is a registered subsidiary charity of SSAFA. There are nearly 2,000 women with a military connection in our 72 choirs in the UK and on British military bases abroad, including Cyprus, the Falkland Islands, Brunei and Riyadh. Our choirs are open to women from across the military community from 18 upwards, including wives, partners, serving personnel, veterans and mothers.

In early 2020, the MWCF was delighted to be part of the major motion picture Military Wives. Our network of 72

choirs feature in the final scene, and on the accompanying film soundtrack.

The Covid-19 pandemic has meant that all traditional musical activity for the choirs was cancelled from March 2020. However, the choirs demonstrated their versatility by embracing virtual music-making. Choirs came together via Zoom weekly, and for projects, including a network-wide, digital Christmas performance and a virtual Act of Remembrance.

In November 2020, the Military Wives Choirs released their single 'Abide with Me', in partnership with Westminster City Council, to mark the centenary of the Journey of the Unknown Warrior.

Throughout 2020, the Military Wives Choirs staff team of four have continued to support the choirs, provide guidance on rehearsing safely and providing training opportunities. The choirs' 72 volunteer committees, made up of choir members, have also continued to ensure that members can access the wellbeing, mental health and welfare benefits Military Wives Choirs membership brought during this difficult year.

### RAISING OUR PROFILE

SSAFA wants to be the 'expert' voice for the issues faced by the military community and seen as a trusted, passionate, professional support network and service provider. We will aim to grow and improve our brand presence to assist beneficiaries seeking help, target volunteers and employees who want to work for the Charity and grow one-off donors into life-long supporters of SSAFA.

We need our multiple audiences and stakeholders to know who we are, what we do and how we can help. In 2020, in total we reached more than 688 million people across a variety of media communications platforms, both on and off-line. This included more than 2,950 pieces of coverage across the national and regional newspapers, broadcast outlets, as well as in consumer and military press.

SSAFA benefitted substantially from the national coverage of the 75th anniversary of VE Day on 8 May 2020 bank holiday weekend. Despite the lockdown, SSAFA's media activity for VE Day 75 was extensive and, as a result, the SSAFA brand was seen by over 100 million people over the course of the weekend.

## FUNDRAISING FOR OUR WORK

In 2020, we raised £11.3 million from donations, grants, legacies, events and trading activities, of which £1.4 million was raised by volunteers in their local communities. The areas of fundraising most impacted by Covid-19 were our Challenge and Special Events. Three significant fundraising events – the VE Day 75 Concert at the Royal Albert Hall, RHS Chelsea Flower Show and the annual Defence Industry Charity Dinner were all cancelled or postponed, as were our summer events including Battle Proms and National Armed Forces Day in Scarborough.

However, in line with our strategic aims of long-term sustainability and collaborative working, SSAFA has found other sources of income to mitigate the losses brought by the pandemic and lockdown. Our Emergency Response Fund Appeal launched in April 2020 raised over £250,000 during the year, enabling us to provide crisis grants to those in urgent need of assistance and ensure our front-line services remained open. In addition, we secured significant Government funded Covid-related grants from the Department for Digital, Culture, Media and Sport and the Armed Forces Covenant Fund Trust totalling £750,000.

We have been humbled by the extraordinary generosity of our supporters throughout this challenging year. We extend a sincere thank you to all our donors: individual, corporate, grant-givers and commercial partners, as well as other collaborating organisations, for their support during 2020.

## PARTICULAR THANKS GO TO:

- ABF The Soldiers' Charity
- Age UK
- Amey Defence Services
- Aramark Defence Services
- Armed Forces Covenant Fund Trust
- Army Central Fund
- BAE Systems
- Battle Proms
- Boeing UK
- Church of Scotland
- Department for Digital, Culture, Media and Sport
- ESS (Compass Group)
- Ferrovial
- Forces in Mind Trust
- Foreign, Commonwealth & Development Office
- Fujitsu
- Greenwich Hospital

- Hattons of London
- Landmarc
- LIBOR Fund
- Northrop Grumman
- QinetiQ
- Royal Air Force Benevolent Fund
- Royal Navy and Royal Marines Charity
- Sodexo
- SJH Group Limited
- The Barbara Naylor Charitable Trust
- The Michael Uren Foundation
- The National Lottery Community Fund
- The Syncona Foundation
- Thorntons

## LOOKING TO THE FUTURE

The many impacts of Covid-19 will be with us for a long time, so close attention to ensuring financial sustainability is a priority for the Trustees and senior management team who will continue to closely monitor the impact of the crisis on our income, expenditure, fundraising and communications.

- We need to ensure that we continue to support our volunteers and employees, deliver outstanding services - both face-to-face and virtually - and strengthen our cross-sector collaboration. In 2021, we will be enhancing our support through the SSAFA@140 programme, which aims to future proof our vital work as we approach our 140th year of operation in 2025. The changes brought in under the SSAFA@140 programme include establishing regional hubs which will support our volunteer network and ease their administrative burden. It will ensure consistent, timely, quality assured service to all our beneficiaries wherever they are, whenever they need it, across our UK footprint and in locations worldwide.
- We need to meet the current and future, financial and social welfare needs faced by our serving and veteran communities. Many of these have been exacerbated and heightened by the impact of Covid-19 on our economy, society, and welfare services.
- We will continue to meet our contractual obligations to provide high-quality health and social care to the Armed Forces in the UK and overseas. We will respond to the reduction in contracted services income whilst maintaining our existing excellent standards of service, be creative in searching for solutions to fundraising activity in the Covid-19 reality and continue to be cost conscious.

- Investment in fundraising and supporter engagement is vital to SSAFA's future. We want to ensure we continue to raise awareness of our charity and our profile to drive external communications and generate the income needed in very challenging circumstances. We will still focus on our three communications objectives; raising awareness of the SSAFA brand and the different types of support we offer across the whole of the Armed Forces family, driving our fundraising and building our volunteer network through active recruitment.

## FINANCIAL REVIEW

As required, the accounts have been prepared under Charity SORP (FRS 102). To meet the requirements of the Office of the Scottish Charity Regulator, a Statement of Activities (with supporting notes) has also been prepared for the Charity (as shown on page 23).

## FINANCIAL OUTCOME

The Consolidated Statement of Financial Activities for the year show that there was an overall surplus in the year before actuarial gains of £2.8 million (2019: £3.1 million). This comprises a surplus on unrestricted funds of £2.2 million for the year (2019: £2.8 million) and a restricted fund surplus of £0.6 million (2019: £0.3 million).

Donations and legacies received in the year were £6.7 million (2019: £6.3 million) and £3.2 million (2019: £2.4 million) respectively. The costs of raising voluntary income were £756 thousand (2019: £757 thousand).

The branches continue, through their volunteer network, to raise significant funds of £10.4 million (2019: £13.2 million) from service and other charities to assist a wide variety of Forces-related individuals in need. At 31 December 2020, £1.6 million (2019: £1.9 million) was being held for unallocated grants for imminent distribution to the individuals for whom the funds were raised.

Health and welfare activities contributed £1.7 million (2019: £2.1 million) to the Group. This includes the activities of SSAFA Family Health Services, which is responsible under contract to the MOD for the delivery of health services, and until June 2020 for personal support and social care services in Cyprus. The group continues to provide the RAF Personal Support and Social Work Services in the UK. The principal Germany contract was provided under sub-contract to the Group's joint venture, SSAFA GSTT Care LLP and the contract expired in September 2020. Whilst income and

expenditure decreased significantly, the margin reflects improved cost-management initiatives.

The pension fund deficit has increased by £15.4 million to £17.1 million at the balance sheet date. Changes in the valuation reflect a decrease in discount rate used to calculate the present value of fund liabilities to 1.3% (2019: 2.1%) 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.

## SIGNIFICANT EVENTS

Covid-19 has resulted in a significant fall in some sources of income, notably fundraising events which have had to be cancelled. The Charity has however secured funding from government grants to assist our clients (see p7).

The expiry in September 2020 of our commercial contract to supply healthcare services to serving personnel and their families in Germany has brought to an end a long-term source of funds to support our clients. This change is one of the significant factors driving the Charity's strategic aims set out above and the reserves policy below.

## INVESTMENT POLICY

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

The majority of SSAFA's funds are invested in the Armed Forces Charity Authorised 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 2020, the fund recorded a total return of 9%, which was above the benchmark. Dividends for the year were maintained at 7.9p per unit.

### RESERVES POLICY

Taking into account the long-term strategic plan that the Trustees agreed in 2018 and the analysis carried out since on the financial demands of providing a modern service that meets the needs of all stakeholders, the Trustees have agreed that the Charity needs to sustain its current level of reserves in real terms. This is made all the more necessary given the current crisis and pressures on income from the unavoidable decline in health and social care contracts. The Charity's reserves underwrite the day-to-day operation of the branch network as well as the many other capabilities SSAFA provides to its beneficiaries. The reserves are held in a combination of investment properties, listed investments and cash. The Trustees currently forecast that reserves will be used to cover annual deficits for the next five years if other sources of income do not increase to meet the rising costs of serving our beneficiaries' needs. The Reserves Policy of sustaining current levels in real terms means, after completing the new strategy, that the Charity's reserves should be able to fund annual core running costs in a crisis, as they will do in 2021. To do otherwise would put at risk the existence of the Charity. The Trustees have learnt from other charities that have not had a sustainable business model and not had sufficient reserves to maintain, over the long term, the vital service they deliver to their clients, many of whom have long-term needs, when income falls.

- At 31 December 2020, the Charity held total funds of £41.9 million (2019- £53.8 million).
- At 31 December 2020 the Charity held restricted funds not available for general purposes of £7.5 million (2019 - £7.0 million). This includes fixed assets of £308,000 (2019- £311,000).

- At 31 December 2020 the Charity held designated funds of £1.6 million (2019 - £ 1.7 million) for use as and when qualifying need arises.
- At 31 December 2020, the level of unrestricted reserves which were not represented by fixed assets was 1.3 years' of running costs (2019: 1.25 years).
- At 31 December 2020, the unrestricted general reserves (which include designated funds) that were not represented by fixed assets amounted to £25.1 million (2019: £35.8 million) including the pension deficit of £17.1 million (2019 - £1.7 million).

### GRANT MAKING

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

### FUNDRAISING POLICIES

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

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

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

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

### DATA PROCESSING POLICY

Since implementation of General Data Protection Regulations in May 2018, SSAFA has updated its data processing policies to ensure that it is fully compliant in the processing and sharing of personal data. Data sharing agreements are now in place with third-party partner organisations who support SSAFA's fundraising activities. SSAFA's policies relating to GDPR are reflected in the Data Privacy Notice that is included in all direct communications with supporters and beneficiaries, as well as the Privacy Policy which is displayed on SSAFA's website ([www.ssafa.org.uk/privacy](http://www.ssafa.org.uk/privacy)). In addition to having signed up for the Fundraising Preference Service, SSAFA also maintains its own suppression list. All volunteers and employees are mandated to complete training on GDPR. SSAFA (The Soldiers', Sailors', Airmen's and Families' Association - Forces Help) is fully registered with the Fundraising regulator, and no complaints were made during the year.

### STRUCTURE, GOVERNANCE AND MANAGEMENT GOVERNING DOCUMENT

SSAFA The Soldiers', Sailors', Airmen's and Families' Association - Forces Help was established in 1885 under Royal Charter. SSAFA's Charter and Rules and Regulations were extensively revised in 2013 and approved by Council in January 2014. The Charter allows the Trustees to establish Regulations for the day-to-day management of the Charity. SSAFA is registered as a charity in England and Wales (Number 210760) in Scotland (Number SCO38056), in the Republic of Ireland (Number 20002021) and in Gibraltar (Number 149).

### TRUSTEE INDUCTION AND TRAINING

Regulations require that each Trustee attends an introductory briefing. Each Trustee must attend formal annual training including GDPR, Safeguarding and Diversity & Inclusion.

### MANAGEMENT PAY

The Vice Chairman's Committee is responsible for reviewing and deciding any salary increases applicable to all employees including all levels of management. The Charity does not operate a performance related salary or bonus scheme. Any proposed changes to management pay will consider the remuneration of comparable internal roles and external roles in similarly sized charities.

In 2020 SSAFA's annual gender pay gap report revealed that the median gender pay gap is just 1.73%, the national average is 15.5% (2020 ONA ASHE). In April 2017 SSAFA's median gender pay gap was at 13.6%. Interventions over the past four years have reduced the difference in pay between male and female staff at the Charity to achieve the considerably lower 1.73% figure for 2020.

### 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 30 May 2012 as a private charitable company limited by guarantee, Company Number 08089745, Registered Charity Number 1148302 and in Scotland, Charity Number SC045217. The Royal Homes and the Aircrew Association Charitable Fund are administered as part of SSAFA as a result of these schemes, and their results are included within the results of the Charity. The Military Wives Choirs Foundation is a subsidiary of SSAFA and prepares its own annual financial statements which are not included in SSAFA's charity accounts but are consolidated within the Group financial statements together with the results of the Charity's three commercial subsidiaries.

### SSAFA OPERATIONAL ENTITIES

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

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

- SSAFA Family Health Services, a company limited by guarantee not having a share capital, Registered Number 3137764, was established to provide community health, social work and other services for the Armed Forces worldwide.
- SSAFA 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 noncharitable commercial arrangements.

- SSAFA CMS Limited, a company limited by shares, Registered Number 11148036, was established to develop and maintain “CMS” a software tool for use by the majority of military charities for managing casework within the military charity sector.
- SSAFA GSTT Care LLP, an LLP, Registered Number OC333462, is equally owned by SSAFA Family Health Services and Guy’s and St Thomas’ NHS Foundation Trust. The LLP was formed to provide health services to the MOD via a contract which expired in September 2020. In April 2021 the LLP was put into a members’ voluntary liquidation.

#### 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 SC038056. In order to operate in Gibraltar, SSAFA has been registered with the Charity Commissioners for Gibraltar Register of Charities under number 149. In order to operate in the Republic of Ireland, SSAFA has been registered with the Charities Regulator under number 20002021.

#### RISK MANAGEMENT

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

#### PRINCIPAL RISKS AND UNCERTAINTIES ARE MANAGED BY:

- 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 expiry of the contract with the MOD to provide healthcare to HM Forces in Germany following the drawdown of personnel back to the UK. The Company’s Board is monitoring the situation and continuing to look for new opportunities;
- the impact of the Covid-19 crisis. Trustees consider that the Charity is well-placed to face the challenges posed by the crisis, and has taken measures such as securing a loan facility through the Coronavirus Business Interruption Loan Scheme, taking advantage of the Coronavirus Job Retention Scheme and reduction of some staff hours. Whilst fundraising income has been impacted, a significant element of the group’s income derives from contracts to the MOD which are unaffected.
- ensuring that branches’ and committees’ volunteers have appropriate financial and other training and support available to them to aid them with the raising, recording, monitoring and the distributing of funds in delivering assistance to SSAFA’s many beneficiaries.

The Group has some transaction and currency exchange rate risk given its international spread of activities. The objective of the Group in managing its liquidity risk is to ensure that it can meet its liabilities when they fall due. The Group expects to meet its financial obligations through operating cash flows. In the event that operating cash flows would not cover all the Group’s financial obligations, Council is comfortable that suitable credit facilities are available.

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

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

#### AUDITOR

Trustees believe it is good practice to re-evaluate their professional advisers periodically but have also informed Moore Kingston Smith LLP that its proposals to be re-appointed will be welcomed.

#### TRUSTEES’ RESPONSIBILITIES STATEMENT

The Trustees are responsible for preparing the annual Trustees’ 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), the Charities Act 1962-12 (Gibraltar) and the Charities Act 2009 (Republic of Ireland) require the Trustees to prepare financial statements for each financial year.

The Trustees have to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charity and the Group, and of the incoming resources and application of resources, including the income and expenditure, of the Group for that period.

In preparing these financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent; and
- 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, the Charities Act (Gibraltar) 1962-12, the Charities Act 2009 (Republic of Ireland) 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 2021

And signed on 22 June 2021 by

# INDEPENDENT AUDITOR'S REPORT

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

## OPINION

We have audited the financial statements of SSAFA, the Armed Forces charity (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Group Statement of Financial Activities, the Charity Statement of Financial Activities, the Group and Parent Charity Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 December 2020 and of the group's and parent charity's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 (as amended) and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our

other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the parent charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

## OTHER INFORMATION

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

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

have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

In the light of the knowledge and understanding of the group and parent charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' annual report.

We have nothing to report in respect of the following matters where the Charities Act 2011 or the Charities Accounts (Scotland) Regulations 2006 (as amended) require 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;
- the parent charity has not kept sufficient and proper accounting records;
- the parent charity's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

## RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' Responsibilities Statement set out on page 17, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

We have been appointed as auditor under sections 151 of the Charities Act 2011 (England and Wales), 50 of the Charities Act 2009 (Republic of Ireland) and 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under those Acts.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

## EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the parent charity.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charity and considered that the most significant are the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 (as amended), regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council.
- We obtained an understanding of how the charity complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,

misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### USE OF OUR REPORT

This report is made solely to the Charity's Trustees, as a body, in accordance with Section 154 of the Charities Act 2011, Section 50(1) of the Charities Act 2009 (Republic of Ireland), 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.

*Moore Kingston Smith LLP*

**Date: 24 June 2021**

Moore Kingston Smith LLP

Statutory Auditor

Date: June 2021

Devonshire House

60 Goswell Road

London

EC1M 7AD

Moore Kingston Smith 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 2020

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2020 £'000	Unrestricted Funds 2019 £'000	Restricted Funds 2019 £'000	Total 2019 £'000
<b>INCOME FROM:</b>							
Donations and legacies	1	7,043	2,872	9,915	6,913	1,809	8,722
<b>Charitable activities</b>							
Contributions – Service/other charities	2	-	10,441	10,441	-	13,188	13,188
Health and welfare	2	8,799	575	9,374	14,887	654	15,541
Care and accommodation	2	452	500	952	620	516	1,136
Adoption services	2	328	-	328	368	-	368
<b>Total charitable activities</b>		<b>9,579</b>	<b>11,516</b>	<b>21,095</b>	<b>15,875</b>	<b>14,358</b>	<b>30,233</b>
<b>Other trading activities</b>							
Fundraising activities		960	26	986	2,365	10	2,375
Commercial activities		438	-	438	413	-	413
<b>Total trading activities</b>		<b>1,398</b>	<b>26</b>	<b>1,424</b>	<b>2,778</b>	<b>10</b>	<b>2,788</b>
Investments	3	1,556	82	1,638	1,542	113	1,655
Other income	4	407	-	407	1,287	-	1,287
<b>Total income</b>		<b>19,983</b>	<b>14,496</b>	<b>34,479</b>	<b>28,395</b>	<b>16,290</b>	<b>44,685</b>
<b>EXPENDITURE ON:</b>							
<b>Raising funds</b>							
Fundraising activities	5	1,626	-	1,626	2,283	-	2,283
Raising voluntary income	5	756	-	756	757	-	757
Other trading activities	5	95	-	95	119	-	119
<b>Total raising funds</b>		<b>2,477</b>	<b>-</b>	<b>2,477</b>	<b>3,159</b>	<b>-</b>	<b>3,159</b>
<b>Charitable activities</b>							
Supporting clients	5	7,498	12,684	20,182	10,432	14,855	25,287
Health and welfare	5	7,125	524	7,649	12,818	609	13,427
Care and accommodation	5	1,412	535	1,947	1,800	521	2,321
Adoption services	5	382	250	632	463	274	737
<b>Total cost of charitable activities</b>		<b>16,417</b>	<b>13,993</b>	<b>30,410</b>	<b>25,513</b>	<b>16,259</b>	<b>41,772</b>
<b>Total expenditure</b>		<b>18,894</b>	<b>13,993</b>	<b>32,887</b>	<b>28,672</b>	<b>16,259</b>	<b>44,931</b>
Net gains on investments	10	1,070	124	1,194	3,062	340	3,402
<b>Net income before fund transfers</b>		<b>2,159</b>	<b>627</b>	<b>2,786</b>	<b>2,785</b>	<b>371</b>	<b>3,156</b>
Transfer between funds	15	51	(51)	-	45	(45)	-
<b>Other recognised gains and losses</b>							
Actuarial (losses)/ gains on defined benefit pension	21	(14,661)	-	(14,661)	4,391	-	4,391
<b>Net movement in funds</b>		<b>(12,451)</b>	<b>576</b>	<b>(11,875)</b>	<b>7,221</b>	<b>326</b>	<b>7,547</b>
<b>RECONCILIATION OF FUNDS</b>							
<b>Total funds brought forward</b>	<b>15</b>	<b>46,806</b>	<b>6,952</b>	<b>53,758</b>	<b>39,585</b>	<b>6,626</b>	<b>46,211</b>
<b>Total funds carried forward</b>	<b>15</b>	<b>34,355</b>	<b>7,528</b>	<b>41,883</b>	<b>46,806</b>	<b>6,952</b>	<b>53,758</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 2020

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2020 £'000	Unrestricted Funds 2019 £'000	Restricted Funds 2019 £'000	Total 2019 £'000
<b>INCOME FROM:</b>							
Donations and legacies	1	8,876	2,605	11,481	8,335	1,780	10,115
<b>Charitable activities</b>							
Contributions – service/other charities	2	-	10,441	10,441	-	13,188	13,188
Health and welfare	2	-	575	575	-	654	654
Care and accommodation	2	452	500	952	620	516	1,136
Adoption services	2	328	-	328	368	-	368
<b>Total charitable activities</b>		<b>780</b>	<b>11,516</b>	<b>12,296</b>	<b>988</b>	<b>14,358</b>	<b>15,346</b>
Other trading activities – Fundraising		942	24	966	2,326	10	2,336
Investments	3	1,555	82	1,637	1,540	113	1,653
Other income	4	6,027	-	6,027	11,375	-	11,375
<b>Total income</b>		<b>18,180</b>	<b>14,227</b>	<b>32,407</b>	<b>24,564</b>	<b>16,261</b>	<b>40,825</b>
<b>EXPENDITURE ON:</b>							
<b>Raising funds</b>							
Fundraising activities	5	1,623	-	1,623	2,243	-	2,243
Raising voluntary income	5	753	-	753	754	-	754
<b>Total raising funds</b>		<b>2,376</b>	<b>-</b>	<b>2,376</b>	<b>2,997</b>	<b>-</b>	<b>2,997</b>
<b>Charitable activities</b>							
Supporting clients	5	6,862	12,584	19,446	9,070	14,789	23,859
Health and welfare	5	1,369	524	1,893	1,226	609	1,835
Care and accommodation	5	1,410	535	1,945	1,799	521	2,320
Adoption services	5	380	250	630	462	274	736
<b>Total cost of charitable activities</b>		<b>10,021</b>	<b>13,893</b>	<b>23,914</b>	<b>12,557</b>	<b>16,193</b>	<b>28,750</b>
Other expenditure	5	4,817	-	4,817	9,300	-	9,300
<b>Total expenditure</b>		<b>17,214</b>	<b>13,893</b>	<b>31,107</b>	<b>24,854</b>	<b>16,193</b>	<b>41,047</b>
Net gains on investments	10	1,070	124	1,194	3,062	340	3,402
<b>Net income before fund transfers</b>		<b>2,036</b>	<b>458</b>	<b>2,494</b>	<b>2,772</b>	<b>408</b>	<b>3,180</b>
Transfers between funds	15	51	(51)	-	45	(45)	-
<b>Other recognised gains and losses</b>							
Actuarial (losses)/gains on defined benefit pension	21	(14,661)	-	(14,661)	4,391	-	4,391
<b>Net movement in funds</b>		<b>(12,574)</b>	<b>407</b>	<b>(12,167)</b>	<b>7,208</b>	<b>363</b>	<b>7,571</b>
<b>RECONCILIATION OF FUNDS</b>							
<b>Total funds brought forward</b>	<b>15</b>	<b>46,535</b>	<b>6,919</b>	<b>53,454</b>	<b>39,327</b>	<b>6,556</b>	<b>45,883</b>
<b>Total funds carried forward</b>	<b>15</b>	<b>33,961</b>	<b>7,326</b>	<b>41,287</b>	<b>46,535</b>	<b>6,919</b>	<b>53,454</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 2020

As at 31 December	Notes	Group 2020 £'000	Group 2019 £'000	Charity 2020 £'000	Charity 2019 £'000
<b>FIXED ASSETS</b>					
Tangible assets	11	9,530	11,293	9,529	11,293
Investments	12	38,353	34,804	38,363	34,814
Investment in joint venture	12	3	2	-	-
<b>Total fixed assets</b>		<b>47,886</b>	<b>46,099</b>	<b>47,892</b>	<b>46,107</b>
<b>CURRENT ASSETS</b>					
Debtors	13	4,027	2,887	4,049	2,993
Stock		42	38	-	-
Cash at bank and in hand		10,863	10,794	9,966	9,697
		<b>14,932</b>	<b>13,719</b>	<b>14,015</b>	<b>12,690</b>
<b>Creditors: Amounts falling due within one year</b>	14	<b>(3,849)</b>	<b>(4,354)</b>	<b>(3,534)</b>	<b>(3,637)</b>
<b>Net current assets</b>		<b>11,083</b>	<b>9,365</b>	<b>10,481</b>	<b>9,053</b>
Net assets excluding pension liability		58,969	55,464	58,373	55,160
Defined benefit pension scheme liability	21	(17,086)	(1,706)	(17,086)	(1,706)
<b>NET ASSETS</b>	<b>16</b>	<b>41,883</b>	<b>53,758</b>	<b>41,287</b>	<b>53,454</b>
<b>FUNDS</b>					
Unrestricted funds – general	15	49,813	46,845	49,419	46,574
Unrestricted funds – designated	15	1,628	1,667	1,628	1,667
Unrestricted funds – pension reserve	15	(17,086)	(1,706)	(17,086)	(1,706)
<b>Total unrestricted funds</b>	<b>15</b>	<b>34,355</b>	<b>46,806</b>	<b>33,961</b>	<b>46,535</b>
<b>Restricted funds</b>	<b>15</b>	<b>7,528</b>	<b>6,952</b>	<b>7,326</b>	<b>6,919</b>
<b>TOTAL FUNDS</b>	<b>15</b>	<b>41,883</b>	<b>53,758</b>	<b>41,287</b>	<b>53,454</b>

Approved by Council on 22 June 2021 and signed on 22 June 2021 by:

Lt General Sir Gary Coward KBE CB  
Chairman

Mr David Rowe  
Honorary Treasurer

The accompanying accounting policies and notes on pages 26 to 48 form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £'000	2019 £'000
<b>Net cash used in operating activities</b>	<b>A</b>	<b>(849)</b>	<b>(2,165)</b>
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments	3	1,638	1,655
Purchase of tangible fixed assets	11	-	(58)
Proceeds on disposal of fixed assets		1,635	3,012
Purchase of investments	12	(3,505)	(5,500)
Proceeds from sale of investments	10,12	1,150	-
<b>Net cash used in investing activities</b>		<b>918</b>	<b>(891)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>69</b>	<b>(3,056)</b>
Cash and cash equivalents at 1 January 2020		10,794	13,850
<b>Cash and cash equivalents at 31 December 2020</b>		<b>10,863</b>	<b>10,794</b>

## Notes to the Consolidated Statement of Cash Flows

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

		2020 £'000	2019 £'000
Net income for the year		2,786	3,156
<b>Adjustments for:</b>			
Depreciation	11	192	185
Profit on disposal of fixed assets	4	(64)	(1,280)
Gains on investments	12	(1,194)	(3,402)
Dividends, interest and rents from investments		(1,638)	(1,655)
Increase in stock		(4)	(2)
Decrease in creditors	14	(505)	(675)
Pension contributions		(568)	(1,260)
Change in pension liability	21	1,286	1,854
(Increase)/decrease in debtors	13	(1,140)	914
<b>Net cash used in operating activities</b>		<b>(849)</b>	<b>(2,165)</b>

	2020 £'000	2019 £'000
<b>B. Analysis of cash and cash equivalents</b>		
Cash at bank and in hand	10,863	10,794

The group has no net debt and therefore no net debt note is presented.

# 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) (effective 1 January 2019) second edition issued October 2019 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) (effective 1 January 2019) second edition issued October 2019 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The financial statements are prepared in the Group's functional currency, Sterling (£) and are stated in £'000s.

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. The Charity had £51.4 million in unrestricted funds at 31 December 2020, excluding the FRS 102 pension liability. The Trustees therefore consider that the Charity has adequate resources to sustain operations for the foreseeable future.

The Trustees have considered the impact of the Covid-19 crisis on the future of the Charity. Whilst fundraising income has suffered as a result, the Charity has taken steps to ensure it can continue to serve its beneficiaries including taking advantage of the Coronavirus Job Retention Scheme and securing a loan facility through the Coronavirus Business Interruption Loan Scheme. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The consolidated financial statements include the Group's share of the income and net assets of a joint venture operated through a limited liability partnership which exists for the performance of a contract which expired in 2020.

## 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 annual Trustees' Report for details of their substantial contribution to the Charity.

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

Investment income is recognised when receivable.

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

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

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

Health and welfare includes income generated from the provision of health and social care services to British

Forces personnel and their dependants around the world. In calculating revenue on contracts, the Group makes certain estimates in respect to the compliance with performance-related indicators which the contracts are subject to. A different assessment may result in a different value being determined for revenue.

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

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

Other income includes government grants of £324,000 received in respect of furloughed employees under the Coronavirus Job Retention Scheme.

## 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), and those incurred in generating income from trading activities.

#### **COSTS OF CHARITABLE ACTIVITIES INCLUDE THE FOLLOWING:**

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

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

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

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

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

Support costs include central functions, such as management, finance, human resources and information technology. Governance costs are those associated with running the Charity, including Council and Committee expenses, audit and other costs associated with constitutional and statutory

requirements. Support and governance costs are allocated across the categories of costs on the basis of staff numbers engaged in the activities therein as shown in note 6. The administrative charges for the provision of grant-aided activities and the provision of health and welfare services are calculated in accordance with the contractual agreements and directly charged to the relevant cost categories.

#### **TANGIBLE FIXED ASSETS AND DEPRECIATION**

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

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

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

#### **INVESTMENT PROPERTIES**

Investment properties for which fair value can be measured reliably on an ongoing basis are measured at fair value annually with any change being recognised in the Consolidated Statement of Financial Activities.

#### **IMPAIRMENT OF ASSETS**

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

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

#### **INVESTMENTS**

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

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

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

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

#### **FINANCIAL INSTRUMENTS**

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

#### **DEBTORS**

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

#### **CREDITORS AND PROVISIONS**

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

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

## FUNDS ACCOUNTING

### Unrestricted funds

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

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

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

### Restricted funds

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

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

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

## OPERATING LEASES

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

## FOREIGN CURRENCY

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

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

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

## CONTRIBUTIONS TO PENSION SCHEMES

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

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

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

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

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

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

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

## TAXATION

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

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

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

## SIGNIFICANT JUDGEMENTS AND ESTIMATES

In the application of the Group's accounting policies, which are described above, Council are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

## CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

### NHS defined benefit pension scheme

The Group does not have sufficient information to account reliably for its share of the defined benefit obligation and plan assets and has therefore accounted for the scheme as a defined contribution scheme.

## CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

### Accrued legacy income

The Group adopts a prudent approach to accounting for legacies to which it is entitled but which have not been realised as cash. For those legacies where there is uncertainty surrounding the measurement of the assets due to a lack of estate accounts no provision is made. Where estate accounts exist but include properties which are not . All estate values are estimated net of administration fees of 5% (2019- 5%).

### Defined benefit pension

The Charity estimates the pension liabilities to the members of the defined benefit local government scheme based on assessments set to market conditions at the year end. The estimates are sensitive to the discount rates and life expectancy assumptions. A discount rate change of 0.1% would result in a change in the valuation of the liability of £2 million and a 1 year change in the life expectancy would result in a change of £5 million.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2020 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000
<b>1. DONATIONS AND LEGACIES</b>						
<b>Group</b>						
Donations	3,838	2,871	6,709	4,566	1,778	6,344
Legacies	3,205	1	3,206	2,347	31	2,378
	<b>7,043</b>	<b>2,872</b>	<b>9,915</b>	<b>6,913</b>	<b>1,809</b>	<b>8,722</b>
<b>Charity</b>						
Donations	5,671	2,604	8,275	5,988	1,749	7,737
Legacies	3,205	1	3,206	2,347	31	2,378
	<b>8,876</b>	<b>2,605</b>	<b>11,481</b>	<b>8,335</b>	<b>1,780</b>	<b>10,115</b>

The Charity received donations from its subsidiary companies of £2,473,000 in respect of 2020 results (2019: £2,770,000).

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2020 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000
<b>2. INCOME FROM CHARITABLE ACTIVITIES</b>						
<b>Group</b>						
<b>Contributions from services and charities for individuals</b>	-	10,441	10,441	-	13,188	13,188
Community health and social services – UK and overseas	-	575	575	-	654	654
Health and welfare contracts incl share of joint venture	8,799	-	8,799	14,887	-	14,887
<b>Group health and welfare</b>	<b>8,799</b>	<b>575</b>	<b>9,374</b>	<b>14,887</b>	<b>654</b>	<b>15,541</b>
<b>Care and accommodation contributions</b>						
Stepping Stone Homes	239	-	239	222	-	222
Residential homes and cottages	126	-	126	310	-	310
Homes from Home	-	-	-	3	-	3
Royal Homes	-	500	500	-	516	516
Other	87	-	87	85	-	85
<b>Group care and accommodation contributions</b>	<b>452</b>	<b>500</b>	<b>952</b>	<b>620</b>	<b>516</b>	<b>1,136</b>
<b>Adoption income</b>	<b>328</b>	<b>-</b>	<b>328</b>	<b>368</b>	<b>-</b>	<b>368</b>
<b>Total income from charitable activities</b>	<b>9,579</b>	<b>11,516</b>	<b>21,095</b>	<b>15,875</b>	<b>14,358</b>	<b>30,233</b>
<b>Charity</b>						
<b>Contributions from services and charities for individuals</b>	-	10,441	10,441	-	13,188	13,188
<b>Community health and social services – UK and overseas</b>	-	575	575	-	654	654
<b>Care and accommodation contributions</b>						
Stepping Stone Homes	239	-	239	222	-	222
Residential homes and cottages	126	-	126	310	-	310
Homes from Home	-	-	-	3	-	3
Royal Homes	-	500	500	-	516	516
Other	87	-	87	85	-	85
<b>Charity care and accommodation contributions</b>	<b>452</b>	<b>500</b>	<b>952</b>	<b>620</b>	<b>516</b>	<b>1,136</b>
<b>Adoption income</b>	<b>328</b>	<b>-</b>	<b>328</b>	<b>368</b>	<b>-</b>	<b>368</b>
<b>Total income from charitable activities</b>	<b>780</b>	<b>11,516</b>	<b>12,296</b>	<b>988</b>	<b>14,358</b>	<b>15,346</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2020 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000
<b>3. INCOME FROM INVESTMENTS</b>						
<b>Group</b>						
Listed investments	886	82	968	739	113	852
Bank deposits and unquoted investments	1	-	1	42	-	42
Rental income	669	-	669	761	-	761
<b>Total investment income</b>	<b>1,556</b>	<b>82</b>	<b>1,638</b>	<b>1,542</b>	<b>113</b>	<b>1,655</b>
<b>Charity</b>						
Listed investments	886	82	968	739	113	852
Bank deposits and unquoted investments	-	-	-	40	-	40
Rental income	669	-	669	761	-	761
<b>Total investment income</b>	<b>1,555</b>	<b>82</b>	<b>1,637</b>	<b>1,540</b>	<b>113</b>	<b>1,653</b>

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2020 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000
<b>4. OTHER INCOME</b>						
<b>Group</b>						
Disposal of fixed assets	64	-	64	1,280	-	1,280
Coronavirus Job Retention Scheme	324	-	324	-	-	-
Other income	19	-	19	7	-	7
<b>Total other income</b>	<b>407</b>	<b>-</b>	<b>407</b>	<b>1,287</b>	<b>-</b>	<b>1,287</b>
<b>Charity</b>						
Disposal of fixed assets	64	-	64	1,280	-	1,280
Management charges to subsidiary undertakings	837	-	837	795	-	795
Salary charges recharged to subsidiary	4,827	-	4,827	9,300	-	9,300
Coronavirus Job Retention Scheme	299	-	299	-	-	-
<b>Total other income</b>	<b>6,027</b>	<b>-</b>	<b>6,027</b>	<b>11,375</b>	<b>-</b>	<b>11,375</b>

	Activities undertaken directly £'000	Support costs (see note 6) £'000	Total 2020 £'000	Total 2019 £'000
<b>5. EXPENDITURE</b>				
<b>Group</b>				
<b>Raising funds</b>				
Fundraising activities	1,569	57	1,626	2,283
Raising voluntary income	72	684	756	757
Other trading activities	95	-	95	119
	<b>1,736</b>	<b>741</b>	<b>2,477</b>	<b>3,159</b>
<b>Charitable activities</b>				
Supporting clients	17,978	2,204	20,182	25,287
Provision of 'Grant Aided' activities	494	30	524	609
Health and welfare	6,303	822	7,125	12,818
Care and accommodation	1,530	417	1,947	2,321
Adoption services	423	209	632	737
	<b>26,728</b>	<b>3,682</b>	<b>30,410</b>	<b>41,772</b>
<b>Total resources expended</b>	<b>28,464</b>	<b>4,423</b>	<b>32,887</b>	<b>44,931</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

5. EXPENDITURE Cont.	Activities undertaken directly £'000	Support costs (see note 6) £'000	Total 2020 £'000	Total 2019 £'000
<b>Charity</b>				
<b>Raising funds</b>				
Fundraising activities	1,566	57	1,623	2,243
Raising voluntary income	72	681	753	754
	<b>1,638</b>	<b>738</b>	<b>2,376</b>	<b>2,997</b>
<b>Charitable activities</b>				
Supporting clients	17,254	2,192	19,446	23,859
Provision of 'Grant Aided' activities	494	30	524	609
Health and welfare	547	822	1,369	1,226
Care and accommodation	1,530	415	1,945	2,320
Adoption services	423	207	630	736
	<b>20,248</b>	<b>3,666</b>	<b>23,914</b>	<b>28,750</b>
Other expenditure - payroll costs for subsidiary companies	4,817	-	4,817	9,300
<b>Total resources expended</b>	<b>26,703</b>	<b>4,404</b>	<b>31,107</b>	<b>41,047</b>

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

SUPPORTING CLIENTS - WELFARE AND GRANTS PAYABLE	Unrestricted Funds £'000	Restricted Funds £'000	Total 2020 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000
<b>Group</b>						
Casework	6,734	12,354	19,088	9,284	14,609	23,893
Specialist services	434	230	664	769	180	949
Military Wives Choirs	330	100	430	378	66	445
	<b>7,498</b>	<b>12,684</b>	<b>20,182</b>	<b>10,432</b>	<b>14,855</b>	<b>25,287</b>

SUPPORTING CLIENTS - WELFARE AND GRANTS PAYABLE	Unrestricted Funds £'000	Restricted Funds £'000	Total 2020 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000
<b>Charity</b>						
Casework	6,428	12,354	18,782	8,301	14,609	22,910
Specialist services	434	230	664	769	180	949
	<b>6,862</b>	<b>12,584</b>	<b>19,446</b>	<b>9,070</b>	<b>14,789</b>	<b>23,859</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

6. SUPPORT COSTS	Management £'000	Finance £'000	Human Resources £'000	Information Technology £'000	Facilities £'000	Governance £'000	Total 2020 £'000	Total 2019 £'000	
<b>Group</b>									
<b>Raising funds</b>	130	103	118	170	181	39	741	724	
<b>Charitable activities</b>									
Grants payable	386	307	351	507	538	115	2,204	1,801	
Care and accommodation	73	58	66	96	102	22	417	530	
Adoption	37	29	33	48	51	11	209	212	
<b>Total charitable activities</b>	<b>626</b>	<b>497</b>	<b>568</b>	<b>821</b>	<b>872</b>	<b>187</b>	<b>3,571</b>	<b>3,267</b>	
							Health and welfare services	822	780
							Grant-aided activities	30	30
							<b>Total support costs</b>	<b>4,423</b>	<b>4,077</b>

Charity	Management £'000	Finance £'000	Human Resources £'000	Information Technology £'000	Facilities £'000	Governance £'000	Total 2020 £'000	Total 2019 £'000	
<b>Raising funds</b>	130	100	118	170	181	39	738	721	
<b>Charitable activities</b>									
Grants payable	386	295	351	507	538	115	2,192	1,796	
Care and accommodation	73	56	66	96	102	22	415	529	
Adoption services	37	27	33	48	51	11	207	211	
	<b>626</b>	<b>478</b>	<b>568</b>	<b>821</b>	<b>872</b>	<b>187</b>	<b>3,552</b>	<b>3,257</b>	
							Health and welfare services	822	780
							Grant-aided activities	30	30
							<b>Total support costs</b>	<b>4,404</b>	<b>4,067</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:	2020 £'000	2019 £'000
Council/Committee expenses	5	10
AGM	-	7
Annual reports	6	6
Audit	65	92
Legal and professional	57	53
Apportionment of employee costs	54	79
	<b>187</b>	<b>247</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 7. NET EXPENDITURE

This is stated after charging/(crediting):

	2020 £'000	2019 £'000
<b>Fees payable to the Charity's auditor</b>		
Audit of the Charity's accounts	34	46
Audit of subsidiaries and joint venture	31	46
<b>Total audit fees</b>	<b>65</b>	<b>92</b>
Non-audit fees: Taxation compliance services	14	11
Depreciation of tangible fixed assets	192	185
Expenditure on fixtures, fittings & equipment written off	165	9
Profit on disposal of fixed assets	(64)	(1,280)
Amounts paid under operating leases (see below)	28	116

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

	2020 £'000	2019 £'000
Within one year	15	24
In two to five years inclusive	-	32

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

	2020 £'000	2019 £'000
Within one year	15	24
In two to five years inclusive	-	32

	Non MOD 2020 £'000	MOD 2020 £'000	Total 2020 £'000	Non MOD 2019 £'000	MOD 2019 £'000	Total 2019 £'000
<b>8. EMPLOYEE AND STAFF COSTS</b>						
<b>Staff costs during the year were as follows:</b>						
Wages and salaries	7,190	3,630	10,820	6,644	5,468	12,112
Social security costs	866	890	1,756	657	523	1,180
Other pension costs	411	250	661	677	1,513	2,190
<b>Total staff costs</b>	<b>8,467</b>	<b>4,770</b>	<b>13,237</b>	<b>7,978</b>	<b>7,504</b>	<b>15,482</b>
Agency locums and other contractors	186	516	702	433	981	1,414
<b>Total labour costs</b>	<b>8,653</b>	<b>5,286</b>	<b>13,939</b>	<b>8,411</b>	<b>8,485</b>	<b>16,896</b>

Redundancy costs of £447,000 (2019: £2,431,000) are included above. These are recognised when a constructive obligation arises.

In addition, a great amount of time is donated by thousands of volunteers throughout the world. Trustees and employees 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.

	Non MOD 2020 Number	MOD 2020 Number	Total 2020 Number	Non MOD 2019 Number	MOD 2019 Number	Total 2019 Number
The number of employees paid by the Charity whose emoluments, excluding employer's pension contributions, exceeded £60,000 in the year were as follows:						
£60,001 to £70,000	2	-	2	3	-	3
£70,001 to £80,000	6	1	7	5	1	6
£80,001 to £90,000	1	1	2	-	1	1
£90,001 to £100,000	-	1	1	1	2	3
£100,001 to £110,000	-	1	1	-	1	1
£110,001 to £120,000	-	-	-	-	-	-
£120,001 to £130,000	1	-	1	-	-	-
£130,001 to £140,000	-	-	-	1	1	2

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 8. EMPLOYEE AND STAFF COSTS Cont.

8 higher-paid staff members are accruing retirement benefits under the defined contribution scheme, and 1 higher-paid staff under the defined benefit schemes, with 3 other higher-paid staff not participating in these schemes. (2019: 9 higher-paid employees participated in the defined contribution scheme and 3 higher paid employees participated in the defined benefit scheme, with 4 others not participating in these schemes). Contributions in the year for the defined contribution scheme for higher-paid staff amounted to £37,000 (2019: £36,000).

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 £722,000 (2019: £727,000).

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

	Non-MOD 2020 Number	MOD Contracts* 2020 Number	Total 2020 Number	Non-MOD 2019 Number	MOD Contracts* 2019 Number	Total 2019 Number
Voluntary income	3	-	3	3	-	3
Raising funds	41	-	41	36	-	36
Grants payable	116	-	116	101	-	101
Care and accommodation	22	-	22	32	-	32
Adoption services	11	-	11	10	-	10
Health and welfare	-	122	122	-	158	158
Community health/social service staff - 'grant-aided' activities	-	11	11	-	12	12
Management and support	28	-	28	32	6	38
<b>Total staff numbers</b>	<b>221</b>	<b>133</b>	<b>354</b>	<b>214</b>	<b>176</b>	<b>390</b>

\* Information for staff engaged in the provision of medical and social welfare services to the MOD 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 2020 total expenses of £3,000 (2019: £9,000) were paid for 6 Trustees (2019 - 13).

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 (2019: £2,500)

	2020 Unrestricted £'000	2020 Restricted £'000	2020 Total £'000	2019 Unrestricted £'000	2019 Restricted £'000	2019 Total £'000
<b>10. NET GAINS/(LOSSES) ON INVESTMENTS Group and Charity</b>						
Unrealised gains on listed investments	1,227	124	1,351	2,036	340	2,376
Fair value adjustment on investment properties	(257)	-	(257)	1,026	-	1,026
Realised gain on sale of leasehold investment property	100	-	100	-	-	-
<b>Total net gains on investments</b>	<b>1,070</b>	<b>124</b>	<b>1,194</b>	<b>3,062</b>	<b>340</b>	<b>3,402</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

11. TANGIBLE FIXED ASSETS	Freehold properties £'000	Long leasehold properties £'000	Motor vehicles £'000	IT, furniture & equipment £'000	Total £'000
<b>Group</b>					
<b>Cost</b>					
At 1 January 2020	11,454	1,268	65	1,180	13,967
Additions	-	-	-	-	-
Disposals	(1,827)	-	(45)	-	(1,872)
<b>At 31 December 2020</b>	<b>9,627</b>	<b>1,268</b>	<b>20</b>	<b>1,180</b>	<b>12,095</b>
<b>Depreciation</b>					
At 1 January 2020	1,131	381	57	1,105	2,674
Charge for year	137	26	-	29	192
Eliminated on disposal	(263)	-	(38)	-	(301)
<b>At 31 December 2020</b>	<b>1,005</b>	<b>407</b>	<b>19</b>	<b>1,134</b>	<b>2,565</b>
<b>Net book value</b>					
<b>At 31 December 2020</b>	<b>8,622</b>	<b>861</b>	<b>1</b>	<b>46</b>	<b>9,530</b>
<b>At 31 December 2019</b>	<b>10,323</b>	<b>887</b>	<b>8</b>	<b>75</b>	<b>11,293</b>

Charity	Freehold properties £'000	Long leasehold properties £'000	Motor vehicles £'000	IT, furniture & equipment £'000	Total £'000
<b>Cost</b>					
At 1 January 2020	11,454	1,268	65	1,175	13,962
Additions	-	-	-	-	-
Disposals	(1,827)	-	(45)	-	(1,872)
<b>At 31 December 2020</b>	<b>9,627</b>	<b>1,268</b>	<b>20</b>	<b>1,175</b>	<b>12,090</b>
<b>Depreciation</b>					
At 1 January 2020	1,131	381	57	1,100	2,669
Charge for year	137	26	-	30	193
Eliminated on disposal	(263)	-	(38)	-	(301)
<b>At 31 December 2020</b>	<b>1,005</b>	<b>407</b>	<b>19</b>	<b>1,130</b>	<b>2,561</b>
<b>Net book value</b>					
<b>At 31 December 2020</b>	<b>8,622</b>	<b>861</b>	<b>1</b>	<b>45</b>	<b>9,529</b>
<b>At 31 December 2019</b>	<b>10,323</b>	<b>887</b>	<b>8</b>	<b>75</b>	<b>11,293</b>

All assets are owned by the Charity except for The Military Wives Choirs Foundation's furniture and equipment of £1,000 (2019 - £nil) upon which depreciation of £1,000 (2019 - £nil) was charged.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

12. INVESTMENTS	Group 2020 £'000	Group 2019 £'000	Charity 2020 £'000	Charity 2019 £'000
<b>Investments comprise:</b>				
Freehold investment properties	8,356	8,613	8,356	8,613
Leasehold investment properties	-	1,050	-	1,050
Listed investments	29,997	25,141	29,997	25,141
Investments in subsidiaries	-	-	10	10
	<b>38,353</b>	<b>34,804</b>	<b>38,363</b>	<b>34,814</b>
<b>Investment properties at fair value</b>				
<b>As at 1 January 2020</b>	<b>8,613</b>	<b>1,050</b>	<b>8,613</b>	<b>1050</b>
Revaluation	(257)	-	(257)	-
Disposal	-	(1,050)	-	(1,050)
<b>As at 31 December 2020</b>	<b>8,356</b>	<b>-</b>	<b>8,356</b>	<b>-</b>

The freehold investment property, a part of the freehold SSAFA Headquarters property was revalued at 31 December 2020, 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 valuation was 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. There are no restrictions on the realisability of the freehold property.

As set out in note 3, property rental income earned during the year was £669,000 (2019: £761,000). The freehold investment property is leased out under operating leases and the leasehold investment property formed part of a wider contractual arrangement. Direct operating expenses arising on the freehold investment property generated rental income in the year of £130,000 (2018- £118,000). The Charity was additionally contractually obliged to carry out annual repairs and maintenance in respect of the leasehold investment property which in the current year amounted to £45,000 (2019 - £45,000) 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:

	2020 £'000	2019 £'000
Within one year	238	340
In two to five years inclusive	311	1,129
After five years	-	251

Listed investments	Total £'000
<b>Group:</b>	
<b>Market value:</b>	
At 1 January 2020	25,141
Acquisitions	3,505
Realised and unrealised profits on revaluation	1,351
<b>At 31 December 2020 - Group</b>	<b>29,997</b>
Investment in subsidiary	10
<b>At 31 December 2020 - Charity</b>	<b>30,007</b>
<b>Historical cost at 31 December 2020</b>	<b>22,245</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 12. INVESTMENTS Cont.

	2020 £'000	2019 £'000
<b>Listed investments are represented by:</b>		
Armed Forces Charity Authorised Investment Fund Units	29,768	24,877
United Kingdom - Equities	229	264
	<b>29,997</b>	<b>25,141</b>

Investments within the portfolio which amount to more than 5% of total holdings as at 31 December 2020 were:

	2020 £'000	2019 £'000
<b>Armed Forces Charity Authorised Investment Fund</b>	<b>29,768</b>	<b>24,877</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
SSAFA CMS Limited	100 £1 ordinary shares	Casework management system

Details of the subsidiaries' profit and loss accounts are as given below. These undertakings (excluding the charitable subsidiary) 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		Military Wives Choirs Foundation		SSAFA CMS Limited	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Total assets	806	1,361	357	418	491	299	89	132
Total liabilities	(616)	(1,258)	(148)	(224)	(281)	(279)	(88)	(131)
	<b>190</b>	<b>103</b>	<b>209</b>	<b>194</b>	<b>210</b>	<b>20</b>	<b>1</b>	<b>1</b>
<b>Represented by:</b>								
Share capital	-	-	10	10	-	-	-	-
Reserves	190	103	199	184	210	20	1	1
	<b>190</b>	<b>103</b>	<b>209</b>	<b>194</b>	<b>210</b>	<b>20</b>	<b>1</b>	<b>1</b>
<b>The results for the year were:</b>								
Income	8,799	14,888	490	429	629	504	490	979
Expenditure	(6,566)	(12,841)	(148)	(230)	(439)	(513)	(490)	(978)
<b>Net income/(expenditure)</b>	<b>2,233</b>	<b>2,047</b>	<b>342</b>	<b>199</b>	<b>190</b>	<b>(9)</b>	<b>-</b>	<b>1</b>
Donation to charity under Gift Aid	(2,146)	(2,446)	(327)	(342)	-	-	-	-
Tax relief	-	465	-	65	-	-	-	-
Reserves brought forward	103	37	184	262	20	29	1	-
<b>Retained in subsidiary</b>	<b>190</b>	<b>103</b>	<b>199</b>	<b>184</b>	<b>210</b>	<b>20</b>	<b>1</b>	<b>1</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 12. INVESTMENTS Cont.

### Joint venture

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

	SSAFA GSTT Care LLP 2020 £'000	SSAFA GSTT Care LLP 2019 £'000
A summary of the Group's share of the joint venture:		
<b>Turnover</b>	<b>7,235</b>	<b>9,179</b>
<b>Expenditure</b>	<b>(7,234)</b>	<b>(9,179)</b>
<b>Profit/(loss) before and after tax</b>	<b>1</b>	<b>-</b>
Current assets	49	442
Liabilities due within 1 year	(46)	(440)

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

## 13. DEBTORS

	Group 2020 £'000	Group 2019 £'000	Charity 2020 £'000	Charity 2019 £'000
Trade debtors	1,053	875	377	407
Amounts owed by subsidiary undertakings	-	-	805	1,177
Amounts owed by related undertakings	45	307	-	-
Other debtors	46	213	5	32
Prepayments and accrued income	2,883	1,492	2,862	1,377
<b>Total debtors</b>	<b>4,027</b>	<b>2,887</b>	<b>4,049</b>	<b>2,993</b>

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

## 14. CREDITORS

### Amounts falling due within one year:

	Group 2020 £'000	Group 2019 £'000	Charity 2020 £'000	Charity 2019 £'000
Trade creditors	478	543	449	339
Other tax and social security costs	555	526	508	459
Other creditors	107	211	107	210
Unalmonised grants	1,623	1,877	1,623	1,877
Accruals and deferred income	1,086	1,197	847	752
<b>Total creditors</b>	<b>3,849</b>	<b>4,354</b>	<b>3,534</b>	<b>3,637</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

15. FUNDS	Balance at 1 January 2020 £'000	Incoming resources £'000	Resources expended £'000	Other movements £'000	Transfers £'000	Balance at 31 December 2020 £'000
<b>General funds</b>	<b>46,845</b>	<b>19,965</b>	<b>(18,101)</b>	<b>1,053</b>	<b>51</b>	<b>49,813</b>
<b>Designated funds</b>						
Carmichael Walker Fund	380	18	(2)	17	-	413
Royal Patriotic Fund	1,287	-	(72)	-	-	1,215
<b>Total designated funds</b>	<b>1,667</b>	<b>18</b>	<b>(74)</b>	<b>17</b>	<b>-</b>	<b>1,628</b>
<b>Pension reserve</b>	<b>(1,706)</b>	<b>-</b>	<b>(719)</b>	<b>(14,661)</b>	<b>-</b>	<b>(17,086)</b>
<b>Total unrestricted funds</b>	<b>46,806</b>	<b>19,983</b>	<b>(18,894)</b>	<b>(13,591)</b>	<b>51</b>	<b>34,355</b>
<b>Restricted funds</b>						
Welfare and case grants	1,843	1,065	(1,420)	1	-	1,489
Housing	322	5	-	-	-	327
UK Armed Forces and other charities	-	10,343	(10,343)	-	-	-
UK Armed Forces 'grant-aided' activities	-	575	(524)	-	(51)	-
The Royal Homes	1,927	552	(535)	74	-	2,018
Miscellaneous branch funds	2,109	194	(129)	49	-	2,223
Adoption services	250	100	(250)	-	-	350
Welfare funds	468	1,393	(692)	-	-	1,169
<b>Total restricted funds – Charity</b>	<b>6,919</b>	<b>14,227</b>	<b>(13,893)</b>	<b>124</b>	<b>(51)</b>	<b>7,576</b>
Military Wives Choirs Foundation	33	269	(100)	-	-	202
<b>Total restricted funds - group</b>	<b>6,952</b>	<b>14,496</b>	<b>(13,743)</b>	<b>124</b>	<b>(51)</b>	<b>7,778</b>
<b>Total funds - Group</b>	<b>53,758</b>	<b>34,479</b>	<b>(32,887)</b>	<b>(13,467)</b>	<b>-</b>	<b>41,883</b>
<b>General funds</b>						
SSAFA Family Health Services	(103)	-	-	-	-	(190)
SSAFA Forces Help Enterprises Limited	(194)	-	-	-	-	(192)
SSAFA CMS Limited	(1)	-	-	-	-	(1)
Share of joint venture	2	-	-	-	-	(3)
Military Wives Choirs Foundation	(8)	-	-	-	-	(210)
<b>Total funds – Charity</b>	<b>53,454</b>					<b>41,287</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

15. FUNDS (continued)	Balance at 1 January 2019 £'000	Incoming resources £'000	Resources expended £'000	Other movements £'000	Balance at 31 December 2019 £'000
<b>General funds</b>	<b>43,407</b>	<b>28,389</b>	<b>(28,015)</b>	<b>3,064</b>	<b>46,845</b>
<b>Designated funds</b>					
Carmichael Walker Fund	335	6	(4)	43	380
Royal Patriotic Fund	1,346	-	(59)	-	1,287
<b>Total designated funds</b>	<b>1,681</b>	<b>6</b>	<b>(63)</b>	<b>43</b>	<b>1,667</b>
<b>Pension reserve</b>	<b>(5,503)</b>	<b>-</b>	<b>(594)</b>	<b>4,391</b>	<b>(1,706)</b>
<b>Total unrestricted funds</b>	<b>39,585</b>	<b>28,395</b>	<b>(28,672)</b>	<b>7,498</b>	<b>46,806</b>
<b>Restricted funds</b>					
Welfare and case grants	1,957	1,059	(1,177)	4	1,843
Housing	339	10	(27)	-	327
UK Armed Forces and other charities	-	13,149	(13,149)	-	-
UK Armed Forces 'grant-aided' activities	-	654	(609)	(45)	-
The Royal Homes	1,669	568	(494)	184	1,927
Miscellaneous branch funds	1,967	249	(259)	152	2,109
Adoption services	274	250	(274)	-	250
Welfare funds	350	322	(204)	-	468
<b>Total restricted funds – Charity</b>	<b>6,556</b>	<b>16,261</b>	<b>(16,193)</b>	<b>295</b>	<b>6,919</b>
Military Wives Choirs Foundation	70	29	(66)	-	33
<b>Total restricted funds - group</b>	<b>6,626</b>	<b>16,290</b>	<b>(16,259)</b>	<b>295</b>	<b>6,952</b>
<b>Total funds - Group</b>	<b>46,211</b>	<b>44,685</b>	<b>(44,931)</b>	<b>7,793</b>	<b>53,758</b>
<b>General funds</b>					
SSAFA Family Health Services	(37)	-	-	-	(103)
SSAFA Forces Help Enterprises Limited	(256)	-	-	-	(194)
SSAFA CMS Limited	-	-	-	-	(1)
Share of joint venture	2	-	-	-	2
Military Wives Choirs Foundation	(37)	-	-	-	(8)
<b>Total funds – Charity</b>	<b>45,883</b>				<b>53,454</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.

**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 casegrants-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 women at Norton House

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

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 2020

16. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS	General 2020 £'000	Designated 2020 £'000	Restricted 2020 £'000	Total 2020 £'000
<b>Fund balances at 31 December 2020 are represented by:</b>				
Tangible fixed assets	9,222	-	308	9,530
Investments	35,940	318	2,098	38,356
Net current assets	4,651	1,310	5,122	11,083
Defined benefit pension liability	(17,086)	-	-	(17,086)
<b>Total net assets between funds</b>	<b>32,727</b>	<b>1,628</b>	<b>7,528</b>	<b>41,883</b>

	General 2019 £'000	Designated 2019 £'000	Restricted 2019 £'000	Total 2019 £'000
<b>Fund balances at 31 December 2019 are represented by:</b>				
Tangible fixed assets	10,982	-	311	11,293
Investments	31,984	380	2,442	34,806
Net current assets	3,879	1,287	4,199	9,365
Defined benefit pension liability	(1,706)	-	-	(1,706)
<b>Total net assets between funds</b>	<b>45,139</b>	<b>1,667</b>	<b>6,952</b>	<b>53,758</b>

## 17. CONTINGENT ASSETS

Neither the Group nor the Charity have identified any contingent assets due either at 31 December 2020 nor at 31 December 2019.

## 18. CONTINGENT LIABILITIES

The Charity had at the year end committed to a Coronavirus Business Interruption Loan Scheme loan of £5,000,000.

## 19. CAPITAL COMMITMENTS

The Group had no capital commitments either at 31 December 2020 nor at 31 December 2019.

## 20. 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.

## 21. RETIREMENT BENEFITS

	2020 £'000	2019 £'000
Local Government Pension Scheme	411	1,143
Aviva Group Personal Pension Plan	436	433
NHS Pensions Scheme	16	26
<b>Total contributions</b>	<b>862</b>	<b>1,602</b>

### 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 235 active members in the scheme as at 31 December 2020 (2019: 238) and total pension scheme contributions outstanding at the year end amounted to £51,000 (2019: £49,000).

### NHS Pensions Scheme

Following the transfer of staff to SSAFA from the MOD, SSAFA currently participates in the NHS Pensions Scheme. The NHS Pension Scheme is an unfunded multi-employer defined benefit scheme. The assets of the scheme are administered by NHS Pensions in a fund which is independent of SSAFA. The charge for the year represents those contributions payable to the scheme in respect of the accounting period. Entry into this scheme is strictly limited to employees transferring to SSAFA from the NHS and at 31 December 2020, the Association had 2 (2019:3) active members in this scheme.

The pension scheme contributions outstanding at the end of the accounting period amounted to £1,000 (2019: £2,000).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 21. RETIREMENT BENEFITS (continued)

### Local Government Pension Scheme (LGPS)

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

At 31 December 2020 the Association had 21 active members (2019: 33).

The last actuarial valuation of the scheme was at 31 March 2019 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 19.7% 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 2020 the valuation was updated in accordance with FRS 102 and in line with the assumptions used in the 2020 scheme valuation. The major assumptions used by the actuary were:

Assumptions as at	31 December 2020 % p.a.	31 December 2019 % p.a.
RPI increases	2.9%	3.1%
CPI increases	2.5%	2.3%
Salary increases	3.5%	3.9%
Pension increases	2.5%	2.4%
Discount rate	1.3%	2.1%

### Mortality assumption

The post-retirement mortality tables are based on Club Vita analysis. These base tables are then projected using the CMI 2018 model allowing for a long-term rate of improvement of 1.25% 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 2020 is as follows:

	31 December 2020 % p.a.	31 December 2019 % p.a.
Equities	55%	54%
Target Return Portfolio	23%	25%
Infrastructure	7%	7%
Property	9%	9%
Cash	6%	5%
<b>Total</b>	<b>100%</b>	<b>100%</b>

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

Statement of financial position as at 31 December 2020	2020 £'000	2019 £'000
Fair value of scheme assets (bid value)	117,484	115,192
Present value of funded obligations	(134,570)	(116,898)
<b>Net pension liability</b>	<b>(17,086)</b>	<b>(1,706)</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 21. RETIREMENT BENEFITS (continued)

	2020 £'000	2019 £'000
<b>Reconciliation of defined benefit obligation:</b>		
Opening defined benefit obligation	116,898	107,352
Current service cost	487	845
Interest cost	2,353	2,958
Change in financial assumptions	20,151	13,027
Change in demographic assumptions	-	(4,200)
Experience gain on defined benefit obligation	(1,467)	-
Past service costs	618	735
Contributions by Scheme participants	88	184
Estimated benefits paid (net of transfers in)	(4,558)	(4,003)
<b>Closing defined benefit obligation</b>	<b>134,570</b>	<b>116,898</b>

	2020 £'000	2019 £'000
<b>Reconciliation of fair value of employer assets:</b>		
Opening fair value of scheme assets	115,192	101,849
Interest on assets	2,322	2,816
Return on assets less interest	2,884	13,218
Administration expenses	(150)	(132)
Other actuarial gains	1,139	-
Contributions by employer (including unfunded)	567	1,260
Contributions by scheme participants	88	184
Estimated benefits paid (net of transfers in and including unfunded)	(4,558)	(4,003)
<b>Closing fair value of employers assets</b>	<b>117,484</b>	<b>115,192</b>

The actual return on plan assets over the year ended 31 December 2020 was £5,206,000 (2019: £16,034,000).

	2020 £'000	2019 £'000
<b>Defined benefit costs recognised in the Statement of Financial Activities</b>		
Service cost	1,105	1,580
Net interest on the defined liability	31	142
Administration expenses	150	132
<b>Defined benefit costs recognised in the Statement of Financial Activities</b>	<b>1,286</b>	<b>1,854</b>

	2020 £'000	2019 £'000
<b>Re-measurement of the net assets/(defined liability)</b>		
Return of fund assets in excess of interest	2,884	13,218
Other actuarial gains on assets	1,139	-
Change in financial assumptions	(20,151)	(13,027)
Change in demographic assumptions	-	4,200
Experience gain on defined benefit obligation	1,467	-
<b>Re-measurement of the net (defined liability)/asset</b>	<b>(14,661)</b>	<b>4,391</b>

	2020 £'000	2019 £'000
<b>Reconciliation of opening and closing deficit:</b>		
Deficit at beginning of the year	(1,706)	(5,503)
Current service cost	(487)	(845)
Past service cost	(618)	(735)
Employer contributions	567	1,260
Other finance income	(31)	(142)
Actuarial (losses)/gains	(14,661)	4,391
Administrative expenses	(150)	(132)
<b>Deficit at end of the year</b>	<b>(17,086)</b>	<b>(1,706)</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 21. RETIREMENT BENEFITS (continued)

### Sensitivity Analysis

The following table sets out the impact of a small change in the discount rate or mortality assumptions:	£'000s	£'000s	£'000s	
Adjustment to discount rate	0.1%	0%	-0.1%	
	Present value of total obligation	132,283	134,570	136,899
	Projected service cost	586	599	612
Adjustment to long term salary increase				
	Present value of total obligation	134,675	134,570	134,466
	Projected service cost	599	599	599
Adjustment to pension increases and deferred revaluation	0.1%	0%	-0.1%	
	Present value of total obligation	136,764	134,570	132,412
	Projected service cost	611	599	587
Adjustment to life expectancy assumptions	+1 Year	None	-1 Year	
	Present value of total obligation	139,269	134,570	130,030
	Projected service cost	619	599	580

## 22. FINANCIAL ASSETS AND LIABILITIES

Group	2020 £'000	2019 £'000
<b>Financial assets</b>	<b>42,004</b>	<b>37,330</b>
<b>Financial liabilities</b>	<b>3,294</b>	<b>3,828</b>

Charity	2020 £'000	2019 £'000
<b>Financial assets</b>	<b>41,150</b>	<b>36,454</b>
<b>Financial liabilities</b>	<b>3,026</b>	<b>3,178</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 23. RELATED PARTY TRANSACTIONS

The Charity had the following transactions with its wholly owned subsidiaries

	2020 £'000	2019 £'000
Management fees charged to SSAFA Forces Help Enterprises Limited	15	15
Donation received from SSAFA Forces Help Enterprises Limited under Gift Aid	327	325
Salary and management charges to SSAFA Family Health Services	5,649	10,009
Donation received from SSAFA Family Health Services under Gift Aid	2,146	2,445
Amount due from SSAFA Family Health Services	478	783
Salary costs recharged to SSAFA CMS Limited	167	72
Amounts due from SSAFA CMS Limited	5	22
Amounts due from Military Wives Choirs Foundation	264	261

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

	2020 £'000	2019 £'000
Sales to SSAFA GSTT Care LLP	2,407	5776
Amounts due from SSAFA GSTT Care LLP	-	292

Guarantor:

The Charity is the Guarantor of a £1 million overdraft facility provided to SSAFA Family Health Services by Royal Bank of Scotland

## 24. POST BALANCE SHEET EVENTS

Since the year end the Charity has received a contribution from the MOD towards its defined benefit pension scheme of £10,000,000. The Scheme was valued as at 31 March 2021 after the receipt of these funds, and the deficit had fallen to £4,260,000.

Since the balance sheet date the Charity has drawn down on the Coronavirus Business Interruption Loan and has a loan of £5,000,000 to be repaid by January 2023.

SSAFA GSTT Care LLP ceased trading during 2020 and since the year has been placed into Members' Voluntary Liquidation.



**SSAFA, the Armed Forces charity, has been providing lifelong support to our Forces and their families since 1885. Last year our teams of volunteers and employees helped more than 79,000 people in need, including those still currently serving, veterans from the Second World War and from more recent conflicts, as well as their families.**

**SSAFA understands that behind every uniform is a person. And we are here for that person - any time they need us, in any way they need us, for as long as they need us.**

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

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

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

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

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

■ Call **020 7403 8783**

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

