

Charity number: 1145688

Forces in Mind Trust

Report and financial statements
For the year ended 31 December 2015

Forces in Mind Trust

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Forces in Mind Trust

Reference and administrative details

For the year ended 31 December 2015

Charity number	1145688
Registered office	Alexandra House St Johns Street Salisbury SP1 2SB
Operational address	Mountbarrow House 6-20 Elizabeth Street London SW1W 9RB
Trustee	FIM Trustee Ltd
Principal staff	Ray Lock CBE Chief Executive Meri Mayhew Head of policy and Deputy Chief Executive Kirsteen Waller Research and Support Manager Lucy Caruana Grants Manager (from October 2015) Ree Begam Executive Assistant (from February 2015)
Bankers	Barclays Bank PLC 1st Floor 27 Soho Square London W1D 3QR
Solicitors	Wilson's Solicitors LLP Alexandra House St Johns Street Salisbury SP1 2SB
Auditors	Sayer Vincent LLP Chartered Accountants and Statutory Auditors Invicta House 108-114 Golden Lane LONDON EC1Y 0TL
Investment Managers	Cazenove Capital Management Limited 12 Moorgate London EC2R 6DA

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Reference and administrative details

For the year ended 31 December 2015

Sarasin and Partners
Juxon House
100 St. Paul's Churchyard
London
EC4M 8BU

The Forces in Mind Trust has a single corporate Trustee, FIM Trustee Limited.

The Directors of FIM Trustee Limited during the period were:

Chairman	Air Vice-Marshal A J Stables CBE	
Director	A Barnett MA	
Director	I Brown	Chair of the Grants and Commissioning Committee
Director	Commodore B W Bryant CVO RN	Member of the Governance Committee
Director and Deputy Chairman	Captain A S Cowan RD RNR	Chair of the Governance Committee
Director	Professor N Greenberg	Member of the Grants and Commissioning Committee
Director	D Lyon FCCA	Member of the Finance and Investment Committee
Director	M J Morley	Chair of the Finance and Investment Committee
Director	Air Marshal C M Nickols CB CBE MA FRAeS	Member of the Grants and Commissioning Committee
Director	Lieutenant General Sir Andrew Ridgway KBE CB	Member of the Governance Committee
Director	Major General M Rutledge CB OBE	Member of the Finance and Investment Committee
Director	M Waters LLB MBA	Member of the Grants and Commissioning Committee

The Trust's Patron is Admiral of the Fleet Lord Boyce KG GCB OBE DL.

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Chairman's introductory report

For the year ended 31 December 2015

This is the last opportunity that I shall have to introduce the Forces in Mind Trust Annual Report, in that I shall stand down as the Chairman of the Board during 2016 after five years in post. My association, however, goes back almost eight years to the initial discussions that I, as the then Chairman of the Confederation of Service Charities, had with the Big Lottery Fund who were seeking an opportunity to 'have a positive influence' on veterans and their families. One of the principal issues facing the armed forces charitable sector at that time was the legacy costs of 'failed transition' and there was a belief that earlier intervention could prove beneficial. Thus 'successful and sustainable transition' was a fundamental tenet in the creation of the Forces in Mind Trust.

Transition is, however, a complex subject; complex in the very range of subjects that it encompasses, not least employment, housing, finance, well being and dependant support; complex in that differing priorities and situations apply to different people; and complex in that these priorities and situations occur at different times in peoples' lives.

The only certainty was an almost total lack of an evidence base on which policies and service delivery could be developed to provide the right outcomes to the right people at the right time. The work of the Trust, therefore, over the first four years has been focused on generating robust and reliable evidence to support change and at the same time building a reputation for independent, high quality research. We have committed some £7m during the first four years and £2.5m in this past year.

So where have we made the difference?

Our first commission, The Transition Mapping Study, not only informed our own thinking, but also greatly increased the understanding and the profile of transition within Government, the third sector and academia, and it continues to be used as a primary reference source. As a result of our funding of the Future Horizons early-Service leaver pilot, the Ministry of Defence brought this innovative approach into its core-funded resettlement programme to the potential benefit of thousands of soon- to-be veterans. In health and well being, our Joint Health Needs Assessment project has been instrumental in improving the consideration that Clinical Commissioning Groups across England give to ex-Service personnel and their dependants, and consequently we are funding similar studies in Scotland and Wales. Recognizing the unique challenges of the Armed Forces community in Northern Ireland, we have underway two major studies into their needs and how they are met, which will provide an independent and credible view on which planners across all sectors will be able to draw.

As highlighted in our impact reports for 2013 and 2014, the nature of our grants and commissioning programme lends itself to the measurement of input, rather than output, and it has been challenging to identify the impact of such ground breaking projects as the Directory of Social Change's Sector Insight and Armed Forces Charities website; the Stoll/Riverside/York University report on veterans' housing needs; and the independent evaluation of the Warrior Programme. We do know that we have supported new models of delivery, and have helped secure core funding from other sources, such as the old LIBOR and new Covenant Funds. We are also

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Chairman's introductory report

For the year ended 31 December 2015

aware, without being complacent, that our credibility and influence have grown steadily throughout the last four years, so that the conclusions from the thirty plus projects we currently have underway are highly likely to be both considered and acted upon, including those emerging from our new Mental Health Research Programme, a model for how to award £1m a year wisely. Time, money and effort in establishing and growing our ability to effect positive change are not wasted resources.

None of this would, however, be possible without the commitment, energy and belief of Board Members both past and present and indeed our Protector and I would pay tribute and thank them for their much valued and continued support. I would also wish to recognise the inspirational leadership of our Chief Executive and the work of his executive team.

Successful and sustainable transition, while very much a personal responsibility, is nevertheless often influenced by the actions of different agencies across the public, charitable and private sectors and I have been delighted to be a part of a very positive development in cooperation and interaction among these agencies. We do not always get it right but we certainly try and we are getting better.

One of my founding concerns was the very random nature of research in the 'veteran arena'. Much of it lacked focus and little or none was archived for future access, not least because no such facility existed. I was thus minded to create a Veterans Research Foundation not only to provide an accessible reference archive, but also to better focus and ultimately commission research. The concept is, I believe, relatively simple but has been overcomplicated by various attempts to address the issue. In determining the future of this Trust, consideration might be given to transforming into a 'Veteran Research Foundation' for in effect the Trust is already fulfilling many of the functions.

Whatever the future, I will look back with pride on a very fulfilling five years. We have, from time to time, struggled to determine the correct exam question to be answered but overall I judge that we have indeed had a 'positive influence' which has had a beneficial outcome to the lives of many in what is often an open ended transition process where measurement of 'success' is often difficult. Notwithstanding, the need will be forever present and we must continue to do our very best to ensure a successful and enduring outcome. We owe it to those who have served.

Air Vice-Marshal A J Stables CBE
Chairman, Forces in Mind Trust

Introduction

The Directors of the Trustee (FIM Trustee Limited) present their Report, together with the audited financial statements of Forces in Mind Trust for the year ended 31 December 2015.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the charity's trust deed and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

The Directors would like to express their gratitude for the considerable support and engagement of our Patron, Lord Boyce, and Protector, Simon Martin, whose constructive report we address subsequently.

Comment on Protector's Report

The Protector was appointed in November 2011 by the Big Lottery Fund; his role and responsibilities are fully described in his Report.

The Directors welcome all the comments contained in the Protector's Report, the description of 2015 as 'another good year of progress' and the recognition of the work undertaken by the Board. The Directors are mindful of the need not to overload the 'capable, loyal and efficient executive team', a description they wholeheartedly endorse, and are looking in 2016 to provide a greater focus to the Trust's work, and to consider providing additional resources if appropriate.

Objectives and activities

Purposes and aims

Forces in Mind Trust (FiMT, or the Trust) is a registered charity which has as its charitable aims:

The prevention and relief of poverty, the protection of mental and physical health and the relief of sickness and need amongst serving and former serving members of the Armed Forces by means of the provision of mentoring, services, facilities and equipment to support their treatment, rehabilitation, resettlement, education, training and employment and thereby support their transition to civilian life;

and

The protection of the mental and physical health, and the relief of poverty of the families and dependants of serving and former serving members of the Armed Forces in all cases for the benefit of the public.

Throughout this document, the concept of transition is as described above.

The Directors have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities, and are confident that the Trust's activities meet the Charity Commission's requirements with regard to public benefit. In particular, the Directors considered how the planned activities will contribute to the aims and objectives that have been set. In its third year of operation, FiMT has further accelerated its grant-giving programme, but has remained careful to allocate its funding to areas firmly on its priorities list whilst also ensuring growing credibility and influence.

The Directors review the aims, objectives and activities of the charity each year. This report looks at what the charity has achieved and the outcomes of its work in the reporting period. The Directors report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the Directors ensure the charity's aims, objectives and activities remained focused on its stated purposes.

Achievements and performance

The Trust's main activities and who it tries to help are described below. All its charitable activities focus on ex-Service personnel and their families and are undertaken to further FiMT's charitable purposes for the public benefit.

The strategic aim is:

To provide an evidence base that will influence and underpin policy making and service delivery in order to enable ex-Service personnel and their families to lead successful civilian lives.

and the strategic objectives are:

- To be an acknowledged expert and thought leader on transition
- To monitor, evaluate and hold responsible agencies to account for, the implementation and outcome of recommendations on improving transition
- To establish a programme of pro-active funding of evidence-generating activities through grants, commissions and solicitations in targeted areas
- To conduct a mental health research programme
- To influence policy makers and service deliverers through the advocacy of evidence-based recommendations
- To contribute to the development of a veterans research hub

In addition, the Board operates a Grants and Commissioning Plan that incorporates 13 operational objectives.

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Directors' annual report

For the year ended 31 December 2015

During the period, 19 awards were made (previous period 21), listed below by date of award. Of these awards, 13 grants were for generating evidence, 4 grants (Probation Institute, Stonham, Venture Trust and Pain Concern) were for change through delivery (pilot projects) and one (Clöre) was for building for change. Full details of amounts and types of grant can be found at Note 6 to the financial statements and on the Trust's website (section 'who we have helped').

- The Royal Foundation – study into employers' needs
- Probation Institute – supporting ex-Service ex-offenders on probation
- Clöre Fellowship – three fellowship places
- Stonham – evaluation of support services project
- Queen's University Belfast – study into how counter-insurgency warfare experiences impact upon the post-deployment reintegration of land-based British Army personnel
- Ulster University – understanding, supporting and serving the Northern Ireland veterans' community, comprising ex-Service personnel and their families.
- Newcastle University – systematic review of screening and brief interventions (relating to alcohol and well-being) for Service personnel prior to transition
- Glyndwr University – research into culture and integration around transition in Wales
- King's Centre for Military Health Research – study into the internal and external barriers experienced by ex-Service personnel accessing mental health services
- Ulster University – review of the mental health needs of the Hidden Veteran Community in Northern Ireland
- Venture Trust – a development and employability programme tailored to the needs of a specific cohort who require additional, specialist assistance in transition to civilian life
- The Poppy Factory – development and exploitation of employers' toolkit
- Directory of Social Change (Scotland) – enhancement to the on-line searchable resource providing an overview of the military charity sector in Scotland
- Community Innovations Enterprise – a one-year follow-on study to the Joint Health Needs Assessment England project, tailored for Northern Ireland, Scotland and Wales
- King's College London – sponsorship of the 2016 Veterans' Mental Health – The Road Ahead conference
- Demos – exploitation of study on working-age ex-Service personnel in care homes
- Pain Concern – radio programme and evaluation for Service and ex-Service personnel living with chronic pain
- The Royal British Legion – evaluation of an online mentoring pilot
- Directory of Social Change (Impact) – impact evaluation of the FiMT-funded 'ArmedForcesCharities.org'.

The total value of these awards was £2.476 million (previous period £1.889 million). Including the Mental Health Research Programme monitoring and evaluation function contracted to the

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Directors' annual report

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Centre for Mental Health, the total is £2.532 million which represents 101% of the target figure. Two further awards (Anglia Ruskin University and RAND Europe) value £274,229 were agreed by Directors, but were not committed before year end and will appear in the 2016 Financial Statements. Including these awards brings the figure achieved for Directorial approval to 112% of target. Total charitable expenditure for the year amounted to £2.954 million (previous period £2.377 million).

The nature of the Grants and Commissions Plan is such that the outcome from funding rarely occurs in the same year as the award is made. During 2015, a number of projects matured which do not feature in the 19 awards previously listed and at Note 6. These include:

- Joint Health Needs Assessment – the study provided NHS and Public Health England with the evidence to instigate a national programme designed to improve planning for ex-Service personnel with mental health and associated needs.
- Demos report on working-age veterans in care – the report received national coverage and prompted the formation of a collaborative network and further investigation into needs.
- Warrior programme trial evaluation – a positive outcome saw the Warrior programme secure core and expansion funding.
- The Royal Foundation – a Deloitte study into how to improve employers taking on ex-Service personnel was delivered to a very senior group under the Business in the Community organization, and a number of initiatives have subsequently been developed.
- Clore Fellowship 2015 – the Trust's sponsorship of a Clore Social Leadership Fellow produced an innovative research project on post-traumatic growth, which the Fellow is now embedding in families support programmes.
- The sector briefing programme took the Executive Team to North and South Wales, and North East and North West England. Engagement visits were also conducted to Scotland and Northern Ireland. These attract very modest staff costs, but ensure the work of the Trust has traction, stimulates thinking on future work and brings opportunities to the attention of potential grant applicants.
- Finally, the Executive Team provided comment on a range of issues in the national, regional and specialist media with the aim of ensuring policy makers and the public are presented with independent and credible evidence.

Considerable staff effort has also gone into: establishing the Veterans Research Hub project; the Mental Health Research Programme; leading work as a member of Cobseo's Executive Committee; and working up the theory of change concept. All these activities represent significant a investment in future achievements.

Beneficiaries of our services

The beneficiaries of the Trust's services are ex-Service personnel and their families, present and future. The Trust's strategy of providing an evidence base means that its beneficiaries gain benefit not by direct welfare, relief in need or other grants, but by improvements being made to the support provided to them by the statutory and voluntary sectors. Reductions in public spending have made the delivery of some support by local authorities and others more challenging, but this has given added prominence to the Trust's determination to advocate change on the basis of credible evidence.

Financial review

At the end of 2015, the Trust held total unrestricted charity funds of £33.195 million (2014: £35.302 million). Global market volatility resulted in the value of long-term endowments managed by Cazenove and Sarasin to fall to £35.121 million (2014: £36.233 million), however investment income was broadly maintained at £974k (2014: £977k). With the Trust required to have spent out by November 2031, the Directors are satisfied that the planned Grants and Commissions Plan is currently set at an appropriate level and that the Trust's other costs of £513k (2014: £572k) represent good value.

Principal Risks and uncertainties

During the course of the year, the Directors considered the major risks to which FiMT is exposed and the systems that it has to mitigate them. The Directors concluded that there are policies, procedures and systems in place to deal with the identified risks, which have been captured and are routinely managed through a comprehensive Risk Register.

The Board has assessed that the biggest risk to FiMT is that financial market volatility causes lower than anticipated returns on investments, against which expenditure has been planned. It has controlled the risk through its engagement with FiMT's two investment managers, and by seeking to develop indicators that the risk is likely to materialize.

The main uncertainty faced by FiMT is the level of grant and commission awards that will be made over the remainder of the Trust's 20-year life. To reduce this uncertainty, a strategy review was conducted in March 2015, and work was set in train to adopt a 'theory of change' concept to bring focus to the Trust's work and to provide better guidance on the target level of awards in the 3-5 year period.

Investment Policy

The Investment Policy is to produce long-term capital growth and investment income through dividends and interest sufficient to support the grant making and operating costs of FiMT. Cash flow requirements were supported throughout the year by cash holdings and short-term

investment funds (CDs). Following discussions with Investment Managers, in preparation for the first liquidation of long-term investment funds in July 2016, Investment Managers have prepared subsidiary accounts in which to place cash to meet the forecast requirements. At the end of the year, the Board approved the formal Investment policy statement for 2016 in accordance with Charity Finance Group best practice.

Reserves policy and going concern

The overall aim of the Reserves policy is to have spent out in accordance with the Trust Deed by November 2031, maximizing the amount available for grants and commissions. At this stage in FiMT's life, the reserves policy is to retain 6 months operating costs, and committed and forecast grants, in an interest-earning instant access savings account, with the balance held by the Investment Managers. At 31 December 2015, cash holdings were £625k (31 December 2014 – £704k).

Plans for the future

The Directors intend that for the next 3 years the Trust should maintain its current approach to its Grants and Commissioning programme, albeit while providing greater focus to the areas in which it will be operating through the proper development of a theory of change conceptual model. This new model, which will be tested at January 2016's strategy review, will provide the means whereby the Trust can shift its emphasis towards commissioning, with a target of 80% of all awards being awarded proactively, and only 20% responsively.

With this year's introduction of the Mental Health Research Programme, the Directors have allocated it a planning figure of awards totalling £1 million in any rolling 12-month period. This is in addition to the non-Mental Health programme, to which the Directors have allocated £2 million per year. These planning figures will be adjusted should the sector's capacity to conduct effective work to deliver the Trust's objectives be less (or greater) than anticipated. In recognition of the importance of the outputs from the Trust's work being acted upon, the Directors are also considering how to build greater influence capability.

Structure, governance and management

Forces in Mind Trust is an unincorporated charity registered as a charity on 31 January 2012. The Forces in Mind Trust was established under a sole corporate trustee, FIM Trustee Limited (Trustee), on 21 November 2011 and the Trust Deed was agreed between BIG (the Founder) and Trustee on 28 November 2011.

All Directors give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in Notes 5 and 8 to the accounts.

The Board meets quarterly. The Protector of the Trust also attends Board meetings.

Forces in Mind Trust

Directors' annual report

For the year ended 31 December 2015

The Board has three sub-committees, and has approved Terms of Reference and appointments for each. The Governance (bi-annually) and the Finance and Investment (quarterly) Committees meet regularly to review relevant issues, and to monitor the work of, and provide advice to, the Executive Team. The Grants and Commissioning Committee assesses and awards grants and commissions to applicants, and also supports the Executive Team as required in this activity. Awards exceeding £100,000 per annum or those 'considered novel and contentious' are referred to the full Board for approval. All three committees provide a written report to each Board meeting.

During 2015, the Trust established a Mental Health Research Programme and constituted a Steering Group under the remunerated co-chairmanship of the Centre for Mental Health and King's Centre for Military Health Research. The Steering Group provides expert advice to the Grants and Commissioning Committee and to the Executive Team, but has no grant awarding authority. One Director also sits in attendance at Steering Group meetings.

The Directors have delegated day-to-day running of the Trust to the Chief Executive, Air Vice-Marshal Ray Lock CBE.

Appointment of Directors

At the start of the reporting period, there were 12 Directors comprising the Chairman (an independent Director), 5 Directors who are employed by a Charity that is a member of Cobseo, and 6 other independent Directors who ensure a wide range of skills and knowledge, listed previously. No Directors stood down and none was recruited this period.

In accordance with FIM Trustee Limited Memorandum and Articles of Association, Article 46:

The Directors shall have the power at any time to appoint any other person to be a Director, either to fill a vacancy or as an addition to the Board, but so that the total number of Directors shall not at any time exceed fourteen. Of the Directors serving at any given time, up to a maximum of five Directors shall be nominees of Cobseo ('Cobseo Nominated Directors'). The remaining nine Directors shall not be employees or Directors of Cobseo. Where a Cobseo Nominated Director ceases to be a Director, the Company shall notify Cobseo and Cobseo may by notice to the Company nominate a candidate or candidates to be a Cobseo Nominated Director. At any other time where there are fewer than five Cobseo Nominated Directors, Cobseo may nominate a candidate for appointment. The Directors may, at their discretion, decide to appoint one, some, all or none of the nominees.

Independent Directors are recruited following a search against a set of Board skills, competencies and experience matrix, utilising a recruitment agency if appropriate.

An open recruitment campaign to select a Chairman to follow Air Vice-Marshal Stables at the end of 2016 commenced at the end of 2015.

Director induction and training

New Directors (none this year) receive induction briefings from the Board and Committee chairs, the Protector and the Chief Executive in accordance with a continuously reviewed programme. Depending upon a new Director's experience, access to legal, trust and military expert briefings are also arranged as required.

Current Directors are offered attendance at a range of professional development events throughout the year, for which the Trust will pay. In particular, NCVO, ACEVO, ACF and Investment Manager programmes are highlighted to Directors in the Trust's monthly Newsletter.

All Directors conduct an annual one-to-one discussion with the Board Chairman, during which any training needs are identified. In addition, Directors are strongly encouraged to attend Committees of which they are not members, and it is expected that all Directors will attend a Grants and Commissioning Committee meeting at least once during each term of office (3 years maximum).

Related parties and relationships with other organizations

Cobseo

Up to 5 members of the Board of Directors of FIM Trustee Limited are nominated by Cobseo and appointed by FiMT. There have been a number of transactions between FiMT and Cobseo. At the year end, £276 (2014: £136) relating to Travel expenses was paid on behalf of FiMT.

ABF – The Soldiers' Charity

The Chief Executive of ABF – The Soldiers' Charity is also a Director of FIM Trustee Limited. FiMT have a lease with ABF – The Soldiers' Charity for room hire and premises services provided at Mountbarrow House. Rent and service charges in respect of this lease for the year to 31 December 2015 were £28,414 (2014: £27,415) and pass-through cost for postal and other services was £3602 (2014: £4048).

Seafarers UK

The Director General of Seafarers UK is also a Director of FIM Trustee Limited. Seafarers UK provided independent grant assessment services to FiMT throughout the year. The cost of these services for the year to 31 December 2015 was £5595 (2014: £8079).

The Poppy Factory

The Chief Executive of The Poppy Factory is also a Director of FIM Trustee Limited. The Poppy Factory was awarded a top-up grant to conduct further research into improving its employment services. The accounts include expenditure of £5096 in respect of this contract.

Centre for Mental Health

The Director of Resources of the Centre for Mental Health is also a Director of FIM Trustee Limited. During the period, FiMT contracted with the Centre for Mental Health to provide support to its Mental Health Research Programme, in respect of which the accounts include expenditure of £30,943, of which £1783 was passed through to King's College London (see next paragraph).

King's Centre for Military Health Research

A Director of King's Centre for Military Health Research (KCMHR) is also a Director of FIM Trustee Limited. During the period, FiMT awarded a contract to KCMHR to conduct research into stigma and other barriers to accessing mental health services. The accounts include expenditure of £190,595 in respect of this contract. In addition, King's College London, of which KCMHR is a constituent part, provided conference facilities, and support to the FiMT Mental Health Research Programme. The accounts include expenditure of £5931 and £1783 in respect of these services.

Remuneration policy for key management personnel

Remuneration of key management personnel is benchmarked annually in March by the Governance Committee, who recommends to the Board the appropriate award for the forthcoming year. Benchmarking comprises informal comparison with a range of Cobseo charities and other trusts and foundations.

In March 2016, the Board intends to adopt a more formal remuneration policy based upon an incremental salary scale, benchmarked annually using a leading market provider.

Statement of responsibilities of the Directors

Law applicable to charities in England and Wales requires the Directors to prepare financial statements for each financial year which give a true and fair view of the charity's financial activities during the period and of its financial position at the end of the period. In preparing financial statements giving a true and fair view, the Directors should follow best practice and:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice 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 operation

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for

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Directors' annual report

For the year ended 31 December 2015

safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

Sayer Vincent LLP were re-appointed as the charity's auditors during the year and have expressed their willingness to continue in that capacity.

The Directors' report has been approved by the Directors on 14th June 2016 and signed on their behalf by:

Air Vice-Marshal A J Stables
Chairman of the Board
14th June 2016

Air Vice-Marshal R Lock
Chief Executive
14th June 2016

Report of the Protector for the year ended 31 December 2015

Background

I was appointed as the Protector of the Forces in Mind Trust ("FIMT" or "the Trust") in November 2011. Pursuant to the Trust Deed dated 28 November 2011 constituting the Forces in Mind Trust, I am required to prepare a statement for publication by the Trustee (FIM Trustee Limited) in its annual report, explaining the Protector's function, how the function has been exercised and, if appropriate, identifying any areas of administration which require improvement and steps to be taken by the Trustee to effect such improvement.

Protector's function

The function of the Protector is to ensure that the Trustee administers the Trust properly and to protect the Trust property. The Trust property consists of a portfolio of investments and cash derived from an original settlement on the Trust by the Big Lottery Fund ("the Fund") of £35 million. If necessary, the Protector must report matters of serious concern to the Fund or to the Charity Commission. The Protector therefore has a "watch-dog" role and must monitor the Trustee and prevent it from abusing its powers or breaching its duties. More positively, the Protector must seek to ensure, as far as possible, that the Trust is administered in accordance with the terms of the Trust Deed and give or withhold consent or approval to the exercise of certain powers by the Trustee.

Objectives of the Forces in Mind Trust

The aims of the Trust (called the Objects) are:

1. the prevention and relief of poverty, the protection of mental and physical health and the relief of sickness and need amongst serving and former serving members of the Armed Forces by means of the provision of mentoring, services, facilities and equipment to support their treatment, rehabilitation, resettlement, education, training and employment and thereby support their transition to civilian life; and
2. the protection of the mental and physical health, and the relief of poverty, of the families and dependents of serving and former serving members of the Armed Forces.

The permitted methods of achieving the Objects are widely drawn within the Trust Deed. The Trust Deed also contains a statement of the wishes of the Big Lottery Fund that sets out the guiding principles that the Fund wish to be observed by the Trustee in exercising its powers and duties under the Trust Deed. The Trust has been established for a 20 year term.

When establishing the Forces in Mind Trust, the Fund had regard to evidence that exists on the issues facing former servicemen and women and their families, particularly in terms of their transition to civilian life after leaving the Armed Forces. Most service personnel do well after leaving the Armed Forces but some find it hard to make the transition or face difficulties, in some

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cases some years after leaving the military. The Forces in Mind Trust was therefore established with the intention that it would commission independent research and work in partnership with the Armed Forces, the Ministry of Defence, the NHS and military and civilian charities in order to bring coherence and cohesion, where required, to the provision of services and support to ex-service men and women and their families to enable them to make a successful and sustainable transition to civilian life.

Administration of the Trust

I am satisfied that the Trust has been administered in accordance with the terms of the Trust Deed in the year to 31 December 2015. I have not been required to consider or approve any changes to the constitution of the Trust this year.

I have attended the four board meetings held during the year under review and also the strategy meeting which took place in March 2015. In addition, I was present at one meeting of the Grants and Commissioning Committee to observe its function and relationship to the full Board, attended a number of meetings with representatives of the Fund and met or spoke to the Chief Executive of the Trust through the year.

The Board of the Trustee

I have been impressed by the diligence and commitment shown by the directors of the Trustee. Attendance at Board and Committee meetings has been good. Comprehensive papers for Board and Committee meetings are invariably circulated by the executive team on a timely basis and minutes or a summary of agreed actions, as appropriate, are prepared and circulated promptly after meetings. The Board operates in an effective, challenging and cohesive manner. I have observed careful consideration and scrutiny of both unsolicited grant applications and proposals for projects and research to be commissioned by the Fund, with robust debate and proper assessment of relevance, likely outcome and impact. It is reassuring in governance terms to note that even after a careful initial screening by the executive team and the independent grants assessor, not all proposals brought forward are approved.

There have been no changes in the Board membership over the last 12 months. I am pleased to note that the directors most recently appointed in December 2014 have been successfully integrated and are making a valuable contribution to the work of the Board and the Trust.

I commented in my report last year on the anticipated impact of the retirement of the five remaining founder directors, including the chairs of the three Board Committees, by no later than November 2017 when each will have completed two consecutive three year terms. The Governance Committee has been active in addressing the issue. The task of identifying, recruiting and integrating new directors as the November 2017 deadline approaches will remain an important challenge over the next 18 months. An equally important but more pressing challenge is to identify a new Chairman with the right background, skills and experience in light of the current Chairman's declared intention to step down by the end of 2016. A search firm has been appointed.

The Executive Team

Ray Lock, the Chief Executive of the Trust, leads a capable, loyal and effective executive team. It is appropriate to record here that the achievements of the Trust over the last 4 years are to a large measure the result of the hard work, perseverance and dedication of Ray Lock and his team. The challenge of realising the original vision of the Fund and the Confederation of Service Charities ("COBSEO") when the Trust was first conceived and establishing an independent, credible and increasingly influential organisation from a blank sheet of paper should not be underestimated. I would also like to pay tribute to the late Grahame Jones, the original project director and interim CEO of the Trust, whose work on the Cobseo bid and the inception of the Trust provided such sound foundations for the success of the Trust today.

I noted a concern in my report last year about the relatively small size of the executive team given its broad range of day-to-day activities (evidence gathering, assessment, implementation, monitoring and influence as well as the routine administration of FIMT). The team has been strengthened by the appointment of a grants manager and an assistant to the Head of Policy, recruited through the Charityworks Graduate Scheme. Despite these welcome additions to the team and notwithstanding the support provided by the Chairman and other directors, I remain concerned that the executive team is still, at times, overly stretched and, as a result, under pressure. As noted elsewhere in this report, a key challenge over the next few years will be the increased focus on the assessment of impact and the maintenance of sustainable change. This will, I judge, further add to the burden of the executive team and the Board will need to determine whether recruitment of additional resource, perhaps with specialist skills, may be necessary to achieve the Trust's aims.

The relationship between the Board and the executive team has, in my view, continued to work well with an appropriate separation of function and delegation of authority to the Chief Executive and his team. Equally I note that the directors have, individually and collectively, provided the necessary oversight and support when required by the executive team.

The work of the Trust in 2015

As we approach the fifth anniversary of the endowment of the Trust, it is appropriate that the Board should reflect on the range of projects funded over the last four years, both completed and ongoing, and assess both what has been achieved to date and the direction of travel.

One of the key themes for the year has been an increasing assessment of the outcomes and impact resulting from the projects and research funded by FIMT. The Board has questioned whether these diverse projects have individually or collectively had a sustainable impact in the quest to achieve the strategic objectives of the Trust. The Board has also recognised that not all completed projects can easily be "closed off" and will, in many cases, require ongoing monitoring and evaluation to identify and confirm that sustainable change for the good has been achieved. This does not necessarily require further significant financial investment but will call for a continued investment of executive team resource and engagement with the funded organisation.

Forces in Mind Trust

Protector's report

For the year ended 31 December 2015

Considerable time and effort has been devoted over the last 12 months to developing a theory of change model for the Trust against which each potential and previously funded project can be judged: what have been, or are expected to be, the outputs or outcomes of the project or research, how do these outcomes contribute towards the achievement of the aims and objectives of the Trust and how does the Trust measure the impact of its work on the lives of former members of the Armed Forces and their families and dependents? This work has culminated in a presentation of a theory of change model at the Board strategy day held in February 2016. The development and effective application of the theory of change model is essential if the Trust is to be seen as more than a well endowed fund capable of responding to unsolicited funding applications. It will bring greater coherence to the Trust's proactive funding of projects and research, enabling resources to be focused more effectively on the areas of perceived greatest need and potential impact. It should also give further credibility to the Trust's influence activities.

One significant decision taken at the 2015 strategy day was to conclude that the core aim of bringing about lasting change in relation to mental health issues affecting some ex-servicemen and women would be better achieved through the establishment of a research programme rather than funding existing core delivery programmes meeting current needs, or by direct intervention. As a result, a Mental Health Research Programme Steering Group ("MHRPSG") has been established, under the co-chairmanship of the Chief Executive of the Centre for Mental Health and the co-director of the King's Centre for Mental Health Research, King's College London and comprising experts from the field of veterans' mental health, to provide support and guidance to the Board and the executive team on the strategy and implementation of the Mental Health Research Programme. I am pleased to note that the MHRPSG has been mindful of actual and potential conflicts of interest that inevitably arise and that proper governance protocols have been followed. The MHRPSG makes advisory recommendations to the Grants and Commissioning Committee which meets at least four times a year. The GCC scrutinises the work and recommendations of the MHRPSG and final decisions are taken by the Board.

A detailed description of the work of FIMT in 2015 can be found in the Directors' report. I would highlight two particular areas of notable progress:

- **Veterans' Research Hub:** The recruitment of a Project Director for the Veterans' Research Hub, established at Anglia Ruskin University in 2014 and co-funded by FIMT and Lord Ashcroft KCMG PC, has been a significant step forward. The creation of an accessible database of existing research on the issues facing veterans and their families was one of the four pillars of the original bid submitted by COBSEO to the Fund. The challenge now is to turn the concept into a practical reality, thereby enabling researchers, policy makers, the media and members of the public to find and share relevant information. If realized, the Veterans' Research Hub will go to the heart of the core objectives of the Trust by giving interested parties access to a growing evidence base that can be used to influence and underpin policy making and service delivery in order to enable ex-Service personnel and their families to lead successful civilian lives.

Forces in Mind Trust

Protector's report

For the year ended 31 December 2015

- Influence: I perceive that there is an increasing recognition of the independence and credibility of FIMT which should enhance its effectiveness and ability to influence policy makers and service deliverers. The development and implementation of a theory of change model that links the evidence and outcomes generated by funded projects and commissioned research to proposed policy changes and improved service delivery will further enable the Trust to achieve its core objectives.

In summary, 2015 has been another year of good progress for the Trust.

Simon Martin

Protector, Forces in Mind Trust

Independent auditors' report

To the members of

Forces in Mind Trust

We have audited the financial statements of Forces in Mind Trust for the year ended 31 December 2015 which comprise the statement of financial activities, the balance sheet, statement of cashflows 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).

This report is made solely to the Trustee, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the Trustee those matters we are required to state to it 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 charity and the Trustee for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of responsibilities of the Trustee set out in the report of the Trustee, the Trustee is responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 145 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report of the Trustee 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.

Independent auditors' report

To the members of

Forces in Mind Trust

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2015, and of its incoming resources and application of resources, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the report of the trustee is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

27 June 2016

Sayer Vincent LLP, Statutory Auditors

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

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

Forces in Mind Trust

Statement of financial activities

For the year ended 31 December 2015

	Note	Endowment £	Unrestricted £	2015 Total £	2014 Total £
Income from:					
Donations and legacies		-	-	-	-
Investments	3	974,036	-	974,036	976,853
Total income		<u>974,036</u>	<u>-</u>	<u>974,036</u>	<u>976,853</u>
Expenditure on:					
Raising funds	4	-	90,297	90,297	84,564
Charitable activities					
Generating Evidence	4	-	1,847,964	1,847,964	1,007,955
Change Through Delivery	4	-	961,918	961,918	1,137,996
Building for Change	4	-	144,249	144,249	230,755
Total expenditure		<u>-</u>	<u>3,044,428</u>	<u>3,044,428</u>	<u>2,461,271</u>
Net income / (expenditure) before net gains / (losses) on investments		974,036	(3,044,428)	(2,070,392)	(1,484,418)
Net gains / (losses) on investments		(36,544)	-	(36,544)	810,171
Net income / (expenditure)	6	937,492	(3,044,428)	(2,106,936)	(674,247)
Transfers between funds	17	(3,044,428)	3,044,428	-	-
Net movement in funds		(2,106,936)	-	(2,106,936)	(674,247)
Reconciliation of funds:					
Total funds brought forward		35,302,100	-	35,302,100	35,976,347
Total funds carried forward	17	<u>33,195,164</u>	<u>-</u>	<u>33,195,164</u>	<u>35,302,100</u>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 17 to the financial statements.

Forces in Mind Trust

Balance sheet

As at 31 December 2015

	Note	£	2015 £	2014 £
Fixed assets:				
Tangible assets	11		14,400	14,400
Investments	12		35,121,329	36,233,099
			<u>35,135,729</u>	<u>36,247,499</u>
Current assets:				
Debtors	13	11,410	8,928	
Cash at bank and in hand		657,362	703,616	
		<u>668,772</u>	<u>712,544</u>	
Liabilities:				
Creditors: amounts falling due within one year	14	1,516,924	1,192,101	
			<u>(848,152)</u>	<u>(479,557)</u>
Net current assets / (liabilities)				
			<u>34,287,577</u>	<u>35,767,942</u>
Total assets less current liabilities				
Creditors: amounts falling due after one year	15		1,092,413	465,842
			<u>33,195,164</u>	<u>35,302,100</u>
Total net assets / (liabilities)				
The funds of the charity:				
Endowment funds	17		33,195,164	35,302,100
Unrestricted income funds:				
General funds		-	-	
		<u>-</u>	<u>-</u>	
Total unrestricted funds				
			<u>33,195,164</u>	<u>35,302,100</u>
Total charity funds				

Approved by the trustees on 14 June 2016 and signed on their behalf by

Air Vice-Marshal A J Stables
Chairman of the Board

Air Vice-Marshal R Lock
Chief Executive

Forces in Mind Trust

Statement of cash flows

For the year ended 31 December 2015

	Note	2015		2014	
		£	£	£	£
Cash flows from operating activities	18				
Net cash provided by / (used in) operating activities			(2,095,516)		(1,585,433)
Cash flows from investing activities:					
Dividends and interest from investments		974,036		976,853	
Purchase of fixed assets		-		(14,400)	
Proceeds from sale of investments		9,093,629		6,863,387	
Purchase of investments		(9,092,804)		(7,274,510)	
Cash movement within investment portfolio		1,074,401		409,744	
Net cash provided by / (used in) investing activities			2,049,262		961,074
Cash flows from financing activities:					
Receipt of endowment		-		-	
Net cash provided by / (used in) financing activities			-		-
Change in cash and cash equivalents in the year			(46,254)		(624,359)
Cash and cash equivalents at the beginning of the year			703,616		1,327,975
Cash and cash equivalents at the end of the year	19		657,362		703,616

1 Accounting policies

a) Basis of preparation

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) and the Charities Act 2011.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

b) Reconciliation with previously Generally Accepted Accounting Practice (GAAP)

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was required. The transition date was 1 January 2014. The trustees consider that no transition adjustments were required for the comparative figures.

c) Public benefit entity

The charity meets the definition of a public benefit entity under FRS 102.

d) Going concern

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

Key judgements that the charity has made which have a significant effect on the accounts include estimating the liability from multi-year grant commitments.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

1 Accounting policies (continued)

g) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

h) Fund accounting

The expendable endowment fund provided by the Big Lottery Fund will be used over a 20 year period to support the charitable activities of the Trust. In accordance with the Trust Deed, the whole of the Trust Fund and Income will have been applied in furtherance of the charitable objectives by 28 November 2031. Transfers are made from the endowment fund to cover expenditure incurred during the year by the Trust

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

i) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

- Costs of raising funds relate to investment manager fees
- Expenditure on charitable activities includes the costs of grant making undertaken to further the purposes of the charity and their associated support costs
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

j) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Where such information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between fundraising and charitable activities on the basis of area of literature occupied by each activity.

● Generating evidence	35%
● Change Through Delivery	23%
● Building for Change	7%
● Cost of raising funds	10%
● Governance costs	25%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with the constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

1 Accounting policies (continued)

k) Grants payable

Grants payable are charged to the Statement of Financial Activities in the year in which the offer is conveyed to the recipient except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Multi-year grants are fully accounted for in the year the grant is approved. Payments falling due in later years are provided for as a liability on the balance sheet. This reflects the Trust's experience that only in exceptional circumstance are approved grants subsequently not paid.

l) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

m) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £5,000, including VAT. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. Assets not yet in use but which are expected to be utilised in future are held at cost until they are brought into use.

n) Listed 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. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

o) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

p) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Cash balances exclude any funds held on behalf of service users.

q) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1 Accounting policies (continued)

r) Pensions

The charity makes payments to defined contribution pension schemes on behalf of employees. The assets of the schemes are held separately from those of the charitable company in independently administered funds. The pension cost charge represents contributions payable to the funds during the year. The charity has no liability under the schemes other than the payment of those contributions.

2 Detailed comparatives for the statements of financial activities

	Endowment £	Unrestricted £	2014 Total £
Income from:			
Donations and legacies	-	-	-
Investments	976,853	-	976,853
Total income	976,853	-	976,853
Expenditure on:			
Raising funds	-	84,564	84,564
Charitable activities	-	2,376,707	2,376,707
Total expenditure	-	2,461,271	2,461,271
Net income / expenditure before gains / (losses) on investments	976,853	(2,461,271)	(1,484,418)
Net gains / (losses) on investments	810,171	-	810,171
Net income / expenditure	1,787,024	(2,461,271)	(674,247)
Transfers between funds	(2,461,271)	2,461,271	-
Net movement in funds	(674,247)	-	(674,247)
Total funds brought forward	35,976,347	-	35,976,347
Total funds carried forward	35,302,100	-	35,302,100

3 Income from investments

	Endowment £	Unrestricted £	2015 Total £	2014 Total £
Income from investments	971,457	-	971,457	975,688
Bank interest	2,579	-	2,579	1,165
	974,036	-	974,036	976,853

Forces in Mind Trust

Notes to the financial statements

For the year ended 31 December 2015

4 Analysis of expenditure

	Cost of raising funds £	Charitable activities				Governance costs £	Support costs £	2015 Total £	2014 Total £
		Generating Evidence £	Through Delivery £	Building for Change £	Change				
Staff costs (Note 7)	21,939	86,216	44,007	5,903	56,715	40,097	254,877	229,594	
Recruitment costs	-	-	-	-	-	6,762	6,762	18,000	
Travel and subsistence	-	5,906	3,759	1,074	3,945	-	14,684	15,506	
Grants payable (Note 6)	-	1,603,927	817,480	109,651	-	-	2,531,058	1,889,449	
Investment manager's fees	42,293	-	-	-	-	-	42,293	44,448	
Advisors' fees and expenses	-	-	-	-	15,037	-	15,037	15,000	
Auditors' remuneration	-	-	-	-	7,560	-	7,560	7,140	
Premises costs	-	-	-	-	-	33,848	33,848	32,062	
Legal and professional fees	-	31,355	19,953	5,701	-	-	57,009	111,175	
Marketing and communications	-	25,805	16,421	4,692	-	-	46,918	45,506	
Directors' expenses	-	-	-	-	3,008	-	3,008	612	
Office costs	-	-	-	-	-	9,995	9,995	31,722	
Other costs	-	-	-	-	-	21,379	21,379	21,057	
	64,232	1,753,209	901,620	127,021	86,265	112,081	3,044,428	2,461,271	
Support costs	11,208	40,069	25,498	7,285	28,021	(112,081)	-	-	
Governance costs	14,857	54,686	34,800	9,943	(114,286)	-	-	-	
Total expenditure 2015	90,297	1,847,964	961,918	144,249	-	-	3,044,428	2,461,271	
Total expenditure 2014	84,564	1,007,955	1,137,996	230,755	-	-	2,461,271		

Forces in Mind Trust

Notes to the financial statements

For the year ended 31 December 2015

5 Grant making

	2015 £	2014 £
Creditors at the start of the year	1,623,293	771,661
Grants awarded in the year (Note 4 and detailed below)	2,531,058	1,889,449
Grants paid	<u>(1,595,127)</u>	<u>(1,037,817)</u>
Total creditors at the end of the year	<u>2,559,224</u>	<u>1,623,293</u>
Creditors due within one year (Note 14)	1,466,811	1,157,451
Creditors due in over one year (Note 15)	<u>1,092,413</u>	<u>465,842</u>
Total creditors at the end of the year	<u>2,559,224</u>	<u>1,623,293</u>
Grants awarded in the year:		
The Royal Foundation	30,000	-
Mental Health Research Programme	587,423	-
The Poppy Factory	5,096	-
Ulster University	355,262	-
Newcastle University	31,729	-
Queen's University Belfast	96,201	-
Glyndwr University	210,859	-
Demos (DSC)	2,250	-
Directory of Social Change (Scot)	82,264	-
JHNA Devolved Nations Award	93,900	-
Centre for Social Injustice	1,406	-
Royal British Legion (mentoring)	10,000	-
DSC (impact report)	47,820	-
Probation Institute	93,400	-
Stonham (extra payment)	27,927	-
Pain Concern	6,700	-
Venture Trust	689,453	-
Clore Fellowship	105,000	-
Underspend on Durham (2013) grant	(501)	-
Costs related to monitoring and evaluation of grants awarded	54,869	11,612
Cobseo	-	7,480
Clore Social Leadership Programme	-	35,000
St George's House	-	17,391
Veterans Research Hub	-	80,000
Soldier on Through Life	-	42,000
Skills Force	-	7,577
TimeBank	-	100,755
Finchale	-	324,998
Project Nova	-	91,416
Stoll (transition)	-	182,361
Wiltshire Mind	-	97,539
Addaction	-	177,949
Centre for Mental Health (Mark Fossey)	-	42,900
Manchester Business School	-	75,300
Bath Spa	-	97,209
Portsmouth	-	130,058
Centre for Social Injustice	-	91,385
Kings College London (Jones)	-	152,119
Stoll (housing exploitation)	-	10,000
Joint Health Assessment Needs	-	75,000
Demos	-	39,400
	<u>2,531,058</u>	<u>1,889,449</u>

6 Net incoming resources for the year

This is stated after charging / crediting:

	2015 £	2014 £
Directors' remuneration	-	-
Directors' expenses	3,008	612
Auditors' remuneration (excluding VAT):		
▪ Audit	7,260	6,300
▪ Prior year under/ (over accrual)	300	(420)
Advisors' fees and expenses (Protector)	15,037	15,000
Operating lease rentals		
Property	31,234	32,062
	<u>31,234</u>	<u>32,062</u>

7

Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2015 £	2014 £
Salaries and wages	215,338	197,702
Redundancy and termination costs	-	-
Social security costs	20,765	19,531
Employer's contribution to defined contribution pension schemes	18,774	12,361
	<u>254,877</u>	<u>229,594</u>

The following number of employees received employee benefits (excluding employer pension costs) during the year between:

	2015 No.	2014 No.
£80,000 – £89,999	1	1
	<u>1</u>	<u>1</u>

Employer pension contributions for those earning in excess of £60,000 were £4,315 (2014: £8,432).

The total employee remuneration and benefits including pension contributions of the key management personnel were £88,812 (2014: £87,806).

The charity directors were not paid or received any other benefits from employment with the charity in the year (2014: £nil). No charity director received payment for professional or other services supplied to the charity (2014: £nil).

Directors' expenses represents the payment or reimbursement of travel and subsistence costs totalling £3,008 (2014: £612) incurred by 5 (2014: 4) members relating to attendance at meetings of the directors. Other expenses incurred by a director can be found under Travel and Subsistence (£1150.10) and Office Costs (£95.53)

8 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2015 No.	2014 No.
Raising funds – investment management	0.4	0.4
Generating Evidence	1.5	1.4
Change Through Delivery	0.9	0.9
Building for Change	0.3	0.3
Support	–	–
Governance	1.0	1.0
	<hr/> 4.2 <hr/>	<hr/> 4.0 <hr/>

9 Related party transactions

There value of the related party transactions 2015 is £267,789 (2014: £360,491). Full details of this figure is given on page 12 of the FiMT 2015 Trustees Annual Report.

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

10 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

Forces in Mind Trust

Notes to the financial statements

For the year ended 31 December 2015

11 Tangible fixed assets

	Assets not yet in use £	Total £
Cost		
At the start of the year	14,400	14,400
At the end of the year	14,400	14,400
Depreciation		
At the start of the year	-	-
At the end of the year	-	-
Net book value		
At the end of the year	14,400	14,400
At the start of the year	14,400	14,400

The above asset relates to a CRM system that was purchased in 2014. This was not brought into use in 2015 and so has not yet started to be depreciated.

All of the above assets are used for charitable purposes.

Forces in Mind Trust

Notes to the financial statements

For the year ended 31 December 2015

12 Listed investments

	2015 £	2014 £
Fair value at the start of the year	33,987,652	32,766,358
Additions at cost	9,092,804	7,274,510
Disposal proceeds	(9,093,629)	(6,863,387)
Net gain / (loss) on change in fair value	(36,544)	810,171
	<u>33,950,283</u>	<u>33,987,652</u>
Cash held by investment broker pending reinvestment	1,171,046	2,245,447
Fair value at the end of the year	<u>35,121,329</u>	<u>36,233,099</u>
Historic cost at the end of the year	<u>31,539,562</u>	<u>30,510,610</u>

Investments comprise:

	2015 £	2014 £
Fixed Interest Bonds	6,183,854	6,810,546
UK Shares listed on the London Stock Exchange	10,285,195	9,635,837
Non UK Shares listed on the London Stock Exchange	10,249,880	11,917,591
Hedge Funds	292,369	1,070,519
Property Funds & Trusts	3,660,712	3,514,809
Alternative Assets	1,924,133	1,038,550
Liquid Funds	2,525,186	2,245,246
	<u>35,121,329</u>	<u>36,233,098</u>

Investments representing over 5% by value of the portfolio comprise:

	2015 £	2014 £
Sarasin Charity- Thematic UK Equity	4,277,443	4,354,100
Sarasin Equistar Global Thematic I Inc	2,551,532	3,832,342
Sarasin Global Dividend - I inc	3,870,651	917,219
	<u>10,700,626</u>	<u>9,103,661</u>

Forces in Mind Trust

Notes to the financial statements

For the year ended 31 December 2015

13 Debtors

	2015 £	2014 £
Prepayments	11,410	7,511
Season Ticket Loan	-	1,417
Accrued income	-	-
	<u>11,410</u>	<u>8,928</u>

14 Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	14,857	19,438
Taxation and social security	16,772	5,929
Accruals	17,075	7,310
Grants payable (Note 6)	1,466,811	1,157,451
Other creditors	1,409	1,973
	<u>1,516,924</u>	<u>1,192,101</u>

15 Creditors: amounts falling due after one year

	2015 £	2014 £
Grants payable (Note 6)	<u>1,092,413</u>	<u>465,842</u>

Grants are paid in line with agreed timetables and are payable:

In less than one year	1,466,811	1,157,451
Between 2 and 5 years	1,092,413	465,842
	<u>2,559,224</u>	<u>1,623,293</u>

16 Analysis of net assets between funds

	Endowment funds £	Designated funds £	General funds £	Total funds £
Tangible fixed assets	14,400	-	-	14,400
Investments	35,121,329	-	-	35,121,329
Net current assets	(848,152)	-	-	(848,152)
Long term liabilities	(1,092,413)	-	-	(1,092,413)
	<u>33,195,164</u>	<u>-</u>	<u>-</u>	<u>33,195,164</u>

Forces in Mind Trust

Notes to the financial statements

For the year ended 31 December 2015

17 Movements in funds

	At the start of the year £	Incoming resources & gains £	Outgoing resources & losses £	Transfers £	At the end of the year £
Endowment funds	35,302,100	974,036	(36,544)	(3,044,428)	33,195,164
Total endowment funds	35,302,100	974,036	(36,544)	(3,044,428)	33,195,164
Unrestricted funds:					
General funds	-	-	(3,044,428)	3,044,428	-
Total unrestricted funds	-	-	(3,044,428)	3,044,428	-
Total funds	35,302,100	974,036	(3,080,972)	-	33,195,164

Purposes of endowment funds

The expendable endowment fund provided by the Big Lottery Fund will be used over a 20 year period to support the charitable activities of the Trust. In accordance with the Trust Deed, the whole of the Trust Fund and Income will have been applied in furtherance of the charitable objects by 28 November 2031.

Purposes of designated funds

Designated funds represent balances set aside to fund research projects.

18 Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2015 £	2014 £
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	(2,106,936)	(674,247)
Dividends, interest and rent from investments	(974,036)	(976,853)
(Gains)/losses on investments	36,544	(810,171)
(Profit)/loss on the disposal of fixed assets	-	-
(Increase)/decrease in debtors	(2,482)	11,459
Increase/(decrease) in creditors	951,394	864,379
Net cash provided by / (used in) operating activities	(2,095,516)	(1,585,433)

19 Analysis of cash and cash equivalents

	At 1 January 2015 £	Cash flows £	Other changes £	At 31 December 2015 £
Cash in hand	703,616	(46,254)	-	657,362
Total cash and cash equivalents	703,616	(46,254)	-	657,362

20 Operating lease commitments

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

	Property 2015 £	2014 £
Less than 1 year	2,976	2,503
2 – 5 Years	-	-
Over 5 years	-	-
	2,976	2,503

21 Corporate Trustee

Forces in Mind Trust is managed by a sole corporate trustee which is FIM Trustee Limited, registered company no. 07855145. Forces in Mind Trust is used to disburse funds for charitable purposes or activities. All activities take place within the Trust and are directed by the Trustee, FIM Trustee Limited. All activities have been consolidated on a line by line basis to the statement of financial activities