



ABF



THE SOLDIERS'



CHARITY

PATRON:
Her Majesty The Queen

PRESIDENT:
General Sir Mike Jackson GCB CBE DSO DL

ANNUAL REPORT AND CONSOLIDATED ACCOUNTS 2015-2016

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ABF The Soldiers' Charity (the "Charity") is an incorporated charity registered with the Charity Commission for England and Wales with Charity No.1146420, and in Scotland with the Office of the Scottish Charity Regulator with Scottish Charity Register No.SC039189.

The Charity is a company limited by guarantee, registered in England and Wales (07974609), and was incorporated on 2nd March 2012.

Registered Office: Mountbarrow House, 6-20 Elizabeth Street, London SW1W 9RB

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Website: www.soldierscharity.org

Our Vision:

“That all serving and former soldiers and their dependants should have the opportunity to avoid hardship and enjoy independence and dignity.”

Our Purpose:

- We give a lifetime of support to serving and retired soldiers and their immediate families in need. We envisage doing so for the ‘long haul’, supporting all future generations of our soldiers and their dependants.
- We make grants to individuals through their Regiments and Corps.
- We make grants to specialist organisations and charities that deliver support to soldiers, former soldiers and their immediate families on our collective behalf.
- We work with veterans of every conflict, including the Second World War and those from current operations, both at home and around the Commonwealth and former Commonwealth.
- We make grants payments quickly and this responsiveness can make a significant difference at a critical point in peoples’ lives.

Our Values:

- **Integrity** - The Soldiers’ Charity is part of the Army’s and Nation’s fabric; we must act accordingly.
- **Respect** - we respect every individual and their needs.
- **Loyalty** - we have a sense of loyalty to the Army as an institution, its people and those who support us.
- **Inspiration** - we create opportunities and inspire others, with the emphasis on a ‘hand-up’ not a ‘hand-out’.
- **Commitment** - we must be approachable, effective and quick to respond.
- **Courage** - we act on behalf of our beneficiaries without fear or favour, telling it as it is.

Our Behaviours:

Our Vision and Values underpin the sociably responsible way in which the Charity operates. We are all acutely aware that the Charity’s very existence is for the long term support of our beneficiaries within the Army Family and as such, we believe in rigorously ensuring that our donors’ money is spent where there is genuine ‘need’ not ‘want’.

We ensure that we treat all our stakeholders with the respect that they deserve, whether supporters, suppliers or beneficiaries.

Our Governance, Structure and Management

Governing Document

Founded in 1944, ABF The Soldiers' Charity, formerly the Army Benevolent Fund, is a Company limited by guarantee not having a share capital (Company No. 07974609), governed by the Articles of Association of ABF The Soldiers' Charity. The Company was incorporated on 2 March 2012 and the Charity was registered with the Charity Commission on 14 March 2012 (Charity No. 1146420).

The Charity is also registered with the Office of the Scottish Charity Regulator (Scottish Charity No. SC039189).

The Charity's objects are:

“To benefit persons who are serving or who have served in the British Army, or their dependants, in any charitable way by the provision of grants, loans, gifts, pensions or otherwise”.

The Charity is governed by a Board of Trustees, chaired throughout the year by Major General (Retired) P J Sheppard CB CBE. The Board is ultimately responsible for the Charity's strategic direction, supported by its Committees. The day-to-day running of the Charity is the responsibility of the Executive Board (the Senior Management Board). The way that we are governed complies fully with the Code for the Voluntary and Community Sector, endorsed by the Charity Commission.

Our Board of Trustees

Our Board of Trustees had a maximum of 13 Trustees during the year; they are also Members and Directors of the charitable company (the Charity). They set our strategic direction and are responsible for ensuring that we uphold our values and governance, and deliver our objectives. They guide, advise and support the Chief Executive. They decide how we spend our money and approve our budgets. They delegate certain responsibilities to Trustee-led committees and the Executive Board, outlined below.

The Board of Trustees formally met three times during the period, with the next strategic business review planned for Autumn 2016. They communicated frequently between meetings and attended numerous of our events and fundraising activities.

Our Trustees

Under the 2012 Articles of Association, the Trustees and Chairman are appointed for an initial period of three years, which can be extended for up to two further three-year periods. No Trustee can serve for a consecutive period of more than nine years, except when approved by a majority of the other Trustees by Special Resolution.

Each Trustee is selected after a thorough search for suitable candidates through open competition or after service in an expert capacity on one of our committees. On appointment, each Trustee undergoes an induction programme tailored to their knowledge and experience. The Trustees deploy a wide range of skills and experience essential to good governance. All Trustees are offered a programme of briefings on charity and employment law, subjects that are also included in a general annual update to Trustees by the Charity's solicitors. A Register of Trustees' interests is held centrally.

Trustees receive no remuneration, but were reimbursed for their expenses as noted in the accounts.

The Trustees who served during the period, and as at the date of this report, are listed below:

Chairman

Major General (Retired) PJ Sheppard CB CBE (retired in April 2016)

Deputy Chairman

Mr S Clark TD FCIB Chartered FCSI (HON) (retired in November 2015)

Mr SR Martin MA (Oxon) – appointed as Deputy Chairman in November 2015

Members

Mr P Baynham (appointed in July 2015)

Mr GC Davies Chartered FCSI (retired in November 2015)

Ms M Fagan

Mr DE Francis

Brigadier (Retired) AW Freemantle CBE

Warrant Officer Class One (Army Sergeant Major) GJ Haughton GREN GDS

Mr PJ Hearn LLB (Hons)

Major General (Retired) AIG Kennedy CB CBE

Major General RMB Nitsch CBE

Major General (Retired) MD Wood CBE

Lieutenant General (Retired) Sir Andrew Gregory KBE CB was appointed as our new Chairman in April 2016 on the retirement of Major General Peter Sheppard; he is a past Trustee of the Charity and, having been the Chief of Defence People in the Ministry of Defence, will bring considerable expertise to bear on the Service charity sector, on the current and future needs of our beneficiaries and on relationships with government and other agencies.

For more information on our current Trustees and their biographies, please visit

www.soldierscharity.org

Our Committees

The majority of the Trustees serve on Trustee-led Committees. The Chairman is an ex-officio member of all Committees and the Deputy Chairman is an ex-officio member of the Governance Committee. The Committees each have specific delegated responsibilities, outlined below, on behalf of the Board of Trustees, and review key strategic activities of the Charity. They also meet in order to provide advice, good counsel and experience. Details of the membership of Committees are shown in Table One.

Governance Committee

The Governance Committee is responsible for the governance policies and procedures of the Charity. They assess the effectiveness of the governance structure; the size and membership of the Board of Trustees; the Committees and their respective roles. They plan and initiate the search and selection process for new Members, Trustees and Senior Executives, assisted by independent search companies and open advertising as required, and recommend appointments to the Board of Trustees. Finally, they are responsible for recommending the Executive's pay to the Main Board, and in particular that of the CEO and Senior Management Board, informed by advice from the Finance & Investment Committee. The membership of the Governance Committee is drawn exclusively from Trustees. They met as necessary during the year.

Finance & Investment Committee

The Finance & Investment Committee is responsible for oversight of all aspects of the Charity's corporate financial policies and operations. It includes specialist experts in accountancy, fund management and property. They monitor the short and long term viability of the Charity, ensuring that we have sufficient reserves to meet the needs of our beneficiaries. They review and approve the Investment and Reserves policies and monitor our compliance with them on a regular basis. They review the annual and long-term financial plans of the Charity; monitor performance against plans and recommend action where necessary to maintain a strong financial position. They are responsible for reviewing and recommending to the Board the remuneration of the Executive and determining and agreeing the overall policy for the remuneration and pension arrangements of all our employees, overseeing any major changes in employee benefits. They oversee the management of the Charity's investments and ensure that these are managed to underpin the strategic objectives of the Charity. The Finance & Investment Committee membership includes a number of external advisors. The Committee met three times during the year.

Grants Committee

The Grants Committee provides direction and scrutiny of all grant giving by the Charity, recommending to the Board of Trustees the annual grants budget and grants to other charities; setting annual levels of delegated authority for individual Grant giving; reviewing the in-year budget regularly; conducting periodic audits of the Grant team's work and conducting regular reviews of grant giving policies and procedures. The Grants Committee membership includes a number of external advisors, importantly including a representative sample of Regimental Secretaries. The Committee met three times during the year.

The Scottish Grants Committee meets as a subordinate body to the main Grants Committee, with representatives of Regimental HQs and Scottish military charities; it allocates funds within a total set by the main Grants Committee.

Fundraising & Marketing Committee

The Fundraising & Marketing Committee provides expert advice and support on Fundraising and Marketing to the Executive Board. The Committee includes a number of external advisors who bring subject matter expertise to bear, as appropriate. The Committee met three times during the year.

Table 1: Committee and Trustee membership

Board of Trustees		Committees			
Trustees	Year of appointment	Governance	Finance & Investment	Grants	Fundraising & Marketing
Major General (Retired) PJ Sheppard CB CBE (Chairman of Trustees)	2006	Chairman	○	○	○
Mr SR Martin (Vice Chairman)	2013	✓	○	✓	
Mr P Baynham	2015	✓	Chairman		
Mr GC Davies	2006		✓		✓
Ms M Fagan	2014	✓	○		Chairman
Mr DE Francis	2010				✓
Brigadier (Retired) AW Freemantle CBE	2007	✓		✓	
Warrant Officer Class One G J Haughton	2014				
Mr P J Hearn	2013		✓		✓
Major General (Retired) AIG Kennedy CB CBE	2008				
Major General RMB Nitsch CBE	2014				
Major General (Retired) MD Wood CBE	2013	✓	○	Chairman	

✓ Member

○ Invited to attend or Ex Officio

For more information on how we are governed, visit www.soldierscharity.org

Our Executive Board

The Executive Board is responsible for the day-to-day running of the Charity under authority delegated by the Board of Trustees. They develop, for the Board of Trustees, the short and long-term plans for the Charity. As part of this, they propose the annual operating budget to the Finance & Investment Committee and to the Board of Trustees for their approval. In addition to routine weekly management meetings, they met formally 12 times during the year.

The members of the Executive Board (The Senior Management Board) during the year, and as at 31 March 2016, are:

Major General (Retired) MJ Rutledge CB OBE MA
 Brigadier (Retired) RJ Bacon FCIPD FCMI MBA
 Mr SAC Bonnington BA
 Colonel (Retired) KT Haugh CBE
 Mr RG Musson B Comm (Acc) FCA MInstLM

Chief Executive
 Chief of Staff & Company Secretary
 Director of National Fundraising
 Director of Grants & Welfare
 Director of Finance

Brigadier (Retired) CW Tadler CBE FCMI MInstF (Cert)	Director of Regions
Mrs W Searle BA ¹	Head of Communications

For more information on our Executive Board please visit www.soldierscharity.org

Our Employees

We are acutely conscious of the unending need to focus on efficiency and effectiveness and look at opportunities to develop new ways of working and streamline processes. The total number of employees in established posts as at 31 March 2016 was 84 (2015: 83), some of whom are part time. This slight net increase reflects decisions taken by Trustees during the year to boost national fundraising capability in specific specialist areas of expertise, including Legacy Marketing.

Our wide network of employees, beneficiaries, supporters and volunteers continues to work enthusiastically to pursue our Vision, Mission and Values.

We ensure that every person is treated fairly within the framework of equal opportunities as set out in our policies and procedures. The Charity does not tolerate sexual, racial, physical or mental harassment of people in the work place and aims to ensure that all employees receive equal treatment regardless of their age, race, sex, religion or beliefs, or disability.

Our Volunteers

Our volunteers make a vital contribution towards all of our achievements. We have almost 1,000 active unpaid volunteers across the United Kingdom, most of whom support our 66 Regional County Committees in organising fundraising activities. Their presence and impact is wide-ranging and they give generously of their time and efforts.

Pay & Remuneration

We draw our benchmark data for Pay & Remuneration from “Croner’s Charity Rewards”, which gives indicative median salaries for 270+ London-based and regional charities. All positions in the Charity have been assessed and placed within an appropriate generic pay band, with each pay band divided into increments to allow for job weighting, experience and performance.

Having drawn on inflation index data (HM Treasury and ONS statistics) and taken note of pay settlements for other similar charities, especially in the military charity sector, the Trustees awarded an indicative increase of 1.5% for 2015/16, which was 0.5% below the Croner 2.0% average across-the-board settlement for these same 270+ charities. We pay no bonuses or other performance or retention inducements, whatsoever, to any member of staff, irrespective of their position in the Charity. Benefits available to eligible staff include: defined contribution pension scheme; season ticket allowance; group life insurance and a sickness income protection scheme.

Senior Staff Remuneration

The remuneration of the Chief Executive and senior executives is set against the indicative median salaries for charity directors in London, also extrapolated from the benchmark data from “Croner’s Charity Rewards”. The recommendations of the Finance & Investment Committee are then approved by the Board of Trustees. No bonuses or other inducements are paid.

¹ In attendance.

Management of Risk

The Trustees are responsible for the Charity's risk management and the effectiveness of internal control systems. The Board of Trustees places considerable importance on achieving compliance with charity, employment and health and safety legislation. It reviews major risks at each meeting and the Finance & Investment Committee ensure that the Executive have taken reasonable measures to manage these risks. The Finance & Investment Committee provides the Board of Trustees with an informed opinion on the management of risk and effectiveness of controls.

Risks are graded by likelihood and severity, including measures to mitigate them. In the event of a major situation involving or otherwise affecting the Charity, business continuity and disaster recovery plans are in place.

The Charity's solicitors review the principal Charity policies on a regular basis and all other policies are reviewed by the Senior Management Board.

In the certain knowledge that we will need to continue to provide support for many decades (the 'long haul') - we regularly update and review our financial plan, reserves and investment policies. Internal financial controls are checked by the Auditors and reviewed with the Finance & Investment Committee on a regular basis.

This year, Trustees have placed a particular emphasis on our behaviour and reputational risk – noting the considerable external scrutiny of these areas across the complete charity sector.

Trustees have declared themselves satisfied that major risks have been identified and adequately mitigated, wherever reasonably practicable. It is recognised that systems can only provide reasonable not absolute assurance that major risks have been adequately managed.

Serious Incident Reporting

The Charity has a procedure for the reporting of serious incidents to the Charity Commission, in accordance with the statutory requirement under section 169 of the Charities Act 2011.

The Trustees confirm that there were no serious incidents or other matters relating to ABF The Soldiers' Charity during the last financial year, that should have been brought to the attention of the Charity Commission.

Wider networks

The Charity is a permanent member of the Executive Committee of Cobseo, The Confederation of Service Charities (Cobseo), whose stated objectives are to represent, promote and further the interests of the Armed Forces Community by: exchanging and coordinating information internally; identifying issues of common concern and coordinating any necessary and appropriate action. Cobseo acts strictly as a confederation and cannot be construed as an 'umbrella company'. It represents and supports the needs and opinions of its member organisations, individually and collectively, at central and local government levels and with other national and international agencies.

The Charity is also a permanent member of the Executive Committee of Veterans Scotland, operating primarily with Veterans Scotland's "Support Pillar of work". More details are at: <http://www.veteransscotland.co.uk/pillars/>

A number of Trustees, the Chief Executive and other members of the Executive Board sit on, or are closely associated with, other charity boards in a variety of capacities, which is an important element of our role in seeking to shape the sector, de-conflict and coordinate. The Charity remains firmly 'outward looking', as befits its very close association with the institution of the Army, its people and their wider interests. Co-location with, and acting as landlord to, seven other Service charities in Mountbarrow House is another important element of this stance.

Corporate Social Responsibility and Sustainability

Our Vision, Mission and Values underpin the socially responsible way in which the Charity operates. We are all acutely conscious that the Charity's very existence is for the long term support of our beneficiaries within the 'Army Family' and as such, we ensure that we treat all our stakeholders with the respect they deserve, whether supporters, suppliers or our beneficiaries. We are committed to ethical and legal fundraising, with constant attention to best practice. All our fundraising activity is carried out under the auspices of the Charity's Data Protection Policy, which reflects the current legal and regulatory requirements.

Supporter Engagement Policy

In response to considerable external scrutiny of charities' behaviours and the need to pre-empt associated risks, the Charity has developed a comprehensive, inclusive supporter engagement policy, which incorporates all elements of fundraising and associated activities. In particular, we do not sell or share our supporter data with third parties.

Our supporter engagement policy, inter-alia:

- drives behaviours, which over time become embedded across the Charity;
- therefore protects and enhances the Charity's reputation through the culture and behaviour of Charity staff and volunteers;
- is based on an up-to-date case for support;
- reinforces our values and the use of our branding;
- promotes the use of social media as a key enabler; and
- seeks to prioritise fundraising income streams and potentially develop additional opportunities, but with an eye to the attendant risks.

Complaints

As members of the Fundraising Standards Board, we are obliged to submit an Annual Return detailing all complaints received in relation to our fundraising activities each year. In comparing the calendar year 2014 with 2015, we have seen a 90% reduction (from 289 to 29) in such complaints and this is directly attributable to a conscious change in how we promote the Charity via Direct Marketing. Which supporters we mail and when we do so is now more logical and refined, limiting in-house data selections to only those who have supported us in this way in the past and through exercising a greater control on external data sources. The tone of our appeals is now more reflective of the vision of Trustees, whilst still maintaining the need for support. In addition, the complaints that we have received are actioned promptly and appropriately, thus reducing repeat complaints. That said, this is an area of our activity that deserves constant attention and an aspiration to continue to improve.

Helping the Army Family - Objectives and Activities for the Public Benefit

The object of the Charity is to benefit persons who are serving or who have served in the British Army, or their dependants, in any charitable way by the provision of grants, loans, gifts, pensions or otherwise. The Trustees confirm that they have referred to the guidance contained in the Charity Commission's and the Office for the Scottish Charity Regulator's (OSCR) general guidance on public benefit when reviewing the Charity's aims and objectives, in planning future activities, and in setting the grant making policy for the year.

The Charity achieves its objectives through considering applications from and making grants for the benefit of individuals, and by making grants to both military and national charities. Support is given in three ways:

- Financial help is given to individuals through the Regimental and Corps Associations and charities and normally takes the form of a grant to supplement whatever sums the Regiment or Corps has the resources to provide. In this way the Charity acts as a reserve for the partnership of Army benevolent funds. Grants are made, by request, to Regiments and Corps for the benefit of individuals on a case-by-case basis. Each request is accompanied by a report from either a caseworker or another independent source. The amount of the subsequent grant is determined by reference to need, contributions from other Service funds, and funds from additional sources such as civilian charities and local authorities.
- Practical support and advice is provided through the substantial financial grants which the Charity makes on behalf of all Regiments and Corps of the Army to charities and other organisations which provide for the special needs of soldiers, veterans and members of their immediate families.
- Funding a wide range of enabling activity, including underpinning case-working organisations, in particular SSAFA, the Case Work Management System (CMS), and supporting Cobseo and Veterans Scotland.

Achievements and Performance

Grant making

Grants are provided for a very wide range of needs including support to those wounded on current or long past operations; help with providing retraining for civilian occupations – especially for those leaving the Army as a result of injury or illness; help for the elderly (through assistance with mobility aids, home adaptations and care home fees); help in covering priority debts such as council tax, utility bills for those in particular difficulty and support for children's education for families in particular need, for example after the death of the family bread winner. The Charity also provides a bespoke grants management system in support of Wounded, Injured and Sick (WIS) soldiers in partnership with Help for Heroes (H4H). For the first time these activities have been complemented by some initial grants from the new Afghanistan Fund. The overall approach is very firmly a 'Hand-up – Not a Hand-Out' and the Charity goes to great lengths to establish what constitutes genuine need, an important emphasis in a society sometimes quicker to claim than perhaps hitherto.

A key, and unique, element of our work is that we package support to particular needs, prioritising across the range of delivery tools as necessary. So for example, our support to Army veterans facing housing difficulties spans funding emergency homeless hostels in areas of particular need; to funding longer stay housing or sheltered accommodation; and then follows on with the provision of employment advice and other support either direct to the individual or through service providers, to provide a robust long term solution. We have a good grasp of need, can allocate resources accordingly and then closely monitor outcomes in partnership with the Army and other third sector organisations. Our reach is not confined to the British Isles; we make grants to organisations which deliver support to Army veterans worldwide.

The Trustees, through the Grants Committee, review the grant making policy annually to ensure that it reflects the Charity's objects and thereby advances public benefit. The current policy set by the Trustees is to support individuals through the Regimental and Corps charities, and to support other military and national charities which look after the needs of the serving and retired Army community on behalf of all Regiments and Corps of the Army.

Other military and national charities are required to submit formal grant applications which are considered by the Grants Committee and by Trustees. As part of their rolling programme of monitoring the award of grants, members of the Grants Committee (including Trustees) and Director of Grants and Welfare have a formal programme of visits to representative beneficiary organisations during the year.

Grants for Individuals

ABF The Soldiers' Charity is the Army's National Charity, which helps soldiers, veterans and their immediate families from every conflict. It is a grant-giving body that provides individual grants through a network of caseworkers to provide direct support to individuals in need. Last year, the eldest beneficiary was a 105 year-old and the youngest was a six-month old child whose family we helped. Approximately 20% of our grants were to help those still serving in the Army or transitioning to civilian life.

Grants have supported a plethora of issues reaching out to the entire Service community, providing a lifetime of support, whether it involves the purchases of furnishings and equipment, mobility aids, home adaptations or support for education and training.

Table 2: Key Grants Statistics

EXPENDITURE in FY2015/16			
Grants in support of individuals:	2016 £'000	2015 £'000	% Change
Routine grants to individuals ²	3,345	3,826	-13%
Quick Reaction Fund (QRF) grants ³	24	73	-67%
Specialist Employment Consultants	-	632	
Total cost of all individual grants	3,369	4,531	-26%
Grants to charities:	3,204	2,182	+47%
Direct Enabling Support to those in Need	1,834	1,035	
TOTAL CHARITABLE EXPENDITURE	8,407	7,748	
CASE NUMBERS			
	2016	2015	
Routine individual grants	4,839	4,954	-2%
QRF grants	23	66	-65%
TOTAL INDIVIDUAL CASE NUMBERS	4,862	5,020	-3%

Grants to other Charities

The Charity made 88 grants (2015: 72) to other charities totalling £3,204k (2015: £2,182k), an increase of 47%. This increase in expenditure and grants, whilst all needs-based, is in part a result of the significant additional income received from the 2014/15 Evening Standard Independent Media campaign and our resulting ability to spend more on specific projects related to housing difficulties. The charities that we support through our external grants provide help to over 80,000 individuals. These grants are made on behalf of Regimental and Corps Associations. Regimental contributions to ABF The Soldiers' Charity are utilised towards part of the cost of these grants, but the Charity has increasingly to make up the difference.

² This also includes grants previously identified under Individual Resettlement Plans (IRP) and grants to individuals through other charities; for example, Re-Vitalise, Poppy Factory and RBLI LifeWorks.

³ Funding drawn from H4H, enabling direct and practical support to be given to soldiers injured or wounded since 9/11.

The priorities for grants to charities were: care for the elderly, mental health and respite care, homelessness, supported housing, education and training for employment and welfare support to the Army Family. The largest single grants in excess of £100k were:

- SSAFA £275k
- Regular Forces Employment Agency £256k
- Royal Commonwealth Ex-Services League £240k
- Combat Stress £220k
- Royal Star and Garter £170k
- Erskine Hospital £150k
- Alabaré Homes for Veterans £108k

We have continued to adopt a more pro-active and imaginative approach to supporting a wider charitable base, in order to reach out to those areas we may have not been approached to support in the past. Key to this is funding individuals through charities, for example “Thirteen Care and Support”, through which we support ex-Service personnel achieve sustained independent living and successful community re-integration. Other examples of charitable grants were:

- Skillforce £15k – an education charity employing former Armed Forces personnel as role models to help young people succeed in life.
- Turn to Starboard £33.6k – using RYA sailing courses to support veterans.
- The Armed Services Advice Project £51.5k – delivered in Scotland.

Working with our colleagues in other Service charities, we do our best to support projects that make a real difference to soldiers, veterans and their families and also expend considerable effort to assess how these charities have made use of our funds.

Other support to Service Charities

In addition to grants, the Charity continues to provide considerable support to a number of other Service charities, not least because a significant majority of total cases of Service-need nationally relate to serving or retired Army personnel - perhaps as high as 80%. An extensive network of advice and support is provided to a number of Service charities and other organisations, especially through the participation of the Chief Executive and the Director of Grants & Welfare as Trustees, or in other capacities. Organisations supported in this way by the CEO include Cobseo, the Officers Association (OA), The Army Dependants Trust (ADT), Armed Forces Common Investment Fund (AFCIF), Royal Commonwealth Ex-Services League (RCEL) and Forces in Mind Trust (FiMT); and by Director of Grants & Welfare: Veterans Scotland, Army Central Fund (ACF) and the Army Widows Association amongst many others.

In parallel the Charity commits substantial resources to fund a significant proportion of the costs of Army related casework (largely undertaken by SSAFA) and the supporting Case Management System (CMS) on behalf of the Regimental/Corps charities. This year we have devoted significant additional time and resource to this area as we replace our aged ‘Benevolence’ software package which manages our individual cases with a new system which allows us to interface more effectively with both CMS and the Regimental/Corps charities; further investment in this area is anticipated.

The Charity is also the lessee for the Mountbarrow House offices in Victoria, London SW1 and acts as ‘landlord’ to seven other Service charities sharing the space, including the OA and the Regular Forces Employment Association (RFEA). Each licensee pays a rental and service charge and the arrangements have led to an overall benefit in terms of reducing back office costs, sharing best practice and other efficiencies.

All of this support has both substantial real and opportunity costs for the Charity - but we have the greatest stake in encouraging coordinated activity across the Service charities. Broadly, for every £3 we spend on straightforward charitable grants, we expend approaching a further £1 on activities to support the overall network of Service charity support; the opportunity cost in terms of senior

management time is far greater. We remain a firmly 'outward looking' charity, rather than being merely focused on our own parochial role; but that is in the nature of our supporting role to the Army and its Regimental and Corps charities.

Fundraising

ABF The Soldiers' Charity has had another successful year in terms of fundraising income. Once again, this has been driven by a combination of high profile events, donations from individuals, Trusts and Foundations, corporate fundraising, successful direct marketing appeals, legacies and some one-off income including specifically for the Afghanistan Fund.

This year, we are very grateful to have received from HM Treasury, a one-off LIBOR grant of £8.3 million to specifically aid the families of those who have fought in Afghanistan. This money in the Afghanistan fund will be distributed over many years hence and joins other designated and restricted funds that we already administer on behalf of the Nation. It is a particular aspect of our responsibilities that we routinely act as the 'Guardian' for these sorts of funds and we iterate our thanks to the Chancellor of the Exchequer for his confidence in our governance. This money will still be making a demonstrable difference 50 or more years from now, reflecting the often long term impact of service on our serving and former soldiers and their dependants and the Charity's role in supporting them.

Donations from the public rose by over 16% to £15,220k (2015: £13,108k). Within this, Legacy income fell by 7% to £2,707k (2015: £2,906k). Our Charity recruited a Legacy Marketing Manager in late 2015, in order to better promote legacy giving to both existing supporters and other potential legators.

Income from serving Army personnel and the Regimental and Corps Associations rose by 13% to £2,338k (2015: £2,068k), despite shrinking numbers of serving soldiers. This largely reflects sustained efforts at many levels to continuously remind the Army and its people that we have a unique role as "their" National Charity. Donations included a generous contribution from the Gurkha Welfare Trust, noting that we have responsibility for those increasing number of Gurkha veterans that choose to reside in the UK – allowing the Trust to focus its efforts on Nepal.

After the high profile successes of the previous year, (the Gold Medal winning Show Garden at the RHS Flower Show and the 2014/15 Evening Standard Independent Media campaign for "Homeless Veterans"), it was very much a case of business as usual this year.

Once again, the National events calendar proved popular, and continued to attract record numbers of participants from a wide range of backgrounds and ages. Building on the success of the inaugural 2014 event, the second Frontline Walk was staged in October 2015, with participants once again taking on the challenge of trekking 30 km per day, over the Flanders fields between the Somme in France and Ypres in Belgium. This event has already carved out a reputation for being both physically and emotionally draining, as the participants 'march' through the battlefields against the background of the military cemeteries and memorials.

Other areas of our national fundraising remained consistent. Our partnerships across the spectrum of companies, large and small, plus the generous support of Trusts and Foundations, provided a bedrock of reliable funding for our grants programme. The Royal Edinburgh Military Tattoo made another generous donation – noting our significant expenditure on grants in Scotland.

Our Direct Marketing programme also remained stable against a background of public and media scrutiny; the programme is under regular review at Executive Board level and we are acutely aware of the importance of appropriate behaviour in this area towards our supporters and the public at large.

As ever, the Regional fundraising has raised significant funds for our Charity, whilst maintaining public awareness across the British Isles, as well as further afield. Throughout the 2015/16 period, there has been an eclectic mix of events from the more sedate to the very challenging! There have been a number of significant anniversaries, which have included the ongoing centenary of WW1

and the 200th Anniversary of the Battle of Waterloo, against which we have been able to focus some major fundraising events. Furthermore, some of the more challenging events have included: abseiling; taking part in physically demanding assault courses; the Cateran Yomp and the so-called 'muddy' activities. There is something for everyone, young and old, being organised by our volunteers across the regions.

We have continued to promote our annual Tri-Service Red, White and Blue Day, which engages schools throughout the British Isles, and beyond. This is seen as an important activity for our Charity, as it enables us to engage with a much younger audience and raises our profile significantly, especially when family engagement is added to the figures. In 2015/16, 428 schools across the UK with 135,000 pupils, participated in Red White & Blue Day.

We have continued our very close association with the British Soldiers Fund, based in Massachusetts, USA, which was renamed "The Soldiers Fund" on 1 December 2015. They stage a number of fundraising events each year from which we benefit, as they make grants to our Charity.

Critically, we have benefited from our very strong and historic relationship with the Army. We have continued our close engagement, which has included both the Regular and Reserve components. Numerous units have entered the Carrington Drum Trophy, raising significant amounts of money for our Charity. Further, the Army Cadet Force, through the mechanism of the Revision Trophy, have helped to raise funds for us. We are indebted to all these units for their sterling support throughout the year.

We are, as always, grateful for the generous support of so many, without whom our grant making would not be possible: members of the public; the serving Army; our loyal Corporate supporters; generous individuals and Trusts; legators; our staff; our magnificent volunteer Committees in the Regions; and many others too numerous to mention.

Communications

The Communications team is responsible for all internal and external communications, from the website and social media presence, to printed material and media coverage. A key element of their work is explaining our role, so that those individuals in need, or charities that wish to apply for grants, can do so in an appropriate and effective manner. It also supports fundraising across the Charity. This year, the Charity's new website was launched, providing a better user experience and clearer guidance for those who need our help. The team also ran a successful Parliamentary Reception, which led to a number of Ministerial visits to our London office. The latest Charity theme was also launched, which focuses on the Army Family and our support to that 'family' in the widest sense.

Media coverage has ranged from beneficiary stories in the national press, to our media spokesmen and women commenting on news issues of the day, to mentions in The Telegraph and Times for our SPEAR17 expedition. Up on last year, we had more than 2,200 mentions in the national and regional press; an equivalent value of £2.5 million. In addition, we had 62 broadcast clips on TV and radio. One of the key aspects of our work is to seek to bring a degree of balance and understanding as to where real need exists, rather than the modern enthusiasm to chase the latest fashionable need or most aggressive charity sales pitch.

We recognise that our Brand awareness is not as strong as some of the other major Service charities; in the 2015 Third Sector National Brand Index report we were in 128th position overall (out of some 260,000 charities in the UK). However we scored 73%, and the best score in the index, for "delivering on promises" and having "strikingly effective publicity work", with 30% of those surveyed, the best score in the 2015 Index, being aware of our online coverage. Most pertinent was the statement that "the organisation is delivering the goods in terms of generating donations." The 'so what' analysis, deductions and recommendations will be extrapolated into the 2016 Communications Plan.

Our VIP support has continued to grow and we were delighted to count the explorer Levison Wood, TV bushcraft expert Ray Mears and actress Jenny Agutter amongst those who supported us with events, fundraising and through their own social media community.

The last edition of FrontLine magazine – the ‘Peacetime Christmas’ issue has brought in record donations and the new times for FrontLine – June and Christmas, are now firmly in the Charity’s annual calendar.

We currently have a number of generous beneficiaries who have shared their stories in our marketing materials, in the media and online. Our latest stories can be viewed on our website’s homepage.

In keeping with the Charity’s integral ‘Digital-First’ strategy, we have achieved considerable growth in our social media activities and digital ‘reach’ this year:

	Charity’s Website		Facebook	Twitter	Instagram
	Visits	Page Views	Likes	Followers	Followers
March 2015	194,973	390,828	71,000	24,000	-
March 2016	328,097	558,204	87,000	32,000	1,030
Growth	133,124	167,376	16,000	8,000	1,030
% Increase	68%	43%	23%	33%	100%

Financial Review

Results for the year

In summary, the consolidated operating result and the net movement in funds for the year to 31 March 2016 show a net operating surplus of £9,116k (2015: £6,024k) and a net movement in funds of £7,553k (2015: £9,459k) after allowing for the investment valuation losses of £1,570k (2015: investment valuation gains of £3,428k).

Total Income of £22,843k was £2,472k (12.1%) above last year's figure of £20,371k, while Total Expenditure fell by £620k (4.3%) from £14,347k to £13,727k. As a result, Net Income was £9,116k compared to Net Income of £6,024k in the previous year - an improvement of £3,092k. This year's figures have been substantially affected by the £8,300k received from HM Treasury in respect of The Afghanistan Fund.

Income from the Public ("Donations and Appeals" and "Legacies") rose by 16.1%, from £13,108k to £15,220k. Within this, Legacy income fell by £199k (6.8%) to £2,707k despite a number of sizeable residuary legacies being received during the year. The Charity has also been dealing with a complicated major legacy that is to be shared with four other charities; the bulk of this exceptional income is likely to be realised in 2016 - 17. Donations and Appeals income rose by 22.7%, with a substantial increase in Donations and significant increases in contributions from Corporate Income and Major Donors.

Total Income from serving Army personnel, whether fundraising for us in their own right or through support from their Regimental charities, rose by 13.1% from £2,068k to £2,338k.

Income from Other Trading activities: Other donations and events, raised £3,547k (2015: £2,963k), again an excellent performance in a challenging fundraising environment and reflecting the success of several high profile national events and pleasing returns from Regional activities.

Investment Income fell by £123k (7.3%) to £1,567k. Dividend income fell by £199k (14%) to £1,219k as a result of the decision to move a substantial part of our investment from Income Units to Accumulation Units targeting capital growth over income. Bank and short term deposit interest rose from £18k to £102k as the Charity held funds on short term deposit pending investment in longer-term investment funds. The fall in the Stock Market during the year gave rise to unrealised losses of approximately £2 million on our BlackRock AFCIF Income Units investments, but this was partly offset by unrealised gains of almost £680k on our AFCIF Accumulation Units. Overall the investment valuation losses for the year amounted to a net figure of £1,570k (2015: unrealised gains of £3,428k).

Expenditure in the current year fell by £620k (4.3%) to £13,727k following a similar fall in the previous year. Grants for the Benefit of Individuals and to Other Charities were slightly lower in the year, with further details being given in the Grant Making section of this Report.

The Costs of Raising Funds were significantly lower than the previous year, by £364k (12.8%) to £2,484k, giving a four year reduction of £896k (26.5%) and showing further benefits from the tight cost control over that period. Costs of goods sold and other gross costs fell by £915k following the investment in major fundraising activities last year.

Grant making and other support costs were £1,834k (2015: £1,035k). These include Governance costs and the costs of providing other support to charities. The significant increase in expenditure across this area reflects further investment in our case management infrastructure; a better understanding of the true real and opportunity costs associated with our particular role as the Army's principal grant making charity and the growing complexity and, entirely appropriate, focus on good and appropriate governance which is of particular importance to us as we scrutinise applications for funding and audit the outcomes associated with our grants. Support to charities comes in a number of forms including management and staff time working on administrative and governance matters for a substantial number of other charities (for example being on their Board of Trustees), and grant making on behalf of other charities. The level of our involvement with other charities, and the costs involved, will be kept under constant review.

The Charity now has only one active trading subsidiary company (Soldiers' Trading Ltd). The Army Benevolent Fund Enterprises Ltd and Tournament Trading Company Ltd are now dormant but will continue to be registered with Companies House. The profit for Soldiers' Trading Ltd for the year was £90k (Three Trading subsidiaries – Tournament Trading Company, Army Benevolent Fund Enterprises Ltd and Soldiers' Trading Ltd 2015: £135k) and as in previous years Gift Aid payments of the profit for the year to March 2016 will be made to the parent Charity.

With income net of event and other activity costs being £20,006k (2015: £16,619k), the costs of raising funds represent 12.4% (2015: 17%) of the income available. The significant reduction to 12.4% this year is largely driven by the exceptional increase in donations.

The cost of raising funds is affected by two particular characteristics of this Charity. First we are exclusively a grant making, rather than delivery charity, so much of our staff and infrastructure expenditure represents overhead costs rather than charitable outputs. We have no care homes, caseworkers or other similar charitable expenditure across which our total costs can be allocated. Second, as the Army's national charity, a considerable proportion of our time and effort is spent on co-ordinating activity across a range of charities which deliver on our behalf and on managing substantial funds on behalf of others. We neither charge for this support, nor receive grants from public bodies, nor derive any income from any of our grant-making activities. All these responsibilities are delivered at direct cost to the Charity. In addition, those 88 charities we fund receive these donations for free – so releasing them from the expense and effort of raising equivalent funds. In essence, we act as both a grant making and enabling charity - and both functions are undertaken entirely at our expense.

Reserves

As at 31 March 2016 the Charity's total Reserves of £62.6 million (2015: £55.0 million) consist of Restricted and Designated Funds Reserves of £57.1 million (2015: £47.0 million) and Unrestricted General Fund Reserves of £5.5 million (2015: £8.0 million). The purposes for which the Restricted and Designated Funds can be used are set out in Notes 18 and 19 to the Accounts.

It is the Trustees' policy to review the level of Reserves in both individual funds as well as in total, and, if necessary, they are prepared to withdraw amounts from the Restricted and Designated Funds investment portfolios in order to meet the Charity's grant making obligations from those Funds. Furthermore as the Army's National Charity, and effectively their 'safety net', Trustees are very aware of their responsibility to 'smooth' the provision of support – setting aside substantial reserves for the 'long haul' in the good times, but equally being prepared to run substantial deficits if, for example, the Army comes under pressure with substantial operational casualties.

In considering the current level of Reserves needed by the Charity, the Trustees are aware that the fundraising environment has become increasingly more challenging, with a tightening of fundraising regulations and the backdrop of further contraction in statutory public service welfare provision, which may lead to increased demands for charity assistance. Meanwhile, whilst the British Army continues to be actively engaged in operational duties worldwide, ranging from peacekeeping to providing humanitarian aid, from enforcing anti-terrorism measures to helping combat the international drugs trade, there has inevitably been a reduction in public awareness of the Army's activities since the cessation of combat operations in Afghanistan.

There are a number of factors which determine the appropriate level of the Strategic Reserves (within Designated Funds Reserves):

- Military operations in Iraq and Afghanistan between 2001 and 2014 had a significant impact on the Charity - both in terms of the growth in the number of serving soldiers, veterans and dependants who may need our help and support, both now and for many years to come, and in the climate for public donations. It is considered prudent for the Charity to hold in reserve an amount equivalent to approximately two years Unrestricted Funds benevolence grants for individuals and to other charities, in order that the Charity's objectives can be met in the short to medium term, and this requires a reserves holding in the region of £12 million.

- The Charity acts as a strategic reserve for other Army charitable funds including those of Regiments and Corps, who currently make benevolence grants of around £5 million a year. In the event of a prolonged conflict with above average numbers of casualties, we may also be called upon to support the Army Dependents Trust (ADT), which provides immediate support to the Next of Kin of the deceased. It is considered that the Charity should, therefore, hold in reserve an amount equivalent to approximately two years Regimental and Corps benevolence grants, and combined with the obligation to the ADT, this requires a reserve holding of £14 million.
- In addition, the Charity needs to ensure that it can maintain the appropriate infrastructure to make benevolence payments on its own behalf, on behalf of Regiments and Corps and to provide support to other charities for a period of up to two years. The reserves required to satisfy this obligation are around £3.5 million.

Taking all of these factors into account the level of Strategic Reserves required is £29.5 million.

As noted in last year's Report, the Trustees have established a Designated Fund (the Relocation Fund) to provide for the anticipated relocation of the Charity's National Office when the current building leases expire. The need for this contingency is further emphasised by the high importance placed by Trustees on the needs of those Service charities co-located with us, noting that the majority of their work directly relates to the needs of Army personnel. Co-location, joint working and sharing overheads are an important driver for us as the Army's National Charity. Following the £8.0 million initial transfer to the Relocation Fund last year, a further £2.0 million has been set aside from Unrestricted General Funds this year. Whilst the Charity has now successfully negotiated lease extensions for the National Office in Mountbarrow House until June 2021, the premises are due to be redeveloped shortly thereafter, necessitating our move-out; the Relocation Fund will thus be retained to enable the Charity to relocate from 2019 onwards.

The balance on the Unrestricted General Fund is, in effect, the Charity's contingency reserves, and at £5.5 million as at 31 March 2016 this represents just over one year's cover for the Charity's non-grant costs. The Trustees are of the opinion that in the current economic climate the level of the contingency reserve is prudent and appropriate.

Overall, the Trustees are very mindful of continuing significant change within the Army, which often has direct and indirect adverse impact on demands for our resources; on the need to re-build the Charity's reserves after 12 years of continuous conflict; and a volatile international situation, all of which are of direct significance to us as the Army's 'Safety Net' should the needs of serving personnel, veterans and their immediate families increase, now or in the future.

Investment management

At the year end, the Charity held long term investments with a market value of £53,269k and short term cash deposits of £6,738k (2015: £51,724k and £410k respectively). During the year, and following a review and reassessment of the Charity's investment management and the changing preference for capital growth rather than income, changes were made to the long term investment portfolio by moving a substantial part of the portfolio from Income Units to Accumulation Units; by liquidating smaller non-strategic investment holdings; and by investing the additional funds being received by the Charity with CCLA as the investment manager, rather than with BlackRock, in order to achieve a better balance between the Charity's investment managers. The majority of the short term cash deposits are invested with a number of financial institutions through an arrangement managed by UBS.

In summary, the long term investments and short term deposits at year end:

Table 3: Long Term Investments and Short Term Deposits

	2016	2015
	£'000	£'000
<u>Investments at Market Value</u>		
BlackRock		
AFCIF Income Units	6,309	38,393
AFCIF Accumulation Units	32,569	7,740
Dynamic Diversified Growth Fund Units	-	3,133
Total with BlackRock	<u>38,878</u>	<u>49,266</u>
CCLA		
COIF Income Units	10,316	-
COIF Accumulation Units	4,075	-
Total with CCLA	<u>14,391</u>	<u>-</u>
Cazenove		
Permal Absolute Return Fund Units	-	2,458
Total Long term investments	<u>53,269</u>	<u>51,724</u>
<u>Short Term Deposits</u>		
With UBS	6,088	110
With HSBC	650	300
Total Short Term Deposits	<u>6,738</u>	<u>410</u>
TOTAL LONG TERM INVESTMENTS AND SHORT TERM DEPOSITS	<u>60,007</u>	<u>52,134</u>

Investments in the two non-strategic funds - the BlackRock Dynamic Diversified Growth Fund and the Cazenove Permal Absolute Return Fund – were sold during the year for a total of £5.5 million, realising a gain of just under £1.2 million. Further investments have been made in CCLA COIF Accumulation Units since the 31 March 2016 year end, continuing the repositioning to capital growth over income.

The Charity's main long term investment, however, will continue to be in BlackRock's Armed Forces Common Investment Fund (AFCIF). As a Common Investment Fund it is a charity in its own right, with a Corporate Trustee and an independent Advisory Board, comprising elected representatives of the participating charities, including ourselves, and senior City individuals. We also have an extended interest in the Fund because it acts as the repository for many funds held by the Regimental charities – so again an area where we expend effort on behalf of the collective 'Army' good.

The principal performance objective of the AFCIF Accumulation Fund is to seek to outperform its customised, composite benchmark by 1% per annum after fees over a rolling 3 year period, and the performance outturn can be summarised as follows:

Table Four: BlackRock AFCIF Accumulation Fund Investment Performance

	Accumulation Units	
	Benchmark	Actual
Year to March 2016	-0.81%	-0.18%
Three years to March 2016 (annualised)	5.58%	5.58%
Five years to March 2016 (annualised)	6.44%	6.53%

The AFCIF Income Fund distribution in the year to 31 March 2016 was 7.10p per unit (2015: 6.90p per unit) for a yield of 4.0%.

For the year to 31 March 2016 the CCLA COIF Charities Investment Fund performance was a return of 0.4%, with the comparator (a benchmark combining seven market performance indices) returning -1.5%. At the end of March 2016 the yield on the Income Unit part of the Fund stood at 3.89%.

Although the AFCIF has its own independent advisory board, the Charity's Finance and Investment Committee and Trustee Board monitor the BlackRock AFCIF and CCLA COIF performance against their benchmarks at each of their meetings, and members of the Committee and of the Senior Management Board meet the fund managers during the year to assess and critically examine their performance.

The Trustees of the Charity appreciate that the Charity is a long term investor in the AFCIF, and accordingly look beyond the day-to-day fluctuations in the market. This means that the portfolio will sometimes underperform the market as a whole in the year; the Trustees accept this limitation and are aware that the value of the investment portfolio can fall as well as rise.

Going concern

Having reviewed the financial performance for the year, the budget for the year to March 2017 and plans for future years, the Trustees confirm that the financial statements for the year to March 2016 can be prepared on the going concern basis.

Auditors

The Charity's Auditors are Moore Stephens LLP.

Strategic Objectives

The current Strategic Objectives of the Charity, which will be next reviewed in October 2016, are to:

- Provide reliable and appropriate life-long support to those in need.
- Increasingly act in close and coordinated collaboration with the Army at every level.
- Achieve wider public recognition, awareness of and support for the Charity's work.
- Maximise net income generation against the need.
- Ensure that our structure, governance, ethos and processes enable the organisation to be highly agile, effective, responsive and accountable.
- Adopt a 'Digital-First' strategy to enable more effective working
- Facilitate co-operation, co-ordination, co-location (where appropriate) and convergence with other Service charities sharing similar objectives to our own.
- Ensure that our Monetary Reserves are maintained at an adequate and appropriate level compatible with grant giving.

Plans for the period 2016-2019:

- The demands for the Charity's support are broadly stable, with some tendency towards fewer numbers of individual cases, but balanced by cases becoming more costly and complex. This is reviewed annually.
- The Charity must continue to adapt to strategic changes emanating from the Strategic Defence and Security Review 2015 and other Government and MOD initiatives:
- The Charity must remain agile and position itself so that it can continue to attract sufficient funds and other support in an era when the Armed Forces are rather less in the public's mind.
- Integration of Regulars and Reserves permeates every aspect of the Army's innovative plans for formations comprising a mix of Regulars and specialist capabilities from the Reserves; the Charity's liability for supporting the Reserves is, therefore, likely to continue to increase.
- The withdrawal of Army units from Germany to the UK under Operation BORONA is now due to be completed by 2019. This is already having a significant impact on the Charity's engagement footprint across the Regions, with new demands for welfare/benevolence.
- The remainder of the World War One Centenary period (until and including 2018) continues to offer unrivalled opportunities for the Charity to demonstrate to all stakeholders our long term 'for-life' commitment to former soldiers and dependants of every living generation.
- The Army recognises the desirability of working in tandem with the Charity. The Charity is maintaining and demonstrating a complementary posture in order to nurture this mutually beneficial relationship.

- The future viability of some Regimental and Corps Associations may be in question, particularly those historic ones without the 'One-Day's Pay Scheme' income, dwindling memberships and falling levels of reserves; the Charity must be ready to assist.
- We should assume continuing fiscal constraint and further contraction of statutory public service provision to beneficiaries. The Charity, with other Third Sector providers, is likely to be expected to 'fill the void' with provision of increased levels of benevolence support in areas that might previously have had State funding.
- The willingness to engage, co-operate and co-ordinate efforts between related Service charities will continue to develop, but may become increasingly fragmented as the resource picture tightens. Notwithstanding, the co-location of Service charities in Mountbarrow House is an exemplar of co-operation, with significant savings for all through sharing back-office services and facilities.
- With the leases for Mountbarrow House now extended to June 2021, plans for the Charity's eventual re-location will be put on hold, with no further move expected until at least 2019.
- The Charity will continue to outsource case work to SSAFA, The Royal British Legion and other specialist charities in the short to medium term.
- The global digital environment is in a constant state of fluidity; the Charity is embracing it, striving to keep on the 'front foot', equipped and trained to operate with an integral 'Digital-First' strategy.

Key areas of this work for 2016/17 include:

- **Supporter Engagement** – Continuing to ensure that processes are in place for monitoring and evaluating key elements of supporter engagement across all our relationships whether potential donors, beneficiaries or our wide range of other partners.
- **Information Management** – progressing the implementation of new procedures to streamline and improve information management within the Charity.
- **National Office Accommodation** – with leases extended to June 2021, there will be modest re-configuring and refurbishment of our office accommodation in Mountbarrow House.

Behind these priorities sits first a broad understanding that governance and behaviours of charities are rightly under intense scrutiny at present. Second as the Service charity sector perhaps finds it more difficult to attract funding, but levels of potential need remain high, as the Army's national charity we must endeavour to encourage coordinated and cost effective behaviour at every opportunity – and indeed when appropriate invest resources to help make it so. Much of our work will be driven by these two factors.

Trustees' responsibilities in respect of the Annual Report and financial statements

The Trustees (who are also Directors of ABF The Soldiers' Charity for the purposes of company law) are responsible for preparing the Trustees' Report and the 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 the financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are

satisfied that they give a true and fair view of the state of affairs of the charitable company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group 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 of the Charities Statement Of Recommended Practice (Charities SORP (FRS102)).
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK 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 proper accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the Group 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 material 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 have a duty to report on how the charitable company provides public benefit by explaining:

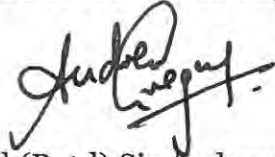
- The significant activities undertaken in order to carry out our aims for the public benefit; and
- Our achievements measured against those aims.

The Trustees confirm that we have had regard to the Charity Commission's guidance on public benefit in reporting on the Charity's vision, purpose and goals, and on our objectives and achievements.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charity's website.

The Legal and Administrative Details form an integral part of this report.

Approved by the Board of Trustees and signed on its behalf on **06 July 2016**.

A handwritten signature in black ink, appearing to read 'Andrew Gregory', with a stylized flourish at the end.

Lieutenant General (Retd) Sir Andrew Gregory KBE CB
Chairman

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF ABF THE SOLDIERS' CHARITY

We have audited the financial statements of ABF The Soldiers' Charity for the year ended 31 March 2016 which comprise the consolidated and parent Statement of Financial Activities, the consolidated and parent Balance Sheets, the consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 (FRS 102), 'the Financial Reporting Standard in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the Company's Trustees, as a body, in accordance with regulations made under section 44 of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the 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.

We have been appointed auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the Group's and the Parent Charitable Company's affairs as at 31 March 2016 and of the Group's 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 Charities and Trustee Investment (Scotland) Regulations 2006 (as amended) and with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where regulations made under the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate and sufficient accounting records, 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.

Moore Stephens LLP.

Philip Clark (Senior statutory auditor)
for and on behalf of MOORE STEPHENS LLP
Chartered Accountants and Statutory Auditor
London, UK

6th July 2016

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

ABF THE SOLDIERS' CHARITY
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING THE CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR TO 31 MARCH 2016

	Notes	Unrestricted Funds £	Designated Funds (note 19) £	Restricted Funds (note 18) £	Total 2016 £	Total 2015 £
Income from:						
Donations and legacies						
The public						
Donations and Appeals Income		4,264,968	8,248,366	-	12,513,334	10,201,562
Legacies		2,707,034	-	-	2,707,034	2,906,192
		<u>6,972,002</u>	<u>8,248,366</u>	<u>-</u>	<u>15,220,368</u>	<u>13,107,754</u>
Army personnel						
From individuals in Army Units		284,641	-	-	284,641	370,985
Regimental and Corps Benevolent Funds		1,063,231	-	-	1,063,231	677,475
Army Dependants Trust		800,000	-	-	800,000	800,000
Service related activities		190,000	-	-	190,000	220,000
		<u>2,337,872</u>	<u>-</u>	<u>-</u>	<u>2,337,872</u>	<u>2,068,460</u>
Investments	3	1,296,170	69,556	201,183	1,566,909	1,690,341
Other trading activities						
Other donations and events		3,318,142	228,750	-	3,546,892	2,963,310
Charitable activities		-	51,634	119,243	170,877	541,579
Total Income		<u>13,924,186</u>	<u>8,598,306</u>	<u>320,426</u>	<u>22,842,918</u>	<u>20,371,444</u>
Expenditure on:						
Raising funds						
Fundraising trading: cost of goods sold	4	2,758,368	78,145	6	2,836,519	3,751,977
Other costs of raising funds	5	2,483,578	-	-	2,483,578	2,847,513
		<u>5,241,946</u>	<u>78,145</u>	<u>6</u>	<u>5,320,097</u>	<u>6,599,490</u>
Charitable activities						
Grants to Regiments and Corps for the benefit of individuals	6	3,041,204	38,757	288,907	3,368,868	4,530,616
Grants to other charities	7	3,006,419	61,500	136,500	3,204,419	2,182,223
		<u>6,047,623</u>	<u>100,257</u>	<u>425,407</u>	<u>6,573,287</u>	<u>6,712,839</u>
Grant making and other support costs	8	1,833,842	-	-	1,833,842	1,034,801
		<u>7,881,465</u>	<u>100,257</u>	<u>425,407</u>	<u>8,407,129</u>	<u>7,747,640</u>
Total expenditure		<u>13,123,411</u>	<u>178,402</u>	<u>425,413</u>	<u>13,727,226</u>	<u>14,347,130</u>
Net income/(expenditure) before net gains on investments		800,775	8,419,904	(104,987)	9,115,692	6,024,314
Net (losses)/gains on investments	12	(1,310,896)	(21,590)	(237,548)	(1,570,034)	3,427,695
Net income/(expenditure)		(510,121)	8,398,314	(342,535)	7,545,658	9,452,009
Transfers between funds	18, 19	(2,019,921)	2,000,000	19,921	-	-
Net interest in the results for the year in associates	13	7,258	-	-	7,258	7,259
Net movement in funds		<u>(2,522,784)</u>	<u>10,398,314</u>	<u>(322,614)</u>	<u>7,552,916</u>	<u>9,459,268</u>
Funds balances at 1 April		8,015,451	41,654,598	5,353,015	55,023,064	45,563,796
Funds balances at 31 March		<u>5,492,667</u>	<u>52,052,912</u>	<u>5,030,401</u>	<u>62,575,980</u>	<u>55,023,064</u>

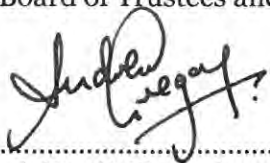
ABF THE SOLDIERS' CHARITY
CHARITY STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR TO 31 MARCH 2016

	Notes	Unrestricted Funds £	Designated Funds (note 19) £	Restricted Funds (note 18) £	Total 2016 £	Total 2015 £
Income from:						
Donations and legacies						
The public						
Donations and Appeals Income		4,081,597	8,248,366	-	12,329,963	9,428,983
Legacies		2,707,034	-	-	2,707,034	2,906,192
		<u>6,788,631</u>	<u>8,248,366</u>	<u>-</u>	<u>15,036,997</u>	<u>12,335,175</u>
Army personnel						
From individuals in Army Units		284,641	-	-	284,641	370,985
Regimental and Corps Benevolent Funds		1,063,231	-	-	1,063,231	677,475
Army Dependants Trust		800,000	-	-	800,000	800,000
Service related activities		190,000	-	-	190,000	220,000
		<u>2,337,872</u>	<u>-</u>	<u>-</u>	<u>2,337,872</u>	<u>2,068,460</u>
Investments	3	1,296,170	69,556	201,183	1,566,909	1,690,265
Other trading activities						
Other donations and events		3,407,732	228,750	-	3,636,482	3,097,051
Charitable activities		-	51,634	119,243	170,877	541,579
Total Income		<u>13,830,405</u>	<u>8,598,306</u>	<u>320,426</u>	<u>22,749,137</u>	<u>19,732,530</u>
Expenditure on:						
Raising funds						
Fundraising trading: cost of goods sold		2,669,928	78,145	6	2,748,079	3,120,657
Other costs of raising funds	5	2,483,578	-	-	2,483,578	2,847,513
		<u>5,153,506</u>	<u>78,145</u>	<u>6</u>	<u>5,231,657</u>	<u>5,968,170</u>
Charitable activities						
Grants to Regiments and Corps for the benefit of individuals	6	3,041,204	38,757	288,907	3,368,868	4,530,616
Grants to other charities	7	3,006,419	61,500	136,500	3,204,419	2,182,223
		<u>6,047,623</u>	<u>100,257</u>	<u>425,407</u>	<u>6,573,287</u>	<u>6,712,839</u>
Grant making and other support costs	8	1,828,501	-	-	1,828,501	1,027,207
		<u>7,876,124</u>	<u>100,257</u>	<u>425,407</u>	<u>8,401,788</u>	<u>7,740,046</u>
Total expenditure		<u>13,029,630</u>	<u>178,402</u>	<u>425,413</u>	<u>13,633,445</u>	<u>13,708,216</u>
Net income/(expenditure) before net gains/(losses) on investments		800,775	8,419,904	(104,987)	9,115,692	6,024,314
Net (losses)/gains on investments	12	(1,310,896)	(21,590)	(237,548)	(1,570,034)	3,427,695
Net income/(expenditure)		(510,121)	8,398,314	(342,535)	7,545,658	9,452,009
Transfers between funds	18, 19	(2,019,921)	2,000,000	19,921	-	-
Net interest in the results for the year in associates	13	7,258	-	-	7,258	7,259
Net movement in funds		<u>(2,522,784)</u>	<u>10,398,314</u>	<u>(322,614)</u>	<u>7,552,916</u>	<u>9,459,268</u>
Funds balances at 1 April		8,014,877	41,654,598	5,353,015	55,022,490	45,563,222
Funds balances at 31 March		<u>5,492,093</u>	<u>52,052,912</u>	<u>5,030,401</u>	<u>62,575,406</u>	<u>55,022,490</u>

ABF THE SOLDIERS' CHARITY
BALANCE SHEETS
AT 31 MARCH 2016

		Group		Charity	
	Notes	2016 £	2015 £	2016 £	2015 £
Fixed assets					
Tangible assets	11	305,723	279,496	305,723	279,496
Investments	12	53,268,739	51,723,963	53,268,744	51,723,968
Associate undertaking	13	12,887	5,629	12,887	5,629
		<u>53,587,349</u>	<u>52,009,088</u>	<u>53,587,354</u>	<u>52,009,093</u>
Current assets					
Stocks		1,058	754	-	-
Loan debtors	14	20,835	30,335	20,835	30,335
Other debtors	15	2,555,232	2,671,605	2,694,854	2,758,373
Short term deposits		6,738,175	410,069	6,738,175	410,069
Cash at bank and in hand		1,331,161	1,257,359	1,184,981	1,160,797
		<u>10,646,461</u>	<u>4,370,122</u>	<u>10,638,845</u>	<u>4,359,574</u>
Creditors: amounts falling due within one year	16	1,657,830	1,356,146	1,650,793	1,346,177
Net current assets		<u>8,988,631</u>	<u>3,013,976</u>	<u>8,988,052</u>	<u>3,013,397</u>
Net assets	17	<u>62,575,980</u>	<u>55,023,064</u>	<u>62,575,406</u>	<u>55,022,490</u>
Represented by:					
Income funds					
Restricted funds	18	5,030,401	5,353,015	5,030,401	5,353,015
Unrestricted funds:					
Designated funds	19	52,052,912	41,654,598	52,052,912	41,654,598
Unrestricted funds		5,492,667	8,015,451	5,492,093	8,014,877
Total funds		<u>62,575,980</u>	<u>55,023,064</u>	<u>62,575,406</u>	<u>55,022,490</u>

Approved by the Board of Trustees and signed on their behalf



.....
Lieutenant General (Retd) Sir Andrew Gregory KBE CB
Chairman



.....
Peter Baynham BA FCA AMCT
Honorary Treasurer

6th July 2016

Registered in England and Wales, company number 07974609

ABF THE SOLDIERS' CHARITY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR TO 31 MARCH 2016

	2016 £	2015 £
Cash flows from operating activities:		
Net cash provided by operating activities	8,050,431	4,629,364
Cash flows from investing activities:		
Dividends, interest and rents from investments	1,566,909	1,690,341
Purchase of equipment	(100,620)	(4,591)
Proceeds from the sale of investments	41,419,221	-
Purchase of investments	(44,534,033)	(7,500,000)
Net cash (used in) investing activities	(1,648,523)	(5,814,250)
Change in cash in the reporting period	6,401,908	(1,184,886)
Cash at the beginning of the reporting period	1,667,428	2,852,314
Cash at the end of the reporting period	8,069,336	1,667,428
Reconciliation of net income/ (expenditure) to net cash flow from operating activities		
	2016 £	2015 £
Net income/ (expenditure) for the reporting period (as per the statement of financial activities)	9,115,692	6,024,314
Adjustments for:		
Depreciation charges	74,395	107,560
(Increase) in stocks	(304)	(754)
Decrease in debtors	125,873	346,888
Increase / (Decrease) in creditors	301,684	(158,303)
Dividends, interest and rents from investment	(1,566,909)	(1,690,341)
Net cash provided by in operating activities	8,050,431	4,629,364
Analysis of cash		
	2016 £	2015 £
Cash in hand	1,331,161	1,257,359
Notice deposits (3 months or less)	6,738,175	410,069
Total cash	8,069,336	1,667,428

**ABF THE SOLDIERS' CHARITY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016**

1. Accounting policies

Accounting convention

The Accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006.

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

The Trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern.

Consolidation

The Accounts consolidate ABF The Soldiers' Charity and its three trading subsidiary companies; Soldiers' Trading Limited, The Army Benevolent Fund Enterprises Limited and The Tournament Trading Company Limited. The income of these trading subsidiaries is included in the Consolidated and Company Statement of Financial Activities within Donations and appeals income, and within Other donations and events. Expenditure is included in Costs of goods sold.

Income

Donations and income from fundraising events are recorded in the Accounts when receivable. Income is recognised in the Accounts when the group has entitlement, receipt is probable and the value can be estimated reliably.

Income received from events is recognised in the period in which the event takes place.

Income from Legacies is taken into the Statement of Financial Activities when received or when receipt is probable and the value can be measured with sufficient reliability.

In accordance with the terms set out at the time grants are received, grants in respect of the Quick Reaction Fund and the Individual Recovery Plans Fund have either been included as income from charitable activities as received, or included to the extent that grants have been made from those funds to beneficiaries. For those grants received which fall into the latter category, the excess of grants received over the amount taken to income is held within creditors.

Costs of raising funds

Costs of raising funds comprise fundraising costs and the costs incurred in subsidiary trading company activities. Fundraising costs include advertising, producing publications, printing and mailing fundraising material, associated staff costs and an appropriate allocation of support costs. Trading costs cover all the costs of the trading subsidiaries and other trading activities including the costs of goods sold.

Charitable expenditure

Grants payable in furtherance of the Charity's objects are recognised as expenditure when payment is due.

Grant making and other support costs

Grant making and other support costs include Grant making costs, Governance costs and other support to charities.

**ABF THE SOLDIERS' CHARITY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016**

Grant making costs are those costs incurred in support of the Charity's primary objective of paying grants to those in need.

Other support to charities reflects the support given to other charities in terms of management and staff time; other associated infrastructure costs and in certain circumstances subsidies for accommodation costs for office space occupied at Mountbarrow House.

Governance costs represent those costs associated with the governance arrangements of the Charity which relate to the general running of the Charity. Such costs include external audit fees, legal costs, related Trustee costs and costs associated with compliance with statutory requirements.

Investments in Associates

Investments in associates are measured in accordance with Section 14 of FRS 102, 'Investments in Associates', using the equity model. As such, investments in associates are initially recognised at the transaction price and are subsequently adjusted to reflect the Charity's share of the surplus, other comprehensive income and equity of the associate."

Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The investment portfolio does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

Rental income is recognised in the period to which it relates.

Critical estimates and significant judgements

With respect to the next reporting period for the year ended 31 March 2017, the most significant areas of uncertainty that affect the carrying value of assets held by the Charity are the level of investment return and the performance of the investment markets (see the investment policy and performance and risk management sections of the Trustees' Report for more information).

Tangible Fixed assets and depreciation

Tangible fixed assets costing more than £1,000 are capitalised and included at cost, including any incidental expenses relating to the acquisition.

**ABF THE SOLDIERS' CHARITY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016**

Depreciation is provided for all tangible fixed assets so as to write off their cost in equal instalments over their expected useful lives as follows:

Computer equipment	3 years
Operating software	8 years
Office furniture and fittings	3-5 years
Leasehold improvements	Over the term of the lease

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Loans to Beneficiaries

Loans to Beneficiaries are concessionary loans provided for the benefit of the Charity's beneficiaries. Such loans are initially recognised and measured at the amount paid, with the carrying amount adjusted at each Balance Sheet date to reflect repayments and any accrued interest, less any impairment.

Operating leases

Rentals payable under operating leases are charged to the Statement of Financial Activities as incurred over the period of the lease.

Foreign currency

Transactions denominated in foreign currencies are recorded at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted to Sterling at the rates of exchange ruling at the balance sheet date.

The Accounts of overseas operations are translated to Sterling at the approximate rates of exchange ruling at the balance sheet date. All differences are recorded in the Statement of Financial Activities

Pension costs

Employees are entitled to join a Group Personal Pension Scheme which is operated on a contributory basis. The assets of the Group Personal Pension Scheme are held separately from those of the Charity and contributions payable by the Charity are charged in the Statement of Financial Activities in the year in which they are payable.

ABF THE SOLDIERS' CHARITY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016

2. Subsidiary companies' results

Soldiers' Trading Limited

Included in Donations and appeals income in Income is general purpose trading income arising in Soldiers' Trading Limited. The results were as follows:

	2016	2015
	£	£
Turnover	183,371	759,668
Cost of Sales	(81,117)	(618,749)
Gross Profit	102,254	140,919
Administrative expenses	(12,664)	(12,928)
Bank interest and other income	-	32
Profit on ordinary activities	89,590	128,023
Gift Aid to parent charity	(89,590)	(128,023)
Net Profit	-	-
Profit and Loss Account brought forward	-	-
Profit and Loss Account carried forward	-	-
The aggregate of the assets, liabilities and funds was:		
Assets	163,416	152,442
Liabilities	(163,415)	(152,441)
Total Funds	1	1

The Army Benevolent Fund Enterprises Limited

Included in the Income and Expenditure relating to Other donations and events are the income and costs of the trading subsidiary The Army Benevolent Fund Enterprises Limited. The results were as follows:

	2016	2015
	£	£
Turnover	-	1,276
Cost of Sales	-	-
Gross Profit	-	1,276
Administrative expenses	-	(1,640)
Bank interest and other income	-	644
Profit on ordinary activities	-	280
Gift Aid to parent charity	-	(280)
Net Profit	-	-
Profit and Loss Account brought forward	-	574
Profit and Loss Account carried forward	-	574
The aggregate of the assets, liabilities and funds was:		
Assets	577	2,402
Liabilities	-	(1,825)
Total Funds	577	577

ABF THE SOLDIERS' CHARITY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016

The Tournament Trading Company Limited

Included in the Income and Expenditure relating to Other donations and events are the income and costs of The Tournament Trading Company Limited, the trading subsidiary company set up to manage The British Military Tournament event on behalf of the Charity. The results were as follows:

	2016	2015
	£	£
Turnover	-	12,268
Cost of Sales	-	(3,746)
Gross Profit	-	8,522
Administrative expenses	-	(1,850)
Bank interest and other income	-	42
Profit on ordinary activities	-	6,714
Gift Aid to parent charity	-	(6,714)
Net Profit	-	-
Profit and Loss Account brought forward	-	-
Profit and Loss Account carried forward	-	-
The aggregate of the assets, liabilities and funds was:		
Assets	1	8,551
Liabilities	-	(8,550)
Total Funds	1	1

Donations received prior to and at the event are shown within Donations and appeals income within the Charity. The Company did not hold a Tournament event during the year.

3. Investment Income

	Unrestricted	Designated	Restricted	Total	Total
	Funds	Funds	Funds	2016	2015
	£	£	£	£	£
Dividends and distributions	999,987	18,249	200,785	1,219,021	1,418,150
Bank interest	49,803	51,307	398	101,508	18,233
	1,049,790	69,556	201,183	1,320,529	1,436,383
Rental Income	246,380	-	-	246,380	253,958
Total	1,296,170	69,556	201,183	1,566,909	1,690,341

Unrestricted Funds investment income includes £Nil (2015: £76) in bank interest arising in the subsidiary companies.

Rental income arises from the sub-letting of office space in Mountbarrow House to a number of other Service charities.

ABF THE SOLDIERS' CHARITY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016

4. Fundraising trading: Costs of goods sold

Group:

		2016	2015
		£	£
Direct costs			
Event costs		1,564,401	2,152,162
Promotion materials		198,274	141,050
Salaries and pensions		105,434	108,044
Other costs		7,330	8,975
		<u>1,875,439</u>	<u>2,410,231</u>
Allocated to:			
Costs of raising funds	1	(178,700)	-
		<u>1,696,739</u>	<u>2,410,231</u>
Costs of raising funds (Note 5)	2	117,474	-
Support costs (Note 9)			
Central and administrative costs		648,825	647,686
Regional office costs		373,481	694,060
Total		<u>2,836,519</u>	<u>3,751,977</u>

5. Other costs of raising funds

Group and Charity:

		2016	2015
		£	£
Direct costs			
Salaries and pensions		723,561	735,942
Campaign costs		448,452	528,877
Other costs		2,725	6,658
		<u>1,174,738</u>	<u>1,271,477</u>
Allocated to:			
Grant making and other support costs		(58,737)	-
Governance		(117,474)	-
Costs of goods sold (Note 4)	2	(117,474)	-
		<u>881,053</u>	<u>1,271,477</u>
Costs of goods sold	1	178,700	-
Support costs (Note 9)			
Advertisements and promotion		414,694	417,150
Central and administrative costs		324,416	591,018
Regional office costs		684,715	567,868
Total		<u>2,483,578</u>	<u>2,847,513</u>

ABF THE SOLDIERS' CHARITY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016

6. Grants for the benefit of individuals

All grants made for the benefit of soldiers, former soldiers and their families are paid through their parent Regimental or Corps Associations. The total value of these grants made during the year was £3,368,868 (2015: £4,530,616).

7. Grants to other charities

The Charity, on behalf of the partnership of Army charitable funds, makes grants to national charities which support soldiers, former soldiers and their families.

By the nature of Service charities and other charities supporting serving and former soldiers, many of the Charity's Trustees and senior management work closely with, or serve as trustees for, some of the charities listed below receiving grants from the Charity. Where this applies the Trustee or member of the management team will not take part in the grant making decision process.

The total values of the grants made during the year were:

	2016 £	2015 £
<u>GRANTS FROM UNRESTRICTED FUNDS:</u>		
Elderly:		
Age Concern Espana	25,000	20,000
Broughton House	82,000	70,000
Chaseley Trust	14,000	13,600
Erskine Hospital	150,000	140,000
Queen Alexandra Hospital Home	40,000	40,000
Royal Alfred Seafarers' Society	15,000	15,000
Royal Cambridge Home	27,500	34,000
Royal Star & Garter Home	170,000	72,000
St David's Nursing Home	-	30,000
The Somme Nursing Home	7,000	16,000
	<u>530,500</u>	<u>450,600</u>
Employment and Training		
Finchale Training College	20,000	19,970
Highground	35,000	-
Queen Elizabeth's Foundation	-	13,300
Regular Forces Employment Association (RFEA)	256,422	98,000
Salute My Job	35,000	-
Scottish Society for Employment	2,500	3,000
Skill Force	15,000	-
Step Forward Volunteering (Worldwide Volunteering)	18,000	12,500
The Poppy Factory	85,000	60,000
Walking with the Wounded	4,752	-
Wiltshire & Somerset College	-	37,550
X Forces	73,000	4,800
	<u>544,674</u>	<u>249,120</u>
Grants from unrestricted funds subtotal	<u>1,075,174</u>	<u>699,720</u>

ABF THE SOLDIERS' CHARITY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016

	2016	2015
	£	£
<u>Grants from unrestricted funds:</u> (continued)		
Family:		
"Not Forgotten" Association	10,000	28,000
52 Lowland Div Recce Regt OCA	-	1,500
Army Families Federation	50,671	-
Army Welfare Service - Welfare Minibuses	26,625	36,722
Army Widows' Association	14,000	8,000
ATC (Pirbright)	(888)	3,000
Army Welfare Services Colchester - Op Camouflage	5,797	-
Catterick Community Group (Gurkha Education)	-	(100)
Chindits Old Comrades Association	1,875	1,000
Cobseo, The Confederation of Service Charities	20,000	20,000
Family Activity Breaks	46,000	-
Gurkha Welfare Trust	50,000	-
HCPT Group 182	5,700	-
Home-Start UK	35,000	-
Hong Kong LEP Trust	8,000	7,000
Hospice UK	5,000	5,000
Hostage UK	10,000	-
HO Wattisham Station	10,000	-
Lord Kitchener Memorial Holiday Centre	16,000	18,000
Lothian Veterans Centre (Mark Wright Project)	12,000	15,000
Music in Hospitals	21,000	21,000
Mutual Support	10,000	-
My Daddy is a Soldier Adventures	10,000	-
NSPCC	20,000	-
Poppyscotland (ASAP Project)	51,500	30,000
Prisoner's Education Trust	10,000	-
OEHB Fisher House	8,000	-
Queen Victoria School	8,000	8,000
Reading Force	12,000	13,000
Re -Vitalise	42,480	43,250
Royal Commonwealth Ex-Services League	240,000	118,400
Rutland Citizens Advice Bureau	(7,500)	14,000
SSAFA Central Offices	296,763	147,551
Storybook Soldiers	-	5,000
Tavforth Veterans Project	10,000	-
The League of Remembrance	1,440	1,680
The Matthew Project	-	35,000
The Nature of It	3,000	-
The Officers' Association	-	40,000
The Ripple Pond	15,000	-
The Royal Hospital Chelsea	25,000	5,000
Thistle Health and Wellbeing	-	5,000
Union Jack Club	30,917	-
Veterans Scotland	15,000	14,000
West Indian Association of Service Personnel	-	22,000
Wiltshire Wildlife Trust	(20,000)	20,000
	<u>1,128,380</u>	<u>686,003</u>
	2016	2015
	£	£
Grants from unrestricted funds subtotal (brought forward)	1,075,174	699,720
Grants from unrestricted funds above	1,128,380	686,003
Grants from unrestricted funds subtotal (carried forward)	<u>2,203,554</u>	<u>1,385,723</u>

ABF THE SOLDIERS' CHARITY
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	2016 £	2015 £
<u>Grants from unrestricted funds:</u> (continued)		
Housing		
Alabaré Christian Care & Support	108,000	30,000
Amicus Trust	8,168	-
Armed Forces & Veterans Launchpad	35,729	102,500
Bournemouth War Memorial Homes	10,000	10,000
Community Housing & Therapy	-	64,000
E Hayes Dashwood	20,000	20,000
Haig Homes	50,000	45,000
Scottish Veterans' Garden City	25,000	30,000
Scottish Veterans Residences	20,000	10,000
Stoll	35,000	31,200
The Royal Homes Wimbledon (SSAFA)	-	10,000
Thirteen Care and Support (Norcare)	30,000	40,500
	<u>341,897</u>	<u>393,200</u>
Wellbeing:		
British Ex-Services Wheelchair Sports Association	18,000	16,000
Combat Stress	180,000	35,000
Combat Veteran Players	19,000	-
Deafblind UK	8,800	-
Defence Medical Welfare Services	10,000	-
Firstlight Trust	9,500	-
Forces in the Community	20,000	-
Gardening Leave	10,000	20,000
Home Farm Trust	20,000	25,000
Kartforce	20,000	20,000
Rosie Kay Dance Company	12,000	7,500
Spinal Injuries Association	18,500	15,000
Stand Easy	1,068	-
The Gwennili Trust	5,000	3,000-
The Warrior Programme	37,500	34,000
Turn to Starboard	33,600	-
Veterans Outreach Support	8,000	-
Waterloo Uncovered	10,000	-
Williams Simpsons Home	20,000	20,000
	<u>460,968</u>	<u>195,500</u>
	2016	2015
	£	£
Grants from unrestricted funds subtotal (brought	2,203,554	1,385,723
Grants from unrestricted funds above	802,865	588,700
Total Grants from unrestricted funds	<u>3,006,419</u>	<u>1,974,423</u>

ABF THE SOLDIERS' CHARITY
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	2016 £	2015 £
<u>GRANTS FROM DESIGNATED FUNDS:</u>		
Elderly		
The Somme Nursing Home	7,000	-
	<u>7,000</u>	<u>-</u>
Wellbeing		
"Not Forgotten" Association	10,000	-
The Warrior Programme	12,500	-
Combat Stress	20,000	-
	<u>42,500</u>	<u>-</u>
Family:		
Army Widows Association	10,000	-
QEHB Fisher House	2,000	-
Families Activity Breaks (Child Bereavement Charity)	-	25,300
Northern Ireland Memorial Relief for Dependants (NIMROD)	-	5,500
STUBS Limited	-	5,000
HighGround	-	25,000
Horseback UK	-	24,000
	<u>12,000</u>	<u>84,800</u>
Total Grants from designated funds	<u>61,500</u>	<u>84,800</u>
	2016 £	2015 £
<u>GRANTS FROM RESTRICTED FUNDS:</u>		
Family:		
Falklands Islands Memorial Chapel Trust	11,500	-
Falklands Veterans Foundation	15,000	15,000
South Atlantic Medal Association 1982	5,000	5,000
The National Gulf Veterans and Families Association	65,000	56,000
	<u>96,500</u>	<u>76,000</u>
Wellbeing		
"Not Forgotten" Association	20,000	12,000
Combat Stress	20,000	35,000
	<u>40,000</u>	<u>47,000</u>
Total grants from restricted funds	<u>136,500</u>	<u>123,000</u>
Grants from unrestricted funds	3,006,419	1,974,423
Grants from designated funds	61,500	84,800
Grants from restricted funds	136,500	123,000
Total external grants expenditure	<u>3,204,419</u>	<u>2,182,223</u>

ABF THE SOLDIERS' CHARITY
NOTES TO THE ACCOUNTS
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8. Grant making and other support costs

	2016	2015
	£	£
Direct costs		
Salaries and pensions	379,557	283,559
Other costs	18,732	10,890
	<u>398,289</u>	<u>294,449</u>
Support costs (Note 9)		
Advertisement and promotion	159,498	139,050
Costs of raising funds	58,737	-
Regional Office costs	124,494	-
Central and administrative costs	324,412	194,306
	<u>1,065,430</u>	<u>627,805</u>
Other support to charities		
Direct costs		
Salaries and pensions	61,798	77,242
Support costs (Note 9)		
Central and administrative costs	81,103	64,769
	<u>142,901</u>	<u>142,011</u>
Governance costs		
Direct costs		
Salaries and pensions	99,587	101,251
Meeting expenses	8,918	6,602
Auditors: Audit fees	25,766	24,055
Legal & Professional	3,010	7,337
Trustee expenses	1,404	4,302
	<u>138,685</u>	<u>143,547</u>
Support costs (Note 9)		
Central and administrative costs	243,306	121,438
Costs of raising funds	117,474	-
Advertisement and Promotion	63,799	-
Regional Office costs	62,247	-
	<u>625,511</u>	<u>264,985</u>
	<u>1,833,842</u>	<u>1,034,801</u>

Trustee expenses of £1,404 (2015: £4,302) were reimbursed for directly incurred travelling expenses paid to four (2015: five) of the Trustees.

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NOTES TO THE ACCOUNTS
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9. Analysis of support costs

		2016	2015
		£	£
Regional office costs			
Direct costs			
Salaries and pensions		1,111,537	1,096,732
Office and general expenses		35,804	49,149
Travel expenses		93,970	111,684
Other costs		3,626	4,363
		<u>1,244,937</u>	<u>1,261,928</u>
Allocated to			
Governance	(note 8)	62,247	-
Grant making and other support costs	(note 8)	124,494	-
Costs of goods sold	(note 4)	373,481	694,060
Costs of raising funds	(note 5)	684,715	567,868
		<u>1,244,937</u>	<u>1,261,928</u>
Advertisements and promotion			
Direct costs			
Advertisements and promotion		637,991	556,200
Allocated to			
Costs of raising funds	(note 5)	414,694	417,150
Governance	(note 8)	63,799	-
Grant making and other support costs	(note 8)	159,498	139,050
		<u>637,991</u>	<u>556,200</u>
Central and administrative costs			
Direct costs			
Salaries and pensions		552,591	574,228
Legal and professional		35,401	12,868
Accommodation		557,057	582,739
Relocation		38,492	21,552
Other administrative costs		438,521	427,830
		<u>1,622,062</u>	<u>1,619,217</u>
Allocated to			
Costs of raising funds	(note 5)	324,416	591,018
Costs of goods sold	(note 4)	648,825	647,686
Grant making and other support costs	(note 8)	324,412	194,306
Other support to charities	(note 8)	81,103	64,769
Governance	(note 8)	243,306	121,438
		<u>1,622,062</u>	<u>1,619,217</u>

Costs are allocated, as appropriate, on the basis of headcount or time associated with the activity.

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10 Staff costs and emoluments

	2016	2015
	£	£
Total staff costs comprised:		
Wages and salaries	2,771,237	2,673,431
Social security costs	284,471	276,630
Pensions contributions	103,529	113,200
	<u>3,159,237</u>	<u>3,063,261</u>

The Charity employed an average staff of 84 (19 part-time) (2015: 83 including 20 part-time) of whom 44 (2015: 41) are employed at the Charity's head office. A small number of these individuals are on short term contracts to cover vacant posts and also from time to time we engage a limited number of contract and agency staff.

The number of employees whose salary and other emoluments exceed £60,000 was;

	2016	2015
	No.	No.
£60,001 - £70,000	1	3
£70,001 - £80,000	3	1
£80,001 - £90,000	1	-
£110,001 - £120,000	-	1
£120,001 - £130,000	1	-

An increasing number of our employees who have previous Army service are now unable to take advantage of the Charity pension scheme due to new HMRC Lifetime Allowance restrictions. Noting this constitutes a significant reduction in their overall emoluments the Charity may elect to make a compensating taxable payment, in lieu of their eligibility to an employer contribution, which is therefore included in the above figures.

Pension contributions for higher paid employees totalled £16,000 (2015: £20,725). The key management personnel for the charity are the trustees and the executive board (Senior Management Board). The Trustees received no remuneration during the year (2015: £nil). The total remuneration for the members of the Executive Board was £536,945 (2015: £513,108).

11 Tangible fixed assets – Group and Charity

	Leasehold improvements		Office furniture fittings & equipment		Total	Total
	2016	2015	2016	2015	2016	2015
	£	£	£	£	£	£
Cost						
At 1 April	440,731	436,140	296,599	296,599	737,330	732,739
Additions	-	4,591	100,620	-	100,620	4,591
Disposals	-	-	(30,141)	-	(30,141)	-
At 31 March	<u>440,731</u>	<u>440,731</u>	<u>367,078</u>	<u>296,599</u>	<u>807,809</u>	<u>737,330</u>
Depreciation						
At 1 April	228,652	147,853	229,182	202,421	457,834	350,274
Charge for the year	42,520	80,799	31,873	26,761	74,393	107,560
Released on disposal	-	-	(30,141)	-	(30,141)	-
At 31 March	<u>271,172</u>	<u>228,652</u>	<u>230,914</u>	<u>229,182</u>	<u>502,086</u>	<u>457,834</u>
Net book value at 31 March	<u>69,559</u>	<u>212,079</u>	<u>136,164</u>	<u>67,417</u>	<u>305,723</u>	<u>279,496</u>

ABF THE SOLDIERS' CHARITY
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Office furniture, fittings and equipment are normally written off in equal instalments over 3 or 5 years. The investment in the operating softwares for managing the fundraising activities and the accounting system are being written off in equal instalments over 8 years.

12 Investments – Group

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total £
Market value 1 April 2015	45,961,218	480,122	5,282,623	51,723,963
Purchase of investments	44,534,033	-	-	44,534,033
Sale of Investments	(41,419,221)	-	-	(41,419,221)
Net unrealised (losses) on investments	(1,310,898)	(21,590)	(237,548)	(1,570,036)
Market value 31 March 2016	<u>47,765,132</u>	<u>458,532</u>	<u>5,045,075</u>	<u>53,268,739</u>
Cost				
At 31 March 2016	47,022,965	257,025	2,868,468	50,148,458
At 31 March 2015	<u>29,470,703</u>	<u>257,025</u>	<u>2,868,468</u>	<u>32,596,196</u>

All of the Investments listed above are held by the Charity. In addition, 100% of the issued share capital of Soldiers' Trading Limited, The Army Benevolent Fund Enterprises Limited and The Tournament Trading Company Limited is held by the Charity. Both the cost and valuation of these shareholdings are £5.

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The investment portfolio comprises the following at market value;

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total £
BlackRock - Armed Forces Common Investment Fund				
Income units	805,448	458,532	5,045,075	6,309,055
Accumulation units	32,568,631	-	-	32,568,631
CCLA - COIF				
Income units	10,316,027	-	-	10,316,027
Accumulation units	4,075,026	-	-	4,075,026
Market value 31 March 2016	<u>47,765,132</u>	<u>458,532</u>	<u>5,045,075</u>	<u>53,268,739</u>

13 Associates

The British Soldiers' Fund (BSF) was incorporated as a tax-exempt charity in the United States in 2012, its primary purpose being to raise funds for British Army personnel, past and present, and their families in times of need. It changed its name on 1 December 2015 to "The Soldiers Fund" (TSF). As ABF The Soldiers' Charity can appoint three of the eleven directors of TSF, it is treated as an associate undertaking for the purposes of the consolidated accounts. The Charity's share of TSF's surplus as at 31st March 2016 was £7,258 (2015: £7,259). The Charity's share of TSF's net assets was £12,887.

14 Loan debtors – Group and Charity

	Unrestricted Funds £	Restricted Funds £	Total £
Loan balances at 1 April 2015	<u>8,000</u>	<u>22,335</u>	<u>30,335</u>
Loan balances at 31 March 2016 due within one year	2,000	6,000	8,000
Loan balances at 31 March 2016 due beyond one year	-	12,835	12,835
Loan balances at 31 March 2016	<u>2,000</u>	<u>18,835</u>	<u>20,835</u>

ABF THE SOLDIERS' CHARITY
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15 Other debtors and prepayments

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Prepayments and accrued income	2,506,476	2,564,971	2,506,476	2,564,971
Other debtors	82,240	126,792	65,484	60,713
Due from subsidiaries	-	-	156,378	152,847
	<u>2,588,716</u>	<u>2,691,763</u>	<u>2,728,338</u>	<u>2,778,531</u>

16 Creditors: amounts falling due within one year

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Deferred income				
At 1 April	957,775	1,184,168	957,775	1,084,168
Arising during the year	1,117,537	1,558,937	1,117,537	573,937
Released during the year	(683,300)	(1,785,330)	(683,300)	(700,330)
At 31 March	<u>1,392,012</u>	<u>957,775</u>	<u>1,392,012</u>	<u>957,775</u>
Trade creditors	163,425	223,910	163,218	223,672
Accrued expenses	92,332	152,160	85,502	142,429
Other creditors	<u>43,545</u>	<u>42,459</u>	<u>43,545</u>	<u>42,459</u>
	<u>1,691,314</u>	<u>1,376,304</u>	<u>1,684,277</u>	<u>1,366,335</u>

**ABF THE SOLDIERS' CHARITY
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17 Analysis of net assets between funds

	Tangible Fixed Assets £	Investments and Associates £	Net Current Assets £	Group Total £
Unrestricted Funds				
Unrestricted Fund	305,723	47,778,018	(42,591,073)	5,492,667
Designated Funds				
Northern Ireland	-	458,532	(283,997)	174,535
Current Operations	-	-	4,078,710	4,078,711
Afghanistan Fund	-	-	8,299,666	8,299,666
Strategic Fund	-	-	29,500,000	29,500,000
Relocation Fund	-	-	10,000,000	10,000,000
Restricted Funds				
Falklands Fund	-	2,661,357	285,788	2,947,144
Gulf Fund	-	1,069,695	(493,680)	576,015
Sir Jules Thorn Account	-	-	4,552	4,552
George Purse Trust	-	1,314,024	188,649	1,502,674
Individual Recovery	-	-	16	16
	<u>305,723</u>	<u>53,281,626</u>	<u>8,988,631</u>	<u>62,575,980</u>

The Charity has net assets of £62,575,406. The Designated and Restricted Funds are as above.

	Tangible Fixed Assets £	Investments £	Net Current Assets £	Charity Total £
Unrestricted Funds				
Unrestricted Fund	305,723	47,778,023	(42,591,652)	5,492,094
Designated and Restricted Funds	-	5,503,608	51,579,704	57,083,312
	<u>305,723</u>	<u>53,281,631</u>	<u>8,988,052</u>	<u>62,575,406</u>

ABF THE SOLDIERS' CHARITY
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18 Restricted Funds financial activity:

	IRP	QRF	Falklands	Gulf	Sir Jules	George	Total	Total
	Fund	Fund	Fund	Fund	Thorn	Purse	2015	2016
	£	£	£	£	A/c	Trust	£	£
Income								
Income from charitable activities	95,392	23,851	-	-	-	-	386,579	
Income from investments	32	16	106,129	42,599	-	52,408	195,534	
Total income	<u>95,424</u>	<u>23,867</u>	<u>106,129</u>	<u>42,599</u>	<u>-</u>	<u>52,408</u>	<u>582,113</u>	
Expenditure								
Direct charitable expenditure	6	-	-	-	-	-	119,243	6
Grants to other charities	-	-	61,500	75,000	-	-	201,183	136,500
Grants for the benefit of individuals	243,321	23,851	1,450	2,526	-	17,759	288,907	288,907
Total expenditure	<u>243,327</u>	<u>23,851</u>	<u>62,950</u>	<u>77,526</u>	<u>-</u>	<u>17,759</u>	<u>425,413</u>	<u>1,294,888</u>
Net (expenditure)/ income before net gains on investments	(147,903)	16	43,179	(34,927)	-	34,649	(104,987)	(712,775)
Net unrealised (losses)/gains on investments	-	-	(125,311)	(50,367)	-	(61,871)	(237,548)	395,915
Net (expenditure)/ income	<u>(147,903)</u>	<u>16</u>	<u>(82,132)</u>	<u>(85,294)</u>	<u>-</u>	<u>(27,222)</u>	<u>(342,535)</u>	<u>(316,860)</u>
Transfers between funds	19,921	-	-	-	-	-	19,921	590,007
Net movement in funds	<u>(127,982)</u>	<u>16</u>	<u>(82,132)</u>	<u>(85,294)</u>	<u>-</u>	<u>(27,222)</u>	<u>(322,614)</u>	<u>273,147</u>
Fund balances at 1 April	<u>127,982</u>	<u>-</u>	<u>3,029,276</u>	<u>661,309</u>	<u>4,552</u>	<u>1,529,896</u>	<u>5,353,015</u>	<u>5,079,868</u>
Fund balances at 31 March	<u>-</u>	<u>16</u>	<u>2,947,144</u>	<u>576,015</u>	<u>4,552</u>	<u>1,502,674</u>	<u>5,030,401</u>	<u>5,353,015</u>

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18 Restricted Funds financial activity (continued)

During the year an amount of £19,921 (2015: £590,000) was transferred from Unrestricted Funds to the Restricted IRP Fund to cover Charity-funded IRP grants and IRP funds received from third parties, and in 2015 an amount of £7 was transferred from Unrestricted Funds to the Quick Reaction Fund to cover the deficit on that Fund.

The Restricted Funds consist of:

- The Individual Recovery Plans Fund was set up in conjunction with Help for Heroes with additional support from other donors. The purpose of this Fund was to provide for retraining and resettlement opportunities for serving personnel passing through the Army Recovery Capability programme. As a result of the cessation of combat operations by the Army, the number of IRP grants made has fallen significantly over the past couple of years, and such grants are now covered as part of the routine grantmaking from unrestricted funds.
- The Quick Reaction Fund, set up in conjunction with Help for Heroes, which exists to provide immediate and direct support to wounded, injured and sick serving soldiers and their dependants and supplements funding available from Regimental Benevolent Associations and other Service charities.
- The Falklands Fund which exists to meet the needs of soldiers, former soldiers and their dependants who have suffered distress as a result of the Falklands conflict.
- The Gulf Trust (Army and Civilian) Fund, which exists to meet the needs of soldiers, civilian personnel attached to or accompanying the Armed Forces and their dependants who have suffered distress as a result of the Gulf conflict and continuing operations.
- The Sir Jules Thorn Account which exists to help those seeking entrance to the Royal Hospital, Chelsea and Old Age Pensioners from the Army, or their dependants, who are in need of special attention.
- The George Purse Trust Fund which exists to make grants which would not otherwise be provided out of Charity unrestricted funds to support the welfare needs of ex-Army personnel, dependants and carers residing in the former boundaries of the counties of Glamorgan and Monmouthshire.

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19 Designated Funds financial activity – Group

	Northern Ireland					Current Operations Fund		Afghanistan Fund	Strategic Fund	Relocation Fund	Total 2016	Total 2015
	Special Relief Fund	£	£	£	£	£	£	£	£	£	£	£
Income												
Donations, events and Charitable activities	-	-	228,751	8,300,000	-	-	-	-	-	-	8,528,751	263,469
Income from investments	18,256	18,256	-	51,300	-	-	-	-	-	-	69,556	17,745
Total income	18,256	18,256	228,751	8,351,300	-	-	-	-	-	-	8,598,307	281,214
Expenditure on Raising Funds	-	-	78,146	-	-	-	-	-	-	-	78,146	75,773
Expenditure on Charitable activities:												
Grants to other charities	27,000	27,000	-	34,500	-	-	-	-	-	-	61,500	30,500
Grants for the benefits of individuals	7,740	7,740	13,883	17,134	-	-	-	-	-	-	38,757	128,458
Total expenditure	34,740	34,740	92,029	51,634	-	-	-	-	-	-	178,403	234,731
Net income/ (expenditure) before net gains/ (losses) on investments	(16,484)	(16,484)	136,722	8,299,666	-	-	-	-	-	-	8,419,904	46,483
Net unrealised (losses)/gains on investments	(21,590)	(21,590)	-	-	-	-	-	-	-	-	(21,590)	35,983
Net income/ (expenditure)	(38,074)	(38,074)	136,722	8,299,666	-	-	-	-	-	-	8,393,314	82,466
Transfers (to)/from the Unrestricted Funds	-	-	-	-	-	-	-	-	-	-	2,000,000	-
Net movement in funds	(38,074)	(38,074)	136,722	8,299,666	-	-	-	-	-	-	10,398,314	8,082,466
Fund balances at 1 April	212,609	212,609	3,941,989	-	-	-	-	29,500,000	-	-	41,654,598	33,572,132
Fund balances at 31 March	174,535	174,535	4,078,711	8,299,666	-	-	-	29,500,000	-	-	52,052,912	41,654,598

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19 Designated Funds financial activity – Group (continued)

Designated Funds, within Unrestricted Funds, are set aside at the discretion of the Trustees for specific purposes and time.

The Designated Funds now consist of the Northern Ireland Special Relief Fund (NISRF), the Current Operations Fund (COF), the Afghanistan Fund, the Strategic Reserve and the Relocation Fund (RF). The NISRF has been set up to meet the special requirements for aid occasioned by events in Northern Ireland, with the COF being established in 2007 to provide a continuing fund for soldiers, former soldiers and their dependants in times of need who are suffering distress as a result of military operations being undertaken at that time and all subsequent military operations. It will continue in place until such time as all eligible beneficiaries no longer survive.

The Afghanistan Fund was set up during the year, following receipt of a grant from HM Treasury, to support Army families affected by the Afghanistan campaign. Similarly this will be time limited.

As reported in the Trustees Report, the Strategic Fund covers the anticipated grants for Individuals for two years, made by both the Charity and the Army (Regiments and Corps), and the Charity's contingent obligation to the Army Dependants Trust, and ongoing support to other charities. As noted in last year's Report, the Trustees established a Designated Fund (the Relocation Fund) of £8.0 million to provide for the anticipated relocation of the Charity's National Office when the current building leases expires. A further £2.0 million has been set aside from Unrestricted Funds this year noting that any decision on relocation from Mountbarrow House will not be made by the Trustees before March 2017. This Fund will remain in place until the Charity has eventually moved to its new location.

As has been set out in previous Report & Accounts, the Trustees have allocated part of the Unrestricted Fund to be set aside for strategic operational purposes and this has been retained at £29.5 million. The Strategic Fund covers:

	£m 2016
Two years unrestricted funds benevolence grants for individuals and to other charities	12.0
Two years benevolence grants made by Regiments & Corps	10.0
Obligation to support the Army Dependants Trust	4.0
Two years Grants team infrastructure costs and costs and costs associated with supporting other charities	3.5
Strategic Fund	<u>29.5</u>

20 Pension costs

ABF The Soldiers' Charity Group Pension Plan

Employer contributions to this scheme during the year to 31 March 2016 amounted to £103,529 (2015: £113,200).

ABF THE SOLDIERS' CHARITY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016

21 Commitments

a. Capital

There were no capital commitments as at 31 March 2016 or 31 March 2015.

b. Operating leases

At 31 March 2016 there were the following commitments under operating leases:

	Land and buildings £	Office machinery £	Vehicles £	Total £
Operating leases payments:				
Within one year	339,828	67,066	35,695	442,589
In the second to fifth year inclusive	418,966	175,907	65,441	660,314
	<u>758,794</u>	<u>242,973</u>	<u>101,136</u>	<u>1,102,903</u>

The lease between the Charity and Grosvenor Estate Belgravia covers the 2nd and 3rd floors as well as part of the 1st floor at Mountbarrow House.

22 Transition to FRS 102

These financial statements for the year ended 31 March 2016 are the Charity's first financial statements that comply with Financial Reporting Standard 102 (FRS 102) 'the Financial Reporting Standard in the UK and Republic of Ireland'. The Charity's date of transition to FRS 102 is 1 April 2014. The Charity's last financial statements prepared in accordance with previous UK GAAP were for the year ended 31 March 2015. The transition to FRS 102 has not resulted in any changes in the Charity's accounting policies compared to those used when applying previous UK GAAP.

The following explanatory notes to the accounts describe the differences between the funds and income and expenditure presented under the previous UK GAAP and the newly presented amounts under FRS 102 for the reporting period ended at 31 March 2015 (i.e. comparative information), as well as the funds presented in the opening statement of balance sheet (i.e. at 1 April 2014). It also describes the changes in accounting policies made on first-time adoption of FRS 102.

In the table below, funds determined in accordance with the FRS 102 is reconciled to funds determined in accordance with previous UK GAAP at both 1 April 2014 (the date of transition to FRS 102) and 31 March 2016.

Group	Note	Funds as at 1 April 2014 £	Net income for Year ended 31 March 2015 £	Funds as at 31 March £
As previously stated				
Under former UK GAAP		45,563,796	6,024,314	55,023,064
Gains / losses on investments		-	3,427,695	-
As stated in accordance with FRS 102		<u>45,563,796</u>	<u>9,452,009</u>	<u>55,023,064</u>

Explanation of changes to previous reported net income and funds:

FRS 102 requires that an adjustment is made for gains / (losses) on investments which are now treated as a component of net income.

23 Comparatives for 2015/16

	Notes	Total 2016 £	Unrestricted Funds £	Designated Funds (note 19) £	Restricted Funds (note 18) £	Total 2015 £
Income from:						
Donations and legacies						
The public						
Donations and Appeals Income		12,513,334	10,196,562	5,000	-	10,201,562
Legacies		2,707,034	2,906,192	-	-	2,906,192
		<u>15,220,368</u>	<u>13,102,754</u>	<u>5,000</u>	<u>-</u>	<u>13,107,754</u>
Army personnel						
From individuals in Army Units		284,641	370,985	-	-	370,985
Regimental and Corps Benevolent Funds		1,063,231	677,475	-	-	677,475
Army Dependants Trust		800,000	800,000	-	-	800,000
Service related activities		190,000	220,000	-	-	220,000
		<u>2,337,872</u>	<u>2,068,460</u>	<u>-</u>	<u>-</u>	<u>2,068,460</u>
Investments	3	1,566,909	1,477,062	17,745	195,534	1,690,341
Other trading activities						
Other donations and events		3,546,892	2,704,841	258,469	-	2,963,310
Charitable activities		<u>170,877</u>	<u>155,000</u>	<u>-</u>	<u>386,579</u>	<u>541,579</u>
Total Income		<u>22,842,918</u>	<u>19,508,117</u>	<u>281,214</u>	<u>582,113</u>	<u>20,371,444</u>
Expenditure on:						
Raising funds						
Fundraising trading: cost of goods sold	4	2,836,519	3,676,058	75,770	149	3,751,977
Other costs of raising funds	5	2,483,578	2,847,510	3	-	2,847,513
		<u>5,320,097</u>	<u>6,523,568</u>	<u>75,773</u>	<u>149</u>	<u>6,599,490</u>
Charitable activities						
Grants to Regiments and Corps for the benefit of individuals	6	3,368,868	3,230,420	128,458	1,171,738	4,530,616
Grants to other charities	7	3,204,419	2,028,723	30,500	123,000	2,182,223
		<u>6,573,287</u>	<u>5,259,143</u>	<u>158,958</u>	<u>1,294,738</u>	<u>6,712,839</u>
Grant making and other support costs	8	1,833,842	1,034,801	-	-	1,034,801
		<u>8,407,129</u>	<u>6,293,944</u>	<u>158,958</u>	<u>1,294,738</u>	<u>7,747,640</u>
Total expenditure		<u>13,727,226</u>	<u>12,817,512</u>	<u>234,731</u>	<u>1,294,887</u>	<u>14,347,130</u>
Net income/(expenditure) before net gains on investments		9,115,692	6,690,605	46,483	(712,774)	6,024,314
Net (losses)/gains on investments	12	(1,570,034)	2,995,798	35,983	395,914	3,427,695
Net income/(expenditure)		<u>7,545,658</u>	<u>9,686,403</u>	<u>82,466</u>	<u>(316,860)</u>	<u>9,452,009</u>
Transfers between funds	18, 19	-	(8,590,007)	8,000,000	590,007	-
Net interest in the results for the year in associates	13	7,258	7,259	-	-	7,259
Net movement in funds		<u>7,552,916</u>	<u>1,103,655</u>	<u>8,082,466</u>	<u>273,147</u>	<u>9,459,268</u>
Funds balances at 1 April		55,023,064	6,911,796	33,572,132	5,079,868	45,563,796
Funds balances at 31 March		<u>62,575,980</u>	<u>8,015,451</u>	<u>41,654,598</u>	<u>5,353,015</u>	<u>55,023,064</u>

Solicitors	Bircham Dyson Bell LLP 50, Broadway Westminster London SW1H 0BL
Statutory Auditor	Moore Stephens LLP 150 Aldersgate Street London EC1A 4AB
Principal bankers	HSBC Bank plc The Peak 333, Vauxhall Bridge Road Victoria London SW1V 1EJ
Investment managers	BlackRock Investment Management (UK) Limited 12, Throgmorton Avenue London EC2N 2DL CCLA Senator House 85, Queen Victoria Street London EC4V 4ET
Pensions financial adviser	Circle Financial Services Limited 6, Lloyd's Avenue London EC3N 3AX
Trading subsidiary companies	Soldiers' Trading Limited (Registered No. 07243995) The Army Benevolent Fund Enterprises Limited (Registered No. 0897830) The Tournament Trading Company Limited (Registered No. 07241136) All three trading subsidiary companies have their registered office at: Mountbarrow House, 6-20, Elizabeth Street, London, SW1W 9RB

