Veterans Aid

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

VETERANS AID

COMPANY REGISTRATION NO: 4544532 (ENGLAND & WALES)

CHARITY NO: 1095308

VETERANS AID

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

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VETERANS AID

LEGAL AND ADMINISTRATIVE INFORMATION

Patron	The Dowager Viscountess Rothermere

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

Trustees	Brigadier J F Rickett CBE FInstD (President and Chairman) R P Clinton BEM FCSI FCT (Honorary Treasurer, Member of the Business Strategy Committee) R Evans DipArch RIBA (Honorary Surveyor) Mrs M Mervis, Barrister Colonel P B G Cummings A G Wallis M.InstFM MIOSH General The Lord Walker of Aldringham P Dyer MA FBIP FIOD ACII (Chairman of the Business Strategy Committee) G J Holbourn FCA FCCA DChA (Member of the Business Strategy Committee)
Honorary Strategic Business Advisor	M P Guest (Member of the Business Strategy Committee)
Honorary Housing Advisor	Rick Brunwin OBE CIHCM
Management	Wg Cdr Dr Hugh Milroy OBE, BTh, MA, PhD (Chief Executive, Member of the Business Strategy Committee) Colonel Geoffrey Cardozo MBE (Company Secretary) Natalia Dabrowska BA (Administrator) Richard Greenhough BCom ACMA (Finance Manager) Pat O'Connor MBE (Hostel Manager) Glyn Strong MA, PGCE, MCIPR, MCIJ (Media Manager)
Finance and Legal	
Legal Advisers	Maclay, Murray & Spens, Solicitors LLP 1 London Wall London EC2Y 5AB
Auditors	Saffery Champness Chartered Accountants Lion House Red Lion Street London WC1R 4GB
Investment Managers & Stockbrokers	S & T Asset Management LLP 97 Church Lane, Marple, Stockport, Cheshire, SK6 7AR

Finance and Legal (continued)

Bankers	HSBC Bank 60 Queen Victoria Street London EC4N 4TR Lloyds TSB 1 Butler Place London SW1H 0PR 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.

VETERANS AID

CHAIRMAN'S REPORT ON ACTIVITY FOR THE YEAR ENDED 30 SEPTEMBER 2013

It always amazes me to see how much this charity has grown both in what it does and in its general influence on so many events around us in life. I became a trustee in December 1994 and took over from Brigadier John Ghika as Vice President/Chairman in 2003, eventually becoming President and Chairman when Admiral Sir Geoffrey Dalton handed over the reins to me in June 2006. In those days we, as trustees, used to meet in the somewhat murky store of the Drop in Centre in Buckingham Gate under the watchful eye of the then Administrator, Colonel Maurice O'Dea, surrounded by cast off clothing and second-hand boots, which were waiting to be issued to our customers; now we move around to far more palatial areas to conduct our business. All that having been said however, nothing has changed over the way we deal with our Veterans, who need our help, except that now all clothing provided is brand new. Our excellent staff continue, as always, to help them in a truly caring and exemplary manner, either with practical advice or by providing instant accommodation to keep them off the streets.

New Belvedere House, our hostel in the East End used to be the centre of what the charity was all about and everything seemed to revolve about it. Now, as I have said before on occasions, this outstanding hostel, which is so magnificently run by Pat O'Connor with Alice Mary Servina and their team, is now only an adjunct, albeit a vital one, of what we all do. The former name of the charity, Ex-Service Fellowship Centres, rather supported the older concept of what the charity did, while the rebranding of our name to Veterans Aid (VA), saw the beginning of our movement on to the world stage where we all are today.

The frontline nature of the work that we do on a daily basis allows VA to gauge what critical problems are driving Veterans into social exclusion. Over the years, we've spotted problems and trends and have managed to tackle them head on; our work with the Foreign and Commonwealth families, which has been so critical for many years, is just one example. This year, one of the most surprising trends, which we have noticed, is in the rise of "working poor" Veterans, who face eviction, often through no fault of their own. We have been troubled to find Veterans seeking our help, who were employed, but had precious little savings to be able to afford increased rents. Just recently a young, working, single mother (ex-Royal Navy) found that her landlord had been pocketing the rent she had been paying and was failing to pay his mortgage. Completely out of the blue, she was told to get out of the property; as you can imagine she was totally devastated. Action was needed quickly and within two days VA had arranged and paid for her to move into another house. Sadly this sort of example is not uncommon for us to have to deal with these days.

2014 sees us having the single biggest fundraising event in our long history. The Royal Choral Society is marking the Centenary of the beginning of the Great War by singing Britten's "War Requiem" in the Royal Albert Hall on Remembrance Sunday. They are able to do this thanks entirely to the generous support of our Patron, The Dowager Viscountess Rothermere, via her charity, the Lady R Foundation. All the proceeds from this high profile event will go to VA. This is a particularly fitting occasion for us, as a reminder that our charitable work started by supporting the Veterans and the families of those who lost their lives in that terrible war.

As always I must pay tribute to our really superb staff, who revel under the outstanding leadership of our CEO, Hugh Milroy, who has given so much to make this charity what it is today. I must also thank our trustees, particularly Margaret Mervis, who like me, retires this year and has done an enormous amount of work in helping over the tricky issue of our Foreign and Commonwealth servicemen and women and their families. Our grateful thanks also go to the huge variety of charities and Foundations that support our work. As ever it is so difficult to thank all who support us and have done so for years such as the Hedley Foundation but I simply can't thank everyone personally...there are now too many! What is of note is that, remarkably, and increasingly, many organisations who are not military based are stepping up to help us.

The mix is wonderful and bodes well for the future. This year, for example we have been supported by Lloyd's Patriotic Fund, Armed Forces Covenant (LIBOR) Fund, Greater London Authority, ABF The Soldiers' Charity, RAF Benevolent Fund, Seafarers UK, RNRM Charity and Hans K Rausing Trust, SSAFA and SSAFA Central London, The London Furnishing Company, Fareshare and The Vitol Group, to name but a few. And as I write, our wonderful friends at "Oliver Burns" are transforming our hostel!

Finally I am very proud to have been part of a truly magnificent organisation and I feel very lucky to be able to hand over to General the Lord Walker as our next President and to Colonel Paul Cummings, who will take on the mantle of our next Chairman. It is a great relief to know that the charity will be in extremely safe hands, not only with them at the joint helm but with Hugh Milroy continuing to lead us from strength to strength.

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

CHIEF EXECUTIVE'S REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2013

This has been an incredibly tough year for many in the UK. House prices and rental costs have risen fast and anyone unable to afford a deposit is struggling to secure a roof over their head. The Joseph Rowntree Foundation is claiming that there are 13 million people in the UK living in poverty and for the first time over half are living in a working family. Young, single people are being particularly badly hurt by the situation. Benefit cuts are beginning to hit home and it is now common for us to hear from Veterans who are desperately trying to keep afloat, despite working hard; but as ever, working hard does not guarantee that someone can escape from poverty. Traditional safety nets are disappearing. Some of those affected by this situation are Veterans; but there are over 2,000 service-related charities, collectively worth £1.1bn, so if you are in crisis in Britain today, you are lucky if you are a Veteran – you really are 'citizen plus'.

Last year was the busiest we've ever had, which isn't surprising given the national/international nature of our work. Yet thanks to our wonderful staff, volunteers and those who support us, like our Patron, The Dowager Viscountess Rothermere and the service charities, we've been able to achieve so much. During the year we provided over 21,300 nights of accommodation, dealt with more than 3,500 calls for help and advice and welcomed more than 500 visitors to our main office. It is amazing, given our size and the challenges we face, that we deal successfully with so much. Since 2007 we have been involved with some 280 immigration cases which has led to huge expenditure on basics such as food, shelter, legal support and, when necessary, repatriation. On an average night we have between 70-80 men, women and sometimes children either in direct or close support situations.

The two key thrusts of our work over the past year have been continuing with our prevention service and breaking the cycle of crisis that drives clients to our door. Both are critical in the fight to halt dependency and allow our Veterans to live like everyone else. The poverty-fighting potential of our 'hand-up, not hand-out' methodology has clear implications for society in general, and the Services charity field in particular.

Everyone has heard of the initiative, 'No second night out'; Veterans Aid has been improving on that by making sure that those who seek our help spend 'No first night out'. Prevention is vital and our ability to offer timely, expert advice while providing swift response rent and deposit for private rented accommodation has fundamentally changed our client base.

The great thing is that this is not an ongoing financial burden to us as a charity and is particularly useful for our 'working poor' clients. Housing through traditional methods is bureaucratic and outrageously slow and what is worse is that it is often in a context that simply doesn't suit. This has meant that our requirement for 'service charity accommodation' has shrunk considerably and this trend will continue. The overall impact of this is that the actual number of homeless Veterans remains low. Indeed, I would go as far as to say that there is no reason for any Veteran to remain homeless on the streets of Britain. There is a good system within the ex-Service community with Veterans Aid as a key player.

Of course, there will always be those who require more intensive support in order to break the cycle of crisis that has led them to our door. But once again, the strength, depth and flexibility of our *modus operandi,* which is based on our well-being approach supported by highly professional trained staff, has proven to be exceedingly effective.

Under Pat O'Connor MBE, New Belvedere House continues to be the key powerhouse of change and hope. Each client has tailored support based on their needs, not on the needs of other projects or initiatives. That said, we collaborate with an amazing array of service providers and charities. In one two week period, we stopped counting the number of agencies we were dealing with when the figure went over 70.

Overwhelmingly, the answer to our clients' problems lies outside the Veterans' community and move-on for them, once we have addressed their individual needs, is almost always to a final destination of their choice. This approach is highly effective and very few of our graduates fail. Our aim is to ensure that they don't need to move on to yet more 'help' but are able to sustain their own lives in the wider community - just like everyone else. Our success is clearly linked to 'soft' collaboration on a broad front rather than 'hard' linear processes wrapped into 'service-level agreements' that are simply not based on the needs of clients.

Homelessness and social exclusion damages individual Veterans and their communities and can have a dramatic impact on the Services benevolent sector. Our cost-efficient work is highly geared to promoting real, positive outcomes by turning lives around, thereby reducing our Veterans' use of other support services. Skilled, sustained support can - and does - turn people's lives around when they need it most. The fact that our graduates can sustain themselves emotionally, physically, psychologically and financially, and are therefore not dependent, has had - and will continue to have - a dramatic long-term financial benefit for the Veterans' charity community and society.

Making sure that our clients do not spend their lives on benefits or continually accessing the services charity sector for financial assistance is critical, particularly as the through-costs of those in homelessness can be around £30k per annum. In prisons it is nearer £36k per annum. The annual cost of keeping a client in New Belvedere House is around £5k, with another £3-5k being spent on an individual's training and future accommodation. The dream ticket is to get our clients into a stable situation where they can contribute to society – and I am pleased to report that for many that is just what happens! In short, we know what works and what does not work for our Veterans and for the Veteran community, so the next few years will definitely be 'more of the same' for us.

In closing, as he retires as Chairman, I wish to thank Brigadier Johnny Rickett for supporting my staff and me over many years. He has done much for the charity and I am personally very grateful for his unstinting support.

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Wing Commander Dr Hugh Milroy OBE, BTh, MA, PhD
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 2013. 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 to provide advice internationally. The methodology can be demonstrated in various ways:

- **Substance misuse.** During the reporting year, 60 clients were placed in substance misuse programmes across the country, compared to 38 the previous year. 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.

- **Holistic approach**. Most clients who approach the Charity have dual or triple-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 and a substance misuse specialist. Frequently, help is sought from other specialist agencies on a national basis. Overall, the Charity placed 103 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 (4.5-5.0 million) 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. During the year we have continued to receive funding under the Supporting People programme and have followed the inspection system this requires. This is especially useful as it ensures we meet the national standards. 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 grow, in terms of both reach and impact. This is due to several factors, not least among them its media profile. VA is routinely referenced by mainstream and niche publications, and it is now also appearing regularly in Hansard, the Law Society Gazette, and bodies of work such as the Ashcroft Report. These are all force multipliers that generate further debate and draw attention to the charity among opinion formers.

A point worth noting is that while VA's was once a lone voice in terms of predicting trends and policy outcomes, it's prescience has now been noted by several significant media outlets - the BBC and the Times to name but two. This is not accidental but the result of consistent, honest and even-handed briefing, publicly, privately and always in a timely manner. VA's relationship with, and use of, multimedia has been pragmatic, informed and achieved at modest cost. No external PR agencies are used or press release distribution services, yet we remain at the heart of all relevant debates and emerging 'news' stories. Just as in its dealings with clients the VA media approach involves prevention.

A significant unmeasurable outcome of our healthy relationship with journalists is the extent to which we have been able to defuse misleading rumours or inject proportionality into potentially harmful reportage.

Clearly in the past year the The Dowager Viscountess Rothermere's patronage has introduced the charity's work to people of great influence but these linkages are only sustainable while our reputation is intact. Indeed greater visibility reinforces the need to gain and retain public goodwill.

As ever we have two audiences, the serving and non-serving community. Our penetration of the former is achieved mainly through British Forces Broadcasting Service (BFBS) who have made no secret of the esteem in which they hold VA and value the media service it provides.

VA may not be the largest or best known military charity - nor does it aspire to be. What it has achieved is a reputation for integrity, action, accessibility and real understanding of Veterans well-being issues and social exclusion.

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, Hostel Manager and Media Manager.

Strategic plan
The Charity has redrafted its 5 year plan and it is now progressing it. The previous aims of the first 5 year plan have been achieved on time. These were :

- Increase the outreach capability.
- Create a well advertised, drop-in centre in central London.
- Sustain the quality of our NBH facility.
- Market our specialist advice capability locally and nationally.
- Be manned to support this activity.
- Divest ourselves of WH to help fund core activity.
- Fundraise more professionally to maintain our independence.
- Deal more effectively with local authorities.
- Have a more streamlined/effective Governance structure.

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.

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 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), Lloyd's Patriotic Fund, Armed Forces Covenant (LIBOR) Fund, Greater London Authority, ABF The Soldiers' Charity, RAF Benevolent Fund, Seafarers UK, RNRM Charity and Hans K Rausing Trust.

There are 55 beds available in New Belvedere House, and, as can be seen from the occupancy rate, whenever a room becomes vacant, it is swiftly re-occupied. We also use hotels and clubs on a short term basis. On an average night we look after 60-70 clients and their families.

The Charity continues to use a number of performance measures to ensure that its activities achieve its aims; in particular, this focuses on the requirements of 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. The Supporting People funding for Veterans Aid ended on the 30th September 2013 and the London Borough of Tower Hamlets has instead provided a Council Grant specifically tailored for us. We will however continue to follow the Supporting People standards.

Performance (continued)

Therefore, our key measures are related to the maintenance of this revenue source and of the nationally agreed standards. They are:

- requirements necessary to maintain the Tower Hamlets Council Grant;
- numbers of empty rooms in New Belvedere House (NBH);
- number of evictions (non-planned moves);
- number of planned moves.

Performance statistics

- Confirmation from The London Borough of Tower Hamlets of the Council Grant replacing the Supporting People programme for the financial year 2013/2014.
- NBH – 99.45% room occupancy in the year, compared to 99.25% in the previous year.
- Evictions – there were 2 non-planned moves in the year, compared to 4 in the previous year.
- Planned moves – there were 43 planned moves in the year, compared to 41 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, 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. The London Borough of Tower Hamlets has confirmed its continued support for the financial year 2013/14; however in the longer term this income stream may reduce or cease.

Analysis (continued)

Investments
Veterans Aid investments stand at £1.64m (2012: £1.52m), with a further £41k (2012: £64k) 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 LLP.

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 notes 15 and 16 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 as detailed in note 13.

Income and expenditure balance.
The annual income of the Charity is £1,915k, 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 2013, the unrestricted funds showed a deficit of £32,050 (2012: deficit £1,267). The restricted grants received towards the end of the financial year, the bulk of which will be spent in subsequent years, resulted in a restricted surplus of £295,307 (2012: deficit £20,375).

Income policy

General
The overall policy regarding the income of the Charity is the generation - through the income it obtains through 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 LLP 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 £50,000 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 rent and housing benefits and from its investments. The Trustees have reviewed the Charity's reserve policy in relation to the current financial position and degree of risk. They have set a target of achieving a level of unrestricted reserve equivalent to 12 months operating costs, instead of the six months previously maintained. For this purpose operating costs represent expenditure on both unrestricted and restricted funds.
The actual value of unrestricted reserves of the Charity at 30 September 2013 is £970,885, which represents an estimated seven months operating costs.

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 programme 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.** This carries with it a burden of standards, including frequent inspection. For 2013/2014 the Supporting People grant to Veterans Aid has been replaced by an equivalent Council Grant from the London Borough of Tower Hamlets. Veterans Aid will continue to meet the standards set by the Supporting People programme.

  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 £5,409,154 of net assets (2012: £5,038,055), of which £2,021,967 (2012: £2,053,376) are tangible fixed assets. The charity has £968,729 (2012: £695,774) of cash balances available at one month's notice or less, and a further £707,845 (2012: £738,382) available at six months' notice. The majority of the cash balances are held in deposit accounts.

Funds

As detailed in notes 13 to 15 of the financial statements, the charity has reserves classified as follows:

- Permanent endowment (note 13)
  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.

Funds (continued)

- Restricted funds (note 14)
  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)+d) Detox Programme – monies granted to provide residential care and support for clients suffering from addictions. In 2012/2013 funding was only available for the final quarter of the year.

e) NBH room sponsorship – grants to cover the costs of individual rooms at the charity's New Belvedere House hostel.

f) Clothing Fund – monies granted to provide new clothing to ex-serviceman and women being assisted by Veterans Aid.

g) FareShare is a charity that collects surplus product from the food and drink industry and distributes it to those in need, including the residents of New Belvedere House. The value of this donation in-kind is based on their estimate.

h) The Lloyds Patriotic Fund grant – monies provided to cover specific aspects of the charity's work for 12 months from 1st July 2013. This includes Addiction & Mental Health, which is included in the Detox Programme, so monies spent on that project in the relevant time-period have been transferred to that fund.

i) The Armed Forces Covenant grant is to support the charity's work with Addiction & Mental health over two years.

j) The GLA grant – monies to support the charity's work in providing emergency accommodation over the 12 months from 1st April 2013. This is payable in arrears and therefore is included as a debtor in the accounts at 30th September 2013.

k) Grants for individuals – grants provided, primarily from regimental benevolent funds and other service charities, to aid individual clients.

l) GLC Grant – monies provided in the early 1970s to acquire a new homeless hostel following compulsory purchase of the former premises at Belvedere House.

Funds (continued)

m) Housing Association Grant – monies provided for the refurbishment and extension of New Belvedere House in 2003/2004.

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

- Unrestricted Funds (note 15)
  Unrestricted funds are as follows:

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

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.

Statement of Trustees' responsibilities (continued)

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 2014.

Approved by the Trustees on 3rd April 2014 and signed on their behalf by

....
P Dyer
Trustee

....
W H Milroy
CEO

3rd April 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements of Veterans Aid for the year ended 30 September 2013 set out on pages 20 to 39. 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2013 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.

C Turtington

Cara Turtington ....
(Senior Statutory Auditor)

For and on behalf of
Saffery Champness

Chartered Accountants
Statutory Auditors

Lion House
Red Lion Street
London
WC1R 4GB

3 April 2014

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Notes	Unrestricted funds £	Restricted funds £	Permanent Endowment £	Total 2013 £	Total 2012 £
Incoming resources						
Incoming resources from generated funds:						
Voluntary income:						
Donations & Legacies including Gift Aid		391,902	-	-	391,902	355,562
Grants (for core funding)		-	-	-	-	15,020
Activities for generating funds:						
Fundraising and sundry		126,895	-	-	126,895	57,495
Investment income	9	79,569	-	-	79,569	67,582
Incoming resources from charitable activities						
Grants (specifically related to services provision)		82,904	574,698	-	657,602	308,777
Supporting People Programme		150,275	-	-	150,275	156,583
Rent and housing benefit		381,808	-	-	381,808	401,985
Donations in kind	4	-	127,410	-	127,410	58,688
Total incoming resources		1,213,353	702,108	-	1,915,461	1,421,692
Outgoing resources						
Cost of generating funds						
Fundraising/event costs		57,298	-	-	57,298	60,089
Investment management fees		7,840	-	-	7,840	6,635
Cost of goods sold		4,184	-	-	4,184	2,762
Charitable activities:						
Hostel accommodation and support for homeless veterans		632,204	143,286	-	775,490	619,970
Rehabilitation and emergency care for homeless veterans		338,756	413,685	-	752,441	699,746
Governance costs		54,951	-	-	54,951	54,132
Total resources expended	2	1,095,233	556,971	-	1,652,204	1,443,334
Net incoming resources		118,120	145,137	-	263,257	(21,642)
Transfers between funds	14	(150,170)	150,170	-	-	-
Net(outgoing)/incoming resources from operating activities, carried to page 21[1]		(32,050)	295,307	-	263,257	(21,642)

[1] **Net incoming resources from operating activities** The Unrestricted Fund deficit for the year is £32,050 (2012: deficit £1,267). The Restricted Fund surplus of £295,307 (2012: deficit £20,375) includes grants of £326,140 received in the latter part of the year which will be spent in subsequent years. For more details please see Note 14.

STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Notes	Unrestricted funds £	Restricted funds £	Permanent Endowment £	Total 2013 £	Total 2012 £
Net (outgoing)/incoming resources from operating activities brought down from page 20		(32,050)	295,307	-	263,257	(21,642)
Realised gain on disposal of investments		-	-	30,391	30,391	7,179
Net (outgoing)/incoming resources before revaluations		(32,050)	295,307	30,391	293,648	(14,463)
Unrealised gains on revaluation of investments	9	-	-	77,450	77,450	138,798
Net movement in funds		(32,050)	295,307	107,841	371,098	124,335
Total funds brought forward		1,002,935	2,010,809	2,024,312	5,038,055	4,913,720
Total funds carried forward	16	970,885	2,306,116	2,132,153	5,409,154	5,038,055

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

The notes on pages 24 to 39 form part of these financial statements.

VETERANS AID

SUMMARY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2013

	2013 £	2012 £
Gross income	1,915,461	1,421,692
Realised gains/(losses) on disposal of fixed assets	-	-
Total income	1,915,461	1,421,692
Total expenditure	1,652,204	1,443,334
Net income/(expenditure)	263,257	(21,642)

Total income comprises £1,213,353 (2012: £1,108,964) for unrestricted funds and £702,108 (2012: £312,728) 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 £1,095,233 (2012: £1,037,763) for unrestricted funds and £556,971 (2012: £405,571) 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 20 and 21 which together with the notes to the financial statements on pages 24 to 39 provide full information on the movements during the year on all the funds of the charity.

VETERANS AID

BALANCE SHEET
AS AT 30 SEPTEMBER 2013

	Notes	2013 £	2013 £	2012 £	2012 £
Fixed assets					
Tangible fixed assets	8		2,021,967		2,053,376
Investments	9		1,682,806		1,582,684
			3,704,773		3,636,060
Current assets					
Stock	10	7,734		7,787	
Debtors	11	65,229		46,742	
Cash at bank and in hand		1,676,574		1,434,156	
		1,749,537		1,488,685	
Current liabilities					
Creditors: Amounts falling due in less than one year	12	45,156		86,690	
Net current assets			1,704,381		1,401,995
Net assets			5,409,154		5,038,055
Funds					
Permanent Endowment	13		2,132,153		2,024,312
Restricted funds	14		2,306,116		2,010,808
Unrestricted funds:	15				
General funds		970,885		720,000	
Designated funds		-		282,935	
			970,885		1,002,935
	16		5,409,154		5,038,055

Approved by the Trustees on 2014 and signed on their behalf by

Robert Clinton
Trustee
Company Number 4544532

The notes on pages 24 to 39 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 (see Note 8). It is intended that a valuation will take place every five years, the next being due in 2014.

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 goods for resale and is valued at the lower of cost or net realisable value (see Note 10).

1.11 **Pension costs**

The cost to the charity of providing defined contribution retirement pensions and related benefits is charged to operating 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 Trustees have reviewed the charity's reserves policy and set a target of increasing the General Fund reserve from six months operating costs to twelve months. The balance in the General Fund at 30th September 2013 represents an estimated seven months operating costs. (See Note 15)

1.15 **Revaluations**

Investments are revalued to market value as of 30th September 2013 and the gain or loss is shown on the SOFA as a separate item.

2 Resources expended

	Direct expenses		Support costs				
	Staff £	Other £	Staff £	Other £	Depreciation £	Total 2013 £	Total 2012 £
Fundraising costs	-	22,995	26,452	7,032	819	57,298	60,089
Investment management costs	-	7,840	-	-	-	7,840	6,635
Cost of goods sold	-	-	-	4,184	-	4,184	2,762
Hostel accommodation and support for homeless veterans	272,973	332,366	93,508	24,856	51,787	775,490	619,970
Rehabilitation and emergency care for homeless veterans	-	275,963	362,667	106,467	7,344	752,441	699,746
National Centre for Homeless Veterans development	-	-	-	-	-	-	-
Governance	-	17,071	29,469	7,833	578	54,951	54,132
	272,973	656,235	512,096	150,372	60,528	1,652,204	1,443,334

Total resources expended are stated after charging:

	2013 £	2012 £
Depreciation (see note 1.8 and 8)	60,528	57,895
Auditors remuneration:		
For audit	14,400	14,400
For other services	-	-
Amounts payable under operating leases	46,253	42,399

3 Staff costs

	2013 £	2012 £
Wages and salaries	681,814	622,536
Social security	73,264	67,489
Pension costs	14,139	9,886
	769,217	699,911
Other staff costs	15,852	19,089
	785,069	719,000

Two members of staff (2012: two) were provided on full-time secondment. These donations in kind have been valued based on the costs of a staff member undertaking the same role. Salaries of £55,120 (2012: £53,005) and social security costs of £5,540 (2012: £5,682) for these secondees are included in the above figures.

Average number of staff:	2013	2012
The average number of staff on a full time equivalent basis working during the year was	**Number**	Number
Hostel and care workers	13	13
Administration	7	6

The number of employees whose emoluments (salaries, wages and benefits in kind) fell within the following bands:

	2013	2012
£70,000 to £79,999	-	1
£80,000 to £89,999	1	-

During the year the pension contributions on behalf of this member of staff amounted to £4,207 (2012: £4,734).

4 Donations in Kind

In addition to the £60,660 (2012: £58,688) detailed in note 3 for seconded staff, food was provided by Fare Share for the residents at New Belvedere House, at an estimated value of £66,750, giving a total donations in kind of £127,410.

5 Pension plan

Veterans Aid participates in The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan.

5 **Pension plan** (continued)

Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

The rules of the Plan give the Trustees the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

Members paid contributions at the rate of between 5% and 10% of gross salary during the accounting period. Veterans Aid matched the members' contributions.

As at the balance sheet date there were 4 (2012: 5) active members of the Plan employed by Veterans Aid. Veterans Aid has closed the Plan to new entrants.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The valuation results at 30 September 2008 were completed in 2009 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £742 million and the Plan's Technical Provisions (i.e. past service liabilities) were £771 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a funding level of 96%.

The Plan aims to eliminate this deficit over a ten year period from April 2013 by a combination of additional payments from employers and investment returns. Veterans Aid has been advised that it will be required to make an additional contribution of some £7,968 in the year commencing 1 April 2013 and £3,984 of this has been paid in the period covered by the accounts.

6 **Trustees**

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

Expenses totalling £2,457 (2012: £2,311) were reimbursed to 3 (2012: 3) trustees in respect of travel and accommodation expenses and for attending fundraising events.

7 **Corporation tax**

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

8 Tangible fixed assets

	Freehold land and buildings £	Fitting and equipment £	Total £
Cost			
At 1 October 2012	2,107,272	248,889	2,356,161
Additions	-	29,119	29,119
At 30 September 2013	2,107,272	278,008	2,385,280
Depreciation			
At 1 October 2012	92,291	210,494	302,785
Charge for the year	30,832	29,696	60,528
At 30 September 2013	123,123	240,190	363,313
Net Book value			
At 30 September 2013	1,984,149	37,818	2,021,967
At 30 September 2012	2,014,981	38,395	2,053,376

All fixed assets are used for charitable purposes.

In the year ended 30 September 2009 a professional valuation of the New Belvedere House/Old Rectory 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. See Note 1.8

9 Investments

	2013 £	2012 £
Investment in subsidiary	2	2
Quoted securities - UK	1,127,475	1,142,277
Quoted securities - Overseas	514,519	376,383
Accrued investment income	2,219	2,182
Cash balances	38,591	61,840
	1,682,806	1,582,684

9 **Investments** (continued)

	Subsidiary undertakings £	Listed investments £	Total 2013 £	Total 2012 £
Quoted/unquoted securities:				
Market value at 1 October 2012	2	1,518,660	1,518,662	1,415,335
Additions at cost	-	354,043	354,043	432,132
Disposals at market value brought forward	-	(308,159)	(308,159)	(467,603)
Unrealised gains/(losses)	-	77,450	77,450	138,798
Market value at 30 September 2013	2	1,641,994	1,641,996	1,518,662
Historic cost			1,406,958	1,424,956

Investments that are considered material in the context of the market value of the portfolio at 30 September 2013 are:

	%age of total	2013 £	%age of total	2012 £
UK Govt 1.875% I/L Stk 22/11/22	7.68%	129,187	8.31%	131,577
British American Tobacco 25p Ordinary Shares	5.35%	90,104	5.52%	87,436

No other single investment exceeds 5% of the portfolio value.

Investment income is made up of-	2013	2012
Bank interest	16,365	13,701
Dividends	60,986	51,699
Accrued interest on fixed-interest investments	2,218	2,182
	79,569	67,582

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 2013 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.

10 Stock

	2013 £	2012 £
Clothing stock	6,652	6,325
Christmas cards stock	1,082	1,462
	7,734	7,787

11 Debtors

	2013 £	2012 £
Rent and housing benefits	10,563	-
Prepayments	18,854	19,184
GLA grant	22,367	-
Other debtors	13,445	27,558
	65,229	46,742

12 Creditors falling due in less than one year

	2013 £	2012 £
Trade creditors	31,854	37,767
Other tax and social security	-	17,698
Accruals	12,000	12,000
Deferred income	-	12,523
Other creditors	1,302	6,702
	45,156	86,690

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2013

13 **Permanent Endowment**

	At 1 October 2012 £	Incoming resources £	Outgoing resources £	Realised and unrealised gains/(losses) £	Transfers between funds £	At 30 September 2013 £
Hollenden House Endowment Reserve	2,024,312	-	-	107,841	-	2,132,153

14 **Restricted funds**

	At 1 October 2012 £	Incoming resources £	Outgoing resources £	Realised and unrealised gains £	Transfers between funds £	At 30 September 2013 £
a Professional support co-ordinator	-	-	40,703	-	40,703	-
b Outreach worker	-	96,148	138,483	-	42,335	-
c Detox programme - unfunded	-	-	67,133	-	67,133	-
d Detox programme – funded by LPF grant	-	-	20,042	-	20,042	-
e NBH room sponsorship	-	5,000	5,000	-	-	-
f Clothing fund grant	-	15,000	8,436	-	-	6,564
g FareShare food donation in kind	-	66,750	66,750	-	-	-
h Lloyds Patriotic Fund grant	-	200,000	20,382	-	(20,042)	159,576
i Armed Forces Covenant grant	-	160,000	-	-	-	160,000
j Greater London Authority (GLA) grant	-	22,367	22,367	-	-	-
k Grants for individuals	-	136,844	136,844	-	-	-
l Greater London Council (GLC) grant	155,865	-	-	-	-	155,865
m Housing Association Grant	400,000	-	-	-	-	400,000
n New Belvedere House fund	1,454,943	-	30,832	-	-	1,424,111
	2,010,808	702,108	556,971	-	150,170	2,306,116

14 **Restricted funds** (continued)

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.
Where the specific grants are insufficient to cover the full costs of that 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, except as noted below.

a In previous years Veterans Aid has received grant support for the Professional Support Co-Ordinator role. This grant has not been renewed in this financial year and therefore the cost has been met by a transfer from General funds. It is expected that grant support will be available in future years.

b In previous years Veterans Aid has received grant support for the Outreach Worker responsible for Substance Misuse. This grant has not been renewed in this financial year and therefore the cost has been met by a transfer from General funds. It is expected that grant support will be available in future years.

c-d Funding has been sought to cover the cost of the Detox programme, and a grant has been received covering the period from 1st July 2013 onwards. The first nine months of the financial year have therefore been funded by a transfer from General Funds.

e NBH room sponsorship represents grants provided to cover costs of individual rooms at the charity's New Belvedere House hostel.

f Clothing fund grant is to provide new clothing to ex-servicemen and women being assisted by Veterans Aid.

g FareShare is a charity that collects surplus product from the food and drink industry and distributes it to those in need, including the residents of New Belvedere House. The value of this donation-in-kind is based on their estimate.

h The Lloyds Patriotic Fund grant is to cover specific aspects of the charity's work for twelve months from 1st July 2013. This includes Addiction & Mental Health, which is included in the Detox programme, so monies spent on that project in the relevant time-period have been transferred to that fund

i The Armed Forces Covenant grant is to support the charity's work with Addiction & Mental Health over two years.

j The GLA grant is to support the charity's work in providing emergency accommodation over the twelve months from 1st April 2013. This is payable in arrears and therefore is included as a debtor in the accounts at 30th September 2013

14 **Restricted funds** (continued)

k Grants for individuals represents monies provided for assistance to individual clients and spent by Veterans Aid on their needs during the year.

l The grant from the former GLC arose from the compulsory purchase of the charity's former premises Belvedere House near Waterloo and was used towards the purchase of New Belvedere House in Stepney, which opened in 1973. Following the dissolution of the GLC in 1986 the responsibility for the grant was transferred to the Housing Association. In the event of New Belvedere House being sold the grant may become repayable, and therefore the amount remains a restricted fund. See Note 21.

m The grant from the Housing Association was made to support the expansion of New Belvedere House in 2003/4, and was spent during that period. In the event of New Belvedere House being sold the grant may become repayable, and therefore the amount remains a restricted fund. See Note 21.

n The New Belvedere House fund represents grants received for extending the buildings between 2003 and 2006, plus the revaluation in 2009 (see Note 8), less an annual depreciation charge.

15 **Unrestricted funds**

	At 1 October 2012 £	Incoming resources £	Outgoing resources £	Realised and unrealised gains £	Transfers between funds £	At 30 September 2013 £
General Fund	720,000	1,213,353	1,095,233	-	132,765	970,885
Designated funds:						
Development Fund	282,935	-	-	-	(282,935)	-
	1,002,935	1,213,353	1,095,233	-	(150,170)	970,885

The Trustees have reviewed the charity's reserves policy and set a target of achieving a General Fund reserve of twelve months operating costs, instead of the six months previously maintained. To that end they have decided to end the designation of funds as a Development Fund until the General Fund target is realised. For this purpose operating costs represent expenditure on both unrestricted and restricted funds. The balance in the General Fund at 30th September 2013 represents an estimated seven months operating costs.

16 Analysis of net assets between funds

	Tangible fixed assets £	Investments £	Net current assets £	Total £
Hollenden House Endowment reserve	-	1,682,804	449,349	2,132,153
Clothing fund grant	-	-	6,564	6,564
Lloyds Patriotic Fund grant	-	-	159,576	159,576
Armed Forces Covenant grant	-	-	160,000	160,000
Greater London Council (GLC) grant	155,865	-	-	155,865
Housing Association grant	400,000	-	-	400,000
New Belvedere House fund	1,424,111	-	-	1,424,111
General funds	41,991	2	928,892	970,885
	2,021,967	1,682,806	1,704,381	5,409,154

17 Revaluation reserves

Included within the funds explained in notes 13 to 15 are revaluation reserves with the following values:

	Permanent Endowment fund £	Restricted funds £	Unrestricted funds £	2013 Total £	2012 Total £
Quoted securities	235,037	-	-	235,037	93,704
Freehold land and buildings	-	1,014,154	-	1,014,154	1,027,793
	235,037	1,014,154	-	1,249,191	1,121,497

18 **Commitment under operating leases**

The premises at 40 Buckingham Palace Road are leased at a cost of £8,810 plus irrecoverable VAT per quarter; the lease ends on 28 February 2015, giving a total commitment at the year-end, including VAT, of £60,405 (2012: £102,691).

Photocopiers are leased from BNP Paribas at a cost of £309 plus irrecoverable VAT per quarter; the lease ends on 12 June 2018, giving a total commitment at the year-end, including VAT, of £6,965 (2012: £3,031).

19 **Related party transactions**

There were no related party transactions in either 2012 or 2013.

20 **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 2013 the total of these guarantees was £80 (2012: £70).

21 **Contingent liabilities**

Several grants have been received in prior years to be used on the construction and maintenance of the charity's freehold premises in Stepney, including one from the former Greater London Council (GLC). Full historical documentation of the terms of these grants does not exist. If the charity was to cease using these premises for charitable purposes there is a chance these grants may become repayable.

The effects of such a repayment cannot be quantified and the Trustees have no plans to change the use of these premises, and therefore they believe no further disclosure is needed in these financial statements.

22 **Housing Corporation disclosure**

Veterans Aid is a registered social landlord and therefore must report 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.

The Trustees have considered the need to review the presentation of the accounts in light of the 2010 RSL SORP. They believe the cost of carrying out the restatement outweighs any benefit to the users of these accounts and therefore no adjustments have been made to the disclosures below which continue to apply the previous version of the RSL SORP.

22 **Housing corporation disclosure** (continued)

Balance sheet	**2013** £	**2012** £
Fixed assets		
Housing land and buildings	2,107,272	2,107,272
Less: Grants	1,034,389	1,034,389
	1,072,883	1,072,883
Other fixed assets	37,818	38,395
	1,110,701	1,111,278
Investments	1,682,806	1,582,684
	2,793,507	2,693,962
Current assets		
Stock	7,734	7,787
Debtors	65,229	46,742
Cash	1,676,574	1,434,156
Current liabilities	(45,156)	(86,690)
Net current assets	1,704,381	1,401,995
Total funds	4,497,888	4,095,957

	2013 £	**2012** £
Turnover		
Rents	51,015	43,521
Grants relating to housing	-	-
Housing benefit/supporting people	481,068	515,047
Property revenue sub-total	532,083	558,568
Donations and grants for other charitable purposes	1,298,351	777,322
Turnover	1,830,434	1,335,890
Other income		
Interest, dividends etc.	85,027	85,803
Profit on sale of investments	30,391	7,179
	1,945,852	1,428,872
Operating costs		
Direct costs	791,129	607,622
Operating costs	830,242	804,881
	1,672,371	1,412,503
Operating surplus	324,481	16,369

22 **Housing corporation disclosure** (continued)

	Total 2013 £	Total 2012 £
Fixed assets – Land and buildings		
Cost		
Brought forward at 1 October 2012	2,107,272	2,107,272
Additions	-	-
Carried forward at 30 September 2013	2,107,272	2,107,272
Less:		
Social Housing grant	555,865	555,865
Other capital grant	478,524	478,524
	1,034,389	1,034,389
Net book value		
At 30 September 2013	1,072,883	1,072,883
At 30 September 2012	1,072,883	1,072,883

	Number of rooms 2013	2012
Accommodation in management		
Homeless hostel	55	55