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

Veterans Aid

VA transforms lives every day

Annual Report and Financial Statements
For the year ended 30 September 2017

VETERANS AID

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017

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VETERANS AID

LEGAL AND ADMINISTRATIVE INFORMATION

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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	27 Victoria Square London SW1W 0RB
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.

VETERANS AID

CHAIRMAN'S REPORT ON ACTIVITY
FOR THE YEAR ENDED 30 SEPTEMBER 2017

This has been another amazing year for Veteran's Aid. The Welfare to Well-Being© model continues to attract global interest and is seen by those organisations with whom we work in the homelessness sector as a paradigm. Every individual who crosses VA's threshold seeking help is provided with immediate, bespoke support. Over time those who have lost hope are empowered and resourced, enabling them to break the invidious cycles of dependency that stop them from moving forward.

The redevelopment of New Belvedere House has continued apace. Residents, staff and our many supporters have seen construction teams erect and transform a roofless hulk into smart, individual accommodation units that meet the aspirations of all who live and work in this very special place. The redevelopment has been an enormous undertaking, requiring commitment and patience. I want to place on record my sincere thanks to all the VA clients and staff who have lived through the disruption and also to our supporters who have contributed so generously towards delivery of the project.

Not least I must thank the management team for its strong leadership in overseeing this development while effecting the move of the charity's HQ and Operations Centre to new and more fit for purpose accommodation in Victoria Square.

....
Col Paul Cummings
Chairman

26 April 2018

I write this as the new Homelessness Reduction Act comes into force. It is, by any measure, a positive step forward, particularly from the point of view of prevention. The Government has set aside £72m over three years to help councils in England hire extra staff to cope with the expected rise in demand for homelessness assistance. Councils say this is woefully inadequate to deal with the higher costs of dealing with a housing instability problem that shows little sign of abating. I think there is a determination to break the cycle of homelessness but, good intentions aside, unless there is a significant attempt to provide more sustainable and affordable social housing and deal with soaring levels of poverty in the UK, it is hard to see how homelessness can be completely eradicated.

Last year Veterans Aid appropriately accommodated 136 clients; more than 100 of those interventions were preventative. Sajid Javid, the Communities Secretary, describes the Act as an indicator of the Government's determination to "break the homelessness cycle". In every sense, the work of Veterans Aid is already well in advance of the new Act's aspiration. Our Welfare to Wellbeing model has been preventing individuals getting on the streets – and reducing homelessness among veterans - for many years. Indeed, I am firm in my view that today, in Britain, there is no need for any veteran to be rough sleeping. We regularly pre-empt homelessness and find accommodation for veterans in crisis because the number of available places far outstrips the need.

It has been a difficult but successful year for fundraising. We have had wonderful financial support from benefactors such as The Michael Uren Foundation, John Slater Foundation and many, many others.

The published accounts show that the reserves of the charity total £11.454 million (2016 £11.097 million). However, those reserves are heavily invested in fixed assets of £8.260 million (2016 £5.310 million) which include the substantial improvements to New Belvedere House; to that extent the reserves are not available for use by the charity.

Facts notwithstanding elements of the media and Third Sector still behave as though nothing is done for veterans and huge numbers of veterans are forced to live on the streets of Britain. Welfare to Wellbeing is a sophisticated, reliable and highly effective pathway which results in around 90% of our clients getting back on their feet. This is unmatched in the sector and the model is receiving widespread international attention from places as diverse as Israel, Denmark, Taiwan, Canada and the USA.

It is gratifying to note that our success has at last come to the attention of the Greater London Authority and London Mayor Sadiq Khan, who has teamed up with us to support a key project offering a route off the street for every UK veteran who is homeless or facing homelessness in the capital.

The end of the refurbishment/redevelopment programme for New Belvedere House is in sight and the comparison between the old and new is simply breath-taking. What has been created is a residence that is truly fit for purpose in the 21st Century and one I believe to be, globally, in a class of its' own. The project is the biggest thing we have done in our 85-year history and has cost a staggering £8.2m.

The pressure on everyone - the Board, contractors and VA staff - has been unrelenting. The project has taken the best part of four years throughout which New Belvedere House staff, under Pat O'Connor and Dennis Murphy, have constantly delivered a high-quality service that has seen few failures.

Against this stressful background we also relocated our HQ and Ops Centre; no mean feat when still fully engaged operationally. Natalia Dabrowska and Marianna Prota worked tirelessly to achieve a truly fantastic outcome. So, in every sense, by mid-summer 2018, I can confidently say that the charity will be fighting fit for the challenges ahead.

In closing, I am delighted to say that Veterans Aid has responded brilliantly to the trials it has had to overcome but there is no doubt that we are facing a new era. Our investment in New Belvedere House sends the clear message that it is time to reject 'business as usual' in our sector. We know what works and what does not work for our clients and our outcomes vindicate this view. Creative compassion, based on the actual needs of a client, which offers hope rather than denial of humanity levied by the imposition of intolerable bureaucracy - this will be our means of fighting for those veterans who still, to this day, despite a plethora of veteran initiatives, fall through the cracks.

....
Wing Commander Dr Hugh Milroy OBE, BTh, MA, PhD DCL (h.c.)
Chief Executive

26 April 2018

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 2017. The Trustees have adopted the provisions of the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic Ireland (FRS 102) effective from accounting periods 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 benefits of VA's work are multiple and demonstrable. They can be classed as direct (i.e. where the charity prevents or addresses homelessness, social isolation and its consequences for clients) and indirect (i.e. where interventions to restore an individual to health and independence result in a family being reunited and domestic support networks being restored).

Below-the-line metrics such as 'savings to society' can be estimated by referencing the through-life costs - to the NHS, Prison Service, Benefits Agency and other Third Sector organisations – associated with social isolation. For example, in 2015 the Crisis study At What Cost? estimated that the cost to society of a single person sleeping rough for 12 months was £20,128 – against the cost of an effective intervention of £1,426. Given

Overall statement of public benefit (continued)
that a steady 90%+ of VA interventions are successful, the public benefit in financial terms alone is significant.

- **Substance misuse.**
  During the reporting year 50 clients were placed in substance misuse programmes across the country, compared to 35 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, by contrast, offers a powerhouse of diverse in-house expertise (social workers, substance misuse counsellor, military psychiatrist) that is augmented by access to an even wider network of external specialists (barristers, solicitors, academics etc.) who can be called upon to work in concert and minimise the prospect of VA "graduates" failing. This external network operates on a national basis and embraces all manner of agencies and support services. In 2017 the Charity placed 136 clients into some form of sustainable accommodation ((2016: 154), very few of whom returned to their previous existence.

- **Raising awareness and appreciation of the Charity's capability**
  External media exposure is largely events-driven and related to how much the market will bear on relevant issues. We continue to be proactive about the positives, reactive about the newsworthy and at pains not to be included among the negative. Editorial generated in-house for use in external and internal publications continues to prove popular and has the advantage of leaving us in control of our messaging. (A notable example is the report of the first visit of RLC chefs to the NBH training kitchen).

  VA has continued to utilise the mechanisms described in last year's report, refining and developing in-house social media skills to effect better SEO (search engine optimisation) and thus greater visibility. In January 2018 VA became an Amazon Smile beneficiary.

  In an increasingly competitive arena we successfully applied for GLA and BFBS Big Salute grants, both of which generated external publicity and provided platforms upon which the charity was able to showcase its successes, illustrate third party endorsement, appear on the (civilian and military) media radar and produce associated social and traditional media output. VA's reputation for rapid response, willingness to engage and honesty about often controversial issues drives media representatives to us but this requires the charity to be particularly

- **Raising awareness and appreciation of the Charity's capability** (continued)
  rigorous about its own conduct. Accordingly, we take pains to be scrupulously compliant with emerging legislation and are undergoing external validation through the Pro Bono Economics performance measurement process.

  Due diligence undertaken on VA by two high value supporters resulted in the Charity being selected for their personal Tweed Challenge fundraiser – a venture that is yielding income as well as raising awareness in key areas.

  International interest in the VA model remains strong and our exclusive hosting of Canadian Veterans Ombudsman M Guy Parent last year was reported in Politics Home and its Canadian parliamentary counterpart, The Hill. Links recently forged with Ruskin College, Oxford and The Royal Agricultural University have distinguished VA as an organisation uniquely connected with education/ training providers of the highest calibre and collaboration with Homeless Link has fostered an exchange visit with Swords to Plowshares (annual budget $19m). This US not-for-profit organisation, which is recognised internationally for its model programs, expert leadership and continued dedication to lobbying on behalf of US veterans, also did due diligence on the charity as a result of which VA will be hosting its first intern at the end of April.

  Finally, three members of the charity have had a joint evidence submission to The Defence Select Committee accepted ahead of its review of mental health provision for veterans. This follows an earlier key contribution by a VA team to the Committee regarding passage of The Awards for Valour (Protection) Bill.

ACTIVITY 2017

22,000
NIGHTS OF ACCOMMODATION
FOR EX-SERVICEMEN & WOMEN

50
VETERANS THROUGH
ADDICTION TREATMENT

479
CLIENTS

136
VETERANS APPROPRIATELY HOMED

67
NATIONALITIES
DEALT WITH

92
VETERANS INTO
WORK & ON TRAINING
COURSES

Governance

The Trustees are committed to strong governance and the Chairman has 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.

As a precaution we expanded our coverage in this area and added the Honorary Compliance Adviser who has a relevant and extensive corporate governance experience. The Charity will certainly benefit from another capable pair of eyes on compliance matters.

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 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, NBH Manager, Head of Media & Communications and Head of Fundraising.

Strategic plan

The Charity has a 5-year plan covering the years 2013 to 2018 which is nearly at the end. Its aims are as follows:

- To develop our initial services – new National Centre for Homeless Veterans
- To expand our New Belvedere House by creating a new wing
- To expand our services at New Belvedere House– working persons' home
- To establish a home 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 remains the refurbishment of New Belvedere House; once the works are completed we will look carefully how to efficiently use our resources and intellectual capital in creation of the next 5-year strategic plan.

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
Once again, carrying out 'business as usual' has to be considered an achievement; the dual burden, towards the end of the year, of fundraising for the NBH project and relocating to 27 Victoria Square put pressure on everyone. Fundraising and Communications have worked increasingly closely to improve the turnover and quality of applications and integrate supporting material.

VA's special relationships with The Royal Hospital, the Army & Navy Club, Victory Services Club, MOD Police, RLC, BFBS and many other members of the Defence community continued to flourish and the Charity was publicly positioned at the heart of London through its endorsement by the GLA and partnership with The London Borough of Westminster.

International relations were reinforced by VA's unique opportunity to host the Canadian Veterans Ombudsman while new diplomatic links were forged with the USA, Israel and Taiwan.

Attendance at selected conferences and symposia in London (e.g. Reducing Homelessness and Rough Sleeping) and Gdansk (FEANTSA) kept VA on the radar of those tackling homelessness. The CEO's appointment as Visiting Senior Lecturer in the Department of Psychological Medicine at King's College London's Institute of Psychiatry, Psychology & Neuroscience further underlined the charity's academic weight and in due course this was augmented by the forging of client-focused partnerships with Ruskin College Oxford and The Royal Agricultural University, Cirencester.

Performance
The range of services, which are provided by social workers, a substance misuse worker, military psychiatrist, 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.

Performance (continued)
The following major funders supported VA from 1st October 2016 to 30th September 2017: Greater London Authority, Blackrock, British Forces Broadcasting Service Big Salute, David and Claudia Harding Foundation, Davies Family Charitable Trust, Erach and Roshan Sadri Foundation, Greenwich Hospital, Guild of St Helena, Her Majesty's Chapel Royal, Hewitsons LLP, LIBOR, Lloyds Patriotic Fund, Ministry of Defence Police, Ninety Degrees South Foundation, Queen Mary Roehampton Trust, Rotary Club of Colchester Trinity, Royal Naval Benevolent Trust, Rugby for Heroes, Seafarers, Special Air Service Regimental Association, St James's Place Foundation, The Albert Hunt Trust, The Band Trust, The Beatrice Laing Trust, The Bernard Sunley Charitable Foundation, The Clothworkers' Foundation, The Drapers' Charitable Fund, The Dulverton Trust, The Garfield Weston Foundation, The Henry Smith Charity, The John Slater Foundation, The Leathersellers' Company Charitable Fund, The London Borough of Tower Hamlets, The Michael Uren Foundation, The Paragon Trust, The Patrick & Helena Frost Foundation, The Ropner Centenary Trust, The Royal Artillery Charitable Fund, The Royal British Legion, The Royal British Legion Attendants Company Trust, The Royal Navy and Royal Marines Charity, The Royal Regiment of Fusiliers, The Royal Scots Dragoon Guards, The Royal Signals Benevolent Fund, The Stella Symons Charitable Trust, The Stock Exchange Veterans Charity Association, The Tanner Trust, The Westminster Foundation, The William Allen Young Charitable Trust, The Worshipful Company of Cooks, The Worshipful Company of Scientific Instrument Makers, The Yorkshire Regiment Benevolent Trust, Trinity House, Waitrose, Worshipful Company of Tylers and Bricklayers.

New Belvedere House's accommodation capacity is 55; this will rise to 66 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 of Tower Hamlets (formerly the Supporting People team). We continue to provide detailed annual reports about the service users and staffing levels. Those reports are supported by numerous documents that are reviewed annually (Risk Assessments, Emergency Evacuation Plan, Healthy and Safety Audit, Fire Safety Report, Staff Training Summary and Safeguarding Policy). Veterans Aid continues to meet the standards.

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.

Investments
Veterans Aid investments stand at £3.23m (2016: £4.39m), with a further £75k (2016: £143k) 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 £2,036k (2016: £3,419k), 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 2017, the unrestricted funds showed a deficit of £647k (2016: deficit of 67k). The surplus of £918k (2016: surplus £2,115k), 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.

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 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 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 2017 is £322k (2016: £896k) which represents an estimated three 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 the charity. An accident involving a member of the public at a fundraising event, or an employee injuring themselves at the charity's premises, could result in legal action taken against the organisation. We have therefore ensured that

Robust insurance cover (continued)
our annual insurance review is thorough, far-reaching, comprehensive and reflective of all our activity.

Cyber security & Data Protection
Data security is now a significant risk for all organisations. We understand the importance of taking appropriate steps to safeguard information assets and are committed to protecting sensitive and personal information of all the data subjects. 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. Our approach to information security does not rely merely upon written policies. We maintain the confidentiality, integrity and availability of information through the protection of our technology resources and assets. 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.

In a world of competing demands, cultural emphasis on costs and savings, Veterans Aid sees data protection and cyber security expenditure as both justifiable and essential.

For over 18 months we've been preparing for GDPR (that will come into effect at the end of May 2018) to ensure the Charity is compliant.

Thanks to the activities that were completed in the summer (i.e. encryption of all portable devices and installation of antivirus, web & ransomware protection) we met the requirements for obtaining Cyber Security Insurance Cover. We will continue investing and reviewing our activities to make sure we have adequate layers of protection.

A decline in funding and donations
It is self-evident that despite recent our 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. But we are not sanguine about the fundraising context. Competition for funding is fierce and the military charity sector is wealthy but far from immune to economic downturn. Raising the £8.2m for New Belvedere House has been a challenge and at this point in time, we have approximately £1m left to raise. To make sure that we deliver the project on time in summer 2018 we are eating into our last £2m of Reserves while still fundraising to close the gap. Our professionalisation 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. To an extent Housing Benefit revenue from rental will counter this blow but the charity is far from complacent.

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 one 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

Interaction between Management and Specialist boards is dynamic, responsive, and constant. It has proved to be a highly effective working model referencing internal and external issues. The former includes HR, organisational structure, charity culture, management issues, oversight of assets and financial strength. The latter references economic conditions, market competition, legislative changes, media, politics, reputation and demographics.

Finance and accounting review

The Charity has £11,433,518 of net assets (2016: £11,096,976), of which £8,259,712 (2016: £5,309,795) are tangible fixed assets. The charity has £223,025 of cash balances available at one month's notice or less (2016: £1,398,282). 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.

- Restricted funds (note 14)
  Total restricted funds are £8,626,945 (2016: £7,708,844). The increase is mainly due to the grants for the New Belvedere House Redevelopment.

- Unrestricted Funds (note 15)
  Unrestricted funds are as follows:
  - General Fund – represents an estimated three 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 LLP will be put to the Annual General Meeting in April 2018.

Approved by the Trustees on 26th April 2018 and signed on their behalf by

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

G Holbourn ....
G J Holbourn
Trustee

26th April 2018

Opinion
We have audited the financial statements of Veterans Aid for the year ended 30 September 2017 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the charitable company's state of affairs as at 30 September 2017 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.

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

We have nothing to report in respect of the following matters where the 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and to take advantage of the small companies exemption in preparing the Trustees' Annual Report and the Strategic Report.

Responsibilities of trustees
As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also directors of the charitable 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements
We have been appointed as auditors under the Companies Act 2006 and report in accordance with that Act.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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

26 April 2018

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

VETERANS AID

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Notes	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Permanent Endowment £	Total 2017 £	Total 2016 £
Income and Endowments from:							
Donations & Legacies (including Gift Aid)		316,185	-	-	-	316,185	589,078
Charitable activities							
Rents		386,825	-	-	-	386,825	423,226
Grants		-	-	176,147		176,147	179,795
Grants		-	-	1,014,500	-	1,014,500	1,981,000
Other trading activities		3,228	-	-	-	3,228	98,893
Investments	9	138,615	-	-	-	138,615	146,712
Total income		844,853	-	1,190,647	-	2,035,500	3,418,704
Expenditure on:							
Raising Funds		140,760	19,200	-	-	159,960	294,342
Charitable activities		1,351,738	-	341,129	-	1,692,867	1,631,033
Total expenditure	2	1,492,498	19,200	341,129	-	1,852,827	1,925,375
Net gains on investments		-	-	68,582	104,285	172,867	584,403
Net income/ (expenditure) carried to page 24		(647,645)	(19,200)	918,100	104,285	355,540	2,077,732

STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Notes	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Permanent Endowment £	Total 2017 £	Total 2016 £
Net (expenditure)/ income brought down from page 23		(647,645)	(19,200)	918,100	104,285	355,540	2,077,732
Transfers between funds		72,800	(72,800)	-	-	-	-
Actuarial losses on defined benefit pension scheme		1,001	-	-	-	1,001	(3,387)
Net movement in funds		(573,844)	(92,000)	918,100	104,285	356,541	2,074,345
Total funds brought forward		895,989	92,000	7,708,845	2,400,142	11,096,976	9,022,631
Total funds carried forward		322,145	-	8,626,945	2,504,427	11,453,517	11,096,976

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 £231,600 was spent in 2015/6 and £19,200 in 2016/7. A decision was made to transfer fundraising activities in house during 2017 so as to control expenditure so the remainder of this fund is not required and has been returned to unrestricted funds.

Net income/(expenditure) and reserves
This is the third year that the £8m+ project to refurbish New Belvedere House (NBH) has had a significant impact on the charity's accounts, as funds received in one financial year have been paid out in later years, while the sums expended on the project have been capitalised as Fixed Assets, and therefore excluded from the expenditure figures. This has the effect of showing a balance in the Restricted Funds at the year-end that is largely comprised of monies already expended on the refurbishment project.

Included in the Restricted Fund balance of £8.6m is an amount of £5.3m that has been paid out on the NBH project over the three years and capitalised, and therefore does not reduce the reserves figure.

Of the total reserves of £11.4m, fixed assets account for £8.2m, which are not available as liquid assets. The bulk of this fixed asset figure is represented by the NBH freehold premises, which the charity requires to carry out its charitable activities.

The bulk of the Restricted Fund surplus for the year is made up of grants towards the NBH project, which totalled £989,550 during the year (2016: £2,095,465) – see note 14. 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 on the project amounting to £3,060,353 (2016 : £1,635,764) in the current year has been capitalised (see note 8) and therefore excluded from the expenditure figures shown above.

The notes on pages 28 to 44 form part of these financial statements.

SUMMARY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	2017 £	2016 £
Gross income	2,035,500	3,418,704
Realised gains/(losses) on disposal of fixed assets	-	-
Total income	2,035,500	3,418,704
Total expenditure	(1,852,827)	(1,925,375)
Net gains/(losses) on investments	68,582	323,522
Net income/(expenditure)	251,255	1,816,851

Total income comprises £844,853 (2016: £1,138,443) for unrestricted funds and £1,190,647 (2016: £2,280,261) 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 £1,492,498 (2016: £1,437,393) for unrestricted funds and £341,129 (2016: £487,982) 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 23 and 24 which together with the notes to the financial statements on pages 28 to 44 provide full information on the movements during the year on all the funds of the charity.

VETERANS AID

BALANCE SHEET
AS AT 30 SEPTEMBER 2017

	Notes		2017		2016
		£	£	£	£
Fixed assets					
Tangible fixed assets	8		8,259,712		5,309,795
Investments	9		3,306,611		4,531,147
			11,566,323		9,840,942
Current assets					
Stock	10	3,367		5,997	
Debtors	11	68,937		133,497	
Cash at bank and in hand		223,025		1,398,282	
		295,329		1,537,776	
Current liabilities					
Creditors: Amounts falling due in less than one year	12	340,911		206,529	
Net current (liabilities)/ assets			(45,582)		1,331,247
Less: Pension deficit provision	5		(67,224)		(75,213)
Net assets			11,453,517		11,096,976
Funds					
Permanent Endowment	13		2,504,427		2,400,142
Restricted funds	14		8,626,945		7,708,845
Unrestricted funds: General funds	15		322,145		987,989
Total funds	16		11,453,517		11,096,976

Approved by the Trustees on 2018 and signed on their behalf by

G Holbourn

G J Holbourn
Trustee
Company Number 4544532

The notes on pages 28 to 44 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Note	2017 £	2016 £
Net cash provided by operating activities (A)	i	365,915	1,431,548
Cash flows from investing activities			
Dividends, interest and rents from investments		138,615	146,133
Proceeds from the sale of property, plant and equipment		-	-
Purchase of property, plant and equipment		(3,078,191)	(1,806,815)
Proceeds from sale of investments		1,587,395	1,531,780
Movement in cash held as an investment		69,250	310,691
Purchase of investments		(258,242)	(1,746,876)
Net cash used in investing activities (B)		(1,541,173)	(1,565,087)
Net (increase)/decrease in cash & cash equivalents (A+B)		(1,175,258)	(133,539)
Cash and cash equivalents at the beginning of the year		1,398,283	1,531,822
Cash and cash equivalents at end of the year		223,025	1,398,283

Notes to the cash flow statement

(i) Reconciliation of net movement in funds to net cash flow from operating activities	2017 £	2016 £
Net movement in funds	355,540	2,077,732
Add back depreciation charge	128,274	122,449
Deduct investment income	(138,615)	(146,712)
(Deduct)/add back (gain)/loss on investments	(172,867)	(584,403)
Decrease in stocks	2,630	547
(Increase)/decrease in debtors	64,560	(64,258)
Increase in creditors	134,382	19,731
Movement in pension scheme provision	(7,989)	6,462
Net cash provided by operating activities	365,915	1,431,548

The notes on pages 28 to 44 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 2016)' 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 Accommodation and support for Veterans in crisis.
The charity runs New Belvedere House 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.

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 2017 represents an estimated three months operating costs.

1.15 **Revaluations**

Investments are revalued to market value as at 30th September 2017 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 2017 or 2016

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.

2 Resources expended

	Direct expenses Staff £	Direct expenses Other £	Support costs Staff £	Support costs Other £	Total 2017 £	Total 2016 £
Raising funds						
Fundraising costs	-	39,564	71,287	19,694	130,545	266,303
Investment management costs	-	25,551	-	-	25,551	25,793
Cost of goods sold	-	-	-	3,864	3,864	2,246
Charitable activities						
Accommodation and support for homeless veterans	301,855	229,651	113,208	134,313	779,027	813,106
Rehabilitation and emergency care for homeless veterans	-	329,397	453,957	130,486	913,840	817,927
	301,855	624,163	638,452	288,357	1,852,827	1,925,375

	2017 £	2016 £
Total resources expended are stated after charging:		
Depreciation (see note 1.8 and 8)	128,275	122,449
Auditors remuneration:		
For audit	16,300	17,000
For other services	-	-
Amounts payable under operating leases	52,191	52,127

Governance (included in Support Costs above)

	2017 £	2016 £
Audit fees	16,300	17,000
Trustee expenses	1,519	1,899
Staff Costs allocation	22,644	21,816
Office Costs allocation	4,985	5,191
Other	717	705
	46,165	46,611

3 Staff costs

	2017	**2016**
	£	**£**
Wages and salaries	797,680	738,673
Social security	76,371	70,352
Pension costs	28,674	25,070
Pension deficit contributions	-	13,196
	902,726	847,291
Other staff costs	37,580	17,412
	940,306	864,703

Two members of staff (2016: 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 £60,026 (2016: £58,872) and social security costs of £6,488 (2016: £5,920) for these secondees are included in the above figures.

Average number of staff:	**2017**	**2016**
The average number of staff, based on average head count, working during the year was	**Number**	Number
NBH staff and care workers	12	13
Administration	10	9

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

£60,000 to £69,999	1	1
£90,000 to £99,999	1	1

During the year the pension contributions on behalf of these members of staff amounted to £12,136 (2016: £8,315).

	2017	**2016**
	£	**£**
The total remuneration of key management personnel, who comprise the CEO and the NBH Manager, was	165,541	161,665

4 Donations in Kind

	Notes	**2017**	**2016**
		£	**£**
SSAFA provided seconded staff at an estimated value of	3	66,514	64,792
The Not Forgotten Association provided a television licence for New Belvedere House at a value of		146	146
Total		66,660	64,938

5 Pension plan

5.1 The Pensions Trust

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.

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, TPT 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)
From 1 April 2016 to 30 September 2028:	£55k per annum	(payable monthly and increasing by 3% each on 1st April)

Unless a concession has been agreed with the Trustee the term to 30 September 2025 applies.

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.

5.1.1 Present value of provision for Veterans Aid

	30 September 2017	30 September 2016	30 September 2015
	£	£	£
Present value of provision	67,244	75,213	65,364

5 **Pension plan** (continued)

5.1.2 Reconciliation of opening and closing provisions for Veterans Aid

	2017	2016
	£	£
Provision at start of period	75,213	65,364
Unwinding of the discount factor (interest expense)	817	1,337
Deficit contribution paid by Veterans Aid during the year	(7,805)	(8,071)
Remeasurements - impact of any change in assumptions	(1,001)	3,387
Remeasurements - amendments to the contribution schedule	-	13,196
Provision at end of period	67,224	75,213

5.1.3 Income and expenditure impact

	2017	2016
	£	£
Interest expense	817	1,337
Remeasurements – impact of any change in assumptions	(1,001)	3,387
Remeasurements – amendments to the contribution schedule	-	13,196
Contributions paid in respect of future service*	-	-
Costs recognised in Statement of Financial Activities	(184)	17,920

*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

5.1.4 Assumptions

	30 September 2017	30 September 2016	30 September 2015
	% per annum	% per annum	% per annum
Rate of discount	1.52	1.15	2.18

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 (2016 : 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 12 (2016 : 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 £1,519 (2016: £1,899) were reimbursed to 3 (2016: 2) 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 2016	3,000,000	2,264,220	509,819	5,774,039
Revaluations	-	-	-	-
Additions	-	3,060,352	17,839	3,078,191
At 30 September 2017	3,000,000	5,324,572	527,658	8,852,230
Depreciation				
At 1 October 2016	104,482	-	359,762	464,244
Charge for the year	52,241	-	76,033	128,274
Write-back on revaluation	-	-	-	-
At 30 September 2017	156,723	-	435,795	592,518
Net Book value At 30 September 2017	2,843,277	5,324,572	91,863	8,259,712
At 30 September 2016	2,895,518	2,264,220	150,057	5,309,795

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.

Capital commitments
The charity had the following capital commitments at 30 September 2017:

	2017 £	2016 £
Authorised and contracted for	2,742,238	1,397,951

At 30th September 2017 there was a commitment to the main contractors for the New Belvedere House refurbishment of £2.7m (2016: £1.4m). In addition to the sum of £1.3m held in investments for the project, grants to the sum of £814k have been committed towards this sum from local authorities (£312k) and Trusts & Foundations (£552k). Fundraising is continuing to meet the balance.

9 Investments

	2017 £	2016 £
Quoted securities – UK	2,158,787	3,147,370
Quoted securities – Overseas	1,073,015	1,240,001
	3,231,802	4,387,371
Investment in subsidiary	2	2
Accrued investment income	3,133	7,510
Cash balances	71,674	136,264
	3,306,611	4,531,147

	Subsidiary undertakings £	Listed investments £	Total 2017 £	Total 2016 £
Quoted/unquoted securities:				
Market value at 1 October 2016	2	4,387,371	4,387,373	3,587,875
Additions at cost	-	258,242	258,242	1,746,875
Disposals at market value brought forward	-	(1,603,001)	(1,603,001)	(1,441,051)
Unrealised gains/(losses)	-	189,190	189,190	493,674
Market value at 30 September 2017	2	3,231,802	3,231,804	4,387,373
Historic cost			2,413,016	3,687,318

	2017 £	2016 £
Investment income is made up of-		
Bank interest	780	4,153
Dividends	134,702	135,049
Accrued interest on fixed-interest investments	3,133	7,510
	138,615	146,712

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 2017 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

	2017 £	2016 £
Clothing stock	2,426	3,852
Christmas cards stock	941	2,145
	3,367	5,997

11 Debtors

	2017 £	2016 £
Rent and housing benefits	16,307	4,985
Specific fundraising appeals	-	75,000
Prepayments	31,216	36,642
Other debtors	21,414	16,870
	68,937	133,497

12 Creditors falling due in less than one year

	2017 £	2016 £
Trade creditors	66,984	151,448
Accruals	247,842	29,671
Other creditors	26,085	25,410
	340,911	206,529

13 Permanent Endowment

	At 1 October 2016 £	Incoming resources £	Outgoing resources £	Realised and unrealised gains/(losses) £	Transfers between funds £	At 30 September 2017 £
Hollenden House Endowment Reserve	2,400,142	-	-	104,285	-	2,504,427

14 Restricted funds

	At 1 October 2016 £	Incoming resources £	Outgoing resources £	Realised and unrealised gains/(losses) £	Transfers between funds £	At 30 September 2017 £
a Greater London Authority (GLA) Grant	155,865	-	-	-	-	155,865
b Housing Association Grant	400,000	-	-	-	-	400,000
c New Belvedere House fund	2,335,480	-	52,241	-	-	2,283,239
d Outreach workers	-	74,241	74,241	-	-	-
e Not Forgotten Association (donation in kind)	-	146	146	-	-	-
f Grants for individuals	-	42,710	42,710	-	-	-
g New Belvedere House Development Fund	4,817,500	989,550	98,955	68,582	-	5,776,677
h Evening Standard Dispossessed Fund	-	25,000	25,000	-	-	-
i Hand-up for Young Veterans	-	20,000	8,836	-	-	11,164
j Helping Veterans back to an independent life	-	24,000	24,000	-	-	-
k Supporting Veteran Seafarers		15,000	15,000	-	-	-
	7,708,845	1,190,647	341,129	68,582	-	8,626,945

14 **Restricted fund** (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. Support for the Outreach Worker posts has come from SSAFA (donations in kind £66,514 and travel costs £7,728).

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

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

g. 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 Veterans Accommodation Fund (£500,000), and Trusts, Livery Companies and individual donors totalling £489,550.

h. The grant from the Evening Standard Dispossessed Fund helped to fund short-term accommodation for homeless veterans.

i. A grant from the Dulverton Trust to support veterans under the age of 25.

j. A grant from the Royal Navy & Royal Marines Charity and Greenwich Hospital.

k. A grant from Seafarers UK to support Veteran Seafarers.

15 **Unrestricted funds**

	At 1 October 2016 £	Incoming resources £	Outgoing resources £	Realised and unrealised gains £	Transfers between funds £	At 30 September 2017 £
Designated fund	92,000	-	19,200	-	(72,800)	-
General Fund	895,989	844,853	1,492,498	1,001	72,800	322,145
	987,989	844,853	1,511,698	1,001	-	322,145

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, £231,600 in 2015/16 and £19,200 in 2016/17. At the end of this contract there was a remaining balance of £72,800 which the Trustees have returned to the General Fund. The balance in the general fund at 30 September 2017 represents an estimated 3 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	-	2,016,572	-	487,855	2,504,427
Greater London Authority (GLA) Grant	155,865	-	-	-	155,865
Housing Association Grant	400,000	-	-	-	400,000
New Belvedere House fund	2,283,239	-	-	-	2,283,239
New Belvedere House Development Fund	5,324,573	1,290,037	-	(837,933)	5,776,677
Hand-up for Young Veterans	-	-	-	11,164	11,164
Designated funds	-	-	-	-	-
General funds	96,035	2	(67,224)	293,332	322,145
	8,259,712	3,306,611	(67,224)	(45,582)	11,453,517

17 Revaluation reserves

	Permanent Endowment fund £	Restricted funds £	Unrestricted funds £	2017 Total £	2016 Total £
Included within the funds explained in notes 13 to 15 are revaluation reserves with the following values:					
Quoted securities	596,813	221,972	-	818,785	700,053
Freehold land and buildings	-	1,851,320	-	1,851,320	1,878,849
	596,813	2,073,292	-	2,670,105	2,578,902

Included within the figure for the Permanent Endowment Fund are unrealised gains arising in the year of £112,056 (2016: gain of £245,346).
Included within the figure for the Restricted Funds are unrealised gains arising in the year of £77,135 (2016: gain of £248,328).

18 **Commitment under operating leases**

	Land and buildings £	Other £	Total 2017 £	Total 2016 £
Due within one year	21,022	1,783	22,805	51,936
Between 2 and 5 years	-	2,564	2,564	22,072
	21,022	4,347	25,369	74,008

The premises at 40 Buckingham Palace Road were leased at a cost of £10,511 plus irrecoverable VAT per quarter. The lease was due to end on 28 February 2018. By agreement with the landlords, the lease was terminated on 11th December 2017 and Veterans Aid moved to new premises at 27 Victoria Square on that date.

Photocopiers are leased from BNP Paribas. The leases end on 12 June 2018 and 15 March 2022.

19 **Related party transactions**

There were no related party transactions in either 2016 or 2017.

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 2017 the total of these guarantees was £70 (2016: £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:

	2017 £	2016 £
Capital grants (credited to restricted funds)	500,000	1,320,000
Income from NBH activities (unrestricted)	-	75,138
	500,000	1,395,138

24 Comparative statement of financial activities

	Unrestricted funds £	Designated funds £	Restricted funds £	Permanent endowment £	Total 2016 £
Income and Endowments from:					
Donations & Legacies (including Gift Aid)	469,612	-	119,466	-	589,078
Charitable Activities					
Rents	423,226	-	-	-	423,226
Grants	-	-	179,795	-	179,795
Grants	-	-	1,981,000	-	1,981,000
Other trading activities	98,893	-	-	-	98,893
Investments	146,712	-	-	-	146,712
Total income	1,138,443	-	2,280,261	-	3,418,704
Expenditure on:					
Raising Funds	62,742	231,600	-	-	294,342
Charitable activities	1,143,051	-	487,982	-	1,631,033
Total expenditure	1,205,793	231,600	487,982	-	1,925,375
Net gains/(losses) on investments	-	-	323,522	260,881	584,403
Net income/ (expenditure)	(67,350)	(231,600)	2,115,801	260,881	2,077,732
Transfers between funds	303,700	-	(303,700)	-	-
Actuarial losses on defined benefit pension schemes	(3,387)	-	-	-	(3,387)
Net movement in funds	232,963	(231,600)	1,812,101	260,881	2,706,080
Total funds brought forward	663,026	323,600	5,896,744	2,139,261	9,022,631
Total funds carried forward	895,989	92,000	7,708,845	2,400,142	11,096,976