

Charity number: 1145688

Forces in Mind Trust

Report and financial statements

For the year ended 31 December 2016

Forces in Mind Trust

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Reference and administrative details

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Charity number	1145688
Registered office	Alexandra House St Johns Street Salisbury SP1 2SB
Operational address	Mountbarrow House 6-20 Elizabeth Street London SW1W 9RB
Country of registration	England and Wales
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
Bankers	Barclays Bank PLC 1st Floor 27 Soho Square London W1D 3QR
Solicitors	Wilson 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

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Investment Managers Cazenove Capital Management Limited

12 Moorgate
London
EC2R 6DA

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 1st January 2016 to 13th June 2017 were:

Chairman	Air Vice-Marshal A J Stables CBE	Resigned 6 th December 2016
Chairman	H J R Pung	Appointed 6 th December 2016
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	General Sir John McColl KCB CBE DSO	Member of the Governance Committee. Appointed 1 st January 2017
Director	M J Morley	Chair of the Finance and Investment Committee Resigned 9 th January 2017
Director	Air Vice-Marshal The Hon D P Murray CVO OBE	Member of the Grants and Commissioning Committee. Appointed 1 st September 2016
Director	Air Marshal C M Nickols CB CBE MA FRAeS	Member of the Grants and Commissioning Committee. Resigned 31 st August 2016

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Director	Lieutenant General Sir Andrew Ridgway KBE CB	Member of the Governance Committee. Resigned 31 st December 2016
Director	Major General M Rutledge CB OBE	Member (Chair from 10 th January 2017) 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.

The Trust appointed Air Vice-Marshal A J Stables CBE as Honorary President on 6th December 2016.

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Chairman's introductory report

For the year ended 31 December 2016

These are my first remarks as the new Chairman of the Forces in Mind Trust, and I look forward to working with all of our stakeholders in the years ahead to improve the lives of ex-Service personnel and their families. As an Army veteran, albeit from the other side of the Atlantic Ocean, I fully appreciate the opportunities and challenges present in moving from the Armed Forces to civilian life. Supporting successful, sustainable transitions in the military family is a fitting way to pay tribute to those individuals and their families for their service to the UK, and FiMT plays an important role, alongside many others, in that process. Of course, the role of the Trust is more indirect than others in this regard—by providing a robust evidence base, identifying and sharing good practice, and facilitating collaboration and leadership.

The Trust and I are very fortunate to have such a dedicated group of fellow Directors who give generously of their time and talents to support our activities. Particular thanks is due to the Trust's three committee chairs who manage our grants, governance, and finance/investments respectively. This year we said goodbye to two directors, Lieutenant General Sir Andrew Ridgway and Air Marshal Chris Nickols, who have completed their terms of office and welcomed Air Vice-Marshal David Murray as one of our Cobseo-nominated Directors.

But particular and heartfelt thanks are due to my predecessor, Air Vice-Marshal Tony Stables, whose formative role in creating and stewarding the Trust through our first five years cannot be overstated. It is safe to say that the Force in Mind Trust would not exist without the efforts of Tony Stables, and I am pleased that he has accepted our offer to serve as our Honorary President of the Trust going forward.

2016 has continued the trend of previous years and seen the Trust commission and publish a number of wide-ranging research studies and evaluations, and I would like to highlight just a couple which have particularly raised awareness in the veterans' community and beyond. Our funding, alongside that of the Officers' Association and Deloitte, showed the value and skills which ex-Service members bring to their civilian employers and how the military nurtured and developed these. Through work with the Local Government Association, we examined experiences and expectations of stakeholders, including veterans, regarding the Armed Forces Covenant and highlighted ways to improve local delivery of these pledges. This served as a call to action, and the LGA has taken our findings forward with their members. Our work also was recognised by Lord Ashcroft in his second update to the Veterans' Transition Review, particularly around our plans to establish a research hub providing authoritative evidence on veterans and transition—more on this later.

So as we look forward to 2017, how might the Trust look to build upon our first five years? First, we now possess a stronger evidence base funded in previous years, and this will allow us to focus more on influencing transition policy and programmes and leverage what we know. We plan to increase our influence activity and play a more active role in highlighting where evidence can be brought to bear on policy. Second, we also expect to continue our move to more strategic commissioning, consistent with our change model, rather than relying on reacting to unsolicited proposals for funding. This will allow our work to be more coherent and focussed where we

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believe it will generate the greatest impact—while still being alert to leveraging other opportunities as they arise. Finally, 2017 is the year we hope to operationalise a research centre examining veterans' and transition issues through our ongoing partnership with Anglia Ruskin University. Although the exact form of this is still in development, the centre should serve as a monitor of current and past research around veterans' issues as well as providing insightful commentary on current issues. We look forward to realising this in the coming months.

Finally, my report would be remiss if it did not recognise the dedication and professionalism of the Trust's staff. They work tirelessly to commission and support our funding programme as well as identifying opportunities to leverage evidence and best practice with a wide range of stakeholders. I am sure that my fellow Directors would add their thanks to mine in saluting their service.

H J R Pung

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 2016.

Reference and administrative information set out on pages 1 to 3 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 insightful and informative 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 risk of the Executive Team becoming 'overly stretched' continued to concern the Board during the year, which the recruitment of 3 additional staff in 2017 is intended to overcome. The Protector's Report also fairly notes that even after 5 years, the Trust is still undergoing significant evolution, and the three key areas highlighted (proactive commissioning, impact evaluation and conceptual underpinning) have been the Board's main focus throughout the year, in addition to its overriding governance role. The Directors are content that the rate of strategic progress has been appropriate and in balance with the operational capacity to deliver; this remains though a central focus for the Board going into 2017.

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

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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 fourth year of full operation (and fifth overall), FiMT has fully established its grant-giving programme, but has still remained careful to allocate its funding to areas firmly on its priorities list, whilst also ensuring investment to grow its 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.

During 2016, the Trust completed its Theory of Change work and the Board formally adopted an outcomes framework which included:

Our **Vision** is that all ex-Service personnel and their families lead successful and fulfilled civilian lives.

Our **Mission** is to enable them (all ex-Service personnel and their families) to make a successful and sustainable transition.

Our **Strategy** is to use our spend-out endowment to fund targeted, conceptually sound, evidence generation and influence activities that will cause policy makers and service deliverers to support our **Mission** and so realize our **Vision**.

During the period, 31 awards were made (previous period 19), of which 4 were additions to previously awarded grants, listed below by date of award. Of these awards, 25 grants were for generating evidence, 4 grants were for change through delivery and two were for building for change. Full details of amounts and types of grant can be found at Note 5 to the financial

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statements and on the Trust's website (section 'who we have helped' <http://www.fim-trust.org/who-we-have-helped/>).

- Combat Stress – efficacy of tele-based therapy
- Cardiff University – efficacy of 3MDR
- King's College London – Veterans' Mental Health Conference 2017–2019
- Swansea University – prevalence of gambling in veterans
- King's College London – linkage between benefits, mental health and transition
- King's College London – utility and feasibility of data extraction from existing databases
- Bristol University – domestic violence and abuse amongst the ex-Service community
- King's College London – comparison of veterans mental health and treatment needs
- RAND Europe – systematic review of evidence on families and transition
- Anglia Ruskin University – evaluation of spousal employment support trial
- Shared Intelligence – how to improve delivery of local covenant pledges
- Blesma – effect on families of traumatic limb loss by serving/ex-serving personnel
- Officers' Association – study of current and future demographics of officers
- Arkenford – evaluation of impact of Transition Mapping Study 2013
- Deloitte – economic and other value to business of employing ex-Service personnel
- Futures Company – Transition Mapping Study 2017
- University of Stirling – improving collaboration of housing providers
- King's College London – comparison of veterans in criminal justice system with non-veterans
- Warwick University – the role of self-employment and enterprise in successful transition
- Birmingham NHS – improving access to healthcare through navigators and education
- University of Salford – welfare conditionality
- Directory of Social Change – Armed Forces Charities reports and website for 3 years
- St George's House –consultation on life transitions
- Pain Concern – radio programme focused on veterans in pain and their families
- The Royal Foundation – building network of business champions
- Army Families Federation – transition support officers within all three federations
- Shared Intelligence – additional award to deepen understanding in key areas
- Probation Institute – additional award to extend professional networks
- King's College London – additional award to develop policy paper
- Clore 2015 – additional award to cover delivery of SSAFA pilot course with families

The total value of these awards was £2.968 million (previous period £2.476 million). Including the Mental Health Research Programme monitoring and evaluation function contracted to the Centre for Mental Health, the total is £3.062 million, which represents 99% of the target figure. Total charitable expenditure for the year amounted to £3.582 million (previous period £2.954 million).

The nature of the Grants and Commissions Plan is such that the outcome from funding usually does not occur in the same year as the award is made. During 2016, a number of projects

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matured which do not feature in the 31 awards previously listed and at Note 5. Full details are in the Trust's 2016 Activity Report, which is published at <http://www.fim-trust.org/reports/> and include:

- Joint Health Needs Assessment – the studies in Scotland and Wales were published and strategic development continues.
- Centre for Social Justice – the study into families and transition received widespread charity, media and political engagement, and many themes have been taken on at these levels.
- Directory of Social Change's study of Armed Forces Charities in Scotland was published at an event attended by the Scottish Veterans Minister and Scottish Veterans Commissioner, the former making the keynote speech.
- Deloitte's study on the value of veterans to business received national media and political coverage, and a number of employers have since changed their approach. This issue remains alive and work to build the communications themes continues.
- Directory of Social Change's evaluation of the 2014 project allowed the Trust to make a properly informed decision on whether and how to take this work forward.
- Bath Spa University's study into access to higher education has been cited in a number of conferences and is gradually being considered by policy makers
- Timebank's findings on the use of volunteer mentors was launched in Edinburgh and London, and attracted considerable interest that should see the model being extended.
- The Poppy Factory's study of Individual Placement Support has led to an employer's toolkit being developed collaboratively.
- Project Nova's trial of pre-custody intervention has yet to be published; but the emerging findings were sufficiently promising to allow Walking with the wounded to secure funding to extend the project further across the UK.
- The sector briefing programme took the Executive Team to the Midlands, the South West and the East of England. An extremely well-attended showcase event was held in Scotland. 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.

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One project that was both awarded and delivered within 2016 was the Shared Intelligence project on improving the delivery of local Covenant pledges. Having been prompted by Ministerial concerns, the Trust solely funded and led a partnership with the Local Government Association and the MOD's Covenant Team. Through using its power to convene, and its ability to present independent and credible evidence in an accessible manner, the Trust can claim that for a modest £75k, it has improved the situation of ex-Service personnel and their families in the short- and long-terms almost beyond measure. The Trust intends to build upon this partnership to further improve Covenant delivery, as it is such a key to successful transition.

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 2016, the Trust held total unrestricted charity funds of £33.850 million (2015: £33.195 million). Global market volatility continued this year, prompted in part by unexpected outcomes in the EU referendum and US election. For 6 months the Finance and Investment Committee directed an increase in cash holdings to cover a precipitous fall in the stock market; this did not occur, and the required level of cash holding have been reviewed for 2017.

The first draw down (£500k) from long-term funds was made in July 2016, and the second (£250k) in September. But strong global stock markets towards the end of the year resulted in the value of long-term endowments managed by Cazenove and Sarasin actually to increase to £36.686 million (2015: £35.121 million). Moreover, despite capital drawdown, investment income was very slightly increased at £977k (2015: £974k). With the Trust required to have spent out by November 2031, the Directors are satisfied that the planned Grants and Commissioning Plan, incorporating costs associated with monitoring and evaluation, is currently set at an appropriate level and that the Trust's other (ie non-grant awards) costs of £599k (2015: £513k) 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.

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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 February 2016, and the work that had been 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 to 5 year period was completed, and ratified at the subsequent Board meeting.

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, short-term investment funds (CDs), and the first drawdown of long-term investments. At the end of the year, the Board approved the formal Investment policy statement for 2017 in accordance with Charity Finance Group best practice. With the Trust having been operating for 5 years, the Board decided to invite the Finance and Investment Committee to conduct a formal review of the investment management arrangements during 2017, and to report its conclusions in June.

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. The Directors 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. Directors are aware that there are net current liabilities, but this is principally due to timing and the fact that liabilities are recognised in full for the following 12 months but there is no corresponding income recognised. In addition, the Trust has significant resources available in fixed asset investments which can be drawn down as required to fund working capital.

At 31 December 2016, cash holdings were £583k (31 December 2015 – £657k).

Plans for the future

With a firm conceptual basis now established, the Trust has identified that to deliver on its mission, additional capacity is required. Consequently during 2017 three staff will be recruited (one in post at June 2017) and the fortuitous opportunity to acquire office space has already been seized. The Trust remains committed to awarding 80% of its grants programme on a commissioned/co-created basis, but has also recognised that to do so requires substantially

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greater staff time than a more responsive posture. In addition, with a growing body of evidence on which to draw, the Trust has developed an evaluation/lessons tracking function so that all its recommendations can be monitored, and further reviewed if necessary.

The Mental Health Research Programme has been ratified as a 5-year programme which will allow the Trust to build upon its early positive outcomes, as well as to expand the pool from which high quality applications can be expected (King's College London is a dominant grant holder).

The steady development of the pilot project for a Veterans' Research Hub at Anglia Ruskin University has allowed the Trust to take the strategic decision to commit to a 5-year development of a Forces in Mind Trust Research Centre, the details of which are being considered during the first half of 2017.

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 4 and 7 to the accounts.

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

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.

Throughout 2016, the Trust conducted its Mental Health Research Programme, constituted by 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. Two Directors, one of whom was the Chairman, stood down and two were recruited during this period. One Director, the Chairman Hans Pung, joined after an extensive and open search and recruitment campaign run in association with Prospectus UK. The second Director, David Murray, was appointed on the recommendation of Cobseo, 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. In 2017, the Board expects to appoint up to 3 Independent Directors through an open recruitment campaign.

The Board wishes to pay tribute here to the work of former Chairman Air Vice-Marshal Stables, in recognition of which he was appointed to the new position of Honorary President.

The Board was delighted that Hans Pung, whose exceptional experience and skill set are a perfect fit for the Trust's next stage of its life, accepted the offer of the position of Board Chairman.

Director induction and training

New Directors (two 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

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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

Army Families Federation

The Chief Executive of the Army Families Federation (AFF) is a Lay Adviser to the Trust's Grants and Commissioning Committee. During the period, FiMT awarded a grant to the Federation for transition support officers within all three families federations which is described under Note 5 to the Financial Statements with a value of £155,685.

Cobseo

Up to 5 members of the Board of Directors of FIM Trustee Limited are nominated by Cobseo and appointed by FiMT. There has been one transaction between FiMT and Cobseo. At the year end, £500 (2015: £500) membership fees was paid on behalf of FiMT. Payments to Chairman of Cobseo were exclusively for personal expenses associated with his role as a Director of FIM Trustee Limited, and are included within Note 7 to the financial statements.

ABF – The Soldiers' Charity

The Chief Executive of ABF – The Soldiers' Charity is also a Director of FIM Trustee Limited. The FiMT Protector is also a Trustee of ABF – The Soldiers' Charity. FiMT has 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 2016 were £40,139 (2015: £28,414) and pass-through cost for building work, postal and other services was £11,995 (2015: £3602). The increase in these charges reflects the short-notice opportunity to increase the office space taken up by the Trust, and the review of Mountbarrow House cost following the lease renewal. Whilst these cost increases are unwelcome, rent and services remain substantially below market rate and ABF – The Soldiers' Charity continues to act in the Trust's interests in its dealings with the Landlord, Grosvenor Estates. The welcome delay to the redevelopment of the local area (for Crossrail 2) which enabled lease renewal as well as removing uncertainty and planning blight, has also allowed the Trust, in consultation with ABF – The Soldiers' Charity, to invest in a satisfactory safe and sustainable working environment.

Centre for Mental Health

One Director of FIM Trustee Ltd was, until 31 October 2016, also the Director of Resources at Centre for Mental Health. 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 £95,886 (2015: £30,943) of which £3,860 (2015: £1,783) was passed through to King's College London (see also next paragraph).

King's College London – King's Centre for Military Health Research

A Director of King's Centre for Military Health Research (KCMHR), which is a part of King's College London (KCL), is also a Director of FIM Trustee Limited. During the period, FiMT awarded a number of research contracts to KCL which are described under Note 5 to the Financial Statements, and which totalled £640,503. This is in addition to the pass-through costs noted in the previous paragraph.

The Officers' Association

A Trustee of The Officers' Association is also a Director of FIM Trustee Limited. During the period, FiMT awarded a grant to the Association for a study of current and future demographics of officers which is described under Note 5 to the Financial Statements with a value of £43,149.

Remuneration policy for key management personnel

In March 2016, the Board adopted a formal remuneration policy based upon an incremental salary scale, benchmarked annually using a leading market provider (currently Croner Reward) to cover cost-of-living and market comparators. The Governance Committee recommends to the Board the appropriate award for the forthcoming year.

Statement of responsibilities of the Directors

The Directors are responsible for preparing the Directors' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The 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 state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Directors are required to:

- 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 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 operation

The Directors are responsible for keeping adequate 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, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for

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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.

The Directors' report has been approved by the Directors on 13 June 2017 and signed on their behalf by:

H J R Pung
Chairman of the Board
13 June 2017

Air Vice-Marshal R Lock
Chief Executive
13 June 2017

Report of the Protector for the year ended 31 December 2016

Background

I was first appointed as the Protector of the Forces in Mind Trust ("FiMT" or "the Trust") in November 2011 for a 5 year term. My appointment was extended in September 2016 for a further 5 years, expiring in November 2021.

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

Forces in Mind Trust

Protector's report

For the year ended 31 December 2016

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 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.

Governance 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 2016. 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 February 2016. In addition, I was present at one meeting of the Grants and Commissioning Committee to observe its function and relationship to the full Board. I have also attended a number of meetings with, and spoken to, the Chairman, other Directors, the Chief Executive (CE) of the Trust and representatives of the Fund, as required, during the course of the year.

The Board of the Trustee

I continue to be impressed by the diligence and commitment shown by the Directors of the Trustee. Attendance at Board and Committee meetings has been good.

There have been two changes in the membership of the Board in the year ended 31 December 2016. Tony Stables, who was appointed as the first Chairman of the Board on the creation of the Trust in November 2011, stepped down as planned in December 2016 and has been replaced as Chairman by Hans Pung. Hans Pung was recruited after an extensive search and interview process, undertaken with assistance from an external recruitment agency, and overseen by the Governance Committee. It is appropriate to record here the wide ranging and invaluable contribution made by Tony Stables both in the original development with the Fund of the concept of the Forces in Mind Trust in his then role as Chairman of the Confederation of Service Charities ("Cobseo") and over

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the last 5 years since the Trust was established through his vision of what the Trust might achieve, his wise, patient and sometimes challenging leadership of the Board and his tireless and unstinting support for the executive team and the organization, both in public and behind the scenes.

Inevitably the appointment of a new Chairman will bring potential challenges as the Chair builds a relationship with the CE and the rest of the executive team and with his fellow Directors, whilst at the same time guiding the Trust through the next stage of its development.

I commented in my report last year on the anticipated 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. It was agreed in late 2016 that, as permitted by the articles of association of the Trustee, two of the founder Directors who respectively chair the Grants and Commissioning Committee and the Governance Committee should remain in post for a further term of no more than 3 years from November 2017 with the principal objective of identifying and integrating a successor and thereby ensuring continuity and an orderly handover. I support this proposal, believing that it will also avoid a sudden loss of experience and corporate knowledge. However, even allowing for this extension, it remains the case that 4 further Directors in post at the end of 2016, will not be in post at the end of the current calendar year. The task of identifying, recruiting and integrating new Directors will therefore remain an important challenge over the coming year. The Governance Committee is also mindful of the need to achieve an appropriate diversity of skills, experience, geography, ethnicity and gender on the Board.

The administration of Board and Committee business remains efficient and effective, with an appropriate delegation of authority and workload to the three functioning committees of the Board: the Finance and Investment Committee ("FIC"), the Grants and Commissioning Committee ("GCC") and the Governance Committee ("GC"). The FIC and GCC meet four times a year, prior to Board meetings, and the GC meets twice a year. All Committees hold further meetings on an ad hoc basis as required. The Committees operate under clear terms of reference. Membership of the Committees, which include lay members, is regularly reviewed and a report from each Committee is tabled at each Board meeting. Comprehensive papers for Board and Committee meetings are 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. Discussions are open and constructive. I perceive that the Directors understand their role and responsibilities, both individually and collectively in relation to the setting of the vision, mission and strategy of the Trust and overseeing the implementation of the agreed strategy by the executive team.

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For the year ended 31 December 2016

A number of the Directors of the Trustee are also Directors of organisations with which the Trust has a close working relationship or have been nominated as members of the Board by Cobseo, which has the right to nominate up to 5 individuals for appointment to the Board. Full details of these relationships are given elsewhere in the Directors' report. I am satisfied that any actual or potential conflicts of interest are properly declared and noted and I note that the affected individuals withdraw from the relevant discussions and decision making.

The Executive Team

Ray Lock, the Chief Executive of the Trust, continues to lead a hard working and effective executive team. The Trust is fortunate that the core team has been stable in 2016. The collective skills and experience of the executive team, their knowledge and understanding of the 78 projects funded by the Trust over the last 5 years and their dedication and commitment to the Trust's work should not be underestimated.

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 and commissioning, implementation, monitoring and influence as well as the routine administration of FiMT). I stated that I was concerned that the executive team is still, at times, overly stretched and, as a result, under pressure. This has remained an issue throughout the year under review. At times I have been concerned that the continuous high level of activity on multiple projects and lack of capacity have not allowed the Board or the executive team adequate time to reflect on the evidence generated by projects or to exploit outcomes effectively to achieve change. I am pleased to note that the influence strategy paper, approved by the Board in December 2016, allows for the recruitment of an internal influence officer, to be augmented by an external advisor, which should enable FiMT to undertake more consistent and persuasive influence activity.

The relationship between the Board and the executive team has, in my view, continued to work well with an appropriate separation of function between the strategic and the operational. Equally, I note that the Directors have, individually and collectively, provided appropriate scrutiny, challenge and support when required by the executive team.

The work of the Trust in 2016

The past 12 months has been a year of progress and consolidation for the Trust. Perhaps inevitably, the retirement of the Chairman and the passing of the fifth anniversary of the establishment of the Trust have resulted in a certain amount of reflection: what have we achieved and are we heading in the right direction?

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A detailed description of the work of the Trust can be found in the Directors' report. I would highlight three themes from the year.

Firstly, there has been a continued shift in emphasis from reactive funding to proactive co-commissioned work. This is a positive step, enabling the Trust to focus its resources in areas where it perceives that there may be gaps in existing knowledge or where it anticipates it might be able to have the greatest impact. There has been a recognition, however, that commissioning work will require more upfront time and effort from the executive team as well as the development and refinement of new skills and processes. It will be important, for example, to ensure that the invitation to tender is sufficiently widely advertised through appropriate channels and networks to attract the best bids. The executive team will inevitably have a more subjective engagement with a co-commissioned project which makes the independent assessment of proposed grants potentially more problematic. This has been addressed, in part, by the creation of an informal panel of independent experts to support the GCC, who may be asked for their views on a project falling within their area of expertise. The Board will need to remain vigilant to ensure that co-commissioned bids are subject to the same degree of scrutiny and objective assessment as unsolicited or reactive funding applications.

Secondly, the Board has looked back at the work of the last 5 years and questioned the individual, collective and lasting impact of the projects that have been funded to date. Work has been undertaken to list the recommendations from the completed projects and, in some cases, to evaluate whether those recommendations have been acted on and with what result. It is fair to say that whilst almost every project has been worthwhile in terms of generating evidence, it is not always possible with hindsight to determine how effectively each individual project has contributed to the overall strategy or the priority outcomes identified by the Board. This issue is, in part, a consequence of the iterative process by which the strategy and priorities have evolved. At the outset, the Board's focus was predominantly on improving the process of transition faced by members of the armed forces and their families which led to some early important and ground breaking studies including the Transition Mapping Study, the Future Horizons Programme and the FiMT contribution to Lord Ashcroft's Veterans' Transition Review. More recently, the Board has broadened its outlook, funding a wide range of projects that are expected to generate evidence from which policies and service delivery which have an impact on successful and sustainable transition can be developed or modified. This process of monitoring and evaluation will continue.

Thirdly, considerable time and effort was devoted in 2015/16 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

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Forces and their families and dependants. This change model will help the Trust to explain to those with which it works and those it seeks to influence how it will bring about change. It will also enable the Trust identify with greater confidence the areas which should be the subject of the commissioned projects and which will constitute the greater part of the Trust's work for the foreseeable future.

Simon Martin
Protector, Forces in Mind Trust

Independent auditor's report

To the members of

Forces in Mind Trust

Opinion

We have audited the financial statements of Forces in Mind Trust (the 'charity') for the year ended 31 December 2016 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charity's affairs as at 31 December 2016 and of its incoming resources and application of resources, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Charities Act 2011

Basis for opinion

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

Conclusions relating to going concern

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

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

Independent auditor's report

To the members of

Forces in Mind Trust

Other information

The other information comprises the information included in the trustee's annual report, other than the financial statements and our auditor's report thereon. The trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- The information given in the trustee's annual report is inconsistent in any material respect with the financial statements;
- 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

Responsibilities of trustee

As explained more fully in the statement of trustee's responsibilities set out in the trustee's annual report, the trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditor's report

To the members of

Forces in Mind Trust

Auditor's responsibilities for the audit of the financial statements

This report is made solely to the charity's trustee as a body, 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 charity's trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustee as a body, for our audit work, for this report, or for the opinions we have formed.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee
- Conclude on the appropriateness of the trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to

Independent auditor's report

To the members of

Forces in Mind Trust

the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

22 June 2017

Sayer Vincent LLP, Statutory Auditor

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

Sayer Vincent LLP is eligible to act as 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 2016

	Note	Endowment £	Unrestricted £	2016 Total £	2015 Total £
Income from:					
Donations and legacies		-	-	-	-
Investments	3	977,492	-	977,492	974,036
Total income		977,492	-	977,492	974,036
Expenditure on:					
Raising funds	4	-	94,175	94,175	90,297
Charitable activities					
Generating Evidence	4	-	3,303,532	3,303,532	1,847,964
Change Through Delivery	4	-	97,198	97,198	961,918
Building for Change	4	-	183,246	183,246	144,249
Total expenditure		-	3,678,151	3,678,151	3,044,428
Net income / (expenditure) before net gains / (losses) on investments		977,492	(3,678,151)	(2,700,659)	(2,070,392)
Net gains / (losses) on investments		3,355,104	-	3,355,104	(36,544)
Net income / (expenditure)	6	4,332,596	(3,678,151)	654,445	(2,106,936)
Transfers between funds	17	(3,678,151)	3,678,151	-	-
Net movement in funds		654,445	-	654,445	(2,106,936)
Reconciliation of funds:					
Total funds brought forward		33,195,164	-	33,195,164	35,302,100
Total funds carried forward	17	33,849,609	-	33,849,609	33,195,164

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 2016

	Note	£	2016 £	2015 £
Fixed assets:				
Tangible assets	11		12,960	14,400
Investments	12		36,686,139	35,121,329
			<u>36,699,099</u>	<u>35,135,729</u>
Current assets:				
Debtors	13	-	11,410	
Cash at bank and in hand		582,590	657,362	
		<u>582,590</u>	<u>668,772</u>	
Liabilities:				
Creditors: amounts falling due within one year	14	2,224,927	1,516,924	
			<u>(1,642,337)</u>	<u>(848,152)</u>
Net current liabilities				
			<u>35,056,762</u>	<u>34,287,577</u>
Total assets less current liabilities				
Creditors: amounts falling due after one year	15		1,207,153	1,092,413
			<u>33,849,609</u>	<u>33,195,164</u>
Total net assets				
			<u><u>33,849,609</u></u>	<u><u>33,195,164</u></u>
The funds of the charity:				
Endowment funds	17		33,849,609	33,195,164
Unrestricted income funds:				
General funds		-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>
Total unrestricted funds			<u>-</u>	<u>-</u>
Total charity funds			<u><u>33,849,609</u></u>	<u><u>33,195,164</u></u>

Approved by the trustees on 13 June 2017 and signed on their behalf by

H J R Pung
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 2016

	Note	2016		2015	
		£	£	£	£
Cash flows from operating activities	18				
Net cash provided by / (used in) operating activities			(2,843,998)		(2,095,516)
Cash flows from investing activities:					
Dividends and interest from investments		977,492		974,036	
Depreciation of fixed assets		1,440		-	
Proceeds from sale of investments		11,090,727		9,093,629	
Purchase of investments		(6,220,404)		(9,092,804)	
Cash movement within investment portfolio		(3,080,029)		1,074,401	
Net cash provided by / (used in) investing activities			2,769,226		2,049,262
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			(74,772)		(46,254)
Cash and cash equivalents at the beginning of the year			657,362		703,616
Cash and cash equivalents at the end of the year	19		582,590		657,362

1 Accounting policies

a) Statutory information

Forces in Mind Trust is an unincorporated charity, registered with the Charity Commission in England and Wales. The registered office address is Mountbarrow House, 6–20 Elizabeth Street, London, SW1W 9RB.

b) 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) (September 2015) and the Charities Act 2011.

The accounts (financial statements) have been prepared to give a ‘true and fair’ view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a ‘true and fair view’. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

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

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	87%
● Change Through Delivery	2%
● Building for Change	5%
● Cost of raising funds	2%
● Governance costs	4%

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 and any excess of fair value over the historic cost of the investments will be shown as a fair value reserve in the balance sheet. 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.

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.

With the exception of the listed investments described above, 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 £	2015 Total £
Income from:			
Donations and legacies	-	-	-
Investments	974,036	-	974,036
Total income	974,036	-	974,036
Expenditure on:			
Raising funds	-	90,297	90,297
Charitable activities	-	2,954,131	2,954,131
Total expenditure	-	3,044,428	3,044,428
Net income / expenditure before gains / (losses) on investments	974,036	(3,044,428)	(2,070,392)
Net gains / (losses) on investments	(36,544)	-	(36,544)
Net income / expenditure	937,492	(3,044,428)	(2,106,936)
Transfers between funds	(3,044,428)	3,044,428	-
Net movement in funds	(2,106,936)	-	(2,106,936)
Total funds brought forward	35,302,100	-	35,302,100
Total funds carried forward	33,195,164	-	33,195,164

3 Income from investments

	Endowment £	Unrestricted £	2016 Total £	2015 Total £
Income from investments	975,938	-	975,938	971,457
Bank interest	1,554	-	1,554	2,579
	977,492	-	977,492	974,036

Forces in Mind Trust

Notes to the financial statements

For the year ended 31 December 2016

4 Analysis of expenditure

	Charitable activities						2016 Total £	2015	Total £
	Cost of raising funds £	Generating Evidence £	Change Through Delivery £	Building for Change £	Governance costs £	Support costs £			
Staff costs (Note 7)	22,199	158,977	6,242	8,993	67,007	45,715	309,133	254,877	
Recruitment costs	-	-	-	-	14,895	8,964	23,859	6,762	
Travel and subsistence	-	21,918	861	1,240	3,434	-	27,453	14,684	
Grants payable (Note 6)	-	2,842,837	79,109	157,187	-	-	3,079,133	2,531,058	
Investment manager's fees	40,793	-	-	-	-	-	40,793	42,293	
Advisors' fees and expenses	-	-	-	-	15,325	-	15,325	15,037	
Auditors' remuneration	-	-	-	-	9,240	-	9,240	7,560	
Premises costs	-	-	-	-	-	53,062	53,062	33,848	
Legal and professional fees	-	42,526	1,670	2,405	-	-	46,601	57,009	
Marketing and communications	-	48,936	1,921	2,768	-	-	53,625	46,918	
Directors' expenses	-	-	-	-	7,667	-	7,667	3,008	
Office costs	-	-	-	-	-	9,963	9,963	9,995	
Other costs	-	-	-	-	-	2,297	2,297	21,379	
	62,992	3,115,194	89,803	172,593	117,568	120,001	3,678,151	3,044,428	
Support costs	12,000	71,185	2,795	4,027	29,994	(120,001)	-	-	
Governance costs	19,183	117,153	4,600	6,626	(147,562)	-	-	-	
Total expenditure 2016	94,175	3,303,532	97,198	183,246	-	-	3,678,151		
Total expenditure 2015	90,297	1,847,964	961,918	144,249	-	-		3,044,428	

5 Grant making

	2016 £	2015 £
Creditors at the start of the year	2,559,224	1,623,293
Grants awarded in the year (Note 4 and detailed below)	3,079,131	2,531,058
Grants paid	<u>(2,261,211)</u>	<u>(1,595,127)</u>
Total creditors at the end of the year	<u>3,377,144</u>	<u>2,559,224</u>
Creditors due within one year (Note 14)	2,169,992	1,466,811
Creditors due in over one year (Note 15)	<u>1,207,153</u>	<u>1,092,413</u>
Total creditors at the end of the year	<u>3,377,145</u>	<u>2,559,224</u>
Grants awarded in the year:		
The Royal Foundation		
Generating Evidence	–	30,000
Mental Health Research Programme		
Generating Evidence	–	587,423
The Poppy Factory		
Generating Evidence	–	5,096
Ulster University		
Generating Evidence	–	355,262
Newcastle University		
Generating Evidence	–	31,729
Queen's University Belfast		
Generating Evidence	–	96,201
Glyndwr University		
Generating Evidence	–	210,859
Demos (DSC)		
Generating Evidence	–	2,250
Directory of Social Change (Scot)		
Generating Evidence	–	82,264
JHNA Devolved Nations Award		
Generating Evidence	–	93,900
Centre for Social Injustice		
Generating Evidence	–	1,406
Royal British Legion (mentoring)		
Generating Evidence	–	10,000
DSC (impact report)		
Generating Evidence	–	47,820
Probation Institute		
Change Through Delivery	–	93,400
Stonham (extra payment)		
Change Through Delivery	–	27,927
Pain Concern		
Change Through Delivery	–	6,700
Venture Trust		
Change Through Delivery	–	689,453
Clore Fellowship		
Building for change	–	105,000
Underspend on Durham (2013) grant		
Generating Evidence	–	(501)
Costs related to monitoring and evaluation of grants awarded	18,846	54,869
Combat Stress Telemed		
Generating evidence	78,546	–
Cardiff Uni 3MDR		
Generating evidence	152,450	–
KCL Veterans MH Conference 2017–2019		
Generating evidence	45,000	–
Swansea Gambling		
Generating evidence	39,478	–
KCL Unemployment, MH & DWP		
Generating evidence	165,597	–
KCL Utility & Feasibility Data Extraction		
Generating evidence	158,999	–
Bristol Uni DVA		
Generating evidence	46,938	–
KCL Mental Health and Treatment Needs		
Generating evidence	157,385	–
MHRP Infrastructure		
Generating evidence	93,523	–
RAND Europe		
Generating evidence	75,000	–
Anglia Ruskin University		
Generating evidence	199,229	–
KCL (Jones)		
Generating evidence	3,743	–
Covenant Delivery (Shared Intelligence)		
Generating evidence	57,150	–
Further grant for Covenant delivery		
Generating evidence	14,520	–
Blesma		
Generating evidence	137,605	–
Officers' Association		
Generating evidence	43,149	–
Arkenford		
Generating evidence	59,582	–
Deloitte		
Generating evidence	24,000	–
Futures Company (TMS 2017)		
Generating evidence	110,040	–
University of Stirling		
Generating evidence	120,745	–
King's College London (MacManus)		
Generating evidence	94,779	–
Warwick University		
Generating evidence	201,455	–
Birmingham NHS		
Generating evidence	97,507	–
University of Salford		
Generating evidence	171,995	–
Directory of Social Change		
Generating evidence	447,459	–
St George's House		
Generating evidence	30,000	–
Probation Institute		
Change through Delivery	11,623	–
Pain Concern		
Change through Delivery	2,486	–
The Royal Foundation		
Change through Delivery	65,000	–
Army Families Federation		
Building for Change	155,685	–
Clore 2015		
Building for Change	1,500	–
Deduct Manchester Business School refund	<u>(1,883)</u>	<u>–</u>
	<u>3,079,131</u>	<u>2,531,058</u>

6 Net incoming resources for the year

This is stated after charging / crediting:

	2016 £	2015 £
Auditors' remuneration (excluding VAT):		
▪ Audit	6,550	6,050
▪ Prior year under/ (over accrual)	1,150	300
Advisors' fees and expenses (Protector)	15,325	15,037
Operating lease rentals		
Property	40,139	31,234
	<u>40,139</u>	<u>31,234</u>

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

Staff costs were as follows:

	2016 £	2015 £
Salaries and wages	255,180	215,338
Social security costs	26,190	20,765
Employer's contribution to defined contribution pension schemes	9,718	18,774
Other Staff costs (Graduate)	18,045	-
	<u>309,133</u>	<u>254,877</u>

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2016 No.	2015 No.
£80,000 – £89,999	1	1
	<u>1</u>	<u>1</u>

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £101,028 (2015: £97,683).

The charity directors were not paid or received any other benefits from employment with the charity in the year (2015: £nil). No charity director received payment for professional or other services supplied to the charity (2015: £nil).

Directors' expenses represents the payment or reimbursement of travel and subsistence costs totalling £7,667 (2015: £3,008) incurred by 6 (2015: 5) members relating to attendance at meetings of the directors. A further £980 was spent on other costs, such as printing and postage, related to performing their duty as a trustee.

8 Staff numbers

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

	2016 No.	2015 No.
Raising funds – investment management	0.5	0.4
Generating Evidence	3.5	1.5
Change Through Delivery	0.1	0.9
Building for Change	0.2	0.3
Governance	1.5	1.0
	5.8	4.2
	5.8	4.2

9 Related party transactions

The value of the related party transactions 2016 is £987,857 (2015: £267,789). Full details of this figure is given on pages 14–15 of the 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.

11 Tangible fixed assets

	Software £	Total £
Cost		
At the start of the year	14,400	14,400
Additions in year	–	–
Disposals in year	–	–
	14,400	14,400
Depreciation		
At the start of the year		–
Charge for the year	1,440	1,440
Eliminated on disposal	–	–
	1,440	1,440
Net book value		
At the end of the year	12,960	12,960
	12,960	12,960
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 brought into use in July 2016 and is being depreciated over 5 years.

All of the above assets are used for charitable purposes.

12 Listed investments

	2016 £	2015 £
Fair value at the start of the year	33,950,283	33,987,652
Additions at cost	6,220,404	9,092,804
Disposal proceeds	(11,090,727)	(9,093,629)
Net gain / (loss) on change in fair value	3,355,104	(36,544)
	<u>32,435,064</u>	<u>33,950,283</u>
Cash held by investment broker pending reinvestment	4,251,075	1,171,046
	<u>36,686,139</u>	<u>35,121,329</u>
Historic cost at the end of the year	<u>27,769,797</u>	<u>31,539,562</u>

Investments comprise:

	2016 £	2015 £
Fixed Interest Bonds	5,781,788	6,183,854
UK Shares listed on the London Stock Exchange	9,685,071	10,285,195
Non UK Shares listed on the London Stock Exchange	10,325,730	10,249,880
Hedge Funds	1,012,765	292,369
Property Funds & Trusts	3,781,853	3,660,712
Alternative Assets	853,801	1,924,133
Liquid Funds	5,245,131	2,525,186
	<u>36,686,139</u>	<u>35,121,329</u>

13 Debtors

	2016 £	2015 £
Prepayments	-	11,410
Season Ticket Loan	-	-
Accrued income	-	-
	<u>-</u>	<u>11,410</u>

With the exception of listed investments, all of the charity's financial instruments, both assets and liabilities, are measured at amortised cost. The carrying values of these are shown above and also in note 14 and 15 below.

14 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	31,367	14,857
Taxation and social security	9,517	16,772
Accruals	12,599	17,075
Grants payable (Note 6)	2,169,992	1,466,811
Other creditors	1,452	1,409
	<u>2,224,927</u>	<u>1,516,924</u>

15 Creditors: amounts falling due after one year

	2016 £	2015 £
Grants payable (Note 6)	<u>1,207,153</u>	<u>1,092,413</u>

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

In less than one year	2,169,992	1,466,811
Between one and five years	1,207,153	1,092,413
	<u>3,377,145</u>	<u>2,559,224</u>

16a Analysis of net assets between funds (current year)

	Endowment funds £	Designated funds £	General funds £	Total funds £
Tangible fixed assets	12,960	-	-	12,960
Investments	36,686,139	-	-	36,686,139
Net current assets	(1,642,337)	-	-	(1,642,337)
Long term liabilities	(1,207,153)	-	-	(1,207,153)
Net assets at the end of the year	<u>33,849,609</u>	<u>-</u>	<u>-</u>	<u>33,849,609</u>

16b Analysis of net assets between funds (prior year)

	Endowment £	Designated £	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)
Net assets at the end of the year	<u>33,195,164</u>	<u>-</u>	<u>-</u>	<u>33,195,164</u>

17a Movements in funds (current year)

	At the start of the year £	Incoming resources & gains £	Outgoing resources & losses £	Transfers £	At the end of the year £
Endowment funds	33,195,164	977,492	3,355,104	(3,678,151)	33,849,609
Total endowment funds	33,195,164	977,492	3,355,104	(3,678,151)	33,849,609
Unrestricted funds: General funds	-	-	(3,678,151)	3,678,151	-
Total unrestricted funds	-	-	(3,678,151)	3,678,151	-
Total funds	33,195,164	977,492	(323,047)	-	33,849,609

17b Movements in funds (prior year)

	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

	2016 £	2015 £
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	654,445	(2,106,936)
Dividends, interest and rent from investments	(977,492)	(974,036)
(Gains)/losses on investments	(3,355,104)	36,544
(Increase)/decrease in debtors	11,410	(2,482)
Increase/(decrease) in creditors	822,743	951,394
Net cash provided by / (used in) operating activities	(2,843,998)	(2,095,516)

19 Analysis of cash and cash equivalents

	At 1 January 2016 £	Cash flows £	Other changes £	At 31 December 2016 £
Cash in hand	657,362	(74,772)	-	582,590
Total cash and cash equivalents	657,362	(74,772)	-	582,590

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 2016 £	2015 £
Less than one year	4,951	2,976
One to five years	-	-
Over five years	-	-
	4,951	2,976

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