ANNUAL REPORT
AND ACCOUNTS
2016

ssafa.org.uk
ADOPTION

When Chief Petty Officer Oliver and his wife Catherine decided to adopt, they tried their local authority first. But nobody understood their situation until they came to us for help.

“My neighbour showed me a SSAFA advert. I called up and they were so nice. We lived in a two-bedroom flat and weren’t going to be entitled to another bedroom until we were approved to adopt. The local authority just didn’t appreciate the challenges of military life, but SSAFA understood, which made things a lot easier.

We didn’t want to move out of the area and disrupt our birth son’s schooling. Our SSAFA social worker wrote a letter explaining the situation and we got a bigger house in the same area. A couple of weeks later we were approved to adopt.”

Catherine and Oliver successfully adopted their new son when he was just nine months old.

MENTORING

Lee, 34, was medically discharged from the Army in September 2016 after being diagnosed with PTSD. He has been part of our mentoring programme and has been matched with a volunteer to support his transition out of the Army.

“SSAFA has helped me massively. Andrew, my mentor, has helped me out so much. When Andrew first came round, I told him what had happened to me when I was blown up. He was just the right person for me to be matched with. He has given me the confidence to start my own business and to deal with day-to-day life. He’s always a phone call away and has made me feel like I’m someone again. I thought there was no hope, but now I have my own business. I’ve managed to get onto the property ladder, and I’m helping other people.”
Welcome to our 2016 Annual Report and Accounts

I would like to begin by thanking the previous Controller, Air Vice-Marshal David Murray CVO OBE RAF, and the previous Chairman, General Sir Kevin O’Donoghue KCB CBE, for their enormous contribution and commitment to SSAFA, the Armed Forces charity over the years. I am delighted to be joining at such a pivotal time for the organisation.

Building on our legacy of more than 132 years of service, we supported 67,616 people through our charitable and specialist services last year, that is 185 people a day. Our 92 branches in their local communities and 68 service committees completed 38,978 cases and visits, an increase of 8% versus 2015. Given the reduction in the size of the Armed Forces and veteran community whilst it is concerning that there is an increasing requirement for our help, it is also encouraging to see the way SSAFA is meeting this challenge.

SSAFA recognises the needs of our beneficiaries are changing and becoming more complex. We have a new generation of veterans. Fewer people serve or know someone who has, so we must work harder to ensure that the wider community understands some of the unique challenges of service and the challenge of returning to civilian life. As part of this in July 2016 we published ‘The New Frontline’ which highlighted experiences of our beneficiaries.

Whether it is debt, physical or mental health issues or the transition to civilian life, at SSAFA we have a range of support services and work closely with other organisations that provide specialist help to reflect these changing needs. We continue to work together as one SSAFA family – our staff, volunteers and other organisations – to give the Armed Forces and their families the support they need and deserve. We are also proud to continue to provide health and social care services to the Armed Forces on contract to the Ministry of Defence at home and overseas in nine countries.

We are very aware of changing public expectations about charity transparency and impact. Charitable giving is under pressure at a time of wider financial uncertainty. So we are delighted that we exceeded our voluntary income expectations in 2016 and are very grateful for the generous support we have received.

I would like to thank our staff right across SSAFA; from those working in the charitable services and public awareness teams to our contracted services staff. In addition, thank you to our donors for their ongoing support and of course to our 6,682 volunteers who gave their time so generously. They are at the heart of what we do and we would not be able to deliver such a wide range of support and services without them.

This year we are undertaking a strategic review to outline our plans for strengthening the support we offer to meet changing needs. The outcome will shape future marketing and fundraising, and the ways we communicate with our beneficiaries, volunteers and supporters. The review, which will be published in July 2017, will help us determine the best use of our resources over the next five years in order to reach even more people who need help.

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

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

### Council and Administration

**Patron**
Her Majesty The Queen

**President**
HRH Prince Michael of Kent

**Vice Presidents**
- Field Marshal Rt Hon the Lord Bramall
- Lady Carter
- The Lady Dannatt
- The Baroness Fookes
- Air Chief Marshal Sir Michael Graydon
- The Lady Guthrie
- Lieutenant Colonel Colin Hogg
- Lady Houghton
- Surgeon Captain Alan McEwan
- The Rt Hon the Countess Mountbatten of Burma (deceased 13 June 2017)
- Lady Pulford (retired June 2016)
- The Lady Walker
- Lady Wall
- The Rt Hon The Lord Westbury
- Lady Zambellas (retired April 2016)
- Lady Peach (from September 2016)
- Lady Hillier (from September 2016)

**Chairman**
General Sir Kevin O’Donoghue (retired March 2017)

**Vice Chairmen**
- Wing Commander Kirsty Bushell
- Mr Alastair Gornall (Strategic Development - retired October 2016)
- Mr Jonathan Jelley (Strategic Development - from October 2016)

**Honorary Treasurer**
Mr David Rowe

**Council Members**
- Mr James Carleton
- Commodore Peter Cowling
- Lieutenant Colonel Christopher Downward
- Mr Stuart Gallimore
- Colonel John Goodair
- Colonel Richard Gordon (retired November 2016)
- Lady Jackson (retired March 2016)
- Mrs Helen Kirkland
- Mr David McAllister (from January 2016, retired December 2016)
- Mr David McIlveen
- Mr Robert Murphy
- Mrs Sarah Rutherford-Jones (from January 2016)
- Ms Evelyn Strouts (from September 2016)

In attendance, special advisor to National Chairman, Mr Colin Smith (retired March 2017)

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.

**Controller**
Air Vice-Marshal The Hon David Murray (until September 2016)

**Secretary and Finance Director**
Mr Simon Blum

**Deputy Controller Health & Social Care and Managing Director of SSAFA Family Health Services**
Mr Michael Dickson

**Deputy Controller Volunteer Support**
Mrs Cathy Walker (until December 2016)

**Deputy Controller Marketing, Communications & Fundraising**
Ms Corinne Pluchino

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### OUR 2016 FINANCES IN BRIEF

#### Where the money comes from

- **35%** Health & social care contracts
- **18%** Donations & legacies
- **10%** NHS contracts
- **24%** Funds raised for clients in need
- **5%** Events & trading
- **2%** Adoption
- **1%** Other

#### How we spend the money

- **26%** SSAFA grants to clients in need
- **18%** NHS contracts
- **8%** Welfare & specialist services
- **8%** Housing
- **1%** Governance
- **31%** Health & social care contracts
- **1%** Fundraising & marketing costs
- **5%** Events & trading
- **1%** Adoption

#### Where the money comes from

- **Donations & legacies** £9,530,000
- **Events & trading** £2,670,000
- **Funds raised for clients in need** £12,542,000
- **Housing** £1,878,000
- **Adoption** £672,000
- **Health & social care contracts** £8,247,000
- **NHS contracts** £4,992,000
- **Investment income** £1,062,000
- **Other** £275,000

**TOTAL** £51,808,000

#### How we spend the money

- **Fundraising & marketing costs** £2,272,000
- **Events & trading** £749,000
- **SSAFA grants to clients in need** £13,030,000
- **Welfare & specialist services** £9,218,000
- **Housing** £3,760,000
- **Adoption** £772,000
- **Health & social care contracts** £15,443,000
- **NHS contracts** £4,168,000
- **Governance** £296,000

**TOTAL** £49,708,000
We, the Trustees, are pleased to present the annual Trustees’ Report and the consolidated financial statements of the Charity. These financial statements comply with SSFAF’s governing document, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Our charitable object and activities for the public benefit
SSFAF is a public benefit entity. The Trustees have given due consideration to the Charity Commission published guidance on the operation of the Public Benefit requirement, and confirm that the objectives of SSFAF, 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 eligibility and need.

SSFAF’s services can be divided into four types:
- Welfare advice and support – Our UK-wide network of branches in local communities and service committees on military bases offers practical, financial and emotional support. We help serving personnel, reserves, veterans and their families with everything from financial hardship to family breakdown.
- Specialist services – We mentor people as they transition from the military to civilian life, help families adopt, and support veterans in the criminal justice system. Our services are designed to meet the specific needs of the Forces community and are run by staff with support from volunteers.
- Housing – We offer a range of safe and comfortable housing options, including long-term accommodation for older and disabled veterans and short-term housing for families of injured service men and women.
- Health and social care services – We provide primary health care and social work services, on contract to the Ministry of Defence (MOD) in 10 countries, including the UK.

To achieve our objectives we need to do the following:
- Keep and grow our network of trained and committed caseworkers and volunteers so that we can better meet the needs of our beneficiaries.
- Grow awareness of SSFAF, the Armed Forces charity, so that potential beneficiaries, stakeholders and the general public know who we are and the support we provide.
- Raise sufficient money to give our beneficiaries the support they need when they need it, maintain our reserves and avoid running a cash deficit in our national funds.
- Manage our activities efficiently and effectively to make the best possible use of our resources and maximise the support we give now and in the future.

Achievements and performance
We want our Armed Forces (both regulars and reserves), veterans and their families to know they can count on us for support now and for the rest of their lives. This vision underpins our achievements and our performance.

We supported 67,616 people with our charitable services in 2016. We continue to offer support to our Forces and their families in 10 countries, including the UK. We do this through our professional health and social care services for the Forces community and our volunteer-led activity for veterans.

Welfare advice and support
Forcesline is the first port of call for many of our beneficiaries, and this year we continued to give them as much time, support and information as they needed. The number of enquiries (calls, emails and letters) we received went up by 16% compared to 2015, to a total of 25,531. We recruited additional resources and now have five team members, so that we can properly support everyone who gets in touch.

We track the number of beneficiaries we help and the money we raise to help those in financial hardship. We are also developing more sophisticated metrics to help us measure the impact of our work. In particular, our Outcomes Working Group looked at the capacity and capability of our volunteer network and made recommendations on how best to continue managing and meeting the increased demand for support from the Armed Forces community.

We use key performance indicators (KPIs) to measure the impact of our work and identify areas for improvement in a variety of ways. One is to increase our active membership and number of volunteers, so that we can help more people. To assess how to maintain current volunteers and encourage new ones, we undertook our first volunteer satisfaction survey. Of the 1,331 people who responded, 95% said they were proud to volunteer, 93% said they enjoyed it, and 89% said they will continue volunteering in a year’s time. This information will help us provide consistent support over the coming year.

We were also pleased to see three of our volunteers receive a British Empire Medal in 2016, and three volunteers received the Royal Victorian Order for their service.

Specialist services
We base our specialist services on specific needs identified by our beneficiaries, volunteers, the MOD and other organisations. Our support ranges from helping serving personnel move into civilian life to supporting ex-service men and women in the criminal justice system.

Our mentoring programme, which supports wounded, injured or sick service leavers, made good progress this year by becoming a tri-service scheme. We raised awareness of the scheme across the Naval service, British Army and Royal Air Force. This led to the Naval service joining the scheme, and we reached 36% more beneficiaries than last year, 20% of whom were women.

In 2016, we supported:
- 98 people who were assisted through our mentoring programme
- 513 people who accessed our support groups (Bereaved Families Support Group, Bereaved Siblings Support Group and the Support Group for the Families of the Wounded, Injured or Sick-Serving Personnel)
- 401 people (prisoners or family members of prisoners) through Prison In-reach, a 94% increase on last year
- 656 residents at Fisher House
- 90 women and children at Stepping Stone Homes
- 41 military families who are being assisted with the adoption process (including post-adoption support), with 23 children placed with families over the 12-month period
- 166 parents and children who enjoyed our short breaks.

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

CASE STUDY
Glasgow's Helping Heroes, our partnership with Glasgow City Council, supported 276 people, 12% more than last year. Sixteen participants, from the Glasgow Veterans United project received weekly mentoring and training from Glasgow Rangers Football Club coaches to obtain their SFA level one coaching certificate. We also piloted aftercare mentoring for the group. This had a positive impact and their aftercare support will continue into 2017.

Housing
Our Norton Homes provide free accommodation for families of injured and sick service personnel being treated at the Queen Elizabeth Hospital, Birmingham, and Headley Court, Surrey. Our Stepping Stone Homes provide safe and supportive accommodation for the families of serving personnel who have relationship difficulties.

As well as short-term accommodation, we also run several bungalows and apartments and two residential homes: the Royal Homes in Wimbledon and St. Vincents Residential Care Home on the Isle of Wight. St.Vincent’s retained its five-star environmental health rating for another year.

Last year, we helped:
- 1,530 people through our housing services
- 610 personnel and family members in Norton Homes
- 174 residents in our independent living accommodation
- 656 residents at Fisher House

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The welfare of our residents is our priority in our homes. We regularly monitor our professionally managed schemes and meet all legal obligations for capturing key performance indicators and outcomes. We make certain our residents meet the eligibility criteria in our housing schemes with our robust selection and application process.

At Stepping Stones Homes, we continue to measure a range of well-being outcomes according to the terms of grants from Supporting People, which are funded through local authorities. The outcomes we measure include:

- Economic well-being
- Health
- Access to training and education
- Safety
- Positive contribution to the community
- Equal opportunity and inclusion
- Housing relocation
- Children’s education

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

Health and social care services

In 2016, we provided primary health care, community health care and social work services to more than 25,000 people in 10 countries including the UK. That included more than 9,000 currently serving personnel.

Our contracts with the MOD and the National Health Service depend on performance-related indicators. We have regular contract meetings to monitor progress and have developed performance indicators – including operational performance, quality and patient feedback – with commissioners when appropriate. The diverse range of indicators reflects the complexity and scope of our services.

In our UK health services, indicators include the Quality and Outcomes Framework and the Commissioning for Quality and Innovation measures (where applicable). These include a range of nationally and locally agreed indicators and mechanisms to extract performance data directly from the electronic systems staff use in order to reduce administration for clinical staff.

Raising our profile

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

Media coverage:

- 49,600,000 more opportunities within the mainstream media for the public to read, watch or listen to find out what SSAFA does
- 73% increase in our SSAFA Facebook community from 100,000 to 170,000 Facebook friends

In July 2016, we commissioned a study of the needs of our veteran beneficiaries aged 16 to 64. While attention is often focused on the plight of older, retired veterans, ‘The New Frontline’ highlighted the day-to-day issues and struggles facing younger generations. The challenges faced by these men and women are stark, and they are in desperate need of support in several key areas. We found that the average net household income of a SSAFA working-age beneficiary is only £13,800.

Many lack basic funds to buy or replace essential items for the home and don’t have enough money for day-to-day living. Sixty one percent of veterans in this age group have been diagnosed with a mental health condition and suffer depression linked to a lack of purpose or hope for their future.

This ground breaking research generated almost 300 pieces of media coverage including being featured on ITV News at Ten. The report and learnings were shared widely and have provided vital information, helping us to develop our services for the future.

Further research showed that less than one percent of currently serving personnel and veterans would ask for help from a charity if they found themselves in need. Our Got Your Back campaign was launched in October 2016 and was hugely successful in reaching out to potential beneficiaries who may have previously been too proud to come forward, resulting in just under 1,500 new contacts from those needing help.

Funding for our work

In 2016, we had one of our most successful fundraising years so far. We raised £12.1m (2015 - £9.2m) from donations, legacies and fundraising activities, and £2.6m (2015 - £2.2m) of that was raised by volunteers in their local communities.

Corporate and events

Our official national corporate partnerships with Openreach and CarillionAmey resulted in year-on-year growth as well as increased volunteering support, while partnerships with Fujitsu, BAE Systems, Atkins and MBDA saw increased income through higher employee engagement. We are now official charity partners of Compass Group’s subsidiary, ESS. Sodexo increased their support for SSAFA through their Stop Hunger Foundation, and we were delighted to secure a generous grant from Nationwide Building Society. Fujitsu launched ‘Project Cirrus’ in addition to their traditional generous support and we continue to expand our corporate partner portfolio, with ambitions to secure large scale national partnerships. Our year long partnership with England Rugby saw SSAFA feature heavily at the Autumn International match against South Africa at Twickenham.

The annual Defence Industry Charitable Dinner was a huge success. Our long-standing and prestigious Corporate Friends programme featured five high-level MOD and Government speakers addressing a select audience of corporate partners from the Defence and Security sector.

We also launched new events this year: our first Gala Dinner in November, which included a talk from war reporter Martin Bell, and the Ride To The Somme cycle ride, which Countryfile’s Helen Skelton joined in early September. The ride was featured on the BBC’s prime time show on Remembrance Sunday which enabled us to promote SSAFA services with a new audience. The ride will be a key event in SSAFA’s fundraising calendar for 2017.

Commercial Partnerships

Our Commercial Manager launched a new merchandising pilot for volunteers in August 2016. As a result, 31 branches and service committees now have pre-authorised accounts for directly ordering merchandise at a discount through the online SSAFA shop.

Over the last year, SSAFA’s commercial business has developed significantly and is generating revenue through direct sales and commercial partnerships. This aspect of fundraising has a huge potential for growth and is proving valuable as a means of generating revenue and raising SSAFA’s profile. An example of this is our successful commercial partnership with Koin Club Ltd. launched in June 2016. Over £42,000 has been raised since then. Koin Club have launched a subscription offer on collectable and commemorative medals known as the War Poppy Collection and 10% of the sales achieved is paid in support of SSAFA.

Trusts and Major Donors

We developed relationships with a range of charitable trusts. Their generous donations provide much needed support for casework, housing and specialist services.

We were delighted to be awarded a Libor Fund grant to provide coordinated welfare support for Gurkha veterans and their families in local communities. We also secured significant multi-year grants from a number of funders new to SSAFA. These included a three-year commitment from BBC Children in Need to support Stepping Stone Homes South East and a three-year grant from the Armed Forces Covenant Fund to support our work with Veterans in the Criminal Justice System.

Our particular thanks to these new funders as well as to those listed on page 12 of this report. We also wish to thank those generous donors who wish to remain anonymous, including the individual who continues to support the Last Resort Fund, which provides financial assistance to those in need for whom no other funding is available.
and develop the support we offer as their needs evolve in the future needs of the service community and adapt accordingly.

It is essential that we understand the current as well as predicted future to ensure we can depend on us for support for the rest of their lives. Armed Forces, veterans and their families know they can depend on us for support for the rest of their lives.

Armed Forces Common Investment Fund, a fund specifically designed for service and ex-service personnel. 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 2016, the fund achieved a total return of 12.7%, which was below the benchmark; however, dividends for the year were increased to 7.2p per unit.

We recruit and train, and retain the highest-quality employees and volunteers to make sure we can continue to provide effective, timely support to those who need it.

We meet our contractual obligations to provide high-quality health and social care to the Armed Forces in the UK and overseas.

We continue to raise our profile and improve our external communications to raise awareness of our services, and to make sure those in need know we can help.

We invest in our fundraising capacity to maintain and increase our income so we can continue to meet the demand for our services and replace contract income if and when we need to.

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

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

Continually look for ways to be more efficient to ensure we use our money as effectively as possible to support our beneficiaries.

Financial Review

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

Financial Outcome

The Consolidated Statement of Financial activities for the year show that there was an overall surplus in the year (before defined benefit pension costs of £1.6 million (2015: £2.4 million)) of £2.513 million (2015: £0.122 million). This comprises a surplus on unrestricted funds of £1.801 million for the year (2015: £0.272 million) and a restricted fund surplus of £0.712 million (2015: deficit £0.150 million).

Donations and legacies received in the year were £5.7 million (2015: £4.3 million) and £3.9 million (2015: £2.6 million) respectively. The costs of raising voluntary income were £639k (2015: £536k).

The branches continue through their volunteer network to raise significant funds of £12.5 million (2015: £11.7 million) from service and other charities to assist a wide variety of forces related individuals in need. At 31 December 2016, £1.79 million (2015: £1.65 million) was being held for unclaimed grants for imminent distribution to the individuals for which the funds were raised.

Health and welfare activities contributed £3.54 million (2015: £4.15 million) to the group. This includes the activities of SSAFA Family Health Services, which is responsible under contract for the delivery of health and social care services in Germany, Cyprus and the Falkland Islands and the RAF Personal Support and Social Work Services in the UK. The principal Germany contract is provided under sub-contract to the Group’s joint venture SSAFA G SST Care LLP. Whilst income and expenditure decreased significantly, the margin reflects improved cost-management initiatives. Costs incurred included £0.8 million for redundancies which arose as a result of the drawdown and relocation of patients and personnel to the UK from Germany, a programme which is due to be completed by 2019. These costs were reimbursed under the terms of the contract by the MOD and are included in turnover.

SSAFA Care CIC primarily provides health care services to the NHS in England, including through a purpose-built health centre, Southglade in Nottingham, and contributed £824k (2015: £837k) to the group in the year.

The pension fund deficit has increased by £14.1 million to £52.0 million at the balance sheet date. This reflects the decrease in discount rate used to calculate the present value of fund liabilities to 2.7% (2015: 3.8%) offset against the lower return on investments experienced particularly around year end due to the economic climate and does not involve an outflow of cash.

Discussions have continued during the year with the Ministry of Defence (MOD) regarding proposals for a deficit reduction plan for the Local Government Pension Scheme. Trustees believe the MOD has a binding obligation to underwrite the liability arising in respect of former MOD staff who were transferred to SSAFA some years ago. These negotiations are ongoing (see note 20 for more information).

Investment Policy

The majority of SSAFA’s funds are invested in the Armed Forces Common Investment Fund, a fund specifically designed for service and ex-service personnel. 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 2016, the fund achieved a total return of 12.7%, which was below the benchmark; however, dividends for the year were increased to 7.2p per unit.

Reserves Policy

Taking into account guidance provided by The Charity Commission on determining an appropriate level of reserves, Trustees have set a level of approximately two years’ of operating costs which must be retained to ensure that the Charity can meet its obligations in the short term. At 31 December 2016 the level of unrestricted reserves which were not represented by fixed assets was 1.72 years’ of running costs (2015: 1.65 years).

At 31 December 2016 the unrestricted general reserves (which include designated funds) that were not represented by fixed assets amounted to £30.2 million (2015: £26.8 million) before any adjustment for the pension deficit under FRS 102. The Trustees accept the legal necessity to include the long-term FRS 102 pension liability in the Statement of Financial Activities. They do not, however, agree that this liability constitutes a diminution to reserves due to the liability position noted above. As reported, a deficit reduction plan is being discussed with the MOD.

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

Grant Making

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

Structure, governance and management

Governing Document

SSAFA (The Soldiers’, Sailors’, Airmen’s and Families Association – Forces Help) was established in 1885 under Royal Charter. SSAFA’s Charter Rules and Regulations were extensively revised in 2013 and approved by Council in January 2014. The Charter allows the Trustees to establish Regulations for the day-to-day management of the Charity. SSAFA is registered as a charity in England and Wales Number 210760 in Scotland Number SC038506 and in Republic of Ireland Number 200606082.

Subsidiary Charities

The Charity has three subsidiary Charities: The Royal Homes, regulated under a Charity Commission Scheme in 1998; the Aircrew Association Charitable Trust, regulated under a Charity Commission Scheme in 2012 and The Military Wives Choirs Foundation, which was established on 25 July 2012 as a private charitable company limited by guarantee, Company Number 08028745, Registered Charity Number 1148502 and in Scotland, Charity Number SCO45217.
In order to operate in Cyprus, SSAFA has been registered with the Charity Commissioners for Cyprus Register of Charities under Number 210760.

In order to operate in the Republic of Ireland, SSAFA has been registered with the Charities Regulator under Number 210760.

**SSAFA Operational Entities**

Under the authority of Council, SSAFA operates three subsidiary companies and one Limited Liability Partnership. Each company is run for the benefit of the Charity by paid staff who fill the key posts of Managing Director, Finance Director and Company Secretary and include 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 shares, was established to provide community health, social work and other services for the Armed Forces worldwide.
- **SSAFA Care CIC**, a Community Interest Company (CIC), limited by shares Registered Number 06611079, is wholly owned by SSAFA Family Health Services. The CIC carries out contracts for the National Health Service (NHS).
- **SSAFA Forces Help Enterprises Limited**, a company limited by shares, was established as a trading company to sell Christmas cards and other merchandise and enter into other non-charitable commercial arrangements.
- **SSAFA GSTT Care LLP**, an LLP, Registered Number OIC333462, is equally owned by SSAFA Family Health Services and Guy’s and St Thomas’ NHS Foundation Trust. The LLP was formed to provide health services to the MOD.

**Other Charitable Jurisdictions**

In order to operate in Scotland, SSAFA has been registered with the Office of the Scottish Charity Regulator Register of Charities under Number 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 210760.

In order to operate in the Republic of Ireland, SSAFA has been registered with the Charities Regulator under Number 210760.

**Risk Management**

The Controller’s Management Board meets weekly and reviews the Risk Register to ensure compliance. The Audit and Risk Committee reviews the Risk Management Policy and Register at each meeting.

Areas of significant risk are reported to Council at each meeting. Council then seeks assurance from the Controller that all mitigating action is being or has been taken. In addition, during 2015, Council formally approved the appointment of Mazars LLP as internal auditors and have agreed a risk focused internal audit plan with them, covering a variety of areas (including finance) across the organisation.

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

Key elements in the management of this financial risk include:

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

The group has some transaction and currency exchange rate risk given its international spread of activities. The 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**

The Company has continued to work closely with Grant Thornton and informed Grant Thornton that its proposals to be re-appointed will be welcomed.

**Trustees’ Responsibilities Statement**

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

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

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

Approved by Council on 21 June 2017

And signed on 21 June 2017 by

Lieutenant General
Sir Gary Coward KBE CB
Chairman
We have audited the financial statements of The Soldiers', Sailors', Airmen's and Families Association (SSAFA) for the year ended 31 December 2016, which comprise the consolidated statement of financial activities, the Charity statement of financial activities, the consolidated Group and Charity balance sheets, the consolidated statement of cash flows, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

Respective responsibilities of trustees and auditor
As explained more fully in the Trustees’ Responsibilities Statement on page 15, the trustees are responsible for the preparation of the financial statements which give a true and fair view. We have been appointed as auditor and have performed our audit work for this report or for the opinions we have formed.

Volunteers supporting ex-service personnel
A corporal in the Queen’s Royal Hussars, Jason was medically discharged with PTSD and depression. He became isolated, started hoarding rubbish and even tried to commit suicide. Since meeting our caseworker, Bill, he’s started using art as therapy, and has won an award for his work.

“I was living on the couch. I wasn’t showering, I really didn’t care about myself. I came home and some guy had broken in – he would have been confronted with all this rubbish. I called the police and they did their thing, but they also got in touch with SSAFA.”

Bill helped him clear the flat, and got it decorated and furnished.

“They asked me if I wanted to do some painting. I was negative at first, but they persisted and I’ve now thrown myself into my artwork which has kept me focused. Bill brought me a form to enter the Army Templar Award for soldiers who use art therapy, and I got a call saying I’d won. 2016 has been a good year - my life is improving every day. What was it that turned it around for me? It was Bill – and SSAFA.”

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the group’s and parent charity’s affairs as at 31 December 2016 and of the group’s and charity’s incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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

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

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants London
Date: 22 June 2017
Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

INDEPENDENT AUDITOR’S REPORT
To the Trustees of The Soldiers’, Sailors’, Airmen’s and Families Association – Forces Help (SSAFA)
## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2016

<table>
<thead>
<tr>
<th>Notes</th>
<th>Unrestricted Funds</th>
<th>Restricted Funds</th>
<th>Total 2016 £'000</th>
<th>Unrestricted Funds (restated)</th>
<th>Restricted Funds</th>
<th>Total 2015 (restated)</th>
</tr>
</thead>
</table>

**INCOME FROM:**

- Donations and legacies
- Charitable activities
  - Contributions / Service/other charities
  - Health and welfare
  - Care and accommodation
  - Adoption services
  - Actuarial (losses)/gains on defined benefit pension
  - Other recognised gains and losses
  - Care and accommodation provided to NHS
  - Other income
- Health services provided to NHS
- Total income

**EXPENDITURE ON:**

- Raising funds
  - Health services provided to NHS
  - Fundraising activities
  - Raising voluntary income
  - Total raising funds
- Contributions - Service/other charities
- Health and welfare
- Care and accommodation
- Adoption services
- Actuarial gains (losses) on defined benefit pension
- Other recognised gains and losses
- Care and accommodation provided to NHS
- Other income
- Total expenditure

**Net income/(expenditure)**

**Net gains on investments**

**Contributions - Service/other charities**

**Total charitable activities**

**RECONCILIATION OF FUNDS**

**Net movement in funds**

**Total funds brought forward (restated)**

**TOTAL FUNDS**

### Notes

- All incoming resources and resources expended derive from continuing activities.
- 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 2016

<table>
<thead>
<tr>
<th>Notes</th>
<th>Unrestricted Funds</th>
<th>Restricted Funds</th>
<th>Total 2016 £'000</th>
<th>Unrestricted Funds (restated)</th>
<th>Restricted Funds</th>
<th>Total 2015 (restated)</th>
</tr>
</thead>
</table>

**INCOME FROM:**

- Donations and legacies
- Charitable activities
  - Contributions / Service/other charities
  - Health and welfare
  - Care and accommodation
  - Adoption services
  - Actuarial gains (losses) on defined benefit pension
  - Other recognised gains and losses
- Care and accommodation provided to NHS
- Other income
- Total income

**EXPENDITURE ON:**

- Raising funds
  - Health services provided to NHS
  - Fundraising activities
  - Raising voluntary income
  - Total raising funds
- Contributions - Service/other charities
- Health and welfare
- Total cost of charitable activities
- Charitable activities
- Grants payable
- Health and welfare
- Other trading activities
- Contributions - Service/other charities
- Health and welfare
- Total cost of charitable activities
- Contributions - Service/other charities
- Health and welfare
- Other trading activities
- Contributions - Service/other charities
- Health and welfare
- Total cost of charitable activities
- Net income/(expenditure)

**Net gains on investments**

**Contributions - Service/other charities**

**Total charitable activities**

**RECONCILIATION OF FUNDS**

**Net movement in funds**

**Total funds brought forward**

**TOTAL FUNDS**

### Notes

- 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.

---

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.
for the year ended 31 December 2016

### CONSOLIDATED STATEMENT OF CASH FLOWS

<table>
<thead>
<tr>
<th>Notes</th>
<th>2016 £'000</th>
<th>2015 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Reconciliation of net expenditure to net cash flow from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income/(expenditure for the year)</td>
<td>927</td>
<td>(2,122)</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>(40)</td>
<td>166</td>
</tr>
<tr>
<td>Profit on disposal of fixed assets</td>
<td>(282)</td>
<td></td>
</tr>
<tr>
<td>Impairment of fixed assets</td>
<td></td>
<td>1,444</td>
</tr>
<tr>
<td>Gains on investments</td>
<td>(696)</td>
<td>(2,391)</td>
</tr>
<tr>
<td>Dividends, interest and rents from investments</td>
<td>(1,062)</td>
<td>(1,025)</td>
</tr>
<tr>
<td>Proceeds on disposal of fixed assets</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>Recovery of VAT on fixed assets</td>
<td></td>
<td>684</td>
</tr>
<tr>
<td>Purchase of investments</td>
<td>(1,022)</td>
<td>(273)</td>
</tr>
<tr>
<td>Proceeds from sale of investments</td>
<td>68</td>
<td>96</td>
</tr>
<tr>
<td><strong>Net cash provided by investing activities</strong></td>
<td>437</td>
<td>1,197</td>
</tr>
<tr>
<td><strong>Change in cash and cash equivalents in the year</strong></td>
<td>4,157</td>
<td>233</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at 1 January 2016</strong></td>
<td>12,193</td>
<td>11,960</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at 31 December 2016</strong></td>
<td>16,350</td>
<td>12,193</td>
</tr>
</tbody>
</table>

### Notes to the consolidated statement of cash flows

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

- Net income/(expenditure for the year)
- Adjustments for:
  - Depreciation
  - Profit on disposal of fixed assets
  - Impairment of fixed assets
  - Gains on investments
  - Dividends, interest and rents from investments
  - Proceeds on disposal of fixed assets
  - Recovery of VAT on fixed assets
  - Purchase of investments
  - Proceeds from sale of investments

#### B. Analysis of cash and cash equivalents

- Cash at bank and in hand | £'000
  - 2016 | 16,350
  - 2015 | 12,193

---

Approved by Council on 21 June 2017 and signed on 21 June 2017 by:

Lt General Sir Gary Coward KBE CB
Chairman

Mr David Rowe
Honorary Treasurer
The principal accounting policies are summarised below:

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

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

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

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

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

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

Going Concern
The financial statements have been prepared on the basis that the Charity is a going concern. The Trustees consider that there are no material uncertainties about the Charity’s ability to continue as a going concern. The Trustees accept the legal necessity to include the long term FRS 102 deferred pension scheme liability within the financial statements. They do not consider, however, that this liability constitutes a diminution to Reserves because in their view this liability lies with the MOD and not with the Charity (see Note 20). The Charity had £45 million in unrestricted funds at 31 December 2016, excluding the FRS 102 pension liability. The Trustees therefore consider that the Charity has adequate resources to sustain operations for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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

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

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

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

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

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

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

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

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

Adoption income arises through the provision of an adoption agency service for placing children with military families and is recognised when placements have been secured.
Expenditure and the basis of allocation of costs
Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

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

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

Costs of charitable activities include the following:
Grant payments made to or on behalf of individuals in the furtherance of the Charity’s charitable object.
Grant-aided activities relate to costs associated with providing health and social care services to British Forces personnel and their dependants in far commands.
Health and welfare expenditure includes the direct costs of the welfare department at Central Office, with allocated communication and marketing costs, volunteer support costs (including training), branch and committee case-work costs and branch office and staff costs in the provision of advice and assistance to those in need. This expenditure relates to the core services to British Forces personnel and their dependants around the world. Direct expenditure incurred in the Charity’s subsidiary, The Military Wives Choirs Foundation is also included within this category of expenditure.
Care and accommodation expenditure primarily relates to the running costs of the Charity’s homes and other accommodation and the care services provided to the Charity’s beneficiaries therein.

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

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

Tangible fixed assets and depreciation
Tangible fixed assets (excluding investment properties) are stated at cost and depreciated in equal instalments from either the date of purchase or the date brought into use at the following rates:
- Land: Nil
- Freehold buildings: 50 years
- Long leasehold buildings: 50 years
- Furniture and fittings: 5 years
- IT equipment: 3 years
- Motor vehicles down to 10%: Over 3 years

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

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

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

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the 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 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 on investments are calculated as the difference between the fair value of investments at the end of the reporting period and their cost. The fair value of investments is determined by the market prices for similar investments in active markets. Any unrealised gains and losses are reported in the Statement of Financial Activities.

Joint ventures are recognised initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Creditors and provisions
Short-term trade creditors are measured at transaction price, less any impairment. Financial liabilities of a kind that qualify as financial instruments.

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event. It is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using an appropriate discount rate. The unwinding of the discount is recognised as a finance cost in the surplus or deficit in the period it arises.
Funds accounting

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

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

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

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

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

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

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

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

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

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the date 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.

A change in accounting treatment of unpaid distributions from subsidiary companies to the parent charity has resulted in a prior year adjustment. As a consequence the prior year results for the group have been reduced by the value of the taxable profits in the subsidiary companies, and credit has been taken in the current financial year once those profits were distributed (see note 22).

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

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

Investment leasehold properties are shown at market value based on a professional valuation carried out in 2015. Council believe this is an appropriate carrying value.

Pension liabilities are estimated based on professional actuarial valuations.

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

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted Funds £'000</th>
<th>Restricted Funds £'000</th>
<th>Total 2016 £'000</th>
<th>Unrestricted Funds £'000 (Restated)</th>
<th>Restricted Funds £'000 (Restated)</th>
<th>Total 2015 £'000 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations</td>
<td>3,483</td>
<td>2,181</td>
<td>5,664</td>
<td>3,000</td>
<td>1,320</td>
<td>4,320</td>
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<tr>
<td>Legacies</td>
<td>3,768</td>
<td>98</td>
<td>3,866</td>
<td>2,314</td>
<td>270</td>
<td>2,584</td>
</tr>
<tr>
<td>Total</td>
<td>7,251</td>
<td>2,279</td>
<td>9,530</td>
<td>5,314</td>
<td>1,590</td>
<td>6,904</td>
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<td>3,866</td>
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<td>1,906</td>
<td>15,091</td>
<td>6,829</td>
<td>1,590</td>
<td>8,419</td>
</tr>
</tbody>
</table>

The Charity received final donations from its subsidiary companies of £3,266,000 in respect of 2015 results and £2,704,000 in respect of 2016. (2015: £1,539,000 final donations (restated)).

### 2. INCOME FROM CHARITABLE ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted Funds £'000</th>
<th>Restricted Funds £'000</th>
<th>Total 2016 £'000</th>
<th>Unrestricted Funds £'000</th>
<th>Restricted Funds £'000</th>
<th>Total 2015 £'000</th>
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<tbody>
<tr>
<td><strong>Group</strong></td>
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<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>-</td>
<td>12,542</td>
<td>12,542</td>
<td>19</td>
<td>11,699</td>
<td>11,818</td>
</tr>
<tr>
<td>Community Health and Social Services - UK and overseas</td>
<td>740</td>
<td>740</td>
<td>835</td>
<td>835</td>
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<tr>
<td>Health and Welfare contracts providing care of and support</td>
<td>17,507</td>
<td>12,440</td>
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<tr>
<td>Group health and welfare</td>
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<td>740</td>
<td>18,247</td>
<td>18,247</td>
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<tr>
<td>Care and accommodation contributions</td>
<td>273</td>
<td>-</td>
<td>273</td>
<td>-</td>
<td>224</td>
<td>-</td>
</tr>
<tr>
<td>Stepping Stones Homes</td>
<td>273</td>
<td>-</td>
<td>273</td>
<td>-</td>
<td>224</td>
<td>-</td>
</tr>
<tr>
<td>Residential Homes and Cottages</td>
<td>959</td>
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<td>959</td>
<td>-</td>
<td>821</td>
<td>-</td>
</tr>
<tr>
<td>Homes from Home</td>
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<td>28</td>
<td>23</td>
<td>-</td>
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<tr>
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<td>1,320</td>
<td>558</td>
<td>1,878</td>
<td>1,175</td>
<td>506</td>
<td>1,681</td>
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<tr>
<td>Adoption income</td>
<td>672</td>
<td>-</td>
<td>672</td>
<td>-</td>
<td>371</td>
<td>-</td>
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<td><strong>Charity</strong></td>
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<td></td>
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<tr>
<td>Contributions</td>
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<td>12,542</td>
<td>12,542</td>
<td>19</td>
<td>11,699</td>
<td>11,818</td>
</tr>
<tr>
<td>Community Health and Social Services - UK and overseas</td>
<td>740</td>
<td>740</td>
<td>835</td>
<td>835</td>
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<tr>
<td>Care and accommodation contributions</td>
<td>273</td>
<td>-</td>
<td>273</td>
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<tr>
<td>Residential Homes and Cottages</td>
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<td>959</td>
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<tr>
<td>Homes from Home</td>
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<td>-</td>
<td>28</td>
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<tr>
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<td>Other</td>
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<td>15</td>
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<tr>
<td>Group care and accommodation contributions</td>
<td>1,320</td>
<td>558</td>
<td>1,878</td>
<td>1,175</td>
<td>506</td>
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<td>-</td>
<td>672</td>
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<td>371</td>
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<td>15,840</td>
<td>35,339</td>
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<td>18,040</td>
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</table>

Charity rental income includes £78,400 receivable from a Group company (2015: £78,400).

### 3. INVESTMENTS

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted Funds £'000</th>
<th>Restricted Funds £'000</th>
<th>Total 2016 £'000</th>
<th>Unrestricted Funds £'000 (Restated)</th>
<th>Restricted Funds £'000 (Restated)</th>
<th>Total 2015 £'000 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group</strong></td>
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<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Listed investments</td>
<td>455</td>
<td>54</td>
<td>509</td>
<td>295</td>
<td>63</td>
<td>358</td>
</tr>
<tr>
<td>Bank deposits and unquoted investments</td>
<td>11</td>
<td>-</td>
<td>11</td>
<td>89</td>
<td>-</td>
<td>89</td>
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<tr>
<td>Rental income</td>
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<td>-</td>
<td>452</td>
<td>351</td>
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<td>351</td>
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<tr>
<td>Other interest receivable</td>
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<td>-</td>
<td>88</td>
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<td>Total</td>
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<td>54</td>
<td>1,062</td>
<td>985</td>
<td>63</td>
<td>1,028</td>
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<tr>
<td>Listed investments</td>
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<td>54</td>
<td>509</td>
<td>295</td>
<td>63</td>
<td>358</td>
</tr>
<tr>
<td>Bank deposits and unquoted investments</td>
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<td>84</td>
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<td>Total</td>
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<td>1,131</td>
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### 4. OTHER INCOME

<table>
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<tr>
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<th>Unrestricted Funds £'000</th>
<th>Restricted Funds £'000</th>
<th>Total 2016 £'000</th>
<th>Unrestricted Funds £'000</th>
<th>Restricted Funds £'000</th>
<th>Total 2015 £'000</th>
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<tr>
<td><strong>Group</strong></td>
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</tr>
<tr>
<td>Other income</td>
<td>240</td>
<td>35</td>
<td>275</td>
<td>174</td>
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<td>174</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other income</td>
<td>161</td>
<td>35</td>
<td>196</td>
<td>174</td>
<td>-</td>
<td>174</td>
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<tr>
<td><strong>Total</strong></td>
<td>401</td>
<td>70</td>
<td>471</td>
<td>348</td>
<td>174</td>
<td>518</td>
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### 5. EXPENDITURE

<table>
<thead>
<tr>
<th></th>
<th>Activities undertaken directly £'000</th>
<th>Support costs (see note 6) £'000</th>
<th>Total 2016 £'000</th>
<th>Unrestricted Funds £'000</th>
<th>Restricted Funds £'000</th>
<th>Total 2015 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Raising funds</td>
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<td>154</td>
<td>4,168</td>
<td>5,312</td>
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<td>4,466</td>
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<td>61</td>
<td>2,336</td>
<td>2,336</td>
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<td></td>
</tr>
<tr>
<td>Raising voluntary income</td>
<td>55</td>
<td>944</td>
<td>609</td>
<td>872</td>
<td>997</td>
<td>2,179</td>
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<tr>
<td>Other trading activities</td>
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<td>509</td>
<td>579</td>
<td>-</td>
<td>579</td>
<td>1,579</td>
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<tr>
<td>Total resources expended</td>
<td>6,474</td>
<td>779</td>
<td>7,253</td>
<td>7,964</td>
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</tr>
</tbody>
</table>

Charitable activities:
- Grants payable: 20,907 | 1,481 | 22,388 | 20,044
- Providing 'Grant Aided' activities: 712 | 28 | 740 | 888
- Health and Welfare: 11,764 | 919 | 12,683 | 20,865
- Care and accommodation: 2,680 | 1,176 | 3,856 | 4,182
- Adoption Services: 507 | 597 | 1,104 | 841
- Total: 38,680 | 3,775 | 42,455 | 47,470

In 2015 the cost of providing health services to the NHS included an impairment of £1,446,000 on a leasehold property.
### 6. SUPPORT COSTS

<table>
<thead>
<tr>
<th></th>
<th>Management £'000</th>
<th>Finance £'000</th>
<th>Human Resources £'000</th>
<th>Information Technology £'000</th>
<th>Facilities £'000</th>
<th>Governance £'000</th>
<th>Total £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raising funds</td>
<td>58</td>
<td>120</td>
<td>156</td>
<td>181</td>
<td>220</td>
<td>64</td>
<td>777</td>
</tr>
<tr>
<td><strong>Charitable activities:</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants payable</td>
<td>109</td>
<td>225</td>
<td>254</td>
<td>341</td>
<td>412</td>
<td>120</td>
<td>1,481</td>
</tr>
<tr>
<td>Care and accommodation</td>
<td>88</td>
<td>162</td>
<td>204</td>
<td>274</td>
<td>332</td>
<td>90</td>
<td>1,136</td>
</tr>
<tr>
<td>Adoption</td>
<td>14</td>
<td>22</td>
<td>33</td>
<td>45</td>
<td>54</td>
<td>16</td>
<td>106</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>269</td>
<td>556</td>
<td>627</td>
<td>841</td>
<td>1,018</td>
<td>296</td>
<td>3,607</td>
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<td>Health and Welfare services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total support costs</strong></td>
<td>4,554</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

### WELFARE AND GRANTS PAYABLE

#### Group

<table>
<thead>
<tr>
<th>Activities undertaken directly £'000</th>
<th>Support costs £'000</th>
<th>Total 2016 £'000</th>
<th>Total 2015 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Charity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raising funds</td>
<td>2,230</td>
<td>160</td>
<td>2,390</td>
</tr>
<tr>
<td>Raising voluntary income</td>
<td>75</td>
<td>418</td>
<td>493</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,305</td>
<td>578</td>
<td>2,883</td>
</tr>
</tbody>
</table>

Charitable activities:

| Grants payable | 20,211 | 1,035 | 21,246 | 18,794 |
| Management     | 712     | 28    | 740    | 886    |
| Health and welfare | 1     | 919   | 920    | 988    |
| Care and accommodation | 2,680 | 874   | 3,554  | 3,787  |
| Adoption Services | 587   | 143   | 740    | 941    |
| **Total support costs** | 24,200 | 5,240 | 29,440 | 29,383 |

Total resources expended 26,505 3,627 30,132 28,808

### WELFARE AND GRANTS PAYABLE

<table>
<thead>
<tr>
<th>Unrestricted Funds £'000</th>
<th>Restricted Funds £'000</th>
<th>Total 2016 £'000</th>
<th>Unrestricted Funds £'000</th>
<th>Restricted Funds £'000</th>
<th>Total 2015 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>From Charity funds</td>
<td>289</td>
<td>289</td>
<td>578</td>
<td>184</td>
<td>205</td>
</tr>
<tr>
<td>On behalf of service funds and other charities</td>
<td>12,741</td>
<td>12,741</td>
<td>13,919</td>
<td>13,919</td>
<td></td>
</tr>
<tr>
<td>Other Welfare costs</td>
<td>7,093</td>
<td>1,422</td>
<td>7,515</td>
<td>7,338</td>
<td>1,548</td>
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<td><strong>Total</strong></td>
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<td>14,170</td>
<td>22,351</td>
<td>22,288</td>
<td>13,252</td>
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</table>

#### Charity

<table>
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<th>Unrestricted Funds £'000</th>
<th>Restricted Funds £'000</th>
<th>Total 2016 £'000</th>
<th>Unrestricted Funds £'000</th>
<th>Restricted Funds £'000</th>
<th>Total 2015 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Charity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>From Charity funds</td>
<td>289</td>
<td>289</td>
<td>578</td>
<td>184</td>
<td>205</td>
</tr>
<tr>
<td>On behalf of service funds and other charities</td>
<td>12,741</td>
<td>12,741</td>
<td>13,919</td>
<td>13,919</td>
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</tr>
<tr>
<td>Other Welfare costs</td>
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<td>8,266</td>
<td>1,548</td>
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<td><strong>Total</strong></td>
<td>7,166</td>
<td>14,130</td>
<td>21,296</td>
<td>21,296</td>
<td>13,252</td>
</tr>
</tbody>
</table>

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

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:**

- Council/Committee Expenses £'000
- AGM £'000
- Annual Reports £'000
- Legal and professional £'000
- Apportionment of staff costs £'000

2016 2015
---
18 18
18 18
58 22
8 8
78 78
30 29
296 250
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

7. NET EXPENDITURE

2016  £’000  2015  £’000
This is stated after crediting/charging:
- Fees payable to the Charity’s auditor 55  55
  * Audit of the Charity’s accounts 26  26
  * Audit of subsidiaries and joint venture 26  24
Total audit fees 80  80
Non-audit fees: tax return compliance services 10  12
Other taxation advisory fees paid to auditor 103  103
Depreciation of tangible fixed assets 401  164
Expenditure on fixtures, fittings & equipment written off in year 91  157
Amounts paid under operating leases (See below) 273  324

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

2016  £’000  2015  £’000
Within one year 83  53
In two to five years inclusive 165  262
The Charity’s future minimum operating lease payments are as follows:

2016  £’000  2015  £’000
Within one year 57  42
In two to five years inclusive 15  10

8. EMPLOYEE AND STAFF COSTS

Charity  2016  £’000  Contracts  2016  £’000  Total  £’000  Charity  2015  £’000  Contracts  2015  £’000  Total  £’000
Wages and salaries 6,602  1,751  8,353  6,368  17,756  24,124
Social security costs 607  838  1,445  577  1,079  1,656
Other pension costs 468  3,489  3,957  727  4,331  5,058
Total labour costs 8,161  15,194  23,355  8,317  20,854  29,171

Management and support 27  12  39  27  12  39
Community health/social service staff - Grant Aided activities 14  16  30  17  19  36
Adoption services 9  12  21  9  12  21
Health and welfare - 243  - 243  - 243
Total staff numbers 205  303  508  233  417  650

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. In 2016 total expenses of £9,978 (2015: £15,990) were paid for 8 (2015: 15) trustees.

10. TAXATION

The tax assessed for the year differs from the standard rate of Corporation Tax in the UK of 20% (2015: 20.25%). The differences are explained as follows:

Net income/(expenditure) before taxation 1,492  1,668
Tax on accounting surplus at 20% / 20%/(20.25%) 298  (336)
Net taxable income and expenditure 267  1,002
Tax on results on ordinary activities 565  654
Gift aid relief claimed on donations
Tax reported in other comprehensive income (1,296) (350)
Gift aid relief claimed on donations
Tax reported in other comprehensive income (1,296) (350)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

8. EMPLOYEE AND STAFF COSTS Cont.

Eight higher paid staff members are accruing retirement benefits under the defined contribution scheme and 11 higher paid staff under the defined benefit schemes, with 5 other higher paid staff not participating in these schemes. (2015: four higher paid employees participated in the defined contribution scheme and 5 higher paid employees participated in the defined benefit scheme, with 2 others not participating in these schemes). Contributions in the year for the defined contribution scheme for higher paid staff amounted to £30,000 (2015: £12,000).

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

The key management personnel of the Charity comprise the Controller and the members of the Management Board. The cost of employing management personnel for the Charity was therefore £728,908 (2015: £769,232). This included 1 (2015: 2) individual employed on an interim contract basis.

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

Charity  2016 Number  Contracts  2016 Number  Total Number  Charity  2015 Number  Contracts  2015 Number  Total Number
Voluntary income 4  4  4  4  4  4
Management and administration 116  142  258  89  150  239
Health and welfare 58  -  58  62  -  62
Care and accommodation 58  -  58  70  -  70
Grants payable 79  94  173  79  94  173
Total staff numbers 205  303  508  243  417  650

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

9. TRUSTEE REMUNERATION

Trustees are not remunerated. They are reimbursed expenses or amounts are paid on their behalf for attending meetings and duties directly related to their duties. In 2016 total expenses of £9,978 (2015: £15,990) were paid for 8 (2015: 15) trustees.

Trustee indemnity insurance is held as part of a wider policy covering staff and volunteers. The premium for Trustee insurance cannot be separately identified but is estimated at £2,500 (2015: £2,500).

10. TAXATION

UK corporation tax on ordinary activities 565  654
Gift aid relief claimed on interim donation (545) (10)
Gift aid relief claimed on final donation (858) (160)
Net income/(expenditure) before taxation 1,492  1,668
Tax on accounting surplus at 20% / 20%/(20.25%) 298  (336)
Net taxable income and expenditure 267  1,002
Tax on results on ordinary activities 565  654
Gift aid relief claimed on donations
Tax reported in other comprehensive income (1,296) (350)
## 11. TANGIBLE FIXED ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Group 2016 £’000</th>
<th>Group 2015 £’000</th>
<th>Charity 2016 £’000</th>
<th>Charity 2015 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Freehold properties</strong></td>
<td>14,344</td>
<td>14,344</td>
<td>11,445</td>
<td>11,445</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Long leasehold properties</strong></td>
<td>4,205</td>
<td>4,205</td>
<td>4,205</td>
<td>4,205</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Motor vehicles</strong></td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>IT, furniture &amp; equipment</strong></td>
<td>1,081</td>
<td>1,081</td>
<td>1,081</td>
<td>1,081</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>19,626</td>
<td>19,626</td>
<td>19,626</td>
<td>19,626</td>
</tr>
</tbody>
</table>

### Group

**Cost**

<table>
<thead>
<tr>
<th>At 1 January 2016</th>
<th>£’000</th>
<th></th>
<th>£’000</th>
<th></th>
<th>£’000</th>
<th></th>
<th>£’000</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Freehold properties</td>
<td>14,344</td>
<td></td>
<td>Long leasehold properties</td>
<td>4,205</td>
<td></td>
<td>Motor vehicles</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>(81)</td>
<td></td>
<td>(13)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 December 2016</td>
<td>14,278</td>
<td></td>
<td>4,205</td>
<td></td>
<td>87</td>
<td></td>
<td>1,093</td>
<td></td>
</tr>
</tbody>
</table>

**Depreciation**

<table>
<thead>
<tr>
<th>At 1 January 2016</th>
<th>£’000</th>
<th></th>
<th>£’000</th>
<th></th>
<th>£’000</th>
<th></th>
<th>£’000</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Freehold properties</td>
<td>1,143</td>
<td></td>
<td>Long leasehold properties</td>
<td>1,906</td>
<td></td>
<td>Motor vehicles</td>
<td>89</td>
<td></td>
</tr>
<tr>
<td>Charge for year</td>
<td>191</td>
<td></td>
<td>27</td>
<td></td>
<td>181</td>
<td></td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>Eliminated on disposal</td>
<td>(9)</td>
<td></td>
<td>(11)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(20)</td>
</tr>
<tr>
<td>At 31 December 2016</td>
<td>1,325</td>
<td></td>
<td>1,933</td>
<td></td>
<td>78</td>
<td></td>
<td>687</td>
<td></td>
</tr>
</tbody>
</table>

**Net book value**

<table>
<thead>
<tr>
<th>At 31 December 2016</th>
<th>£’000</th>
<th></th>
<th>£’000</th>
<th></th>
<th>£’000</th>
<th></th>
<th>£’000</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Freehold properties</td>
<td>12,953</td>
<td></td>
<td>Long leasehold properties</td>
<td>2,272</td>
<td></td>
<td>Motor vehicles</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>At 31 December 2015</td>
<td>13,201</td>
<td></td>
<td>2,299</td>
<td></td>
<td>11</td>
<td></td>
<td>377</td>
<td></td>
</tr>
</tbody>
</table>

### Charity

**Cost**

<table>
<thead>
<tr>
<th>At 1 January 2016</th>
<th>£’000</th>
<th></th>
<th>£’000</th>
<th></th>
<th>£’000</th>
<th></th>
<th>£’000</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Freehold properties</td>
<td>14,344</td>
<td></td>
<td>Long leasehold properties</td>
<td>1,116</td>
<td></td>
<td>Motor vehicles</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>(66)</td>
<td></td>
<td>(13)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 December 2016</td>
<td>14,278</td>
<td></td>
<td>1,116</td>
<td></td>
<td>87</td>
<td></td>
<td>1,081</td>
<td></td>
</tr>
</tbody>
</table>

**Depreciation**

<table>
<thead>
<tr>
<th>At 1 January 2016</th>
<th>£’000</th>
<th></th>
<th>£’000</th>
<th></th>
<th>£’000</th>
<th></th>
<th>£’000</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Freehold properties</td>
<td>1,143</td>
<td></td>
<td>Long leasehold properties</td>
<td>267</td>
<td></td>
<td>Motor vehicles</td>
<td>89</td>
<td></td>
</tr>
<tr>
<td>Charge for year</td>
<td>91</td>
<td></td>
<td>27</td>
<td></td>
<td>179</td>
<td></td>
<td>39</td>
<td></td>
</tr>
<tr>
<td>Eliminated on disposal</td>
<td>(9)</td>
<td></td>
<td>(11)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(20)</td>
</tr>
<tr>
<td>At 31 December 2016</td>
<td>1,325</td>
<td></td>
<td>294</td>
<td></td>
<td>78</td>
<td></td>
<td>681</td>
<td></td>
</tr>
</tbody>
</table>

**Net book value**

<table>
<thead>
<tr>
<th>At 31 December 2016</th>
<th>£’000</th>
<th></th>
<th>£’000</th>
<th></th>
<th>£’000</th>
<th></th>
<th>£’000</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Freehold properties</td>
<td>12,953</td>
<td></td>
<td>Long leasehold properties</td>
<td>822</td>
<td></td>
<td>Motor vehicles</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>At 31 December 2015</td>
<td>13,201</td>
<td></td>
<td>849</td>
<td></td>
<td>11</td>
<td></td>
<td>367</td>
<td></td>
</tr>
</tbody>
</table>

Under FRS 102 a proportion of the Charity’s head offices were transferred from fixed assets to investment properties and revalued in 2015 (see Note 12).

All assets are owned by the Charity except for The Military Wives Choirs’ Foundation’s furniture and equipment of £5,881 (2015: £7,680) upon which depreciation of £1,799 (2015: £1,799) was charged.

---

### 12. INVESTMENTS

**Investments comprised:**

<table>
<thead>
<tr>
<th></th>
<th>Group 2016 £’000</th>
<th>Group 2015 £’000</th>
<th>Charity 2016 £’000</th>
<th>Charity 2015 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Investment properties</strong></td>
<td>7,842</td>
<td>7,842</td>
<td>9,292</td>
<td>9,292</td>
</tr>
<tr>
<td><strong>Listed investments</strong></td>
<td>11,445</td>
<td>9,819</td>
<td>11,445</td>
<td>9,819</td>
</tr>
<tr>
<td><strong>Investments in subsidiaries</strong></td>
<td>19,287</td>
<td>17,661</td>
<td>20,747</td>
<td>19,121</td>
</tr>
</tbody>
</table>

**Investment properties at fair value**

<table>
<thead>
<tr>
<th></th>
<th>Group £’000</th>
<th>Charity £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Freehold properties</strong></td>
<td>7,842</td>
<td>9,292</td>
</tr>
<tr>
<td><strong>Charity</strong></td>
<td>11,445</td>
<td>9,819</td>
</tr>
<tr>
<td><strong>Leasehold properties</strong></td>
<td>19,287</td>
<td>20,747</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>38,573</td>
<td>39,958</td>
</tr>
</tbody>
</table>

Investment properties, one leasehold and a part of the freehold SSAFA Headquarters property, were revalued at 31 December 2015, based on a valuation undertaken by Jones Lang LaSalle, an independent valuer with recent experience in the location and classes of the investment properties being valued. The valuations were prepared in accordance with the RICS Valuation - Professional Standards, January 2015 as published by the Royal Institution of Chartered Surveyors on the basis of Fair Value for current use. The Fair Value valuation for the leasehold investment property assumes that the property will continue to be used as a medical centre and that the NHS or other successor body will be liable to pay rent for the foreseeable future. The are no restrictions on the releasability of the freehold property. The Trustees consider that the professional valuations carried out in 2015 provide an adequate valuation for the investment properties at 31 December 2016 and have made no adjustments to the values reported in the financial statements.

As set out in note 3, property rental income earned during the year was £452,000 (2015: £351,000). The freehold investment property is leased out under operating leases and the leasehold investment property is leased to a subsidiary company for commercial purposes. Direct operating expenses arising on the freehold investment property generated rental income in the year of £78,000 (2015: £78,000). The Charity is additionally contractually obliged to carry out annual repairs and maintenance in respect of the leasehold investment property, which in the current year amounted to £17,300 (2015: £17,300) 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:

<table>
<thead>
<tr>
<th></th>
<th>2016 £’000</th>
<th>2015 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Within one year</strong></td>
<td>401</td>
<td>317</td>
</tr>
<tr>
<td><strong>For two to five years inclusive</strong></td>
<td>513</td>
<td>1,129</td>
</tr>
<tr>
<td><strong>After five years</strong></td>
<td>762</td>
<td>1,644</td>
</tr>
</tbody>
</table>

SSAFA manages the maintenance of its investment properties internally.

**Listed investments**

<table>
<thead>
<tr>
<th></th>
<th>Total £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group</strong></td>
<td>11,445</td>
</tr>
<tr>
<td><strong>Racket value</strong></td>
<td>9,292</td>
</tr>
<tr>
<td><strong>Acquisitions</strong></td>
<td>1,173</td>
</tr>
<tr>
<td><strong>Receipts from disposal of investments</strong></td>
<td>1,139</td>
</tr>
<tr>
<td><strong>Realised and unrealised profits on revaluation</strong></td>
<td>627</td>
</tr>
<tr>
<td><strong>At 31 December 2016 – Group</strong></td>
<td>11,445</td>
</tr>
<tr>
<td><strong>Investment in subsidiaries</strong></td>
<td>15,453</td>
</tr>
<tr>
<td><strong>At 31 December 2016 – Charity</strong></td>
<td>15,453</td>
</tr>
<tr>
<td><strong>Rental cost at 31 December 2016</strong></td>
<td>6,584</td>
</tr>
</tbody>
</table>
13. DEBTORS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>Trade debtors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts owed by subsidiary undertakings</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts owed by related undertakings</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxation recoverable</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other debtors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepayments and accrued income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5,155</td>
<td>6,992</td>
<td>4,808</td>
<td>4,999</td>
</tr>
</tbody>
</table>

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

14. CREDITORS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>Trade creditors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporation tax payable</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other tax and social security costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other creditors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unalmonised grants</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts and deferred income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5,025</td>
<td>5,187</td>
<td>3,817</td>
<td>3,344</td>
</tr>
</tbody>
</table>

There are no secured debts included in creditors (2015 – nil).
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

15. FUNDS

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>2016 £'000</th>
<th>2015 £'000</th>
<th>Change £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>General funds</td>
<td>40,217</td>
<td>35,497</td>
<td>(32,684)</td>
</tr>
<tr>
<td>Designated funds</td>
<td>268</td>
<td>-</td>
<td>(250)</td>
</tr>
<tr>
<td>Homes from Home Appeal</td>
<td>1,539</td>
<td>(78)</td>
<td>1,461</td>
</tr>
<tr>
<td>Total designated funds</td>
<td>2,154</td>
<td>-</td>
<td>1,826</td>
</tr>
<tr>
<td>Restricted funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General funds</td>
<td>40,486</td>
<td>34,997</td>
<td>(12,543)</td>
</tr>
<tr>
<td>Homes From Home Appeal</td>
<td>2,291</td>
<td>561</td>
<td>1,730</td>
</tr>
<tr>
<td>Total restricted funds - Charity</td>
<td>5,169</td>
<td>15,838</td>
<td>(10,669)</td>
</tr>
<tr>
<td>Total funds/deficit - group</td>
<td>45,626</td>
<td>36,835</td>
<td>(11,209)</td>
</tr>
</tbody>
</table>

16. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>General 2016 £’000</th>
<th>Designated 2016 £’000</th>
<th>Restricted 2016 £’000</th>
<th>Total 2016 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>General funds</td>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>Designated funds</td>
<td>15,123</td>
<td>317</td>
<td>51,449</td>
<td></td>
</tr>
<tr>
<td>Homes from Home Appeal</td>
<td>17,045</td>
<td>318</td>
<td>19,480</td>
<td></td>
</tr>
<tr>
<td>Total designated funds</td>
<td>15,123</td>
<td>317</td>
<td>51,449</td>
<td></td>
</tr>
<tr>
<td>Restricted funds</td>
<td>15,123</td>
<td>317</td>
<td>51,449</td>
<td></td>
</tr>
<tr>
<td>General funds</td>
<td>17,045</td>
<td>318</td>
<td>19,480</td>
<td></td>
</tr>
<tr>
<td>Designated funds</td>
<td>15,123</td>
<td>317</td>
<td>51,449</td>
<td></td>
</tr>
<tr>
<td>Homes from Home Appeal</td>
<td>17,045</td>
<td>318</td>
<td>19,480</td>
<td></td>
</tr>
<tr>
<td>Total designated funds</td>
<td>15,123</td>
<td>317</td>
<td>51,449</td>
<td></td>
</tr>
<tr>
<td>Total funds/deficit - group</td>
<td>32,168</td>
<td>635</td>
<td>70,928</td>
<td></td>
</tr>
</tbody>
</table>

17. CONTINGENT ASSETS

Neither the Group nor the Charity have identified any contingent assets due either at 31 December 2016 nor at 31 December 2015.

18. CAPITAL COMMITMENTS

Neither the Group nor the Charity had any capital commitments at 31 December 2016 or 31 December 2015.

19. BANK GUARANTEE

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

20. RETIREMENT BENEFITS

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

<table>
<thead>
<tr>
<th>Fund</th>
<th>Contributions 2016 £’000</th>
<th>Contributions 2015 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>SSAFA Care GIC</td>
<td>670</td>
<td>166</td>
</tr>
<tr>
<td>SSAFA Family Health Services</td>
<td>1,987</td>
<td>2,193</td>
</tr>
<tr>
<td>SSAFA Forces Help Enterprises Limited</td>
<td>60</td>
<td>67</td>
</tr>
<tr>
<td>Share of joint venture</td>
<td>24</td>
<td>20</td>
</tr>
<tr>
<td>Military Wives Choirs’ Foundation</td>
<td>499</td>
<td>622</td>
</tr>
<tr>
<td>Total funds/deficit - Charity</td>
<td>6,925</td>
<td>7,208</td>
</tr>
</tbody>
</table>

Scottish Widows Money Growth Plan

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

SSAFA had three active members in the scheme as at 31 December 2016 (2015: 3) and total pension scheme contributions outstanding at year end amounted to £48,834 (2015: £698).

Armed Forces Personal Pension Plan

SSAFA operates a defined contributions pension scheme for the benefit of members of the military. 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 352 active members in the scheme as at 31 December 2016 (2015: 247) and total pension scheme contributions outstanding at year end amounted to £48,834 (2015: £698).

NHS Pensions Scheme

Following the transfer of staff to SSAFA from the Ministry of Defence (MOD), SSAFA currently participates in the NHS Pensions Scheme. The NHS Pension Scheme is an unfunded multi-employer defined benefit scheme. The assets of the scheme are administered by NHP 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.

SSAFA had 352 active members in the scheme as at 31 December 2016 (2015: 247) and total pension scheme contributions outstanding at year end amounted to £48,834 (2015: £698).

The pension scheme contributions outstanding at the end of the accounting period amounted to £7,208 (2015: £698).
Local Government Pension Scheme

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

At 31 December 2016 the Association had 122 active members (2015: 129).

The last actuarial valuation of the scheme was at 31 March 2016 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 £4,515m in comparison to the actuarial value of benefits that had accrued to members of £183m. A three-year additional payment plan commenced in April 2017 to contribute towards this deficit. Although the London Pension Fund Authority is a multi-employer scheme, it has been able to allocate assets and liabilities relating to SSAFA Forces Help and these are disclosed below.

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

At 31 December 2016 the valuation was updated in accordance with FRS 102 and in line with the assumptions used in the 2016 scheme valuation. The major assumptions used by the actuary were:

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

Assumptions: members will exchange half of their commutable pension for cash at retirement and active members will retire at one retirement age for all branches 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 2016 is as follows:

<table>
<thead>
<tr>
<th>31 December 2016</th>
<th>31 December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>% p.a.</td>
<td>% p.a.</td>
</tr>
<tr>
<td>Equities</td>
<td>51%</td>
</tr>
<tr>
<td>Cash</td>
<td>5%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

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.

The statement of financial position as at 31 December 2016 is as follows:

<table>
<thead>
<tr>
<th>31 December 2016</th>
<th></th>
<th>31 December 2015</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>% p.a.</td>
<td>% p.a.</td>
<td>% p.a.</td>
<td>% p.a.</td>
</tr>
<tr>
<td>Equity</td>
<td>51%</td>
<td>50%</td>
<td>49%</td>
</tr>
<tr>
<td>Cash</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

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

for the year ended 31 December 2016

21. RELATED PARTY TRANSACTIONS

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

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

<table>
<thead>
<tr>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales to SSAFA GSTT Care LLP</td>
<td>£'000</td>
</tr>
<tr>
<td>9,126</td>
<td>18,006</td>
</tr>
<tr>
<td>Amounts due from SSAFA GSTT Care LLP</td>
<td>£'000</td>
</tr>
<tr>
<td>1,101</td>
<td>1,911</td>
</tr>
</tbody>
</table>

22. PRIOR YEAR ADJUSTMENT

The Charity has adopted a policy of accounting for donations received from its trading subsidiaries when received. The subsidiary companies have accounted restated their comparatives to account for corporation tax on the taxable profits and disclose their Gift Aid distributions to the parent charity as a movement on reserves when paid. As a consequence of this change in accounting policy the prior year accounts have been restated and reconciliations of the opening balances in both the Group and the Charity are shown below:

Reconciliation of Group funds and balances

<table>
<thead>
<tr>
<th>1 January</th>
<th>31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015 £'000</td>
<td>2015 £'000</td>
</tr>
<tr>
<td>Fund balances as previously stated</td>
<td>6,962</td>
</tr>
<tr>
<td>Corporation tax liabilities on unpaid gift aid donations from subsidiaries at year end</td>
<td>(310)</td>
</tr>
<tr>
<td>Fund balances as restated</td>
<td>6,652</td>
</tr>
</tbody>
</table>

Reconciliation of Charity funds and balances

<table>
<thead>
<tr>
<th>1 January</th>
<th>31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015 £'000</td>
<td>2015 £'000</td>
</tr>
<tr>
<td>Fund balances as previously stated</td>
<td>5,228</td>
</tr>
<tr>
<td>Accrued gift aid donations from subsidiaries reversed</td>
<td>(1,553)</td>
</tr>
<tr>
<td>Fund balances as restated</td>
<td>3,675</td>
</tr>
</tbody>
</table>
SSAFA, the Armed Forces charity provides lifelong support to our Armed Forces, veterans and their families. We began our work in 1885. This year our staff and team of volunteers helped over 67,000 people - from World War Two veterans to those involved in more recent conflicts and their families.

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

Call 0800 731 4880 Lines open 9.00 to 17.30 weekdays
Visit ssafa.org.uk/forcesline

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

To donate £5, text 'SSAF44 £5' to 70070
Call 020 7403 8783
Visit ssafa.org.uk