Company Number 4544532 (England and Wales)
Charity number 1095308 (England and Wales)

VA transforms lives every day

Veterans Aid

Annual Report and Financial Statements
For the year ended 30 September 2016

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VETERANS AID

LEGAL AND ADMINISTRATIVE INFORMATION

LEGAL AND ADMINISTRATIVE INFORMATION

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 which were revised and adopted by Special Resolution on 3rd April 2014.
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.
Registered Social Landlord	Veterans Aid is registered as a Social Landlord under the reference LH0674.

CHAIRMAN'S REPORT ON ACTIVITY
FOR THE YEAR ENDED 30 SEPTEMBER 2016

These are challenging and exciting times for Veterans Aid. Through the hard work of the Fundraising Committee and the generosity of so many donors and supporters, work is well underway on the redevelopment of New Belvedere House.

This investment in the hostel's future will ensure that the Charity is well placed to meet the needs of veterans in crisis for many years to come.

Veterans Aid's unique Welfare to Wellbeing model, which underscores every aspect of the Charity's work, ensures that everyone who seeks its assistance receives timely and appropriate help and is encouraged and enabled to achieve his/her full potential. It provides a pathway leading from crisis, through counselling and training, to employment, accommodation and long-term sustainability. The statistics speak for themselves and last year 154 ex-servicemen and women were suitably accommodated.

The Charity's unparalleled level of success in turning around the lives of veterans in crisis is due largely to the commitment of its staff – at our Victoria Drop-in Centre and at New Belvedere House. All are committed to going the extra mile when trying to understand and address the needs of the individuals who seek their help. Their kindness, care, professionalism and generosity of spirit and commitment to ensuring that every client is given the opportunity to achieve long-term success, with renewed confidence and pride in themselves, is commendable.

Last but not least I would also like to thank our Patron, donors, fundraisers, volunteers, friends and colleagues in Westminster and Tower Hamlets for their wonderful support, encouragement and guidance.

....
Col Paul Cummings
Chairman

27 April 2017

VETERANS AID

CHIEF EXECUTIVE'S REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2016

Homelessness is a gross injustice toward any individual and a searing indictment of 21st Century society. According to the media, charities and politicians the landscape for the homeless is bleak and the increase in numbers of street homeless as inevitable as it is inexorable.

Certainly there are rising problems, but Veterans Aid has reacted exceptionally by moving so effectively into prevention that there are now very few genuine veterans on the streets of Britain. During the past year we homed 108 directly from our HQ; these people never ended up as rough sleepers.

There is no doubt that we have had a profound and definite impact on this national scene. Every week we get phone calls asking us to supply clients to fill empty accommodation across the country. But still there are charities and politicians claiming that more beds are needed.

Sadly veterans are still being singled out as uniquely needy, regardless of wider societal issues such as the impact of 'punitive' benefit changes and the national housing crisis.

Despite all of this we have been profoundly successful and move forward agile, strong and very fit for purpose.

Our infographics record remarkable outcomes, but what they don't do is illustrate the sheer hard work behind achieving them. Veterans Aid's staff, in the HQ and at New Belvedere House, spent a remarkable 10,632 hours speaking to clients during the year – an investment of time and care that resulted in nearly all going on to reclaim their lives.

Working conditions for our staff, particularly for Pat, Dennis and the hostel team, have been very trying, as they've had to cope with providing a uniquely effective service on a building site. It is to their huge credit that the year was very much 'business as usual'. If the icing on the cake is that the refurbishment is on target and on budget, the cherry on top must be the VA staff who go above and beyond for our clients almost daily. In every area - media, addiction, job-finding etc. - I am lost in admiration for their efforts.

The support that has enabled us to continue our work leaves me, as ever, all but speechless. Leading the charge as always is our caring and generous Patron, The Dowager Viscountess Rothermere and her amazing team Lady R! The list of supporters is endless but two groups need to be singled out for mention. David Kennard and Robert Emmet, ably supported by Robert Clinton, threw themselves at the fundraising challenge with unstinting optimism and were truly successful. I cannot thank them enough. And in a complete break with tradition, we brought in volunteers to support our ops and media teams. This has been a runaway success and I know they have added value to those areas.

So as we move into the next year, one that may feature an HQ relocation, we are ready and able to face anything. We have the strength, depth and professionalism to do so.

....

Wing Commander Dr Hugh Milroy OBE, BTh, MA, PhD
Chief Executive

27 April 2017

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 2016. The Trustees have adopted the provisions of the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) effective from accounting period commencing 1 January 2015 or later.

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.

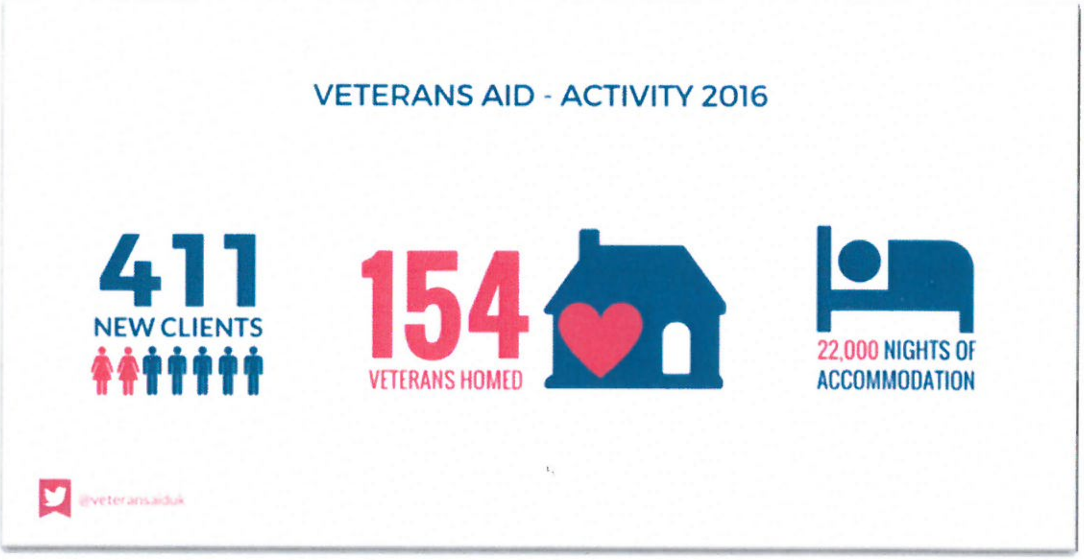
Overall statement of public benefit
In setting the objects and activities of the charity, the Trustees have given careful consideration to the Charity Commission's general guidelines concerning public benefit. In particular the Charity has focused on ensuring that levels of recidivism are reduced among 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:

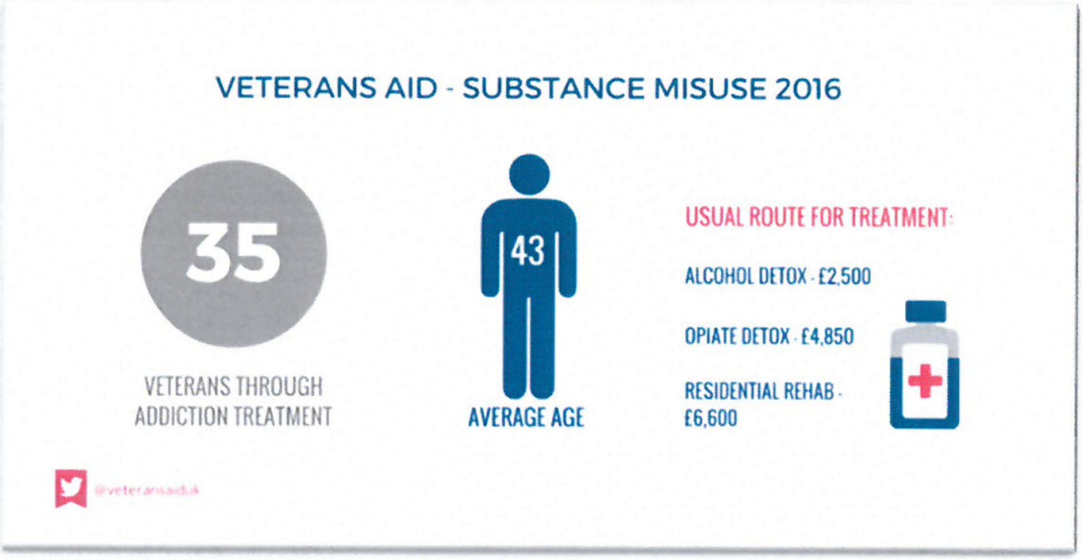
- **Substance misuse.** During the reporting year, 35 clients were placed in substance misuse programmes across the country, compared to 48 the previous year. This was frequently done at short notice in marked contrast to the norm within the current care system. The policy of swift intervention recognises 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 154 (2015: 184) clients into some form of accommodation in the year, very few of whom returned to their previous existence.

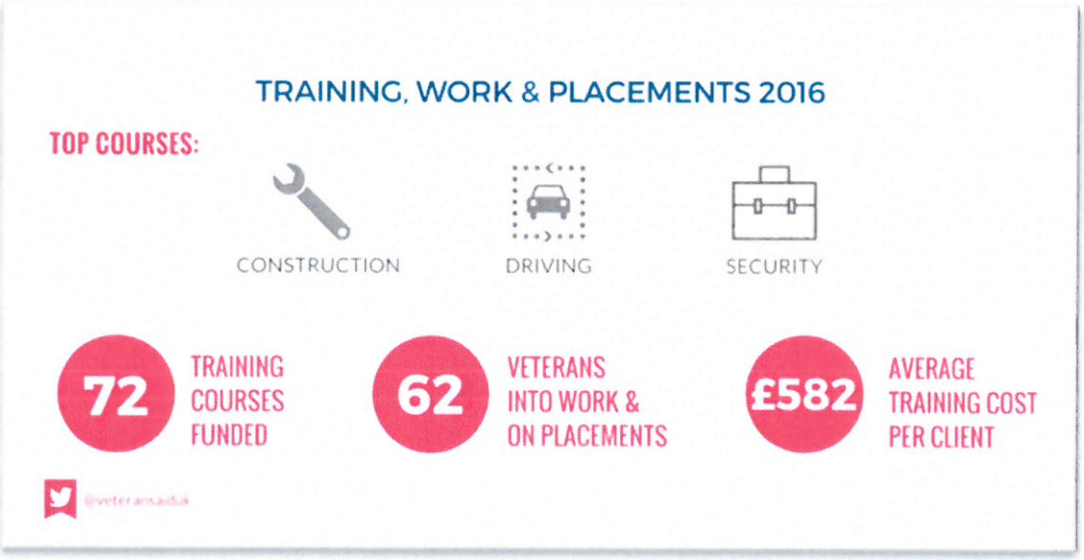
- **Raising awareness and appreciation of the Charity's capability.** A significant development in this area has been VA's contribution to the influential Westminster platform Politics Home - a digital news delivery service that pushes features and media releases directly to parliamentarians, special advisors and researchers. At the time of writing the Charity is the only member in the Veterans/AF charity sector. Delivered every morning to smart phones and other devices this is arguably as much an agenda setter as the Today programme for members of the 'Westminster village'. This penetration consolidates much of what has already been achieved in terms of credibility, integrity, footprint and awareness of capability. Response to our first feature indicates that far from being seen as a lone voice, VA is now regarded by independent thinkers, as a courageous bellwether. The need to maintain a balance between hostel-related fundraising PR and illustration of wider capability, while ensuring consistency of message, has been challenging but measures taken to achieve this have proven successful. We have been adept at acquiring new skills and diverting established ones to rapidly anticipate and respond to emerging issues. Of particular note is the success achieved via our in-house data collection and infographics capability. By mining the former to create bespoke (and verifiable) illustrations of outcome VA has been able to present complicated information rapidly via simple visuals. These work across all delivery platforms (e.g. Impact Reports, bespoke flyers, websites, presentations and social media platforms) and can be used to illustrate any aspect of the Charity's activity. (*See example below). Already these are being emulated, as is much of VA's wider narrative. NB the intellectual property of 'Welfare to Wellbeing' is now registered to VA.



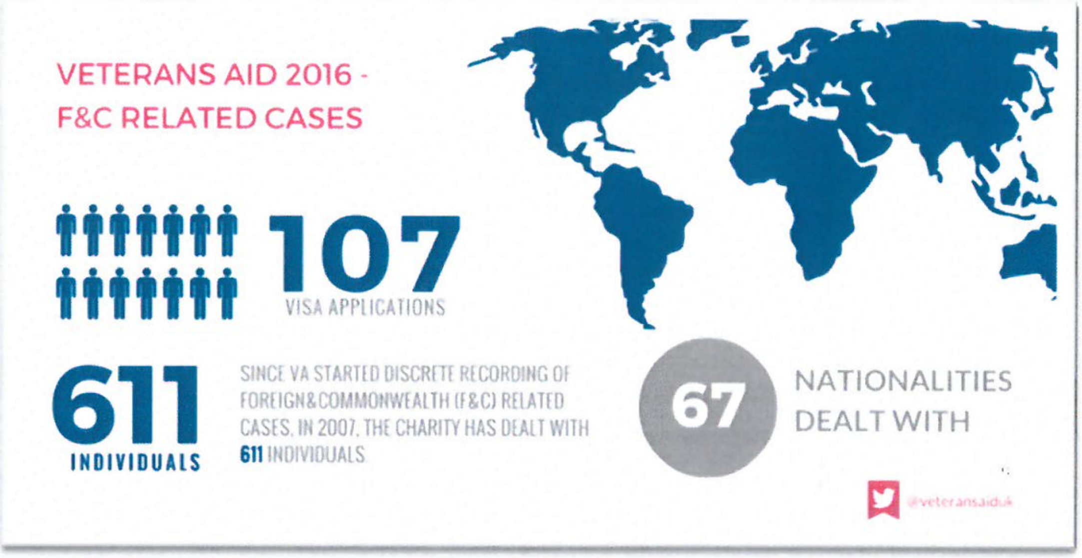
VETERANS AID - ACTIVITY 2016
411
NEW CLIENTS
154
VETERANS HOMED
22,000 NIGHTS OF ACCOMMODATION



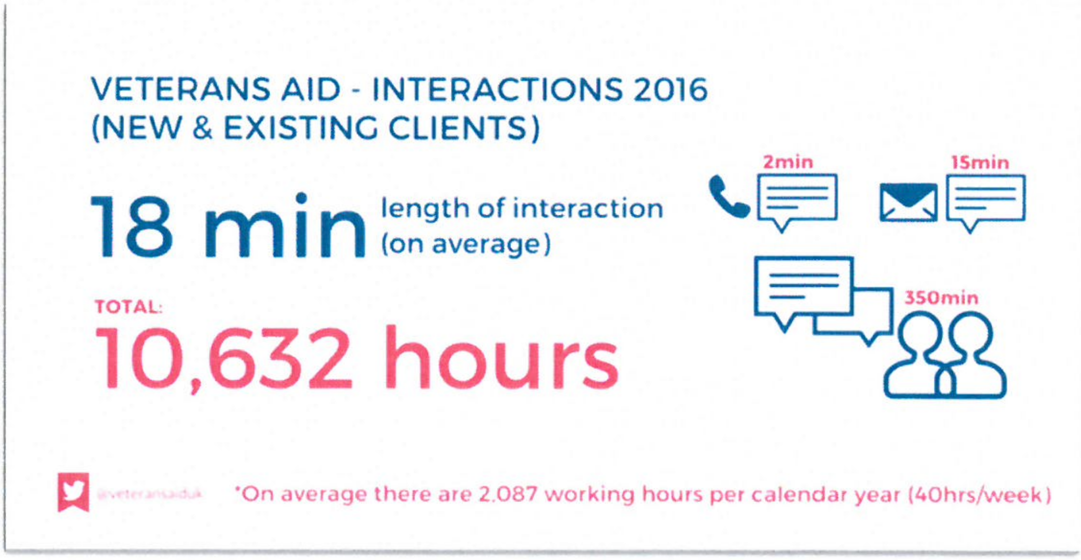
VETERANS AID - SUBSTANCE MISUSE 2016
35
VETERANS THROUGH ADDICTION TREATMENT
43
AVERAGE AGE
USUAL ROUTE FOR TREATMENT:
ALCOHOL DETOX - £2,500
OPIATE DETOX - £4,850
RESIDENTIAL REHAB - £6,600



TRAINING, WORK & PLACEMENTS 2016
TOP COURSES:
CONSTRUCTION
DRIVING
SECURITY
72
TRAINING COURSES FUNDED
62
VETERANS INTO WORK & ON PLACEMENTS
£582
AVERAGE TRAINING COST PER CLIENT


VETERANS AID 2016 -
F&C RELATED CASES
107
VISA APPLICATIONS
611
INDIVIDUALS
SINCE VA STARTED DISCRETE RECORDING OF FOREIGN&COMMONWEALTH (F&C) RELATED CASES, IN 2007, THE CHARITY HAS DEALT WITH 611 INDIVIDUALS
67
NATIONALITIES
DEALT WITH
@veteransaiduk


VETERANS AID - CLIENT INTERACTIONS 2016
3535
INTERACTIONS
new and existing clients
including phone / email / HQ visit / other
@veteransaiduk


VETERANS AID - INTERACTIONS 2016
(NEW & EXISTING CLIENTS)
18 min
length of interaction
(on average)
TOTAL:
10,632 hours
2min
15min
350min
@veteransaiduk
*On average there are 2,087 working hours per calendar year (40hrs/week)

Governance
The Trustees are committed to strong governance and the Chairman has in particular emphasised the importance of a good governance regime. The Charity is fortunate that its Trustees are engaged almost on a day to day basis with the Executive officers, providing both oversight and expertise. The Trustees are able to offer a wealth of experience from the military, business and third sector and constitute a well-balanced board. The focus is on doing rather than knowing as this is an action orientated charity. The CEO is able to seek advice and decision making contributions daily should it be required.

The 5 year strategic plan is clear evidence of the oversight management by the Board and is a living document that is for continuous review by the Board. Staff, trustees, friends and benefactors alike can be confident that the change programme underway is being managed effectively and successfully.

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 Company Secretary & Head of Administration, Head of Financial Services, Hostel Manager and Head of Media & Communications.

Strategic plan
The Charity has a 5 year plan covering the years 2013 to 2018 which is now under way. Its aims are as follows:

- To develop our initial services – new National Centre for Homeless Veterans
- To expand our New Belvedere House hostel by creating a new wing
- To expand our services at New Belvedere House hostel – working persons' hostel
- To establish a hostel for female veterans
- To establish a recovery house
- To evaluate and improve our services at Veterans Aid

To date we have had a clear and successful record of performing in line with the plan. The charity's priority is the refurbishment of New Belvedere House when we get to the final stages of the Project we will look into reviewing this document.

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 Chairman, 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 objectives.

Review of activities

It's not often that 'business as usual' qualifies as a noteworthy activity but this year it was carried out against the background of the biggest fundraising challenge in the Charity's history. For NBH staff, sustaining a semblance of 'normality' presented a twofold challenge: Sustaining a nurturing and positive environment while highly intrusive construction work was underway and accommodating the visits necessary to enlist and retain donor support.

A highlight of the year was the June visit made by HRH The Duke of Edinburgh whose enduring interest in the charity has delivered internal reward and external endorsement. He followed this up with a private visit to VA's reception at The Guards Museum in November. Additional, and entirely serendipitous external endorsement of VA's financial probity, was illustrated in its Charity Choice profile which showcased it to great advantage when compared to others in the sector.

Internal mechanisms to generate and illustrate credible, independent data have proved invaluable in an environment where statistics are conflicting and controversial.

Since last year the Fundraising Standards Board (of which VA was a member) has closed. We have registered with, and are migrating public branding towards, its successor – the Fundraising Regulator.

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.

The following major funders supported VA from 1st October 2015 to 30th September 2016: Greater London Authority, The Garfield Weston Foundation, The Royal British Legion Attendants Company Trust, The Clothworkers' Foundation, Trinity House, Bernard Sunley Charitable Foundation, The Beatrice Laing Trust, The Henry Smith Charity, Greenwich Hospital, The London Borough of Tower Hamlets, The Schroder Foundation, The Albert Hunt Trust, The John Slater Foundation, Queen Mary Roehampton Trust, The Royal Air Force Benevolent Fund, Blackrock, The Leathersellers' Company Charitable Fund, Seafarers, The Drapers' Charitable Fund, The Royal British Legion, Rugby for Heroes, The Soldiers Charity/ABF, British Forces Broadcasting Service Big Salute.

New Belvedere House's accommodation capacity is 55; this will rise to 63 on completion of the refurbishment. As rooms become vacant they are prepared for re-occupancy as swiftly as possible. Accommodation provision is augmented by use of hotels and military clubs on a short-term basis, where appropriate.

Based on an average aggregate the Charity looks after 60-70 clients and their families each night. (NB not all clients require accommodation).

Veterans Aid has an appointed member of staff who liaises directly with the Vulnerable Adults Team at London Borough Tower Hamlets (formerly the Supporting People team). We continue to provide detailed quarterly reports about the service users, staffing levels and room occupancy. Those reports are supported by numerous documents that are reviewed annually (Risk Assessments, Emergency Evacuation Plan, Health and Safety Audit and Staff Training Summary). Veterans Aid continues to meet the standards.

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

- numbers of empty rooms in New Belvedere House (NBH);
- number of evictions (non-planned moves);
- number of planned moves.

Performance statistics

- NBH – 92% room occupancy (few rooms unavailable because of refurbishment) in the year, compared to 97.08 % in the previous year.
- Evictions – there were 3 non-planned moves in the year, compared to 5 in the previous year.
- Planned moves – there were 52 planned moves in the year, compared to 54 in the previous year.

Income and investment
The Board has considered its 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 requirements 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 support ended in March 2016.

Investments
Veterans Aid investments stand at £4.39m (2015: £3.59m), with a further £143k (2015: £45.3k) 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 notes 14 and 16 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 £3,419k (2015: £4,974k), 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 2016, the unrestricted funds showed a deficit of £67k (2015: surplus of £194k). The surplus of £2,115k (2015: surplus £2,760k), on restricted funds arises principally due to substantial grants received during the year which will be expended in future years.

Income policy

General
The overall policy regarding the income of the Charity is the generation - through the income it obtains via 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 narrow 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 portfolios 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 is to achieve income of not less than £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 shall notify the managers of any specific exclusions which they might wish to notify to apply 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 regularly review the Charity's reserve policy in relation to the current financial position and degree of risk.

The actual value of unrestricted reserves of the Charity at 30 September 2016 is £896k (2015: £663k) which represents an estimated six months operating costs. For this purpose operating costs represent expenditure on both unrestricted and restricted funds.

Remuneration Policy
The remuneration of key management personnel is reviewed by the Remuneration Committee comprising the Honorary Treasurer and the Chairman. Their remuneration is set during the annual salary review for the whole team and it takes into account the following:

- Benchmarking with similar roles in the sector;
- The Charity's financial position;
- Changes to cost of living and inflation; and
- Changes in roles and responsibilities.

Risk management

Risk
The diverse nature of our work naturally exposes us to many risks; some obvious and some not so obvious. Our approach to risk over the last 10 years has been to go beyond a superficial reporting process and to concentrate on building strength and depth into our protective risk minimisation. All standard workplace legislation is adhered to but we are always seeking to go above and beyond statutory requirements. In addition, we have deliberately focused on Governance to ensure a progressive reduction of risk. In essence we have concentrated on 6 main areas.

Damage to reputation
Any PR crisis within a charity can seriously tarnish a reputation. To mitigate this we have created a sophisticated and effective communications team. We use social media to best effect and work with key media outlets to get our message across to ensure that we are seen as a transparent, credible and trustworthy organisation.

Robust insurance cover
Accidents can happen, and our charitable status isn't enough to stop someone from making a claim against our charity. An accident involving a member of the public at a fundraising event, or an employee injuring themselves at your premises, could result in legal action taken against your organisation. We have therefore ensured that our annual insurance review is thorough, far-reaching, comprehensive reflective of all our activity.

Cyber security & Data Protection
Data security is now a significant risk for all organisations. While we don't hold huge volumes of sensitive information, we have adopted sophisticated controls. Human error can of course be a great danger in respect of data loss but very few members of staff use portable data. It is self-evident that cyber security is directly linked to this issue and as a direct result we have placed great emphasis on cyber security to minimise our risks using external experts as required. Encryption, keeping back-ups and installing all the latest protective measures helps us manage these risks. Cyber security and data protection are being monitored by the CEO and reported at Board meetings to ensure visibility of risk.

A decline in funding and donations
It is self-evident that despite our recent capital fundraising success that a decline in our revenue funding income stream poses a risk to the charity. To counter this risk we have, for the first time in our history, created a small professional dedicated fundraising team. The military charity sector is wealthy but far from immune to economic downturn. This professionalization is critical at a time when larger military charities are having to market for their share of the cake. We have long had a policy of diversity in income streams to ensure we minimise risks of a particular stream failure. This will not change.

Fraud
The significant financial outlay of the New Belvedere House project has increased our awareness of fraud both internally and externally, due to the high levels of cash/payments handled. Increasing financial scrutiny up to and including oversight by the Honorary Treasurer has been instigated with no individual being able to divert large sums via false invoicing or invoicing for works not undertaken. Comprehensive procedures are in place with oversight coming initially from our independent Project Manager. Transparency is the key to our approach. In addition, our auditors, Saffery Champness, come with a substantial reputation. We have chosen them to enhance our credibility when prospective funders carry out due-diligence. The value-added aspect of this relationship is that we are allowed significant interactivity with them throughout the year thereby minimising risk. We have taken a deliberately controlled approach as we understand the impact not only of financial loss but also possible damage to reputation and a lack of public confidence if fraud were to take place.

Governance

Reporting to the Board, we have a sophisticated and "living" approach to Governance. Aspects taken into account in this dynamic system are both internal and external with constant interaction between management and specialist Board members. This is an effective working model. While not exhaustive the internal list covers: HR, organisational structure, charity culture, management issues, oversight of assets and financial strength. The external list while not exhaustive takes the following into account: economic conditions, market competition, legislative changes, media, politics and demographics.

Finance and accounting review
The Charity has £11,096,976 of net assets (2015: revised £9,022,631), of which £5,309,795 (2015: £3,625,428) are tangible fixed assets. The charity has £1,398,282 of cash balances available at one month's notice or less (2015: £1,531,822). 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.
- Restricted funds (note 14)

  Total restricted funds are £7,708,844 (2015: £5,896,744). The increase is mainly due to the grants for the New Belvedere House Redevelopment.

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

  - Designated Funds represent funds designated by the trustees towards fundraising for the NBH Refurbishment Project

  - General Fund – represents an estimated six 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.

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.

This report was prepared under the special provisions of Part 15 of the Companies Act 2006 relating to small companies. The trustees are closely involved and meet formally twice a year to review management accounts, fundraising forecasts and cashflow analyses. The trustees believe that the charity is a going concern and for this reason, the going concern basis of the preparation of the financial statements is considered valid.

Auditors
A resolution proposing the re-appointment of Saffery Champness will be put to the Annual General Meeting in April 2017.

Approved by the Trustees on 27th April 2017 and signed on their behalf by

....
Colonel P B G Cummings
Chair of Trustees

....
G J Holbourn
Trustee

27th April 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements of Veterans Aid for the year ended 30 September 2016 set out on pages 20 to 41. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard FRS102.

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 2016 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.
- the trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report in preparing the Trustees' Report.

Cara Turtington ....
(Senior Statutory Auditor)

For and on behalf of
Saffery Champness LLP
Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

27 April 2017

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	Permanent endowment £	Total 2016 £	Total 2015 £
Income and Endowments from:							
Donations & Legacies (including Gift Aid)		469,612	-	119,466	-	589,078	423,714
Charitable Activities		423,226	-	179,795	-	603,021	591,068
Grants		-	-	1,981,000	-	1,981,000	3,222,388
Other trading activities		98,893	-	-	-	98,893	590,337
Investments	9	146,712		-	-	146,712	146,753
Total income		1,138,443	-	2,280,261	-	3,418,704	4,974,260
Expenditure on:							
Raising Funds		62,742	231,600	-	-	294,342	243,674
Charitable Activities		1,143,051	-	487,982	-	1,631,033	1,821,520
Total expenditure	2	1,205,793	231,600	487,982	-	1,925,375	2,065,194
Net gains/(losses) on investments		-	-	323,522	260,881	584,403	(202,156)
Net income/ (expenditure) carried to page 21		(67,350)	(231,600)	2,115,801	260,881	2,077,732	2,706,910

STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	Permanent endowment £	Total 2016 £	Total 2015 £
Net income/ (expenditure) brought down from page 20*		(67,350)	(231,600)	2,115,801	260,881	2,077,732	2,706,910
Transfers between funds	14	303,700	-	(303,700)	-	-	-
Actuarial losses on defined benefit pension schemes	5	(3,387)	-	-	-	(3,387)	(830)
Net movement in funds		232,963	(231,600)	1,812,101	260,881	2,074,345	2,706,080
Reconciliation of funds							
Total funds brought forward		663,026	323,600	5,896,744	2,139,261	9,022,631	6,316,551
Total funds carried forward	16	895,989	92,000	7,708,845	2,400,142	11,096,976	9,022,631

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

Designated Funds
In order to raise the necessary funding for the New Belvedere House refurbishment project, the Trustees employed a firm of fundraising consultants specifically to work on this project. They designated a sum of £500,000 from the Unrestricted Reserves to cover the costs, of which £176,400 was spent in 2014/5 and £231,600 in 2015/6, with the balance to be spent in 2016/7.

*** Net income/(expenditure) -**
The expenditure on the New Belvedere House development is being capitalised. Therefore although the related grant and donation income of £2,095,465 (2015: £3,037,000) - see note 14 - is included in the SOFA, the capital expenditure appears as an addition to the Tangible Fixed Assets. The terms of the grants require that this capital expenditure remains within Restricted Funds for a number of years, after which it can be transferred to Unrestricted Funds.
Expenditure amounting to £1,635,764 (2015: £628,456) in the current year on this development has been capitalised (see note 8).

The notes on pages 25 to 41 form part of these financial statements.

SUMMARY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	2016 £	2015 £
Gross income	3,418,704	4,974,259
Realised gains/(losses) on disposal of fixed assets	-	-
Total income	3,418,704	4,974,259
Total expenditure	(1,925,375)	(2,065,194)
Net gains/(losses) on investments	323,522	(125,240)
Net income/(expenditure)	1,816,851	2,783,825

Total income comprises £1,138,443 (2015: £1,668,763) for unrestricted funds and £2,280,261 (2015: £3,305,496) 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 £1,437,393 (2015: £1,644,570) for unrestricted funds and £487,982 (2015: £420,623) 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 25 to 41 provide full information on the movements during the year on all the funds of the charity.

VETERANS AID

BALANCE SHEET
AS AT 30 SEPTEMBER 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible fixed assets	8		5,309,795		3,625,428
Investments	9		4,531,147		4,041,760
			9,840,942		7,667,188
Current assets					
Stock	10	5,997		6,544	
Debtors	11	133,497		69,239	
Cash at bank and in hand		1,398,282		1,531,822	
		1,537,776		1,607,605	
Current liabilities					
Creditors: Amounts falling due in less than one year	12	206,529		186,798	
Net current assets			1,331,247		1,420,808
Less: Pension deficit provision	5		(75,213)		(65,364)
Net assets			11,096,976		9,022,631
Funds					
Permanent Endowment	13		2,400,142		2,139,261
Restricted funds	14		7,708,845		5,896,744
Unrestricted funds: General funds	15		987,989		986,626
	16		11,096,976		9,022,631

Approved by the Trustees on 27th April 2017 and signed on their behalf by

G J Holbourn
Trustee
Company Number 4544532

The notes on pages 25 to 41 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Note	2016 £	2015 £
Net cash provided by operating activities (A)	**1**	1,431,548	3,057,634
Cash flows from investing activities			
Dividends, interest and rents from investments		146,133	139,822
Proceeds from the sale of property, plant and equipment		-	-
Purchase of property, plant and equipment		(1,806,815)	(664,219)
Proceeds from sale of investments		1,531,780	732,064
Movement in cash held as an investment		310,691	(411,361)
Purchase of investments		(1,746,876)	(2,794,309)
Net cash used in investing activities (B)		(1,565,087)	(2,998,003)
Net (increase)/decrease in cash & cash equivalents (A+B)		(133,539)	59,631
Cash and cash equivalents at the beginning of the year		1,531,822	1,472,192
Cash and cash equivalents at end of the year		1,398,283	1,531,822

Notes to the cash flow statement

1. **Reconciliation of net movement in funds to net cash flow from operating activities**	2016 £	2015 £
Net movement in funds	2,077,732	2,706,911
Add back depreciation charge	122,449	79,063
Deduct investment income	(146,712)	(146,753)
(Deduct)/add back (gain)/loss on investments	(584,403)	202,155
Decrease in stocks	547	(1,845)
(Increase)/decrease in debtors	(64,258)	100,863
Increase in creditors	19,731	126,259
Movement in pension scheme provision	6,462	(9,019)
Net cash provided by operating activities	1,431,548	3,057,634

The notes on pages 25 to 41 form part of these financial statements.

1 Accounting policies

1.1 Accounting convention

The accounts have been prepared under the historical cost convention, as modified for the inclusion of fixed asset investments at market value, with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The accounts have been prepared in accordance with the Companies Act 2006 and the 'Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)' and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The accounts are prepared in sterling, which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £.

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

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income

All income is accounted for as soon as the charity has entitlement to the income and there is probability of receipt and the amount is quantifiable.

All 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 in 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 raising funds

Expenses are included as costs of raising 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.

Assets in the course of construction are capitalised as expenditure is incurred, but are not depreciated until the asset is completed and brought into use.

A professional valuation of the freehold land and buildings was undertaken at 30th September 2014 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 2019.

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 Charity contributes to a defined contribution scheme and The Pensions Trust Growth Plan, a defined benefit multi-employer scheme. The pension costs charged in the SOFA are determined as follows:

(i) The costs relating to the defined contribution scheme are charged to the SOFA when they are incurred.

(ii) The Pensions Trust Growth Plan is an occupational defined benefit scheme. The current service costs are charged to the SOFA within staff costs. The expected return on the scheme assets less the scheme interest costs are credited within other interest. The scheme actuarial gains and losses are recognised immediately as other recognised gains and losses. The defined benefit scheme assets are measured at fair value at the balance sheet date. The scheme liabilities are measured on an actual basis at the balance sheet date using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond equivalent term to the scheme liabilities. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the balance sheet.

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 (see Note 13).

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. (see Note 14)

1.14 **Unrestricted funds**
Funds received or generated for the objects of the charity without a further specified purpose are treated as unrestricted funds.

Trustees can designate a portion of the unrestricted funds to reflect their intention to invest strategically in future plans.

The balance in the General Fund at 30th September 2016 represents an estimated six months operating costs. (see Note 15).

1.15 **Revaluations**
Investments are revalued to market value as at 30th September 2016 and the gain or loss is shown on the SOFA as a separate item not forming part of the incoming (outgoing) 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.

1.16 **Financial instruments**
The charity has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are recognised initially in the accounts at transaction price, including any transaction costs. At the end of each accounting period, basic financial instruments are recognised at amortised cost. For debt instruments this is calculated using the effective interest rate method.

1.17 **Critical estimate and judgements and key sources of estimation uncertainty**
In the application of the Charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements in applying the Charity's accounting policies
There are no critical accounting judgements in 2016 or 2015
Critical accounting estimates and assumptions
(i) Defined benefit pension schemes

The Charity has an obligation to pay pension benefits to certain employees and former employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, asset valuations and discount rate on corporate bonds. Management estimates these factors in determining the net pension liability in the Balance Sheet. The assumptions reflect the historical experience and current trends. The valuation is particularly sensitive to the impact of the discount rate on the schemes' liabilities. See note 5 for the disclosures relating to the defined benefit scheme.

1.18 **Transition to FRS102**
These financial statements for the year ended 30 September 2016 are the first financial statements of Veterans Aid prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 October 2014.
Adoption of the new FRS has required the following changes to the accounting policies:
- Income is recognised when receipt is probable rather than virtually certain.
- As detailed in note 2 support costs allocated to other activities now include governance costs.

The impact on the reported financial position and financial performance are shown in note 25.

2 Resources expended

	Direct expenses Staff £	Direct expenses Other £	Support costs Staff £	Support costs Other £	Total 2016 £	Total 2015 £
Fundraising costs	-	246,638	14,119	5,546	266,303	217,254
Investment management costs	-	25,793	-	-	25,793	24,226
Cost of goods sold	-	-	-	2,246	2,246	2,194
Hostel accommodation and support for homeless veterans	314,360	260,995	106, 815	130,936	813,106	852,582
Rehabilitation and emergency care for homeless veterans	-	260,611	429,409	127,907	817,927	968,938
	314,360	794,037	550,343	266,635	1,925,375	2,065,194

	2016 £	2015 £
Total resources expended are stated after charging:		
Depreciation (see note 1.8 and 8)	122,449	79,063
Auditors remuneration:		
For audit	17,000	15,000
For other services	-	-
Amounts payable under operating leases	52,127	48,482

Governance (included in Support Costs above)

Audit fees	17,000	15,000
Trustee expenses	1,899	2,261
Staff Costs allocation	21,816	24,212
Office Costs allocation	5,191	6,079
Other	705	492
	46,611	48,044

3 **Staff costs**

	2016	**2015**
	£	**£**
Wages and salaries	738,673	753,259
Social security	70,352	72,487
Pension costs	25,070	23,803
Pension deficit contributions	13,196	8,330
	847,291	857,879
Other staff costs	17,412	26,284
	864,703	884,163

Two members of staff (2015: 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 £58,872 (2015: £57,614) and social security costs of £5,920 (2015: £5,762) for these secondees are included in the above figures.

	2016	**2015**
Average number of staff:		
The average number of staff, based on average head count, working during the year was	**Number**	Number
Hostel and care workers	13	13
Administration	9	9
The number of employees whose emoluments (salaries, wages and benefits in kind) fell within the following bands:		
£60,000 to £69,999	1	0
£90,000 to £99,999	1	1

During the year the pension contributions on behalf of these members of staff amounted to £8,315 (2015: £4,822).

	2016	**2015**
	£	**£**
The total remuneration of key management personnel, who comprise the CEO and the Hostel Manager, was	161,665	165,146

4 **Donations in Kind**

	Notes	**2016**	**2015**
		£	**£**
SSAFA provided seconded staff at an estimated value of	3	64,792	63,376
The Not Forgotten Association provided a television licence for New Belvedere House at a value of		146	146
Other donations in kind in 2015 not repeated in 2016 were valued at		-	19,586
Total		64,938	83,108

5 Pension plans

5.1 The Pensions Trust

5.1.1 Veterans Aid participates in The Pension Trust (TPT)'s Growth Plan, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers.
The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.
The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK. The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme. A full actuarial valuation for the scheme was carried out at 30 September 2011. This valuation showed assets of £780m, liabilities of £928m and a deficit of £148m.

5.1.2 To eliminate this funding shortfall, TPT has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions		
From 1 April 2013 to 31 March 2023:	£13.9m per annum	(payable monthly and increasing by 3% each on 1st April)

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m.
To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions		
From 1 April 2016 to 30 September 2025:	£12.9m per annum	(payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.
Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation.
The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit.
The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

5.1.3 Present value of provision for Veterans Aid

	30 September 2016	30 September 2015	30 September 2014
	£	£	£
Present value of provision	75,213	65,364	71,176

5 **Pension plan** (continued)

5.1.4 Reconciliation of opening and closing provisions for Veterans Aid

	2016	2015
	£	£
Provision at start of period	65,364	71,176
Unwinding of the discount factor (interest expense)	1,337	1,688
Deficit contribution paid by Veterans Aid during the year	(8,071)	(8,330)
Remeasurements - impact of any change in assumptions	3,387	830
Remeasurements - amendments to the contribution schedule	13,196	-
Provision at end of period	75,213	65,364

5.1.5 Income and expenditure impact

	2016	2015
	£	£
Interest expense	1,337	1,688
Remeasurements – impact of any change in assumptions	3,387	830
Remeasurements – amendments to the contribution schedule	13,196	-
Contributions paid in respect of future service*	-	-
Costs recognised in Statement of Financial Activities	17,920	2,518

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes

5.1.6 Assumptions

	30 September 2016	30 September 2015	30 September 2014
	% per annum	% per annum	% per annum
Rate of discount	1.15	2.18	2.53

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

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

5.1.8 As at the balance sheet date there were 3 (2015 : 3) active members of the Plan employed by Veterans Aid. Veterans Aid has closed the Plan to new entrants.

5.2 Royal London

5.2.1 Veterans Aid now offers a plan with Royal London to its employees; at the balance sheet date there were 10 (2015 : 10) active members of this plan employed by Veterans Aid.

5.2.2 Members paid contributions at the rate of between 2% and 10% of gross salary during the accounting period. Veterans Aid matched the members contributions.

6 Trustees

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

Expenses totalling £1,899 (2015: £2,261) were reimbursed to 2 (2015: 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 £	Assets in the course of Construction £	Fittings and Equipment £	Total £
Cost				
At 1 October 2015	3,000,000	628,456	338,768	3,967,224
Revaluations	-	-	-	-
Additions	-	1,635,764	171,051	1,806,815
At 30 September 2016	3,000,000	2,264,220	509,819	5,774,039
Depreciation				
At 1 October 2015	52,241	-	289,554	341,795
Charge for the year	52,241	-	70,208	122,449
Write-back on revaluation	-	-	-	-
At 30 September 2016	104,482	-	359,762	464,244
Net Book value				
At 30 September 2016	2,895,518	2,264,220	150,057	5,309,795
At 30 September 2015	2,947,759	628,456	49,213	3,625,428

All fixed assets are used for charitable purposes.

In the year ended 30 September 2014 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 £3,000,000 which is now reflected in these accounts. The historical cost of the building is £1,038,562. See Note 1.8

9 Investments

	2016 £	2015 £
Investment in subsidiary	2	2
Quoted securities - UK	3,147,370	2,535,484
Quoted securities - Overseas	1,240,001	1,052,388
Accrued investment income	7,510	6,932
Cash balances	136,264	446,954
	4,531,147	4,041,760

9 **Investments** (continued)

	Subsidiary undertakings £	Listed investments £	Total 2016 £	Total 2015 £
Quoted/unquoted securities:				
Market value at 1 October 2015	2	3,587,873	3,587,875	1,727,786
Additions at cost	-	1,746,875	1,746,875	2,794,308
Disposals at market value	-			
brought forward	-	(1,441,051)	(1,441,051)	(777,878)
Unrealised gains/(losses)	-	493,674	493,674	(156,341)
Market value at 30 September 2016	2	4,387,371	4,387,373	3,587,876
Historic cost			3,687,318	3,466,382

No single investment exceeds 5% of the portfolio value.

	2016 £	2015 £
Investment income is made up of-		
Bank interest	4,153	5,590
Dividends	135,049	134,231
Accrued interest on fixed-interest investments	7,510	6,932
	146,712	146,753

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 2016 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

	2016 £	2015 £
Clothing stock	3,852	5,461
Christmas cards stock	2,145	1,083
	5,997	6,544

11 Debtors

	2016 £	2015 £
Rent and housing benefits	4,985	2,698
Specific fundraising appeals	75,000	12,973
Prepayments	36,642	31,645
Other debtors	16,870	21,923
	133,497	69,239

12 Creditors falling due in less than one year

	2016 £	2015 £
Trade creditors	151,448	163,008
Accruals	29,671	12,500
Other creditors	25,410	11,290
	206,529	186,798

13 Permanent Endowment

	At 1 October 2015 £	Incoming resources £	Outgoing resources £	Realised and unrealised gains/(losses) £	Transfers between funds £	At 30 September 2016 £
Hollenden House Endowment Reserve	2,139,261	-	-	260,881	-	2,400,142

14 Restricted funds

	At 1 October 2015 £	Incoming resources £	Outgoing resources £	Realised and unrealised gains/(losses) £	Transfers between funds £	At 30 September 2016 £
a Greater London Authority (GLA) grant	155,865	-	-	-	-	155,865
b Housing Association Grant	400,000	-	-	-	-	400,000
c New Belvedere House fund	2,387,721	-	52,241	-	-	2,335,480
d Professional Support Co-ordinator	-	39,000	39,000	-	-	-
e Outreach workers	-	71,884	71,884	-	-	-
f NBH room sponsorship	-	5,000	5,000	-	-	-
g Clothing fund grant	6,240	-	6,240	-	-	-
h Not Forgotten Association (donation in kind)	-	146	146	-	-	-
i Armed Forces Covenant grant	25,158	-	25,158	-	-	-
j Grants for individuals	-	48,766	48,766	-	-	-
k New Belvedere House Development Fund	2,911,760	2,095,465	209,547	323,522	(303,700)	4,817,500
l RACWMBF Hardship Fund	10,000	-	10,000	-	-	-
m Training Fund	-	20,000	20,000	-	-	-
	5,896,744	2,280,261	487,982	323,522	(303,700)	7,708,845

14 **Restricted funds** (continued)

a. 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.

b. 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.

c. The New Belvedere House fund represents grants received for extending the buildings between 2003 and 2006, plus the revaluation in 2014 (see Note 8), less an annual depreciation charge.

d. A grant from the Henry Smith Charity to fund the Professional Support Co-Ordinator role.

e. Support for the Outreach Worker posts has come from SSAFA (donations in kind £64,792 and travel costs £7,092).

f. A grant from the Royal British Legion to cover the cost of an individual room at the charity's New Belvedere House hostel.

g. A grant from the Hedley Foundation to provide new clothing to ex-servicemen and women being assisted by Veterans Aid.

h. A donation in kind from the Not Forgotten Association (see note 4)

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

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

k. The New Belvedere House Development Fund represents monies raised for the refurbishment of New Belvedere House. During the year grants and donations were received from the Greater London Authority (£1,320,000), and Trusts, Livery Companies and individual donors totalling £775,465.

l. The Royal Armoured Corps War Memorial Benevolent Fund Hardship Fund is to provide emergency assistance to former members of the Royal Armoured Corps.

m. A grant from the Drapers Charitable Fund to fund client training.

Transfers between Funds

A transfer was made from Restricted to Unrestricted Funds to recognise the management input to the New Belvedere House Development.

15 Unrestricted funds

	At 1 October 2015 £	Incoming resources £	Outgoing resources £	Realised and unrealised gains £	Transfers between funds £	At 30 September 2016 £
Designated fund	323,600	-	231,600	-	-	92,000
General Fund	663,026	1,138,443	1,209,180	-	303,700	895,989
	986,626	1,138,443	1,440,780	-	303,700	987,989

In order to raise the necessary funding for the New Belvedere House refurbishment project, the Trustees employed a firm of fundraising consultants specifically to work on this project. They designated a sum of £500,000 from the Unrestricted Reserves to cover the costs, of which £176,400 was spent in 2014/15 and £231,600 in 2015/16, with the balance to be spent in 2016/17. The balance in the General Fund at 30 September 2016 represents an estimated six months operating costs.

16 Analysis of net assets between funds

	Tangible fixed assets £	Investments £	Pension Deficit Provision £	Net current assets £	Total £
Hollenden House Endowment reserve	-	1,923,148	-	476,994	2,400,142
Clothing funding grant	-	-	-	-	-
Armed Forces Covenant grant	-	-	-	-	-
Greater London Council (GLC) grant	155,865	-	-	-	155,865
Housing Association grant	400,000	-	-	-	400,000
New Belvedere House fund	2,335,480	-	-	-	2,335,480
New Belvedere House Development Fund	2,264,220	2,607,997	-	(54,717)	4,817,500
RACWMBF Hardship Fund	-	-	-	-	-
Designated funds	-	-	-	92,000	92,000
General funds	154,230	2	(75,213)	816,970	895,989
	5,309,795	4,531,147	(75,213)	1,331,247	11,096,976

17 Revaluation reserves

	Permanent Endowment fund £	Restricted funds £	Unrestricted funds £	2016 Total £	2015 Total £
Included within the funds explained in notes 13 to 15 are revaluation reserves with the following values:					
Quoted securities	491,379	208,674	-	700,053	121,491
Freehold land and buildings	-	1,878,849	-	1,878,849	1,906,379
	491,379	2,087,523	-	2,578,902	2,027,870

Included within the figure for the Permanent Endowment Fund are unrealised gains arising in the year of £245,346 (2015: losses of £54,211).
Included within the figure for the Restricted Funds are unrealised gains arising in the year of £248,328 (2015: loss of £102,130).

18 **Commitment under operating leases**

	Land and buildings	Other	Total 2016	Total 2015
	£	£	£	£
Due within one year	50,453	1,483	51,936	52,273
Between 2 and 5 years	21,022	1,050	22,072	74,008
	71,475	2,533	74,008	126,281

The premises at 40 Buckingham Palace Road are leased at a cost of £10,511 plus irrecoverable VAT per quarter. The lease ends on 28 February 2018.
Photocopiers are leased from BNP Paribas. The lease ends on 12 June 2018.

19 **Related party transactions**

There were no related party transactions in either 2015 or 2016.

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 2016 the total of these guarantees was £70 (2015: £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 possibility 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**

The Charity is a Registered Provider of Social Housing, registered with the Homes and Communities Agency in England (registration number LH0674). In preparing these accounts the Trustees have considered whether the charity ought to prepare its financial statements in accordance with Housing SORP 2014: Statement of Recommended Practice for registered social housing providers (RSL SORP). They consider the activities of the charity to be much wider than the provision of social housing and have considered the status of the occupants of New Belvedere House, who are beneficiaries of the charity rather than tenants with rights under the Landlord and Tenant Act. They have therefore concluded that it is most appropriate for the charity to prepare its financial statements under the Charities SORP. Further details of the changes that would be required were the RSL SORP to be used are not included on the basis that they provide no additional useful information to the users of the financial statements. However, reference is made to the RSL SORP where the charity SORP is silent on any particular issue.

23 **Income from government grants**

The charity was in receipt of amounts from national and local government sources as follows:

	2016	2015
	£	£
Capital grants (credited to restricted funds)	1,320,000	3,000,000
Income from hostel activities (unrestricted)	75,138	150,275

24 Comparative statement of financial activities

	Unrestricted funds £	Designated funds £	Restricted funds £	Permanent endowment £	Total 2015 £
Income and Endowments from:					
Donations & Legacies (including Gift Aid)	423,714	-	2,000	-	425,714
Charitable Activities	507,959	-	83,108	-	591,067
Grants	-	-	3,220,388	-	3,220,388
Other trading activities	590,337	-	-	-	590,337
Investments	146,753	-	-	-	146,753
Total income	1,668,763	-	3,305,496	-	4,974,259
Expenditure on:					
Raising Funds	67,273	176,400	-	-	243,673
Charitable Activities	1,400,897	-	420,623	-	1,821,520
Total expenditure	1,468,170	176,400	420,623	-	2,065,193
Net gains/(losses) on investments	-	-	(125,240)	(76,914)	(202,154)
Net income/ (expenditure)	200,593	(176,400)	2,759,633	(76,914)	2,706,912
Transfers between funds	(500,000)	500,000	-	-	-
Actuarial losses on defined benefit pension schemes	(830)	-	-	-	(830)
Net movement in funds	(300,237)	323,600	2,759,633	(76,914)	2,706,082
Reconciliation of funds					
Total funds brought forward	963,264	-	3,137,111	2,216,175	6,316,551
Total funds carried forward	663,026	323,600	5,896,744	2,139,261	9,022,631

25 Reconciliations on adoption of FRS102

Reserves Adjustment 30 September 2014	Unrestricted funds £	Designated funds £	Restricted funds £	Endowed funds £	2014 Total £
As stated under previous GAAP	1,034,440	-	3,137,111	2,216,176	6,387,727
Adjustments arising from transition to FRS 102:					
Defined benefit pension liability	(71,176)	-	-	-	(71,176)
	963,264	-	3,137,111	2,216,176	6,316,551

Reserves Adjustment 30 September 2015	Unrestricted funds £	Designated funds £	Restricted funds £	Endowed funds £	2015 Total £
As stated under previous GAAP	734,492	323,600	5,896,744	2,139,261	9,094,097
Adjustments arising from transition to FRS 102:					
Defined benefit pension liability	(65,364)	-	-	-	(65,364)
Accrued holiday pay	(6,102)	-	-	-	(6,102)
	663,026	323,600	5,896,744	2,139,261	9,022,631

At the date of transition in applying the requirement to recognise liabilities arising from the pension scheme deficit recovery plans, a liability was recognised for the present value of future contributions payable by the Charity in respect of the defined benefit structures of the Pensions Trust.
In applying the requirement to recognise the accrued value of staff holiday pay the unused holiday entitlement as at 30th September 2015 was calculated. This information is not available for 30th September 2014 so no adjustment has been made to the reserves at that date.

Reconciliation of net income for the year ended 30 September 2015	Unrestricted funds £	Designated funds £	Restricted funds £	Endowed funds £	2015 Total £
Net income as reported previously under UK GAAP	200,052	(176,400)	2,861,763	(22,703)	2,862,712
Adjustments arising from transition to FRS 102:					
Defined benefit pension liability	6,642	-	-	-	6,642
Holiday pay accrual	(6,102)				(6,102)
Movements on investments now reported as a component of net income					
Unrealised investment gains/(losses)	-	-	(102,130)	(54,211)	(156,341)
Net income reported under FRS 102	200,592	(176,400)	2,759,633	(76,914)	2,706,911
Transfers between funds	(500,000)	500,000	-	-	-
Actuarial movements on defined benefit pension scheme	(830)	-	-	-	(830)
Net movement in funds as reported under FRS 102	(300,238)	323,600	2,759,633	(76,914)	2,706,081