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 2018

VETERANS AID

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

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VETERANS AID

LEGAL AND ADMINISTRATIVE INFORMATION

Patron	The Dowager Viscountess Rothermere
Honorary Life President	Brigadier J F Rickett CBE FinstD

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

Trustees	A G Wallis MBE OL DL (Chairman from 25th October 2018) Colonel P B G Cummings (Chairman to 25th October 2018) Dr P Dyer BA (Hons) MA DUniv (Kent) FBIPP FIOD ACII (Deputy Chairman from 25th October 2018, Chairman of the Business Strategy Committee) R P Clinton BEM FCSI FCT (Honorary Treasurer, Member of the Business Strategy Committee) R Evans DipArch RIBA (Honorary Surveyor) Field Marshal The Lord Walker of Aldringham GCB, CMG, CBE, DL G J Holbourn FCA FCCA DChA (Member of the Business Strategy Committee) Colonel Christopher MacKenzie-Beevor CBE (appointed on 25th October 2018)
Management	Wg Cdr Dr Hugh Milroy OBE BTh MA PhD DCL (h.c.) (Chief Executive, Member of the Business Strategy Committee) Natalia Dabrowska BA (Company Secretary and Head of Administration) Richard Greenhough BCom ACMA (Head of Financial Services) Pat O'Connor MBE (NBH Manager) Glyn Strong MA PGCE MCIPR MCIJ (Head of Media and Communications) Dorothy Jones MInstF (Head of Fundraising)
Advisors	Lt Col Ian Palmer, Professor of Military Psychiatry (Honorary Psychiatric Advisor) Robert Emmet FCA (Honorary Compliance Advisor)
Legal Advisers	Dentons 1 Fleet Place London EC4M 7WS
Auditors	Saffery Champness LLP Chartered Accountants 71 Queen Victoria Street London EC4V 4BE
Investment Managers & Stockbrokers	S & T Asset Management LLP 42-45 Market Street, Stockport, Cheshire SK6 7AA

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 2018

This is my first report as Chairman of the Board of Trustees and I assure you it is an honour to serve in this role. I stand on the shoulders of previous chairmen, trustees, staff and advisors who have all contributed to making VA the outstanding success it is today. Although we were formed in 1932 and have delivered much good work I feel we have now truly 'come of age'. We are poised to assume the mantle of 'game-changers' in the fields of homelessness, poverty and social exclusion.

The redevelopment of New Belvedere House has been an unparalleled success and all involved are to be congratulated. I know of no other institution that could take on an £8.2m project, plan it, execute it and complete it on time, whilst remaining open and operational . . . and with no residual debt. The new facilities are not only fit for purpose but they future-proof the charity for the foreseeable future as a support centre for our veterans'.

Through the dogged determination and sure-footed leadership of the senior management team and trustees, the charity now enjoys international recognition as an innovator in the sector. In addition, the recent independent research paper by US academics published in the European Journal of Homelessness and the ProBono Economics analysis of our data confirming our success rate, validate and justifiably underline my view that VA is setting the bar for work in the field.

We now enter a period of consolidation to replenish our reserves and we look to the future with confidence and fortitude, prepared to step up and help where we are needed most.

I offer sincere thanks to everyone involved in getting us to this point. As Churchill said in 1942:

"Now this is not the end. It is not even the beginning of the end, but it is, perhaps, the end of the beginning!"

We have come of age.

....
Andrew Wallis MBE OL DL
Chairman

18th April 2019

CHIEF EXECUTIVE'S REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2018

Thomas, a Foreign & Commonwealth soldier recently discharged from the British Army, sat opposite me unashamedly crying with relief. And I'm not embarrassed to say that his plight hit me almost as hard.

This simple, fleeting, vignette has stayed with me as an enduring reminder of why Veterans Aid is so special.

Thomas was on the precipice of disaster. Despite his best efforts he was just about to discover what 'living on the streets' in Britain really means. Despair was overwhelming him. Luckily, a charity worker had asked him if he was a veteran and called us.

He arrived with nothing; not even his dignity. His day hadn't factored in a visit to Veterans Aid and he was braced for bad news.

Ironically his tears didn't come because he realised the enormity of his situation, but because I offered him one of the small bars of chocolate occasionally provided by our Patron, to give to clients. That simple act of humanity breached his defences and opened the emotional floodgates.

Thomas had forgotten about acts of kindness and that ordinary gesture both unmanned him and showed him that he could trust again. I can see his face now as I write this, and still find the moment profoundly moving. It also reminds me why our work is so critical. We took him in immediately and some three months later I can tell you that he is homed and working.

A bar of chocolate started his road to recovery. My amazing Board and Staff, both in the HQ/Ops Centre and at New Belvedere House, make such journeys possible every day.

In practical terms our unique working model, Welfare to Wellbeing©, is gaining recognition on a global scale. While this acknowledgement is truly gratifying, the real reward is the growing body of evidence that we are hitting the target.

Several years ago we chose to expose our data and methods to third party scrutiny. We gave unfettered access to Pro Bono Economics so that they could conduct an independent evaluation of our data and outcomes.

I am delighted to say that their study of 166 clients confirmed our stated average success rate of 90%. More importantly, and taking a conservative view, PBE indicated that our work with the sample group had saved the tax-payer nearly £1m.

We also invited a group of US academics to look at our unique methodology. Stephanie Armes PhD, James Muruthi PhD and Professor Jay Mancini conducted a detailed investigation, the results of which further endorsed the viability of the VA model.

I mention these studies because, as time goes by, there is no doubt that the military charity world will come under much greater scrutiny. In this area, as in so many others, Veterans Aid is prescient and ahead of the game.

After some 4 years of refurbishment and construction work I can report that the New Belvedere House project is complete. It is a state-of-the-art facility which has 66 residential rooms and superb facilities such the fully-equipped gym, for which all the equipment was donated. Our new externally funded training kitchen is being put to great use with the support of the Royal Logistic Corps chefs from London District. When "opening" New Belvedere House, London Mayor Sadiq Khan described the facility and our work as "inspirational". The facility is perfectly designed to support our unique Welfare to Wellbeing © modus operandi. The Greater London Authority helped fund the project, bringing its total investment in the charity to date to £1.8m. We are also grateful to the Ministry of Defence for its significant contribution from the Veterans Accommodation Fund.

With regard to the buildings and site, there has been an independent professional revaluation which is now reflected in this year's accounts. The joy from our Charity's perspective is that we have completed the project with no residual debt and, in accordance with the Trustees' wishes, we kept significant levels of occupancy during the process. With full occupancy comes an increased revenue stream from Housing Benefit. This now represents a significant part of our annual income going forward. Strong governance was a critical factor throughout the process and undoubtedly led to success, as was the support and hard work of our small and highly dedicated staff team.

Our methodology and success rate are gaining recognition, both globally and at home. Recent visitors from overseas include the Deputy Veterans Minister for Taiwan. Closer to home I was recently asked to brief philanthropists at Hoare's Bank. Interest in our post-modern working model has even been noted in the Big Issue.

Finally, we are so very grateful to all who have allowed us, through their generosity and relentless support over the years, to reimagine Veterans Aid. This includes our funders, contractors and the many individuals who dug deep to make our dream of a charity fit for purpose in the 21st Century, a reality. Yours is a gift that will keep on giving.

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

18th April 2019

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 2018. 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.

Overall statement of public benefit (continued)
For example, one of the key findings in the independent Pro Bono Economics Report on Veterans Aid is that the potential economic value of the successful outcomes in the client sample of 166 veterans rises to £965k. This figure is derived by multiplying the number of successful outcomes in each of the intervention areas by the relevant value estimate in the Unit Cost Database.

- **Substance misuse.**
  During the reporting year 51 clients were placed in substance misuse programmes across the country, compared to 50 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 2018 the Charity placed 154 clients into some form of sustainable accommodation (2017: 136), very few of whom returned to their previous existence.

- **Raising awareness and appreciation of the Charity's capability**
  Inevitably much of the year's media and PR activity was related to the formal 're-opening' of New Belvedere House by London Mayor Sadiq Khan. This culminated in the production of a commemorative publication (A Pathway out of Homelessness) that celebrated the Charity's achievements, illustrated to donors what their support had helped create and showcased the many accolades and endorsements received by Veterans Aid in relation to delivery of its unique Welfare to Wellbeing© model.

  The other notable publication that put VA on the public radar was the Pro Bono Economics report - The Costs and benefits of Veterans Aid's support for veterans. Not only did it publicise the Charity's work, the report also provided valuable third part endorsement for VA's claims to have an annual success rate averaging 90%.

- **Raising awareness and appreciation of the Charity's capability** (continued)
  We are operating in an increasingly competitive environment; charities are coming under greater scrutiny than ever before and many are going out of business. VA's prescience in commissioning a bespoke (and still evolving) database was key to facilitating the PBE report which, in turn, positioned the Charity as an effective, transparent and value for money organisation. For example, it singled out the fact that the potential economic value of successful outcomes in VA's client sample had saved the taxpayer £965k.

  As ever, external media exposure is 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 brand and messaging. VA remains the only ex-service charity belonging – and contributing! – to Politics Home, a publication that provides unparalleled access to those at the heart of government and the 'Westminster village'. Our Op Eds and comments in this publication regularly migrate to mentions in Hansard and have done much to raise the Charity's profile.

  The flurry of publicity surrounding the launch of NBH included public praise from COBSEO, Westminster City Council, the Mayor of London and The Big Issue – a somewhat eclectic mix of invested interest areas, perhaps best summed up by the latter's comment that "Veterans Aid is causing quite a stir in the Homeless Sector".

  On a more prosaic level, VA continues to maintain an active and highly responsive social media presence and multi-purpose website. The Charity's in-house Media & Communications team provides cost-effective and flexible multi-media support for a variety of internal and external initiatives such as the recent record-breaking Long Haul expedition across Lake Baikal undertaken by HM The Queen's cousin Rosie Stancer and Scottish explorer Mike Laird.

VETERANS AID - ACTIVITY 2018

2,344
client interactions

51
veterans through detox | rehab

812
clients

154
veterans appropriately homed

94
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.

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 completed its 5-year plan and as agreed at by the Board, this is a year of consolidation for the Charity. The executive team have achieved more than the Board could have expected and our clients are the beneficiaries of a world class facility in New Belvedere House. The key element of the current 5-year plan has been successfully achieved and the next iteration of the plan will be formulated over the next 24 months, which will allow for consolidation and in-depth understanding of the needs of the world of socially excluded veterans going forward. This is critical given the fast-paced change observed within the sector. We must ensure relevancy based on need.

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 flexible recruitment process to ensure that we consistently have high quality trustees, which includes 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. Equally, trustees are actively encouraged to engage with the CEO on a very regular basis to provide support when necessary and to increase understanding of the Charity's daily business.

Review of activities

The New Belvedere House Project is now officially complete, and we have no legacy debt. Throughout the four years we were continuously operational and had residents in the NBH.

Although fundraising for the NBH project dominated the reporting year many related - and unrelated - activities are also worthy of note. All involved an integrated approach from staff members whose interoperability was key to delivering a diverse range of successful events and projects.

An auction of works by royal portrait artist Alexander Talbot Rice raised more than £41k after an exclusive event at the Cavalry and Guards Club. Attended by our Patron, The Dowager Viscountess Rothermere, this featured a private performance by the Mariinsky Ballet's first British Principal Dancer, Xander Parish and was perhaps VA's most 'glamorous' event. Months later the Charity became the beneficiary of 24Photography's 16th Anniversary auction of photographic prints. That more modest sale took place at The In & Out Naval and Military Club after the photographs had been exhibited publicly, alongside VA's logo, for 24 days.

Armistice Day was made more special than usual this year when Coldstream Guards Bandsman Colour Sergeant Darren Hardy dedicated his poem The Armistice Ghost to the Charity in honour of its commitment to ex-servicemen and women. This moving tribute was performed in The Guards Chapel and later found a home on the VA website where it attracted much attention, notably from BFBS who also broadcast it in full.

VA continued to offer briefings to students, journalists and politicians - as well as hosting appropriate individuals with an interest in its work. On the home front two participants in the Police Now programme for outstanding graduates elected to spend time in VA's Operations Room and, from further afield, the Charity welcomed a senior member of the US (San Francisco-based) veterans' charity Swords to Plowshares. One of the former described VA's focus on prevention as "setting it apart" and "inspirational". Swords to Plowshares' Associate Director of Housing concluded that "Veterans Aid has a model that we can look to for a way of doing business that works."

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.

On completion of the refurbishment New Belvedere House's accommodation capacity expanded to 67. 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).

Whenever necessary and required, we work with appropriate bodies, for example we have now become a strategic partner with the Greater London Authority (who invested £1.8m in our facilities) and Westminster Council.

Performance (continued)
Additionally, much has been done about exporting our working model on a global basis, with many foreign visitors. Through the UK charity, the Homeless Link and its Transatlantic Practice Exchange, we have supported the international education programme.

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 £788k (2017: £3,232k), with a further £14k (2017: £75k) 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 value of the freehold land on which New Belvedere House stands.

Income and expenditure balance.
The annual income of the Charity is £2,277k (2017: £2,036k), 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 2018, the unrestricted funds showed a deficit of £288k (2017: deficit of £647k). The surplus of £777k (2017: surplus £918k), on restricted funds arises principally due to substantial grants received during the year for the completion of the refurbishment of New Belvedere House.

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 reserves policy in relation to the current financial position and degree of risk.

The actual value of unrestricted reserves of the Charity at 30 September 2018 is £916k (2017: £322k) which represents an estimated seven 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.

Fundraising

To help guarantee the availability of ongoing funds to solely pay for its work, Veterans Aid seeks to maintain a broad base of different sources of funding. We aim to raise cash income, both restricted and general, source support-in-kind and build strong local, national and international partnerships.

Our fundraising practices follow the provisions of the Charities Act 2016 (Protection and Social Investment), other relevant legislation, and local government by-laws.

Veterans Aid is a member of the Fundraising Regulator, which is an independent self-regulatory organization. As a member, Veterans Aid is committed to the highest standards in fundraising. We strictly adhere to the Fundraising Regulator's Code of Fundraising Practice. The code is underpinned by the fundraising promise which stipulates that all fundraising must be legal, open, honest and respectful to the public. We use the Fundraising Regulator badge to publicly show that we are following these standards.

We operate the Charity Commission's 'Know your Donor' principle and will make reasonable and appropriate attempts to identify any individual or organisation that gives us financial support, especially where significant sums are being donated or the circumstances of the donation give cause for concern. Veterans Aid will not accept anonymous corporate donations. However, we may accept anonymous individual, or trust donations where there has been a rigorous third-party due diligence process, to

Fundraising (continued)
confirm that Veterans Aid's reputation is not potentially compromised. Should a supporter make themselves known to Veterans Aid but wishes to remain anonymous, we will honour these wishes, on the basis that the donation carries no reputational risk to the charity.

Veterans Aid respects the privacy and contact preferences of all supporters and responds promptly to requests to cease interaction or complaints, in line with the GDPR. If any individual or organisation asks to be excluded from fundraising approaches, this is recorded on the database and acted upon immediately so that they are excluded from all forms of solicitation, or those forms from which they have asked to be excluded.

Our inhouse fundraising team do not engage in cold-calling, wealth-screening or buying/selling sensitive data. As things stand, the Charity does not use other agencies in our fundraising activities.

Veterans Aid believes and maintains the principle that, wherever possible, all gifts should be made:

- Without coercion and as an informed decision
- With full transparency and agreement regarding the use of the gift
- Should a donation be made at a time when the donor was not able to make an informed decision, but was not clear to the fundraiser, such a donation would be returned
- That the donor will be acknowledged and recognized as he/she wishes, as defined under the GDPR.

All the relevant donors' data is stored securely on our centralised fundraising database which is a web-integrated CRM system (Customer Relationship Management). This helps us to reduce duplication, alongside the risk of errors, and provides an essential and accurate information hub for analysis and reporting.

We are committed to safe data handling practices and have robust security measures employed to protect this highly sensitive information, namely:

- The data is encrypted and stored on VA cloud,
- Daily online and offline back-ups are arranged,
- Access to the database is severely restricted (only fundraising members of staff are granted admission and the system cannot be accessed remotely).
- The VA's network and PCs have firewalls, anti-virus and anti-malware software installed that monitors and immediately flags up potential and harmful activities 24/7.

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 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 closely monitored by the internal working group that consists of the CEO, Honorary Treasurer, Honorary Compliance Advisor and Company Secretary who report to the Board in detail on the current position and future plans.

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. We will continue investing and reviewing our activities to make sure we have adequate layers of protection and safeguarding procedures.

A decline in funding and donations
Raising £8.2m was a challenge which we met, and we are pleased to report that the NBH Project was completed without incurring any legacy debt. Competition for funding is fierce and that is why we have always insisted on diversifying income streams. The Charity is now working on revenue funding, which is underpinned by significant increase in our Housing Benefit income.

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 £8,844,348 of net assets (2017: £11,453,517), of which £8,028,876 (2017: £8,259,712) are tangible fixed assets. The charity has £36,912 of cash balances available at one month's notice or less (2017: £223,025). 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. Under the terms of the endowment, its primary purpose is for investment in real estate to be held and used by the charity, and it is now represented by the freehold land at New Belvedere House.

Funds (continued)

- Restricted funds (note 14)
  Total restricted funds are £5,416,527 (2017: £8,626,945). The decrease is mainly due to the revaluation of New Belvedere House at the end of its redevelopment.

- Unrestricted Funds (note 15)
  Unrestricted funds are as follows:
  - General Fund – represents an estimated seven months operating costs of the charity.

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

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

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;

- observe the methods and principles in the Charities SORP;

- make judgements and accounting estimates that are reasonable and prudent;

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

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.

Statement of Trustees' responsibilities (continued)
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 2019.

Approved by the Trustees on 18th April 2019 and signed on their behalf by

AG Wallis

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A G Wallis MBE OL ~~DL~~
Chair of Trustees

G J Holbourn

....
G J Holbourn
Trustee

18th April 2019

Opinion

We have audited the financial statements of Veterans Aid for the year ended 30 September 2018 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 2018 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.

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.

Use of our report
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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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.

C Turtington

Cara Turtington (Senior Statutory Auditor)
For and on behalf of
Saffery Champness LLP
Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

18 April 2019

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

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Note	Unrestricted Funds £	Restricted Funds - Revenue £	Restricted Funds - Property £	Permanent Endowment £	Total 2018 £	Total 2017 £
Income and Endowments from:							
Donations & Legacies (including Gift Aid)		451,374	-	-	-	451,374	316,185
Charitable activities							
Rents		587,610	-	-	-	587,610	386,825
Grants		70,229	183,068	10,000	-	263,297	176,147
Grants		-	-	905,813	-	905,813	1,014,500
Other trading activities		9,539	-	-	-	9,539	3,228
Investments	9	59,618	-	-	-	59,618	138,615
Total income		1,178,370	183,068	915,813	-	2,277,251	2,035,500
Expenditure on:							
Raising Funds		132,022	-	-	-	132,022	159,960
Charitable activities		1,334,262	185,653	143,821	-	1,663,736	1,692,867
Total expenditure	2	1,466,284	185,653	143,821	-	1,795,758	1,852,827
Net gains on investments		-		7,342	7,626	14,968	172,867
Net (expenditure)/ income carried to page 24		(287,914)	(2,585)	779,334	7,626	496,461	355,540

STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Note	Unrestricted Funds £	Restricted Funds - Revenue £	Restricted Funds - Property £	Permanent Endowment £	Total 2018 £	Total 2017 £
Net (expenditure)/ income from page 23		(287,914)	(2,585)	779,334	7,626	496,461	355,540
Transfers between funds	14	881,040	-	(881,040)	-	-	-
Loss on revaluation of assets	8	-	-	(3,106,127)	-	(3,106,127)	-
Actuarial losses on defined benefit pension scheme		497	-	-	-	497	1,001
Net movement in funds		593,623	(2,585)	(3,207,833)	7,626	(2,609,169)	356,541
Total funds brought forward		322,145	11,165	8,615,780	2,504,427	11,453,517	11,096,976
Total funds carried forward		915,768	8,580	5,407,947	2,512,053	8,844,348	11,453,517

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

Net income/(expenditure) and Reserves
This is the fourth year that the £8.2m project to refurbish New Belvedere House (NBH) has had a significant impact on the charity's accounts. During the development, sums expended on the project have been capitalised as Fixed Assets, and therefore excluded from the expenditure figures. Now that the project is complete, the premises have been independently valued and the fixed asset value reduced to the amount of that valuation. The value of restricted funds raised for NBH has been adjusted to match this asset valuation.

The notes on pages 28 to 45 form part of these financial statements.

SUMMARY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2018

	2018 £	2017 £
Gross income	2,277,251	2,035,500
Realised gains/(losses) on disposal of fixed assets	-	-
Total income	2,277,251	2,035,500
Total expenditure	(1,795,758)	(1,852,827)
Net gains on investments	7,342	68,582
Net income	488,835	251,255

Total income comprises £1,178,370 (2017: £844,853) for unrestricted funds and £1,098,881 (2017: £1,190,647) 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 £1,466,284 (2017: £1,511,668) for unrestricted funds and £329,474 (2017: £341,129) 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 45 provides full information on the movements during the year on all the funds of the charity.

VETERANS AID

BALANCE SHEET
AS AT 30 SEPTEMBER 2018

	Notes	£	2018 £	£	2017 £
Fixed assets					
Tangible fixed assets	8		8,028,876		8,259,712
Investments	9		802,132		3,306,611
			8,831,008		11,566,323
Current assets					
Stock	10	3,556		3,367	
Debtors	11	402,423		68,937	
Cash at bank and in hand		36,912		223,025	
		442,891		295,329	
Current liabilities					
Creditors: Amounts falling due in less than one year	12	(369,907)		(340,911)	
Net current assets / (liabilities)			72,984		(45,582)
Less: Pension deficit provision	5		(59,644)		(67,224)
Net assets			8,844,348		11,453,517
Funds					
Property Funds:					
Permanent Endowment	13		2,512,053		2,504,427
Restricted funds	14		5,407,947		8,615,780
Revenue Funds:					
Restricted funds	14		8,580		11,165
General funds	15		915,768		322,145
Total funds	16		8,844,348		11,453,517

Approved by the Trustees on 2019 and signed on their behalf by

G J Holbourn
....
G J Holbourn
Trustee
Company Number 4544532

The notes on pages 28 to 45 form part of these financial statements.

VETERANS AID

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Note	2018 £	2017 £
Net cash provided by operating activities (A)	i	251,740	365,915
Cash flows from investing activities			
Dividends, interest and rents from investments		56,916	138,615
Proceeds from the sale of property, plant and equipment		-	-
Purchase of property, plant and equipment		(3,014,679)	(3,078,191)
Proceeds from sale of investments		2,637,855	1,587,395
Movement in cash held as an investment		59,082	69,250
Purchase of investments		(177,027)	(258,242)
Net cash used in investing activities (B)		(437,853)	(1,541,173)
Net (decrease)/increase in cash & cash equivalents (A+B)		(186,113)	(1,175,258)
Cash and cash equivalents at the beginning of the year		223,025	1,398,283
Cash and cash equivalents at end of the year		36,912	223,025

Notes to the cash flow statement

(i)	**Reconciliation of net movement in funds to net cash flow from operating activities**	**2018** **£**	**2017** **£**
	Net income	496,461	355,540
	Add back depreciation charge	139,389	128,274
	Deduct investment income	(56,916)	(138,615)
	(Deduct)/add back (gain)/loss on investments	(14,968)	(172,867)
	(Increase)/decrease in stocks	(189)	2,630
	(Increase)/decrease in debtors	(333,486)	64,560
	Increase in creditors	28,996	134,382
	Movement in pension scheme provision	(7,547)	(7,989)
	Net cash provided by operating activities	251,740	365,915

The notes on pages 28 to 45 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 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:

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

No depreciation is charged on land.

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 2018 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 September 2023.

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 (see note 13).

Following a review of the terms of the endowment, the trustees have determined that its primary purpose was for investment in real estate to be held by the charity, and that this is represented by the freehold land at New Belvedere House.

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 2018 represents an estimated seven months operating costs (see note 15).

1.15 **Revaluations**
Investments are revalued to market value as at 30th September 2018 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 2018 or 2017.

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		Support costs			
	Staff	Other	Staff	Other	Total 2018	Total 2017
	£	£	£	£	£	£
Raising funds						
Fundraising costs	-	11,936	76,380	29,086	117,402	130,545
Investment management costs	-	12,772	-	-	12,772	25,551
Cost of goods sold	-	-	-	1,848	1,848	3,864
Charitable activities						
Accommodation and support for homeless veterans	291,228	207,853	116,175	149,070	764,326	779,027
Rehabilitation and emergency care for homeless veterans	-	262,565	454,992	181,853	899,410	913,840
	291,228	495,126	647,547	361,857	1,795,758	1,852,827

	2018	2017
	£	£
Total resources expended are stated after charging:		
Depreciation (see note 1.8 and 8)	139,389	128,275
Auditors remuneration:		
For audit	15,610	15,300
For other services	1,500	1,000
Amounts payable under operating leases	101,394	52,191

Governance (included in Support Costs above)

Audit fees	17,110	16,300
Trustee expenses	288	1,519
Staff Costs allocation	23,062	22,644
Office Costs allocation	7,254	4,985
Other	1,098	717
	48,812	46,165

3 Staff costs

	2018 £	2017 £
Wages and salaries	811,459	797,680
Social security	78,515	76,371
Pension costs	32,250	28,674
Pension deficit contributions	-	-
	922,224	902,725
Other staff costs	16,551	37,580
	938,775	940,305

Two members of staff (2017: 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 £45,675 (2017: £60,026) and social security costs of £4,628 (2017: £6,488) for these secondees are included in the above figures.

Average number of staff:	2018	2017
The average number of staff, based on average head count, working during the year was	**Number**	Number
NBH staff and care workers	12	12
Administration	10	10
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 £12,157 (2017: £12,136).

	2018 £	2017 £
The total remuneration of key management personnel, who comprise the CEO and the NBH Manager, was	166,408	165,541

4 Donations in Kind

	Notes	2018 £	2017 £
SSAFA provided seconded staff at an estimated value of	3	50,303	66,514
The Not Forgotten Association provided a television licence for New Belvedere House at a value of		147	146
Total		50,450	66,660

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 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)

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £795m, liabilities of £926m and a deficit of £131m. 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 2019 to 31 January 2025:	£11.2m 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.

5.1.1 Present value of provision for Veterans Aid

	30 September 2018	30 September 2017	30 September 2016
	£	£	£
Present value of provision	59,644	67,244	75,213

5 **Pension plan** (continued)

5.1.2 Reconciliation of opening and closing provisions for Veterans Aid

	2018	2017
	£	£
Provision at start of period	67,224	75,213
Unwinding of the discount factor (interest expense)	956	817
Deficit contribution paid by Veterans Aid during the year	(8,039)	(7,805)
Remeasurements - impact of any change in assumptions	(497)	(1,001)
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	59,644	67,224

5.1.3 Income and expenditure impact

	2018	2017
	£	£
Interest expense	956	817
Remeasurements – impact of any change in assumptions	(497)	(1,001)
Remeasurements – amendments to the contribution schedule	-	-
Contributions paid in respect of future service*	-	-
Income/(costs) recognised in Statement of Financial Activities	459	(184)

*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 2018	30 September 2017	30 September 2016
	% per annum	% per annum	% per annum
Rate of discount	1.76	1.52	1.15

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.

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

As at the balance sheet date there were 3 (2017: 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 9 (2017: 12) 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 £288 (2017: £1,519) were reimbursed to 2 (2017: 3) trustees in respect of travel and accommodation expenses when attending meetings and 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 2017	3,000,000	5,324,572	527,658	8,852,230
Additions	-	2,910,519	104,160	3,014,679
Transfers	8,235,091	(8,235,091)	-	-
Revaluations	(3,315,091)	-	-	(3,315,091)
At 30 September 2018	7,920,000	-	631,818	8,551,818
Depreciation				
At 1 October 2017	156,723	-	435,795	592,518
Charge for the year	52,241	-	87,147	139,388
Write-back on revaluation	(208,964)	-	-	(208,964)
At 30 September 2018	-	-	522,942	522,942
Net Book value				
At 30 September 2018	7,920,000	-	108,876	8,028,876
At 30 September 2017	2,843,277	5,324,572	91,863	8,259,712

All fixed assets are used for charitable purposes.

In the year ended 30 September 2018 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 an open market value on the land and buildings of £7,920,000 which is reflected in these accounts. The historical cost of the building is £9,273,653. See Note 1.8.

Capital commitments
The charity had the following capital commitments at 30 September 2018:

	2018 £	2017 £
Authorised, contracted but not provided for	Nil	2,742,238

Included in the above figure is a commitment to the main contractors for the New Belvedere House refurbishment of £Nil (2017: £2.7m). At the year end all expected costs in relation to the Project had been provided for through an accrual of £173k. This includes retention payments.

9 Investments

	2018	**2017**
	£	**£**
Quoted securities – UK	487,450	2,158,787
Quoted securities – Overseas	300,958	1,073,015
	788,408	3,231,802
Investment in subsidiary	2	2
Accrued investment income	1,130	3,133
Cash balances	12,592	71,674
	802,132	3,306,611

	Subsidiary undertakings	**Listed investments**	**Total 2018**	**Total 2017**
	£	**£**	**£**	**£**
Quoted/unquoted securities:				
Market value at 1 October 2017	2	3,231,802	3,231,804	4,387,373
Additions at cost	-	177,027	177,027	258,242
Disposals at market value brought forward	-	(2,664,126)	(2,664,126)	(1,603,001)
Unrealised gains	-	43,705	43,705	189,190
Market value at 30 September 2018	2	788,408	788,410	3,231,804
Historic cost of securities			528,384	2,413,016

	2018	**2017**
	£	**£**
Investment income is made up of-		
Bank interest	229	780
Dividends	58,259	134,702
Accrued interest on fixed-interest investments	1,130	3,133
	59,618	138,615

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 2018 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

	2018 £	2017 £
Clothing stock	2,535	2,426
Christmas cards stock	1,021	941
	3,556	3,367

11 Debtors

	2018 £	2017 £
Rent and housing benefits	16,624	16,307
Tax refundable	327,027	-
Prepayments	41,858	31,216
Other debtors	16,914	21,414
	402,423	68,937

12 Creditors falling due in less than one year

	2018 £	2017 £
Trade creditors	140,750	66,984
Accruals	201,525	247,842
Other creditors	27,632	26,085
	369,907	340,911

13 Permanent Endowment

	At 1 October 2017 £	Incoming resources £	Outgoing resources £	Realised and unrealised gains/(losses) £	Transfers between funds £	At 30 September 2018 £
Hollenden Endowment Reserve	2,504,427	-	-	7,626	-	2,512,053

This fund is represented by the value of the freehold land in Stepney occupied by New Belvedere House.

14 Restricted funds

		At 1 October 2017 £	Incoming resources £	Outgoing resources £	Realised and unrealised gains/(losses) £	Transfers between funds £	At 30 September 2018 £
a	Greater London Authority (GLA) Grant	155,865	-	-	-	(155,865)	-
b	Housing Association Grant	400,000	-	-	-	(400,000)	-
c	New Belvedere House fund	2,283,239		(52,241)	208,964	(2,439,962)	-
d	New Belvedere House Development fund	5,776,676	915,813	(91,580)	(3,307,749)	2,114,787	5,407,947
	Property Funds	8,615,780	915,813	(143,822)	(3,098,785)	(881,040)	5,407,947
e	Outreach workers	-	56,345	(56,345)	-	-	-
f	Not Forgotten Association (donation in kind)	-	147	(147)	-	-	-
g	Grants for individuals	-	61,576	(61,576)	-	-	-
h	Hand-up for Young Veterans	11,165	-	(11,165)	-	-	-
i	Clothing & footwear	-	15,000	(6,420)	-	-	8,580
j	Substance Misuse	-	50,000	(50,000)	-	-	-
	Revenue Funds	11,165	183,068	(185,653)	-	-	8,580
		8,626,945	1,098,881	(329,474)	(3,098,785)	(881,040)	5,416,527

Funds for the purchase and development of New Belvedere House (Property Funds):

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.

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.

c. The New Belvedere House fund represents grants received for extending the buildings between 2003 and 2006, plus the revaluations in 2014 and 2018 (see Note 8).

d. The New Belvedere House Development Fund represents monies raised for the refurbishment of New Belvedere House between 2015 and 2018.

Funds a, b, c and d above are all related to the purchase and development of New Belvedere House (NBH). NBH is an integral part of the charity's operations and long-term plans and it is therefore felt that it is more appropriate to show its value as a single consolidated fund including the various phases of its purchase and development. The value of the fund has been adjusted to match the valuation of the NBH buildings. In the event of NBH being sold, the grants from the GLA (£155,865) and Housing Association (£400,000) may become repayable. See Note 21.

At the completion of the NBH project the total costs were reviewed. Any unspent funds remaining in the restricted fund were shown to have been spent on revenue items during the project and were transferred back into general funds.

Funds for operational expenses (Revenue Funds):

e. Support for the Outreach Worker posts has come from SSAFA (donations in kind £50,303 and travel costs £6,040).

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

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

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

i. A grant from the Hedley Foundation to provide clothing and footwear.

j. A grant from the Sackler Trust for the Substance Misuse programme.

15 Unrestricted funds

	At 1 October 2017 £	Incoming resources £	Outgoing resources £	Realised and unrealised gains £	Transfers between funds £	At 30 September 2018 £
General Fund	322,145	1,178,370	(1,466,284)	497	881,040	915,768
	322,145	1,178,370	(1,466,284)	497	881,040	915,768

The balance in the General Fund at 30th September 2018 represents an estimated seven months operating costs.

16 Analysis of net assets between funds

	Tangible fixed assets £	Investments £	Pension Deficit Provision £	Net current assets £	Total £
Hollenden Endowment Reserve	2,512,053	-	-	-	2,512,053
New Belvedere House Development Fund	5,407,947	-	-	-	5,407,947
Clothing and Footwear	-	-	-	8,580	8,580
General funds	108,876	802,132	(59,644)	64,404	915,768
	8,028,876	802,132	(59,644)	72,984	8,844,348

17 Revaluation reserves

	Permanent Endowment fund £	Restricted funds £	Unrestricted funds £	2018 Total £	2017 Total £
Included within the funds explained in notes 13 to 15 are revaluation reserves with the following values:					
Quoted securities	-	-	260,024	260,024	818,785
Freehold land and buildings	-	-	-	-	1,851,320
	-	-	260,024	260,024	2,670,105

18 Commitment under operating leases

	Land and buildings £	Other £	Total 2018 £	Total 2017 £
Due within one year	98,794	5,682	104,476	22,805
Between 2 and 5 years	114,222	13,932	128,154	2,564
	213,016	19,614	232,630	25,369

The premises at 27 Victoria Square are leased at a cost of £20,582 plus irrecoverable VAT per quarter. The lease is due to end on 26 November 2020.

Photocopiers are leased from BNP Paribas (ending 15 March 2022) and CF Corporate Finance (ending 14 March 2023) .

CCTV equipment is leased from Tower Leasing (ending 24 December 2020).

19 Related party transactions

There were no related party transactions in either 2017 or 2018.

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 2018 the total of these guarantees was £70 (2017: £70).

21 Contingent liabilities

Several grants have been received in prior years to be used on the construction and maintenance of the charity's New Belvedere House freehold premises, 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:

	2018 £	2017 £
Capital grants (credited to restricted funds)	385,413	500,000
Income from NBH activities (unrestricted)	45,229	-
	430,642	500,000

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2018

24 Comparative statement of financial activities

	Unrestricted funds £	Designated funds £	Restricted funds - revenue £	Restricted funds - property	Permanent endowment £	Total 2017 £
Income and Endowments from:						
Donations & Legacies (including Gift Aid)	316,185	-	-	-	-	316,185
Charitable Activities	386,825	-	-	-	-	386,825
Grants	-	-	201,098	989,549	-	1,190,647
Other trading activities	3,228	-	-	-	-	3,228
Investments	138,615	-	-		-	138,615
Total income	844,853	-	201,098	989,549	-	2,035,500
Expenditure on:						
Raising Funds	140,760	19,200	-	-	-	159,960
Charitable activities	1,351,738	-	189,933	151,196	-	1,692,867
Total expenditure	1,492,498	19,200	189,933	151,196	-	1,852,827
Net gains/(losses) on investments	-	-		68,582	104,285	172,867
Net income/ (expenditure) carried forward	(647,645)	(19,200)	11,165	906,935	104,285	355,540

24. Comparative statement of financial activities (continued)

	Unrestricted funds £	Designated funds £	Restricted funds - revenue £	Restricted funds - property	Permanent endowment £	Total 2017 £
Net income/ (expenditure) brought forward	(647,645)	(19,200)	11,165	906,935	104,285	355,540
Transfers between funds	72,800	(72,800)	-	-	-	-
Actuarial losses on defined benefit pension schemes	1,001	-	-	-	-	1,001
Net movement in funds	(573,844)	(92,000)	11,165	906,935	104,285	356,541
Total funds brought forward	895,989	92,000	-	7,708,845	2,400,142	11,096,976
Total funds carried forward	322,145	-	11,165	8,615,780	2,504,427	11,453,517