Company Registration No: 4544532 (England & Wales)
Charity No: 1095308

VETERANS AID

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 SEPTEMBER 2011

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LEGAL AND ADMINISTRATIVE INFORMATION

The Trustees who served during the financial year and to the date the Report of the Trustees was signed were as follows:

Management	Wg Cdr Dr Hugh Milroy BTh, MA, PhD (Chief Executive) Colonel Geoffrey Cardozo MBE (Company Secretary) Flight Lieutenant John Smith (Administrator) Richard Greenhough BCom ACMA (Finance Manager) Pat O'Connor MBE (Hostel Manager)

Finance and Legal

Legal Advisors	Maclay, Murray & Spens, Solicitors 1 London Wall London EC2Y 5AB
Auditors	Saffery Champness Chartered Accountants Lion House Red Lion Street London WC1R 4GB
Stockbrokers:	S & T Asset Management Limited 97 Church Lane, Marple, Stockport, Cheshire, SK6 7AR
Bankers	HSBC Bank 60 Queen Victoria Street London EC4N 4TR Lloyds TSB 1 Butler Place London SW1H 0PR

Finance and Legal (continued)

Bankers	Close Brothers Limited 10 Crown Place London EC2A 4FT Clydesdale Bank PLC 35 Regent Street London SW1Y 4ND
Registered Office	40 Buckingham Palace Road London SW1W 0RE
Company No	4544532
Charity No	1095308
Constitution	Veterans Aid is a registered charity and a company limited by guarantee, registered in England. It is governed by its memorandum and articles of association dated 25th September 2002.
Subsidiaries	Veterans Aid (Services) Ltd, company registration number 06096959, is a wholly-owned subsidiary, currently dormant. It has not traded during the year. Hollenden House, charity number 1095308-1, and New Belvedere House, charity number 1095308-2, are wholly-owned subsidiary charities, currently dormant. Neither has traded during the year nor holds any assets at the year-end. Under a uniting direction issued by the Charity Commission dated 3rd June 2003, these subsidiary charities are not required to prepare a separate Annual Report and Financial Statements.

CHAIRMAN'S REPORT ON ACTIVITY
FOR THE YEAR ENDED 30 SEPTEMBER 2011

I am very pleased to be introducing the annual report for the year 2010/11. As has been the trend in recent years, we have had a challenging but highly successful year.

Across the board, I can report that while we have been incredibly busy during the year, we are not seeing any rise in problems related to current operations. Problems, with relationship breakdowns, alcohol misuse, general mental health troubles and poverty related matters have continued to dominate our work. One interesting point to note is that we are seeing a steady rise in younger non-traditional clients who cannot find secure and safe accommodation. Sadly, we have seen no let-up in the numbers of Foreign & Commonwealth "leave to remain" cases we are dealing with and this is a worrying trend. On our behalf, our advocate, Margaret Mervis, has been working almost constantly on this problem. The pathways leading to this difficulty are incredibly varied and I am happy to say that Margaret has been successful on many occasions.

Our media profile and general reputation continue on a very pleasing upward trend. This is partly due to the incredible diversity of visitors and the increase in individual supporters which together, has helped enormously in spreading the VA word! On top of that, our own PR efforts, including our very professional short films, have helped VA become the first port-of-call on Veteran charity issues for many media outlets, particularly, I am pleased to say, with the BFBS. I say this, as I am aware that many exaggerated stories appear in the public domain and this must be a concern to the military community as a whole. To have the media come to us for an accurate brief has to be helpful in countering this menace. As we move towards yet another round of Armed Forces redundancies, this positive and supportive relationship with the media will be vital.

Operationally, I am very pleased to report that the numbers of Veterans on the streets continues to be driven down but I am far from complacent; I can only repeat that our approach to creating a good quality preventative service, provided by a highly trained and focused team is our daily aim. If we cannot prevent, then our tried and tested *modus operandi* of "swift intervention" will always be used. For those who need more intensive support I am pleased to report that we have had another hugely effective year at New Belvedere House. In conjunction with our first-class addiction work, our recidivist rate after "graduation" is consistently low. There is no doubt that our "powerhouse, not warehouse" approach is paying dividends.

We continue to put a great deal of emphasis on staff training as this is a key factor in the development of the charity. It is worth noting that it is extremely rare for our employees to leave and indeed we have many approaches from people wanting to work for us. I am continually impressed by our staff's resilience, professionalism and tenacity as they undertake their daily duties in support of our sometimes more difficult clients. From a Governance perspective, I am delighted to say that the Board is now completely revitalised with a new team. They bring with them expertise, vigour and connectivity, all of which bodes well for the future.

Finally, I can only say that our effectiveness and reputation as a centre of excellence is working because of the combined efforts of the Trustees, our staff and the many supporters, who together make this very special charity a highly effective national support system for Veterans in crisis. In coordination with our sister charities The Royal British Legion, The Soldiers Charity, Seafarers, the RAFBF, the RNRMC, Combat Stress, SSAFA and SSAFA Central London, we feel that we are really are making a difference.

....
Brigadier J F Rickett CBE
President and Chairman

Much has happened during the year and there have been many successes several of which are really notable. For example, my colleague Geoffrey Cardozo deals with the many individual supporters who adopt us and watching him closely over the last year, I have been amazed at how many people are now involved in actively and regularly making donations. To see this level of interest and support is truly heart-warming and bodes well for our future.

Equally as energising has been the consistent rise in the public perception of our work and media profile! For instance, our adoption by the Lord Mayor of Westminster, Councillor Susie Burbridge, as one of her charities, and by the Army & Navy Club have been proven to be highly effective in spreading the good word about VA! But above all, the key theme of the year has been HOPE! But of course, this does not happen by magic. Supporters and staff, be they in the HQ Ops team or in New Belvedere House have worked tirelessly to help get our clients back on thief feet and to make sure that they stay there. From the Big Bus Pull to the amazing Carol Service held for us in the Guards Chapel, I consider VA to be so fortunate to have such loyal friends and supporters. *Together, we are all transforming lives.*

This year, despite having once again, received around 2000 calls for assistance in the year, we have seen a definite decline in traditional homelessness. Most people understand this term as people rough-sleeping on the street but we can confirm that there are now only a very small number of rough sleeping ex-service men on the streets of London; this is important as London is the centre for this problem in the UK. Nevertheless, the myths endures that there are thousands of homeless Veterans on the street. The **CHAIN (Combined Homelessness and Information Network)** which provides fairly accurate data from all the agencies involved, states that only about 3% of rough sleepers in London claimed an ex-Service background. So the number involved is now tiny but that does not stop individuals making false claims of military service to the media and the media exaggerating such stories. Our experience is that at any given time there are a maximum of approx 20-30 ex-Service men and women on the streets of London. Most of these individuals are well known to us and they have been on the street for a considerable time. Indeed, it has become a way of life and they are resistant to permanent change. The issue of the myth has been noted by a much wider audience now. In a recent article on the subject of homelessness, Jeremy Swain, the Chief Executive of Thames Reach said:

The other common image and favourite media story is of the armed services Veteran ignominiously left to fend for himself on the street. Again, the statistics over the past few years with remorseless regularity show that only around 3 per cent of rough sleepers were in the UK armed forces, along with a further 3 per cent who were in the armed forces of other nations.

But whenever someone comes forwards, we ensure, where we can, that no one is street homeless. However, we try very hard to be involved in preventing homelessness from occurring in the first place. For example, we are increasingly seeing a separate category of homeless individuals, clients who are temporarily homeless and who have lost their accommodation. The main reasons for this will be loss of employment, breakdown in relationships, misuse of drugs and/or alcohol, untreatable health problems and sometimes just bad luck; such as having their home repossessed. For those who are not destitute, they are helped with clothing and a hot meal. The age group of our ex-service men and women clients is 18 to 90, mostly male. Lengths of service vary from several months to 22 years, with the spread of rank from Colonel to private soldier (or equivalents). Recently there has been a younger age group of clients (18 to 23) coming forward.

Another enduring media assumption is that we at VA are seeing lots of cases of Post Traumatic Stress Disorder (PTSD). While we are clear that this can be a problem for some Veterans in society, the VA reality is that such cases are few and far between, and we have our own specialist professor of psychiatry to help with those cases that emerge. However, it is clear that both here and at other charities, for some of our clients PTSD claims have come to be used as a passport for sympathy and extra benefits. In reality, a significant number of these clients have major issues with misuse of alcohol and/or drugs, and sometimes may claim to suffer from PTSD based on a self-diagnosis. Dealing with homeless clients is extremely specialised and can be very stressful for those involved.

There is no evidence of an epidemic of homeless amongst the ex-service homeless on the streets of London nor indeed among the many calls we take from across the country, however for those who are it is a debilitating experience. There is absolutely no doubt that SSAFA's Homeless Division and Veterans Aid have been very successful with their joint model and it's ethos: 'Action this day' is acknowledged within the ex-service community. But most importantly, this service is particularly well-geared to prevention.

Nevertheless, we have had a good year. On any given night we have been caring for 60-70 Veterans in a very dynamic, planned and focused way. Our aim, as always, was to break the crisis cycle for our clients. By way of illustration of this approach, here is a snapshot of a recent day's activity within the charity:

10 had only just arrived and are still undergoing their stabilisation and assessment period.
1 has completed his IT training at Ruskin College, Oxford and is now on placement.
1 has just completed 1st year at Plymouth reading English.
1 is reading for a law degree.
1 is on a trainee solicitor's course.
3 are on Open University courses.
2 are on Art courses.
2 have joined the TA.
5 are either on Engineer Apprentice, Interior Landscaping, Pest Control or Security courses.
1 is on a Gas Engineering course.
3 are on Builders' courses with East Potential.
1 is on a Tree Surgeon's course.
1 is on a Driving course.
1 is on a Football Referee's course.
1 is training to be a Prison Mental Health Nurse.
1 is on Scaffolding course in Wakefield.
1 is on a St John's Ambulance emergency first aid course.

Presently excused work and/or training:

4 who are about to graduate from the hostel to their own accommodation.
5 who are engaging in treatment for drug or alcohol misuse.
4 who are suffering serious mental health problems.
3 who have physical health problems.

Experts working with our clients included access to our powerhouse team which included a psychiatrist, barristers, addiction specialist and mental health social workers. In particular, we have done much work with additions/substance misuse:

- Around 25 active clients at any one time (may not be in hostel).
- 125 clients into treatments since May 2008.
- Average age when client first presents to service = 44
- Average length of service = 7.5 years.
- Average length of time since clients left the armed forces = 19 years.
- Primary substance of choice is alcohol for two thirds of clients.
- Nearly a third of clients are poly-substance users (combining alcohol with heroin/crack/powdered cocaine/methadone/illicit meds).
- A rise in problematic gamblers over the past year.
- Cannabis and cocaine identified problem substances for many of our clients aged under 30.

Example of most recent client

- 44 year old male – 44 convictions and 23 prison sentences!
- Served for 3 years (from 1991 to 1994) with the RGJ.
- Alcohol – drinking 8-9 cans of 9% lager (around 36 units) daily.
- Heroin – injecting in arms twice daily.
- Crack – injecting with heroin 3-4 times per week.
- Methadone – purchases illicitly from friend. 10ml daily.

Success does not come easily for our Veterans but we continue to have an enviable track record of getting our Veterans back on their feet.

In terms of profile, it is clear that VA's credibility with the media is particularly strong. Indeed, we are frequently the first port-of-call for serious journalists seeking clarification on a wide variety of Veteran matters. Our involvement in the Howard League for Penal Reform's Independent inquiry into former Armed Services personnel in prison was well received. In addition to this, we did much with the British Forces Broadcasting Service which allowed us to gain a much higher profile with the serving military community e.g. we were one of the beneficiaries of the monies raised at the Army v Navy rugby match at Twickenham.

Finally, our team goes from strength-to-strength with more training for staff and the completion of our Board revitalisation. In addition to support from outside agencies such as MITIE and Ruskin College, our Service charitable community partners continue to support us wholeheartedly with partners such as Scottish Veterans Residences providing an outstanding support network.

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Wg Cdr Dr Hugh Milroy PhD OBE
Chief Executive

The Trustees present their Annual Report on the affairs of Veterans Aid, together with the Financial Statements and Auditor's Report for the year ended 30 September 2011. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005 in preparing the Annual Report and Financial Statements of the Charity.

Principal objects and activities
The objects of Veterans Aid, as stated in its Memorandum of Association, continue to be to offer support to vulnerable Veterans (ex British Armed Forces or Merchant Service) who, through homelessness or other adverse circumstances, are in need and who require supported accommodation and skilled help in order to be able to achieve a settled way of life and their future well-being in society.

Aim of Veterans Aid
To help its clients achieve their own maximum potential to live and develop in the community by swift intervention and addressing their needs holistically.

Mission of Veterans Aid
The Charity's mission is to:

- respond effectively to vulnerable Veterans by using best practice and providing quality care;
- make innovative approaches to the problem of homelessness among Veterans;
- recognise the dignity of each person whom we seek to help; and
- develop our staff team to their utmost potential.

Overall statement of public benefit
In setting the objects and activities of the charity, the Trustees have given careful consideration to the Charity Commission's general guidelines concerning public benefit. In particular the Charity has focused on ensuring that levels of recidivism are reduced among those who "graduate" from its facilities and that the numbers who require longer-term assistance are reduced by a policy of "swift intervention" to stop clients becoming hardened street-dwellers. The Charity continues to place great emphasis on preventative work.

The public benefit arises directly from overall cost savings to society as a whole as the through-life costs to support a homeless person are often very high; for example when intensive care such as detox is required. In the stated opinion of John Bird, founder of *The Big Issue*, these costs can reach one million pounds per person. Each client is likely to have accessed NHS, Benefits Agency and other charitable organisations prior to coming to the Charity. Clearly, successful interventions will reduce this cost. Our methodology has a national impact across Government agencies such as the NHS as clients come from all over the Country. Equally, the Charity has been called upon provide advice internationally. The methodology can be demonstrated in various ways:

Substance misuse. During the reporting year, 36 clients were placed in substance misuse programmes across the country. This was frequently done at short notice in marked contrast to the norm within the current care system. The policy of "swift intervention" recognises that with substance misuse, there is often a window of opportunity for those with addictions and that failure to seize this opportunity and robustly address the addictions will ultimately lead to failure and further financial burdens society wide.

Overall statement of public benefit (continued)

- **Holistic approach.** Most clients who approach the Charity have dual or treble-diagnosis problems that overlap and add complexity to the intervention strategies. Few charities or Government agencies are structured to deal with such problems in a holistic manner. The Charity has a powerhouse of expertise that can be called upon to work in concert to ensure that few "graduates" end up back on the streets, e.g. social workers, barristers, psychiatrist and a substance misuse specialist. Frequently, help is sought from other specialist agencies on a national basis. Overall, the Charity placed 216 clients into some form of accommodation in the year, very few of whom returned to their previous existence.

- **Raising awareness and appreciation of the Charity's capability.** Considerable effort has continued in raising awareness of the Charity within the military, the homeless sector, the Veteran community (5.5million) and across society at large. This has been planned to assist the Charity in its efforts to prevent people becoming homeless in the first place and to act quickly, to ensure that Veterans arriving on the streets do not become hardened street-dwellers. The Charity strives to foster links with a wide variety of providers to ensure proper bench-marking and service improvement at all points along the client experience. The Supporting People process has continued to be especially useful for this exercise representing the national standard. Notwithstanding public perceptions of homeless Veteran statistics, the percentage of Veterans among the homeless contacting London agencies has dropped significantly with the Charity having a major role in such a reduction, displaying clear public benefit.

Reputation
The Charity's reputation has continued to develop significantly in the last reporting period in raising public and private awareness, both nationally and internationally. Regular contact with Ministers, the media, other charities, the general public and key stakeholders continue to enhance the reputation of the Charity. Veterans Aid has been kept in the public eye by coverage of our work in the print, radio and TV. This aids fundraising which now comes regularly from the serving Armed Forces and the general public. The Chief Executive continues working with the Howard League for Penal Reform looking into the problem of Veterans in the criminal justice system with the ultimate aim of reducing the numbers involved. DVD / visual media production continues to establish the important work undertaken by VA's compact team for the rehabilitation and re-establishment of Veterans who have fallen on hard times. The success of VA has meant more staff and volunteers having to work from the premises in Victoria, which are not best suited for the Charity's longer term needs. As reported in the last Trustees' report and in accordance with the business plan, the Charity is now seeking premises that will enable its staff to operate more effectively and afford more dignity to those using its services. The central Victoria location is considered important in the effectiveness of the charity's outreach operation and the location of suitable property is considered to be a critical success factor.

Organisational structure
The Charity is exclusively UK based with its head office in Victoria, and its hostel (New Belvedere House) in Stepney, both in London. It supports Veterans in London and across the Country and it provides advice to Veterans living abroad. Trustees determine the general policy of the Charity. The day-to-day management is delegated to the Chief Executive, to whom report the Secretary, Administrator, Finance Manager and Hostel Manager.

Recruitment, induction and training of trustees
Veterans Aid seeks to have a Board of Trustees that reflects the community it works in and whose members have the necessary skill and commitment to provide the good governance to achieve its objectives. The Charity has a formal recruitment process, which includes advertising in relevant journals, an interview with the President, briefing by the Chief Executive and staff, a visit to watch the operation in action and approval by the full Board of Trustees.

Recruitment, induction and training of trustees (continued)
Trustees are provided with a handbook which outlines objectives, structure, responsibilities and governance, and which they are required to sign as having understood. Trustees are circulated with, and abide by, articles on good governance and updates on activities as appropriate. Appropriate training is provided where necessary to ensure that trustees are suitably skilled to support the Charity's clients.

Review of activities
During the reported year, Veterans Aid has continued to take further strides in providing support, often immediate and sometimes permanent, through supported accommodation, general and skilled advice for those Veterans, or their dependants, in need. The Trustees fully understand the requirements to ensure public benefit and believe that the work of the Charity amply demonstrates an often immediate effect on the lives of its beneficiaries (and often their loved ones). Positive long-term outcomes can be illustrated by the many accounts of those Veterans who have re-entered society able to live without, or with only minimal, support. Where necessary, handover to other agencies is a key factor in our lack of recidivism.

Performance
The range of services, which are provided by social workers, a substance misuse worker, outreach specialists, a psychiatrist, a tenancy sustainment officer, barristers and highly trained key-working staff, is enhanced by a mix of skilled volunteers and full-time professionals. Key funders include: London Borough of Tower Hamlets (LBTH), the Royal British Legion, ABF The Soldiers Charity, Seafarers UK, and the RAF Benevolent Fund.

The Charity continues to use a number of performance measures to ensure that its activities achieve its aims; in particular, this focuses on the Supporting People programme because this provides bench-marking and standards on a national basis and provides a substantial element of the funding for New Belvedere House. Supporting People finances have ceased to be ring-fenced within the Local Authority system and its continuance is directly related to performance. Therefore, our key measures are related to the maintenance of this revenue source and of the nationally agreed standards. They are:

- success in the Supporting People process;
- numbers of empty rooms in New Belvedere House (NBH);
- number of evictions;
- number of planned moves.

Performance statistics

- Supporting People - full accreditation with a 12 month extension from LBTH.
- NBH – 99.05% room occupancy in the year, compared to 99.1% in the previous year.
- Evictions – there were 7 evictions in the year, compared to none in the previous year.
- Planned moves – there were 40 planned moves in the year, compared to 54 in the previous year.

Income and investment
The Independent Commission of Good Governance in Public Services, the National Housing Federation and the Housing Corporation are advising the formulation of Board policy on income, investments, reserves and risk management. As in most organisations, with Veterans Aid's operations, these subjects are interdependent and so are addressed within this one report, which seeks to fulfil the requirement and deals with:

- analysis of the subjects in question and formulation of related policy;
- management and control systems; and
- reviews.

Analysis

Income
Veterans Aid realises its income from rents and housing benefits, grants, donations, events, Supporting People payments, legacies and investment income. Sufficient income needs to be generated to cover the operating costs of the Charity which are: staff costs, property maintenance, utility charges, insurance, depreciation and other sundry costs. SP income has been assured for the financial year 2012/13; however in the longer term this income stream may reduce or cease.

Investments
Veterans Aid investments stand at £1.41m (2010 : £1.47m), with a further £28k (2010 : £73k) in accrued income and uncommitted cash deposits held in the portfolio. With an agreed investment policy and a continual dialogue with the Honorary Treasurer and Chief Executive, the Charity portfolio is managed on a discretionary management basis by S & T Asset Management.

Liquid assets
The liquid assets of Veterans Aid are divided into:

- Unrestricted Funds. The bulk of the charity's net current assets are unrestricted, as detailed in note 14 to the Accounts.
- Restricted Funds. A proportion of the Charity's tangible fixed assets are apportioned to the restricted funds, as detailed in note 14 to the accounts.
- Permanent Endowment. The proceeds of the sale of the Hollenden House site are held under permanent endowment and are represented by the quoted investments and a proportion of the current assets. These, in addition to a part of the proceeds from the sale of Whitworth House, may be used to purchase replacement property.

Income and expenditure balance.
The annual income of the Charity is approximately £1,305k, excluding unrealised gains on premises and investments. The intent is that expenditure should match this figure, with an aim to break even in its annual operation. In the year to September 2011, with the charity developing its activities, expenditure grew more rapidly than income and it was necessary to draw some £37k from reserves to make up the deficit. Action is being taken to restore the broad balance going forward.

Income policy

General
The overall policy regarding the income of the Charity is the generation - through the income it obtains through Supporting People, rent and housing benefit payments, and the grants, donations and legacies it receives - of enough revenue to enable it, in conjunction with its income from investments, to maintain its charitable work without interruption.

Investment income
The aim of the investments of the Charity is to produce the income necessary to bridge any gap between annual income and expenditure that may arise.

Operating grants
The Charity is in the fortunate position of being able to approach the Service Benevolent Funds to provide operating grants sufficient to overcome short-term operating deficits.

Investment policy

Discretionary management - overall guidelines.
S&T Asset Management has been given discretionary powers of management, with the following overall guidelines, over the portfolio of the Charity:

- 20% of the portfolio shall be invested in bank deposits, short-term money market instruments or investment grade fixed interest securities to enable the Trustees to have access to capital at short notice.
- 80% of the fund shall be invested in high quality international equities of the first rank to produce a growing income to protect the Trust against the long-term effects of inflation.
- The guideline with regard to a total income shall be at least £40,000 as amended by the Trustees from time to time.
- The equity content of the portfolio shall be in S & T's classification of medium to low risk.
- There shall be no investments in any company the aims of which are contrary to the objectives of the charity and the Trustees will notify the managers of any specific exclusions which they might wish to include from time to time.

S & T is required to submit an investment report for each meeting of the Board of Trustees, usually held in April and October of every year. Reports are made regularly to the Honorary Treasurer, who presents each report to the Board of Trustees, together with any recommendations for review that may be considered prudent.

Reserves policy
The Charity needs to have in reserve sufficient capital to guard against an unforeseen reduction in income, taking account of its need to meet the continuing costs of operating the Charity's main roles in providing hostel accommodation, rehabilitation and emergency care for homeless veterans. The historic consistency in both income streams and expenditure relating to that role, reflects the low risk which attaches to the Charity's income, much of it coming from local government sources and from its investments. The Charity's current financial position and degree of risk supports a level of unrestricted reserve equivalent to 6 months' operating costs. This is reviewed regularly by the Trustees.

The actual value of unrestricted reserves of the Charity at 30 September 2011 is £1,004,202. The Trustees estimate that 6 months' operating costs at the present level of operations are some £670,000. This sum has been retained in *General Funds* in line with policy. The remaining unrestricted reserves, amounting to some £334,202, have been designated by the Trustees towards the provision of a new National Centre for Homeless Veterans in Central London, a process which has been pursued during the financial year and that it is hoped will advance significantly in the new financial year.

Risk management
The Trustees have assessed the major risks to which the Charity is exposed, in particular those related to the operations and finances of the Charity and standards to be maintained under the Supporting People strategy administered by London Borough of Tower Hamlets, and are satisfied that systems are in place to counter or mitigate exposure to these risks. Recognising that the Charity is continuing to grow in operation and complexity, further work on risk is underway and is now an ongoing project.

Fiduciary failings
The Charity has enjoyed a long period of absolute integrity on the part of its staff. Despite this, it has been felt prudent to maintain insurance cover in this regard going forward.

Supporting People - a national standard. The Supporting People programme represents the Government element of funding for homeless people, allocated through the London Borough of Tower Hamlets. Unlike the nationally funded housing benefit, it is a local fund. It carries with it a burden of standards, including frequent inspection. It represents 30% of the funding received for New Belvedere House.

- The Risk. Therefore, there is a significant requirement for risk management, care standards, and procedures, and Health and Safety matters to be addressed in detail under the *Core Service Objectives*, related to the Supporting People policy laid down by the Department of Communities and Local Government, through the local authority. Failure to achieve standards will result in funding being withdrawn. Changes in the Local Authority or Government Policy may also result in future funding being removed.

Finance and accounting review
The Charity has £4,913,720 of net assets (2010: £5,039,672), of which £2,089,960 (2010: £2,113,289) are tangible fixed assets. The charity has £728,456 (2010: £745,845) of cash balances available at one months notice or less, and a further £686,906 (2010: £680,080) available at three months notice. The majority of the cash balances are held in deposit accounts.

Funds
As detailed in notes 11 to 13 of the financial statements, the charity has reserves classified as follows:

- Permanent endowment (note 11)
  This represents the endowment of the former Hollenden House property in East Sussex. Hollenden House itself was sold in 2005, and the remaining proportion of the freehold land, on which stands Whitworth House, was sold in September 2009. The proceeds from the Hollenden sale are held in quoted investments, while the proceeds from the Whitworth sale are being held in bank deposit accounts pending the location of suitable premises for the National Centre for Homeless Veterans in Central London.

- Restricted funds (note 12)
  Restricted funds are as follows :

  a) Professional Support Co-ordinator – monies granted to fund a dedicated PSC to work with residents at VA's homeless hostel, New Belvedere House.

  b) Outreach Worker – monies granted to fund a dedicated Outreach Worker based at the London Relief Centre

  c) Detox Programme – monies granted to provide residential care and support for clients suffering from addictions

  d) GLC Grant – monies provided to acquire a new homeless hostel following compulsory purchase of the former premises at Belvedere House

  e) Housing Association Grant – monies provided for the refurbishment and extension of New Belvedere House

  f) New Belvedere House Extension Fund – money provided by various donors for the refurbishment and extension of New Belvedere House

  g) Old Rectory Roof Fund – money provided to undertake essential repairs to the roof of the older part of the hostel complex

- Unrestricted Funds (note 13)
  Unrestricted funds are as follows:

  - General Fund – represents an estimated six months operating costs of the charity.

  - Development Fund – represents monies designated by the Trustees for the initial development phase of the National Centre for Homeless Veterans in Central London.

Statement of Trustees' responsibilities

The Trustees (who are also the Directors of Veterans Aid for the purposes of company law) are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure of the company for that period. In preparing these financial statements, the Trustees are required to:

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

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

In so far as the Trustees are aware:

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

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

Auditors

A resolution proposing the re-appointment of Saffery Champness will be put to the Annual General Meeting in April 2012.

Approved by the Trustees on 19 April 2012 and signed on their behalf by

....

P B G Cummings
Trustee

....

W H Milroy
CEO

19 April 2012

We have audited the financial statements on pages 18 to 35. 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors
As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees, the Chairman's Report on activity and the Chief Executive's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the charity's state of affairs as at 30 September 2011 and of its 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 Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Cara Turtington ....
(Senior Statutory Auditor)

For and on behalf of
Saffery Champness

Chartered Accountants
Statutory Auditors

Lion House
Red Lion Street
London
WC1R 4GB

19 April 2012

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 30 SEPTEMBER 2011

	Notes	Unrestricted funds £	Restricted funds £	Permanent Endowment £	Total 2011 £	Total 2010 £
Incoming resources						
Incoming resources from generated funds:						
Voluntary income:						
Donations & Legacies including Gift Aid		304,528	-	-	304,528	360,623
Grants (for core funding)		47,032	10,000	-	57,032	18,868
Activities for generating funds:						
Fundraising and sundry		122,980	-	-	122,980	52,748
Investment income		66,611	-	-	66,611	54,504
Incoming resources from charitable activities						
Grants (specifically related to services provision)		77,832	111,198	-	189,030	117,412
Supporting People Programme		163,940	-	-	163,940	168,144
Rent and housing benefit		371,272	-	-	371,272	383,940
Donations in kind	3	-	29,800		29,800	-
Total incoming resources		1,154,195	150,998	-	1,305,193	1,156,239
Outgoing resources						
Cost of generating funds						
Fundraising/event costs		69,007	-	-	69,007	54,006
Investment management fees		6,804	-	-	6,804	6,476
Cost of goods sold		4,366	-	-	4,366	335
Charitable activities:						
Hostel accommodation and support for homeless veterans		505,508	99,199	-	604,707	551,195
Provision of accommodation for elderly veterans/couples		-	-	-	-	-
Rehabilitation and emergency care for homeless veterans		406,877	191,069	-	597,946	485,836
Development of National Centre for homeless veterans		5,282	-	-	5,282	37,458
Governance costs		54,558	-	-	54,558	51,273
Total resources expended	2	1,052,402	290,268	-	1,342,670	1,186,579
Net incoming resources		101,793	(139,270)	-	(37,477)	(30,340)
Transfers between funds		(98,041)	98,041	-	-	-
Realised gain/(loss) on disposal of investments		-	-	2,752	2,752	(9,506)
Net (outgoing)/incoming resources before revaluations carried forward		3,752	(41,229)	2,752	(34,725)	(39,846)

STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2011

	Notes	Unrestricted funds £	Restricted funds £	Permanent Endowment £	Total 2011 £	Total 2010 £
Net (outgoing)/incoming resources before revaluations brought forward		3,752	(41,229)	2,752	(34,725)	(39,846)
Unrealised (losses)/gains on revaluation of investments	7	-	-	(91,227)	(91,227)	90,909
Net incoming resources		3,752	(41,229)	(88,475)	(125,952)	51,063
Total funds brought forward		1,000,450	2,072,412	1,966,810	5,039,672	4,988,609
Total funds carried forward	14	1,004,202	2,031,183	1,878,335	4,913,720	5,039,672

The statement of financial activities contains all gains and losses for the year. All activities relate to continuing operations.

The notes on pages 22 to 35 form part of these financial statements.

SUMMARY INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2011

	2011 £	2010 £
Gross income	1,305,193	1,156,239
Realised gains/(losses) on disposal of fixed assets	-	-
Total income	1,305,193	1,156,239
Total expenditure	1,342,670	(1,186,579)
Net (expenditure)	(37,477)	(30,340)

Total income comprises £1,154,195 (2010: £1,100,939) for unrestricted funds and £150,998 (2010: £55,300) for restricted funds. A detailed analysis of income and expenditure by source is provided in the Statement of Financial Activities.

Expenditure before asset disposals comprises £1,052,402 (2010: £987,176) for unrestricted funds and £290,268 (2010: £199,403) for restricted funds.

This income and expenditure account excludes all movement on the Charity's permanent endowment fund so as to comply with the requirements of Companies Act 2006.

The summary Income and Expenditure Account is derived from the Statement of Financial Activities on pages 18 and 19 which together with the notes to the financial statements on pages 22 to 35 provide full information on the movements during the year on all the funds of the charity.

BALANCE SHEET
AS AT 30 SEPTEMBER 2011

	Notes	2011		2010	
		£	£	£	£
Fixed assets					
Tangible fixed assets	6		2,089,960		2,113,289
Investments	7		1,443,917		1,547,714
			3,533,877		3,661,003
Current assets					
Stock	8	6,318		6,280	
Debtors	9	43,953		32,015	
Cash at bank and in hand		1,415,362		1,425,925	
		1,465,633		1,464,220	
Current liabilities					
Creditors: Amounts falling due in less than 1 year	10	85,790		85,551	
Net current assets			1,379,843		1,378,669
Total assets less current liabilities			4,913,720		5,039,672
Net assets			4,913,720		5,039,672
Funds					
Permanent Endowment	11		1,878,335		1,966,810
Restricted funds	12		2,031,183		2,072,412
Unrestricted funds:	13				
General funds		670,000		600,000	
Designated funds		334,202		400,450	
			1,004,202		1,000,450
	14		4,913,720		5,039,672

Approved by the Trustees on 19 April 2012 and signed on their behalf by

....

P B G Cummings
Trustee
Company Number 4544532

The notes on pages 22 to 35 form part of these financial statements.

1 **Accounting policies**

1.1 **Accounting convention**
The financial statements have been prepared in accordance with the Companies Act 2006 and with the Statement of Recommended Practice - Accounting & Reporting by Charities (Charities SORP) issued in March 2005.

1.2 **Basis of accounting**
The financial statements have been prepared under the historical cost convention with the exception that investments are included at market value.

1.3 **Incoming resources**
Incoming resources are recognised on a receivable basis and included in the financial statements gross, i.e. before taking account of any associated expenditure.

1.4 **Allocation of costs**
Premises and associated costs relating to the running of Head Office (which includes the London Relief Centre) are allocated between the various expenditure headings on the SOFA on the basis of the salaries of staff at head office and the estimated time spent by each member of head office staff under each heading.

1.5 **Costs of generating funds**
Expenses are included as costs of generating funds if they can be directly related to a source of the charity's income or are for publicity intended to raise the profile of the charity.

1.6 **Charitable activities**
The charity has identified two charitable activities through which it achieves its charitable objectives–

1.6.1 Hostel accommodation and support for Veterans in crisis.
The charity runs a hostel for homeless Veterans in the East End of London and provides funding to assist the residents in turning their lives around.

1.6.2 Detox rehabilitation and emergency care for Veterans in crisis.
The charity's London Relief Centre in Victoria, Central London, provides a drop-in centre where Veterans in crisis are given counselling and provided with short-term overnight accommodation while their needs are assessed.

1.7 **Governance costs**
Governance costs include all costs of maintaining the charity as a legal entity including audit fees, costs of trustees meetings, costs of complying with statutory requirements, and staff costs incurred in connection with meeting these requirements.

1.8 **Tangible fixed assets and depreciation**

Tangible fixed assets, except freehold land, are stated at cost or valuation less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

No depreciation is charged on land.

Freehold buildings	over fifty years straight-line
Office equipment	over three years straight-line
Housing equipment	over three years straight-line

Items purchased are capitalised where their cost is above £100 and they are expected to have an ongoing use in the charity's operations. Purchases costing less than this are charged to expenditure in the Statement of Financial Activities in the year of purchase.

A professional valuation of the freehold land and buildings was undertaken at 30th September 2009 and the accounts reflect this figure. It is intended that a valuation will take place every five years.

1.9 **Investments**

Fixed asset investments are valued at the current market value at the balance sheet date. Any unrealised gains or losses are credited/charged to the Statement of Financial Activities. Realised gains or losses on disposal of investments are included in the Statement of Financial Activities as they arise. Where investments are included as assets in the Permanent Endowment, realised income arising from those investments is taken as unrestricted income.

1.10 **Stock**

Stock comprises branded clothing stock and is valued at the lower of cost or net realisable value.

1.11 **Pension costs**

The cost to the charity of providing defined contribution retirement pensions and related benefits is charged to management expenses in the period in which the contributions were incurred.

1.12 **Permanent Endowment**

The Permanent Endowment relates to the East Sussex property given to the charity. Part of this property, Hollenden House, was sold in 2005 and the proceeds invested; the remainder of the property, Whitworth House, was sold in 2009 and the funds placed on deposit. Income from these investments are taken as unrestricted income. The charity is intending to procure and develop new and more appropriate premises in Central London and these funds will be used to ensure the adequacy and long-term future of such premises.

1.13 **Restricted funds**

Restricted funds are those received which are earmarked for a specific purpose by the donors. Expenditure which meets the criteria specified is allocated directly to the fund.

1.14 **Unrestricted funds**

Funds received or generated for the objects of the charity without a further specified purpose are treated as unrestricted funds. Some of these resources may be designated by the Trustees for particular purposes as they deem appropriate.

The Charity's unrestricted funds comprise a General Fund, which retains a balance equivalent to six months operating costs. In addition, a Development Fund has been designated, representing monies intended for the initial development phase of a National Centre for Homeless Veterans in Central London as and when suitable premises can be found.

1.15 **Revaluations**

Investments are revalued to market value as of 30th September 2011 and the gain or loss is shown on the SOFA as a separate item not forming part of the incoming resources as the trustees feel that including unrealised gains or losses would not show a true and fair view of the charity's activities during the year.

2 Resources expended

	Direct expenses		Support costs				
	Staff	**Other**	**Staff**	**Other**	**Depreciation**	**Total 2011**	**Total 2010**
	£	**£**	**£**	**£**	**£**	**£**	**£**
Fundraising costs	-	28,615	25,983	13,795	614	69,007	54,006
Investment management costs	-	6,804	-	-	-	6,804	6,476
Cost of goods sold	-	-	-	4,366	-	4,366	335
Hostel accommodation and support for homeless veterans	260,346	196,053	64,354	34,168	49,786	604,707	551,195
Rehabilitation and emergency care for homeless veterans	-	218,484	250,966	124,279	4,217	597,946	485,836
National Centre for Homeless Veterans development	-	-	3,413	1,811	58	5,282	37,458
Governance	-	14,956	25,586	13,584	432	54,558	51,273
	260,346	464,912	370,302	192,003	55,107	1,342,670	1,186,579

	2011	**2010**
	£	**£**
Total resources expended are stated after charging:		
Depreciation (see note 1.8)	55,107	45,071
Auditors remuneration:		
For audit	13,757	12,188
For other services	-	-
Amounts payable under operating leases	40,125	39,042

3 Staff costs

	2011 £	2010 £
Wages and salaries	550,786	499,059
Social security	56,386	52,966
Pension costs	8,880	7,983
	616,052	560,008
Other staff costs	11,851	5,022
	627,903	565,030

One member of staff was provided on a full-time secondment. This donation in kind has been valued based on the costs of a staff member undertaking the same role. A salary of £27,055 and social security costs of £2,745 for this secondee are included in the above figures.

	2011	2010
Average number of staff:		
The average number of staff on a full time equivalent basis working during the year was	**Number**	Number
Hostel and care workers	11	10
Administration	5	5
The number of employees whose emoluments (salaries, wages and benefits in kind) fell within the following bands:		
£70,000 to £79,999	1	1

During the year the pension contributions on behalf of this member of staff amounted to £7,746 (2010: £6,935).

4 Trustees

No trustees received any remuneration in the current or preceding year.

Expenses totalling £1,198 (2010: £1,011) were reimbursed to 3 (2010: 3) trustees in respect of travel expenses.

5 Corporation tax

As a registered charity Veterans Aid is not subject to corporation tax on its wholly charitable activities.

6 Tangible fixed assets

	Freehold land and buildings £	Fittings and equipment £	Total £
Cost			
At 1 October 2010	2,100,000	203,072	2,303,072
Additions	7,272	24,505	31,777
At 30 September 2011	2,107,272	227,577	2,334,849
Depreciation			
At 1 October 2010	30,687	159,096	189,783
Charge for the year	30,772	24,334	55,106
At 30 September 2011	61,459	183,430	244,889
Net Book value			
At 30 September 2011	2,045,813	44,147	2,089,960
At 30 September 2010	2,069,313	43,976	2,113,289

All fixed assets are used for charitable purposes.

In the year ended 30 September 2009 a professional valuation of the freehold premises in Stepney was carried out by Michael Rogers LLP, Chartered Surveyors. This placed on open market value on the premises of £2,100,000 which is now reflected in these accounts. The historical cost of the building is £1,233,430.

7 Investments

	2011 £	2010 £
Investments in subsidiary	2	2
Quoted securities – UK	1,034,922	1,179,814
Quoted securities – Overseas	380,411	294,167
Accrued investment income	2,757	6,787
Cash balances	25,825	66,944
	1,443,917	1,547,714

7 **Investments** (continued)

	Subsidiary undertakings £	Listed investments £	Total 2011 £	Total 2010 £
Securities				
Market value at 1 October 2010	2	1,473,981	1,473,983	1,368,341
Additions at cost	-	497,311	497,311	502,453
Disposals at market value brought forward	-	(464,732)	(464,732)	(487,720)
Unrealised (losses)/gains	-	(91,227)	(91,227)	90,909
Market value at 30 September 2011	2	1,415,333	1,415,335	1,473,983
Historic cost			1,422,827	1,380,096

Investments that are considered material in the context of the market value of the portfolio at 30 September 2011 are:

	%age of total	2011 £	%age of total	2010 £
UK Govt 2.5% I/L Stk 16/8/13	8.83%	127,508	8.08%	125,010
British American Tobacco	5.20%	75,034		-
Ishares Iii Plc	3.74%	54,040	7.07%	109,380

The investment in subsidiary represents the charitable company's holding in its wholly-owned subsidiary, Veterans Aid (Services) Ltd, company registration number 06096959. The subsidiary company has not commenced trading and remained dormant throughout the year; it's aggregate capital and reserves at 30 September 2011 were £2.

Veterans Aid also has two subsidiary charities, Hollenden House (charity number 1095308-1) and New Belvedere House (1095308-2) which have remained dormant throughout the year and have no assets. Under a uniting direction issued by the Charity Commission dated 3 June 2003, these subsidiary charities are not required to prepare separate accounts.

8 Stock

	2011 £	2010 £
Clothing stock	4,889	6,280
Christmas cards stock	1,429	-
	6,318	6,280

9 Debtors

	2011 £	2010 £
Prepayments	19,284	16,781
Other debtors	24,669	15,234
	43,953	32,015

10 Creditors falling due in less than one year

	2011 £	2010 £
Trade creditors	21,502	49,925
Other tax and social security	18,979	17,593
Accruals	12,406	11,861
Deferred income	1,585	2,947
Other creditors	31,318	3,225
	85,790	85,551

11 **Permanent Endowment**

	At 1 October 2010 £	Incoming resources £	Outgoing resources £	Realised and unrealised gains/(losses) £	Transfers between funds £	At 30 September 2011 £
Hollenden House Endowment Reserve	1,966,810	-	-	(88,475)	-	1,878,335

12 **Restricted funds**

	At 1 October 2010 £	Incoming resources £	Outgoing resources £	Realised and unrealised gains £	Transfers between funds £	At 30 September 2011 £
Professional support co-ordinator	-	45,900	41,357	-	-	4,543
Outreach worker	-	95,098	131,356	-	36,258	-
Detox programme	-	-	59,713	-	59,713	-
GLC grant	155,865	-	-	-	-	155,865
Housing Association grant	400,000	-	-	-	-	400,000
New Belvedere House fund	1,516,547	-	30,772	-	-	1,485,775
Old Rectory roof fund	-	10,000	27,069	-	2,069	(15,000)
	2,072,412	150,998	290,267	-	98,040	2,031,183

The first three restricted funds are discrete areas of the charity's work for which grant support is sought, with a view to fully covering their costs by specific grants.
The Old Rectory roof fund relates to emergency repairs carried out to the charity's freehold property, which were followed by an appeal to donors to assist with the costs. One donation of £15,000 was promised during this financial year but not received until the following financial year, so that the fund is overdrawn by that sum at the year-end.
Where the specific grants are insufficient to cover the full costs of the area of operations, the area is supported by transfers from the unrestricted funds.
The transfers between funds represent amounts transferred from the General Fund to cover such shortfalls in the Restricted Funds.

13 Unrestricted funds

	At 1 October 2010 £	Incoming resources £	Outgoing resources £	Realised and unrealised gains £	Transfers between funds £	At 30 September 2011 £
General Fund	600,000	1,154,195	1,047,120	-	(37,075)	670,000
Designated funds:						
Development Fund	400,450	-	5,283	-	(60,965)	334,202
	1,000,450	1,154,195	1,052,403	-	(98,040)	1,004,202

The General fund retained balance at the year-end represents six months operating costs.

The Development Fund represents monies allocated for the development of a National Centre for Homeless Veterans in Central London.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2011

14 Analysis of net assets between funds

	Tangible fixed assets £	Investments £	Net current assets £	Total £
Hollenden House Endowment reserve	-	1,443,917	434,418	1,878,335
Professional support co-ordinator	-	-	4,543	4,543
Outreach worker	-	-	-	-
Detox programme	-	-	-	-
GLC grant	155,865	-	-	155,865
Housing Association grant	400,000	-	-	400,000
New Belvedere House fund	1,485,775	-	-	1,485,775
Old Rectory roof fund	-	-	(15,000)	(15,000)
Development fund	-	-	334,202	334,202
General funds	48,320	-	621,680	670,000
	2,089,960	1,443,917	1,379,843	4,913,720

15 Revaluation reserves

	Permanent Endowment fund £	Restricted funds £	Unrestricted funds £	2011 Total £	2010 Total £
Included within the funds explained in notes 11 to 13 are revaluation reserves with the following values:					
Quoted securities	(7,494)	-	-	(7,494)	93,885
Freehold land and buildings	-	1,041,432	-	1,041,432	1,184,832
	(7,494)	1,041,432	-	1,033,938	1,278,717

16 Commitment under operating leases

The premises at 40 Buckingham Palace Road are leased at a cost of £8,128 plus irrecoverable VAT per quarter; the lease ends on 29 February 2012, giving a total commitment at the year-end, including VAT, of £16,690 (2010: £55,329).

Photocopiers are leased from Ricoh Capital Ltd at a cost of £291 plus irrecoverable VAT per quarter; the lease ends on 24 November 2014, giving a total commitment at the year-end, including VAT, of £4,430 (2010: £5,800).

17 Related party transactions

During the year fees of £Nil (2010: £1,763) were paid to Malcolm Hollis, Chartered Surveyors, a firm in which Mr R Evans is a consultant.

18 Housing Corporation disclosure

Veterans Aid is a registered social landlord and therefore must report to the Housing Association on its activity in this field. Accounts for the years until 2006 were prepared following the Statement of Recommended Practice - Accounting by Registered Social Landlords (RSL SORP). However, as a charity it sees its charitable activities as being much wider than that of a registered social landlord as it provides many other services and support to its beneficiaries. As such it has chosen to present its accounts in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (Charities SORP) issued in March 2005 as it feels it gives a more representative picture of the whole of its charitable work. Nevertheless it recognises its commitment as a registered social landlord and gives the information here in the format required to Housing Corporation purposes.

Due to the differing requirements of the Charities SORP and the RSL SORP there are variances between the figures reported in this note and the remainder of the accounts, in particular in the funds balances carried forward.

Balance sheet	**2011** £	**2010** £
Fixed assets		
Housing land and buildings	2,107,272	2,100,000
Less: Grants	1,034,389	1,034,389
	1,072,883	1,065,611
Other fixed assets	44,146	43,976
	1,117,029	1,109,587
Investments	1,443,917	1,547,714
	2,560,946	2,657,301
Current assets		
Stock	6,318	6,280
Debtors	43,953	32,015
Cash	1,415,362	1,425,925
Current liabilities	(85,790)	(85,551)
Net current assets	1,379,843	1,378,669
Total funds	3,940,789	4,035,970

18 **Housing corporation disclosure** (continued)

	2011	2010
	£	£
Turnover		
Rents	29,521	31,323
Grants relating to housing	-	-
Housing benefit/supporting people	505,692	520,761
Property revenue sub-total	535,213	552,084
Donations and grants for other charitable purposes	702,458	549,496
Turnover	1,237,671	1,101,580
Other income		
Interest, dividends etc.	67,522	54,659
(Loss)/profit on sale of investments	2,752	(9,506)
	1,307,945	1,146,733
Operating costs		
Direct costs	592,291	523,018
Operating costs	719,608	632,874
	1,311,899	1,155,892
Operating deficit	(3,954)	(9,159)

18 **Housing corporation disclosure** (continued)

	Hostels £	Total 2011 £	Total 2010 £
Fixed assets – Land and buildings			
Cost			
Brought forward at 1 October 2010	2,100,000	2,100,000	2,100,000
Additions	7,272	7,272	-
Carried forward at 30 September 2011	2,107,272	2,107,272	2,100,000
Less:			
Social Housing grant	555,865	555,865	555,865
Other capital grant	478,524	478,524	478,524
	1,034,389	1,034,389	1,034,389
Net book value			
At 30 September 2011	1,072,883	1,072,883	1,065,611
At 30 September 2010	1,065,611	1,065,611	1,065,611

	Number of rooms 2011	2010
Accommodation in management		
Homeless hostel	55	56

19 **Legal status**

The charity is a company limited by guarantee. In the event of a winding up each member has guaranteed to give a guarantee of not more than £10. At 30 September 2011 the total of these guarantees was £60 (2010: £60).

20 **Contingent liabilities**

In the event of the New Belvedere House/Old Rectory hostel premises in East London being sold, the GLC grant of £155,865 and the Housing Association grant of £400,000 would become repayable. The charity has no plans to dispose of these premises.