

Charity number: 1145688

Forces in Mind Trust

Report and financial statements

For the year ended 31 December 2017

Forces in Mind Trust

Contents

For the year ended 31 December 2017

| | |
|---|----|
| Reference and administrative details | 1 |
| Chairman's introductory report | 4 |
| Directors' annual report | 6 |
| Protector's annual report..... | 20 |
| Independent auditor's report | 24 |
| Statement of financial activities (incorporating an income and expenditure account) | 28 |
| Balance sheet | 29 |
| Statement of cash flows | 30 |
| Notes to the financial statements | 31 |

Forces in Mind Trust

Reference and administrative details

For the year ended 31 December 2017

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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 Rodrigo Voss Operations Manager (from December 2017) Kirsteen Waller Research and Support Manager Lucy Caruana Grants Manager (until January 2018) Clare Crookenden Grants Manager (from March 2018) |
| Bankers | Barclays Bank PLC 1st Floor 27 Soho Square London W1D 3QR |
| Solicitors | Wilson Solicitors LLP Alexandra House St Johns Street Salisbury SP1 2SB |
| Auditor | Sayer Vincent LLP Chartered Accountants and Statutory Auditor Invicta House 108-114 Golden Lane LONDON EC1Y 0TL |

Forces in Mind Trust

Reference and administrative details

For the year ended 31 December 2017

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 1 January 2017 to 12 June 2018 were:

| | | |
|------------------------------|--|--|
| Chairman | H J R Pung | |
| Director | A C R Barnett MA | |
| Director | I Brown | Chair of the Grants and Commissioning Committee |
| Director | Commodore Retd B W Bryant CVO RN | Member of the Governance Committee Resigned 12 December 2017 |
| Director | R S Campbell FCA | Member of the Finance and Investment Committee. Appointed 13 December 2017 |
| 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. Resigned 12 December 2017 |
| Director | General Retd Sir John C McColl KCB CBE DSO | Member of the Governance Committee. Appointed 1 January 2017 |
| Director | M J Morley | Chair of the Finance and Investment Committee Resigned 9 January 2017 |
| Director | Air Vice-Marshal Retd The Hon D P Murray CVO OBE | Member of the Grants and Commissioning Committee |
| Director | A S D Reding | Member of the Grants and Commissioning Committee. Appointed 12 November 2017 |

Forces in Mind Trust

Reference and administrative details

For the year ended 31 December 2017

| | | |
|----------|--|--|
| Director | N J Roberts | Member of the Grants and Commissioning Committee. Appointed 12 November 2017 |
| Director | R N Robson OBE | Member of the Finance and Investment Committee. Appointed 1 January 2018 |
| Director | Major General Retd M J Rutledge CB OBE | Member (Chair from 10 January 2017) of the Finance and Investment Committee |
| Director | A C Ward | Member of the Governance Committee Appointed 12 December 2017 |
| Director | M D Waters LLB MBA | Member of the Grants and Commissioning Committee. Resigned 6 March 2018 |

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

The Trust's Honorary President is Air Vice-Marshal Retd A J Stables CBE.

Forces in Mind Trust

Chairman's introductory report

For the year ended 31 December 2017

My first year as Chairman of the Forces in Mind Trust has flown by, and, as I continue to learn more about the sector and challenges of military transition, my respect for the work of the Trust and our partners has grown. And I am convinced that our efforts, working through a varied programme of activities and supported by strong partnerships, move us closer to our ultimate vision that all ex-Service personnel and their families lead fulfilled civilian lives.

Of course, this is very ambitious, and the Trust only plays a small part in working with a range of stakeholders—from our Cobseo military charities to government departments to wider third sector partners—to deliver this goal. Our distinct role in this challenge is to bring knowledge and evidence to bear in order to inform and influence the challenges of transition, while working in collaboration with others in the sector and building capacity to allow them to transform in order to achieve greater impact.

To help us drive this change, I am grateful for a dedicated and diligent board of Trust directors who set our strategic direction and provide accountability for our wide range of activities to make sure that our efforts are best directed toward our ultimate mission of successful, sustainable transitions for our ex-Service personnel and their families. The board is currently in a state of transition itself, with many of our original directors completing their terms of service while recruiting a new cohort to drive the Trust through the next phase of our development. I am particularly grateful to our departing directors in 2017—Commodore Barry Bryant, David Lyons, and Michael Morley—for their significant contributions and look forward to the energy and fresh perspectives which our new directors will bring to the board—Ross Campbell, General Sir John McColl, Anaïs Reding, Nick Roberts, Robert Robson and Andrew Ward.

As I mentioned in my remarks last year, we anticipated that 2017 would foreshadow a shift in the Trust's future activities to increase our influence activity and play a more active role in highlighting where evidence can be brought to bear on policy while still delivering a significant programme of research activity to provide a strong empirical base to inform our transition outcomes. To that end, we recruited two new staff members and appointed a new strategic communications advisor to kick-start our renewed efforts to see impact flowing from our research. Significantly, we awarded Anglia Ruskin University a five-year grant to operate the Forces in Mind Trust Research Centre on our behalf. Going forward, the FiMT research centre should provide a focused resource for those needing data and evidence on ex-Service members' issues. We also published an update to our 2013 seminal study on Transition Mapping, which highlights areas for additional focus to improve transition outcomes. We continue to focus on building capacity within the sector; approximately half of our grant awards involve Cobseo members, and we are partnering with Cobseo and Clore Social Leadership to deliver a programme to develop a cadre of leaders within the Services sector to provide robust and effective leadership for their organisations.

2018 should continue our 2017 trend in moving to a greater balance between our knowledge and evidence-generating activities and our wider change mechanisms, particularly our influencing activity. Following initial steps in this direction in 2017, our grants will continue to move to a more strategic commissioning model, consistent with our change model, rather than relying on

Forces in Mind Trust

Chairman's introductory report

For the year ended 31 December 2017

reacting to unsolicited proposals for funding. This will allow our work to be more coherent and focussed where we believe it will generate the greatest impact—and we aim to be clearer in signalling the types of grants we are likely to award going forward. We will also focus on supporting the FiMT research centre so that it becomes a reference point for evidence-informed data about our ex-Service personnel and their families.

Finally, the Trust would be able to accomplish none of these without the daily effort and attention of our staff. They are fully dedicated to the Trust achieving our mission, and I am personally grateful for their diligence and commitment. I look forward to working with them, my fellow directors, and our partners as we collectively strive toward the objective of a successful, sustainable transition for all of our ex-Service personnel and their families.

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 2017.

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 perceptive 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 warmly welcome the comments contained in the Protector's Report. The Protector's attendance at Board and a selection of Committee meetings has invariably been a positive experience, and his advice during the legal discussions leading to the establishment of the Forces in Mind Trust Research Centre was particularly helpful.

The Protector rightly highlights the importance we place upon sound governance. Without a fund-raising or welfare/case-working requirement, it would be easy for the Trust to become complacent. However, the July 2017 publication of the Charity Governance Code, the preparation for May 2018's General Data Protection Regulation and the 2017 staging date for the introduction of pension auto-enrolment have all required careful analysis and firm implementation. As the Protector's Report notes, this work is enduring hence, in part, our decision to recruit an Operations Manager to support the Chief Executive in governance matters. We remain very alive to the Protector's concerns about overstressing the small Executive Team, and regularly review the Team's composition and tasking, as well as holding any vulnerabilities on the Risk Register.

We address the Protector's comments on Board appointments, investment fund management and the Mental Health Research Programme later in our report.

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 fifth year of full operation (and sixth overall), FiMT has invested strongly in growing its credibility and influence, whilst maintaining a conceptually well-targeted grant-giving programme, with an increasing emphasis being placed on commissioning and co-creation versus responsive funding. The establishment of the Forces in Mind Trust Research Centre was the single most significant event of the year, and the one that will make the greatest contribution to delivering the Trust's mission.

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.

Forces in Mind Trust

Directors' annual report

For the year ended 31 December 2017

During 2017, the Trust reviewed and ratified its Change model, leading to the adoption of an outcomes framework which included:

Our **Vision** is that all ex-Service personnel and their families lead 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 providers to support our **Mission** and so realize our **Vision**.

Our six **Outcomes** (the ends we seek) are:

- Housing
- Employment
- Health and wellbeing
- Finance
- Criminal Justice System
- Relationships

and our four **Change mechanisms** (the way we work) are:

- Knowledge and evidence
- Influencing and convening
- Collaboration and leadership
- Capacity building

In 2018, we intend to report our charitable activities against these Change mechanisms, and so provide a better understanding of where the weight of our grant-making effort has fallen.

This strong conceptual base was featured in the December edition of the Association of Charitable Foundations' magazine '*Trust and Foundation News*'. More detailed information on our Change model can be found on the Trust's website (section <http://www.fim-trust.org/about-us/what-is-fimt/>).

During the period, 23 grant awards were made, in addition to a grant to provide the supporting infrastructure for the Mental Health Research Programme (previous period 30 plus infrastructure), listed below by organization. Costs totalling £32,267 (£18,846) related to monitoring and evaluation of grants awarded are also shown, this increase largely being due to the establishment of the Grants and Evaluation Officers. Of these 23 awards, 19 (25) grants were for generating evidence, one (3) grant was for change through delivery and 3 (2) were for building for change. Of these awards, one grant (£2,313,322) to Anglia Ruskin University for the 5-year establishment of the FiMT Research Centre exceeded the total of all the other grant awards combined.

Forces in Mind Trust

Directors' annual report

For the year ended 31 December 2017

The Forces in Mind Trust Research Centre was established in September 2017 following on from a successful 2-year development of a Veterans Research Hub, both at Anglia Ruskin University. The purpose of the Research Centre is fourfold:

- To curate an on-line portal of all relevant research in the Veterans and Families Research Hub
- To provide topical abstracts and summaries, and to respond to requests for evidence
- To support the research needs of the military charities sector, including advising the Trust on funding applications and reviewing draft reports
- To deliver an annual conference and awards

The grant award is for a 5-year period, and covers staff salaries, IT and other infrastructure costs. All staff remain employees of Anglia Ruskin University, and a robust but collaborative governance framework has been established. The Trust was delighted that Lord Ashcroft, Chancellor of Anglia Ruskin University and the government's veterans transition 'tsar', agreed to become Patron of the Research Centre, and we are looking to engage an academic chair to provide research excellence, leadership and influence. As the Centre develops and matures, the Trust intends to review its strategy for beyond this initial 5-year period.

At the beginning of 2018, the Trust moved to classifying types of grant by Change mechanism in order to better understand and to direct strategic investment. Full details of amounts and types of grant can be found at Note 5 to the financial statements and on the Trust's website (section 'who we have helped' <http://www.fim-trust.org/who-we-have-helped/>). Grants made in 2017, by organization title, were:

- Army Families Federation – annual research symposium venue costs
- The Poppy Factory – additional award to exploit research findings
- Walking With The Wounded – to increase recruitment for research project
- King's College London (Rafferty) – additional award to research further aspects of barriers to care
- Anglia Ruskin University (Cobseo cluster) – audit of services for Commonwealth Service personnel/families
- Ulster University – assessment of public attitudes to veterans
- Anglia Ruskin University (VFI) – Veterans Research Hub continuation funding
- Community Self Build Agency – building capacity to reach sustainable position
- RAND Europe – research into resilience and impact on transition
- Veterans Scotland – engagement programme 'Informing Scotland'
- Cranfield University – research into employment outcomes for female Service leavers
- Officers' Association – research into transition challenges faced by over 50s
- Clore Social Leadership – Clore 6: Cobseo leadership programme
- Behavioural Insights Team – research into engagement of families preparing for transition
- King's College London (McManus) – research into domestic violence and abuse in military families

Forces in Mind Trust

Directors' annual report

For the year ended 31 December 2017

- University of Liverpool – research in help seeking for ex-Service personnel abusing alcohol
- Shared Intelligence – research into improving the delivery of organizational Covenant pledges
- Galahad SMS – research into outcomes of those discharged for failing compulsory drugs test
- Queen's University Belfast – research into pathways to unsuccessful transition
- Invictus Games Foundation – research into long-term impact of participation in sport
- Tros Gynnal Plant – trial of restorative engagement to help ex-Service families
- Anglia Ruskin University – 5-year establishment of the FiMT Research Centre
- Centre for Mental Health – Mental Health Research Programme infrastructure

On the second anniversary of the Mental Health Research Programme, the co-chair of the associated Steering Group, who is Chief Executive of the Centre for Mental Health, briefed the Directors on progress. The Directors identified that fewer awards had been made than anticipated, and agreed a development plan that would be reviewed a further year into the 5-year programme with a clear expectation that the annual £1 million award figure would be met.

Early in 2017 it became apparent that: the change of emphasis to more proactive grant making; the work required to establish the FiMT Research Centre; and the growing number of requests for the Executive Team to support engagement across the sector were placing greater demands on the Executive Team than they could safely meet. The Board therefore decided to reduce the target grant award by £900,000 to £2.2 million. The total value of the 2017 awards, less monitoring and evaluation costs but including Mental Health Research Programme infrastructure, was nonetheless £4.554 million (previous period £3.060 million). Removing the significant single award for the FiMT Research Centre gives a total award of £2.240 million, which represents 102% of the target figure agreed by the Board in June 2017. Total charitable expenditure for the year amounted to £5.205 million (previous period £3.584 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 2017, a number of projects matured which do not feature in the 23 awards previously listed and at Note 5. Full details are in the Trust's 2017 Activity Report, which is published at <http://www.fim-trust.org/reports/> and include:

- Transition Mapping Study 2017, which focused on employment and was subject to a separate independent evaluation. The subject was deliberately limited to avoid duplication of other Trust workstreams, and the launch event drew a large and varied audience, many of whom had been influenced by the original Transition Mapping Study, which the Trust published in 2013.
- Directory of Social Change's reports on armed forces charities, which included education and employment, and mental health services, as well as an evaluation of the 2014-16 project.

Forces in Mind Trust

Directors' annual report

For the year ended 31 December 2017

- Mental health research projects on: stigma/barriers to accessing care; prevalence of problem gambling in the ex-Service community; efficacy of veterans-specific addiction services; mapping of current and future needs (mental health and others) in Northern Ireland; and a summary of UK planning for the delivery of mental health services to ex-Service personnel and their families, the final stage of the highly influential 'Call to Mind' series of reports.
- Evaluations of the Stoll outreach transition service and the Community Self-build Agency projects in Bristol.

The Directors have set a strategy of increasing the impact of the work of the Trust through a combination of leveraging our growing credibility, and investing in greater capacity to conduct influence activities, which is staff intensive, whilst maintaining an ambitious grant-making programme. By the end of the year, the Trust had established and filled 2 new posts in the policy area: Communications Officer and Evaluation Officer; and an Operations Manager. The contract with the outsourced public relations provider was replaced by a competitively tendered strategic communications adviser, 'Amazon PR with BDB'.

Influence activities during the year, including the launch and further exploitation of the output from our 'Knowledge and Evidence' change mechanism, were:

- The sector briefing programme, which took the Executive Team across England (Andover, Nottingham, Portsmouth and York). These were the final stops on what has been a 4-year series of engagements. In 2018, the Trust will be reviewing its strategic communications programme.
- 'Fringe' events at the Conservative and Labour Party Conferences entitled 'Tackling disadvantage experienced by the Armed Forces Community', a first for the Trust. The purpose was to use the '*Our Community - Our Covenant*' report to stimulate debate and to promote the Trust as a credible source of independent evidence.
- Engagement by various members of the Executive Team on the Trust's work to inform policy makers across national, devolved and local administrations in the public, private and not-for-profit sectors. As well as attending such diverse events as the Wales Armed Forces Expert Group, the 5-eyes Ministerial Conference, the annual Veterans Scotland 'Glasgow Gathering' and Covenant conferences in Wrexham and London, the Trust convened a Financial resilience study day, and sponsored the Army Families Federation research symposium and the King's College London Veterans Mental Health Conference, opened by His Royal Highness Prince Harry.
- Comment by the Executive Team 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.

Forces in Mind Trust

Directors' annual report

For the year ended 31 December 2017

A full description of the Trust's influence and engagement can be found in the 2017 Activity Report <http://www.fim-trust.org/reports/>

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 2017 the Trust held total unrestricted charity funds of £31.594 million (2016: £33.850 million). Once again, concerns about global market volatility dominated the financial environment. The Finance and Investment Committee directed an increase in cash holdings to cover the risk of a precipitous fall in the stock market and, following an extensive Board discussion, the level of 'cash instruments' was set as that required to maintain the Trust's current level of activity and grant awarding for a 2-year period without drawing down from the medium-term investment portfolios.

Despite draw downs from medium-term funds totalling £1.5 million, strong global stock markets resulted in the value of medium-term endowments managed by Cazenove and Sarasin to reduce by only around £600k to £36.100 million (2016: £36.686 million). As a result of drawdowns and lower market returns, investment income fell to £880k (2016: £977k). 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 £774k (2016: £599k) represent good value and reflect the Board's strategic intent to invest in increasing the Trust's impact.

During 2017 the Board conducted a full review of its investment management. Drawing upon the knowledge and experience of the Finance and Investment Committee, augmented by an expert adviser and guided by Charity Finance Group best practice, the Board conducted an open competition for managers, having set out the changing nature and investment needs of the Trust as it approached its 6-year point. The Board concluded that the existing managers, Cazenove and Sarasin, should be appointed for a nominal 5-year period, with changed mandates and an investment policy that reflected the Board's approach to financial risk, as described in the first paragraph of this section.

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 Directors also decided that the Trust's growth, life cycle and aspirations meant that there could be benefit in a different approach to risk management; work is underway to implement a revised framework in 2018.

The Board has assessed that the major strategic risk to FiMT is that it fails to have delivered sufficient impact at the end of its 20-year life. It is controlling that risk through investment in the Trust's capacity to exert influence and exploit its evidence, through the extension of approaches across all four Change mechanisms, and by the development of better impact measurement. This work is expected to take up much of 2018 but will result in a clearer view of the Trust's effectiveness and so shape its strategy for 2019.

The Board has assessed that the biggest financial risk to FiMT is that equity market volatility causes encashment of medium-term investments at low values in order to maintain planned expenditure. It has controlled the risk by restructuring its portfolios as described previously, namely by increasing holdings in 'cash instruments', and by proactive engagement with FiMT's two Investment managers.

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, the Board conducted a strategy review in February 2017 and adopted a strong conceptual base for its Change model, supported by a rolling 3-year grants plan. This will be the subject of the 2018 review.

Investment policy

The Investment Policy is to produce medium-term capital growth and investment income through an actively managed portfolio with a target total return of RPI plus 3.5%, which is sufficient to support the grant making and operating costs of FiMT. Both Investment managers exceeded this target (by 1.6% and 1.9%). Cash flow requirements were met throughout the year by investment income and the drawdown of medium-term investments. At the end of the year, the Board approved the formal investment policy statement for 2018 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, commissions and influence activities. At this stage in FiMT's life, the appropriate 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 changed approach to risk set out in the Investment management review will require revision to the reserves policy, which the Trust

Forces in Mind Trust

Directors' annual report

For the year ended 31 December 2017

intends to conduct in 2018. In preparation for this change, the highly liquid short-term funds were assigned to cover committed grant expenditure, and cash holdings were held to cover operating and forecast grants costs.

At 31 December 2017, cash holdings were £614k (31 December 2016 – £583k) which represented 6 months' operating and forecast grants costs.

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.

Plans for the future

As forecast in last year's Report, the development of the firm conceptual Change model has allowed the Trust to identify and put in place the additional capacity required to increase the impact of the grants and commissioning plan through more effective influence and exploitation plans. The Board has been careful to ensure that close coordination across the sector will be a feature of this more impactful approach, and have established a Virtual Influence Panel of Directors to provide the necessary oversight, challenge and guidance to the Executive Team.

The Directors intend to maintain a broad funding approach across all six Outcomes, but will apply greater focus and prioritization. With most of the Trust's work so far starting out in the 'Knowledge and evidence' change mechanism, the Directors are looking in 2018 to broadening the 'ways in which we work' to cover the other three mechanisms, and to developing an appropriate set of impact measurements. These changes are likely to require more staff effort, a stronger emphasis on proactive commissioning and greater creativity and collaboration. The Directors recognize that this will place significant demands on the Executive Team, and we will temper the Trust's ambition to avoid these becoming excessive.

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.

Forces in Mind Trust

Directors' annual report

For the year ended 31 December 2017

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 2017, 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 Forces in Mind Trust Research Centre is governed by an Executive Committee, chaired by a nominated Trust Director. The Centre's full-time director, a University employee based at Anglia Ruskin University, works from the Trust's offices once a week and submits a formal quarterly report to the Board. The Centre is advised by a strategic panel and an advisory group.

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. Four Directors stood down and, to ensure continuity particularly on the Committees, 6 were recruited during this period. At the start of 2018, the Board was at its full complement of 14 Directors, but succession plans will see this fall back again to 12, which is viewed as the optimum number, by the end of the year.

Four independent Directors were recruited following a broad and open campaign that sought to attract interested individuals from across the United Kingdom and to increase the Board's diversity. The Board was delighted with the calibre of the four appointees, and with the range of skills and experience they have brought to the Trust. However, the Board also recognizes the Protector's comments that diversity remains a challenge and the Governance Committee has been tasked with identifying solutions to this difficult issue.

Two Directors were recruited following a Cobseo nomination against a set of desirable criteria in accordance with FIM Trustee Limited Memorandum and Articles of Association, Article 46.

Director induction and training

New Directors (five this year, one at start of 2018) 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

The Trust has in place robust procedures for handling conflicts of interest. In particular, Directors with a conflict of interest are not present when discussions are held and funding decisions are made in relation to that interest. The Trust maintains a full register of interests, which is brought to Directors' attention at every meeting.

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 annual research symposium venue costs which is described under Note 5 to the Financial Statements with a value of £3,000.

Cobseo

The Executive Chair of Cobseo is also a Director of FIM Trustee Limited. Up to 5 members of the Board of Directors of FIM Trustee Limited are nominated by Cobseo and appointed by FiMT. There have been two direct transactions between FiMT and Cobseo. At the year end, £558 (2016: £500) membership fees (£508) and awayday costs (£50) was paid on behalf of FiMT. In addition, during the period FiMT awarded a grant to Clore Social Leadership to conduct a programme 'Clore 6: Cobseo' which provided benefit to Cobseo members which is described under Note 5 to the Financial Statements with a value of £120,000. 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.

Forces in Mind Trust

Directors' annual report

For the year ended 31 December 2017

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 2017 were £51,961 (2016: £40,139) and pass-through cost for building work, postal and other services was £12,802 (2016: £11,995). The increase in these charges reflects the growth in the Trust's staff numbers and commensurate additional office space taken up by the Trust. Whilst these cost increases are an inevitable consequence of the Trust's expansion, 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.

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 2 research contracts directly to KCL which are described under Note 5 to the Financial Statements, and which totalled £171,747. In addition, during the period, FiMT awarded one research contract to the University of Liverpool, in which KCL was a named partner, which is described under Note 5 to the Financial Statements, and which totalled £154,198.

RAND Europe

The President (Chief Executive) of RAND Europe is also a Director of FIM Trustee Limited. During the period, FiMT awarded a grant to RAND Europe for research into resilience and its impact on transition which is described under Note 5 to the Financial Statements with a value of £74,768. In addition, FiMT contracted with RAND Europe for an event raconteur at a cost of £2,400.

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 research into transition challenges faced by over 50s which is described under Note 5 to the Financial Statements with a value of £115,122.

Veterans Scotland

Two Executive Committee members of Veterans Scotland are also Directors of FIM Trustee Limited. One ordinary member of Veterans Scotland represents a charity whose Chief Executive Officer is also a Director of FIM Trustee Limited. During the period, FiMT awarded a grant to Veterans Scotland to conduct an engagement programme 'Informing Scotland' which is described under Note 5 to the Financial Statements with a value of £75,000.

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. During consideration of the Governance Committee's recommendation in March 2017, the Directors decided that a further remuneration policy review should be conducted before the 2018 award recommendation.

In addition to the annual salary review, the Trust also considers other employee benefits, where it is guided by sector comparators. As a result, all staff now receive death-in-service insurance, and can access a cycle-to-work scheme, season ticket loan and health screening. Annual leave at 30 days (plus bank holidays) is above sector average, which the Board uses to encourage retention.

The Trust's auto-enrolment staging date passed successfully in July 2017.

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

Forces in Mind Trust

Directors' annual report

For the year ended 31 December 2017

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 12 June 2018 and signed on their behalf by:

H J R Pung
Chairman of the Board
12 June 2018

Air Vice-Marshal Retd R Lock
Chief Executive
12 June 2018

Report of the Protector for the year ended 31 December 2017

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 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.

Forces in Mind Trust

Protector's report

For the year ended 31 December 2017

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.

How the Protector's function has been discharged

I attended the four board meetings held during the year (one by conference telephone) and also the strategy meeting which took place in February 2017. 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 of the Trust and representatives of the Fund, as required, during the course of the year.

I have given specific advice on the application of provisions in the Trust Deed relating to competitive tendering to a proposed grant and participated in a conference call with the Trust's solicitors and a meeting with a representative of the Fund on the same issue.

I have not been required to consider or approve any changes to the constitution of the Trust this year.

Administration and 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 2017.

Several directors of the Trustee are also directors and/or employees of organisations with which the Trust has a close working relationship or have been nominated as members of the Board by the Confederation of Service Charities ("Cobseo") which has the right to nominate up to 5 individuals for appointment to the Board. These relationships, and the deep understanding of the military charity sector and the challenges faced by some ex-service men and women and their families, brought by the relevant directors, greatly benefit the Trust. I am satisfied that any actual or potential conflicts of interest are properly declared and note that the affected individuals withdraw from the relevant discussions and decision making.

The Board's desire to comply with the principles of good governance is noteworthy. The publication of the revised Charity Governance Code in July 2017 will provide a good opportunity for the Board to review its operating practices and procedures against the principles and recommended best practice set out in the Code and to identify any areas for change or

Forces in Mind Trust

Protector's report

For the year ended 31 December 2017

improvement. This exercise is ongoing and the Governance Committee of the Board reviewed the Chief Executive's conclusions in March 2018 and are implementing the recommendations.

The Board of the Trustee

As anticipated in my report last year, there has been considerable change in the composition of the Board during the year ended 31 December 2017. Three directors stepped down during the course of the year as they came to the end of their second three year term in post and five new directors were appointed. The process of integrating the new directors is well under way and all have brought a new perspective and enthusiasm to the Board and Committees. In addition, the Board agreed, as permitted by the Trustee's articles, that two of the founder directors who respectively currently 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.

The new director appointments were made after an external recruitment exercise as well as using the Board's personal networks. I judge that the Trust has been successful in filling the roles identified in its skills audit but less successful in its ambition to achieve appropriate diversity, particularly in ethnic and socio-economic representation. This is something which the Governance Committee will continue to seek to address as further vacancies arise.

The Board has continued to operate in an effective, challenging and cohesive manner. Decisions are taken after open and constructive discussions. There is an appropriate separation between the strategic oversight role of the Board and the Board Committees and the day to day execution of the agreed strategy by the executive team.

Comprehensive papers for Board 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. These are supplemented by regular monthly reports and more informal updates from time to time.

Attendance at Board and Committee meetings has been generally good and the commitment of the directors (all of whom are unpaid) to the Trust has been notable.

Board Committees

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.

The original £35 million endowment was invested with two Investment managers. The performance of the Investment managers is overseen by the FIC. I note that a thorough review of the performance of the Investment managers was undertaken during the course of the year by the FIC which considered a panel of five candidates. The FIC recommended that the incumbent

Forces in Mind Trust

Protector's report

For the year ended 31 December 2017

Investment managers should be re-appointed and also put forward investment policy guidelines, taking into account forecast expenditure and the wish to protect the Trust against anticipated market turbulence by adopting a lower risk position. These recommendations were accepted by the Board. I am satisfied that the FIC has maintained a prudent level of financial and investment oversight, reporting regularly to the full Board.

The GCC oversees the Trust's grants and commissioning programme, approving expenditure up to a pre-determined limit and making recommendations to the full Board in other cases. One important role of the GCC is to monitor the work and consider the recommendations of the Mental Health Research Programme Steering Group ("MHRPSG") which was established in 2015 to provide support and guidance to the Board and the executive team on the strategy for, and implementation of, the Trust's Mental Health Research Programme ("MHRP"). The MHRPSG does not have delegated decision making powers; it makes advisory recommendations to the GCC. I note that a two year review of the MHRP and the role of the MHRPSG was undertaken during the year and a number of recommendations were made. Following up on the action points arising out of the review will be an important task for the Board and the executive team in the year ahead.

The Executive Team

The core of the executive team, ably lead by the Chief Executive of the Trust, Ray Lock, has been stable throughout the financial year. I noted in my report last year that 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), had at times resulted in lack of capacity, potentially affecting the operational effectiveness of the Trust.

I am pleased to note that the executive team has been supplemented during 2017 by the recruitment of three additional employees focused on evaluation, operations and communications. This additional capacity should allow the executive team to focus more time and resource on the continuing challenge of evaluation and identification of common themes and insights from the disparate and diverse research and projects funded by the Trust which should in turn enable FiMT to undertake more consistent and persuasive influence activity.

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 2017 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 2017 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

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 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

Independent auditor's report

To the members of

Forces in Mind Trust

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.

Use of our report

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.

18 June 2018

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 2017

| | Note | Endowment £ | Unrestricted £ | 2017 Total £ | 2016 Total £ |
|---|------|--------------------|--------------------|--------------------|--------------------|
| Income from: | | | | | |
| Investments | 3 | 879,861 | – | 879,861 | 977,492 |
| Total income | | 879,861 | – | 879,861 | 977,492 |
| Expenditure on: | | | | | |
| Raising funds | | – | 102,710 | 102,710 | 94,175 |
| Charitable activities | | | | | |
| Generating Evidence | | – | 4,673,946 | 4,673,946 | 3,303,532 |
| Change Through Delivery | | – | 321,602 | 321,602 | 97,198 |
| Building for Change | | – | 209,786 | 209,786 | 183,246 |
| Total expenditure | 4 | – | 5,308,044 | 5,308,044 | 3,678,151 |
| Net income / (expenditure) before net gains on investments | | 879,861 | (5,308,044) | (4,428,183) | (2,700,659) |
| Net gains on investments | | 2,171,737 | – | 2,171,737 | 3,355,104 |
| Net income / (expenditure) | 6 | 3,051,598 | (5,308,044) | (2,256,446) | 654,445 |
| Transfers between funds | 17 | (5,308,044) | 5,308,044 | – | – |
| Net movement in funds | | (2,256,446) | – | (2,256,446) | 654,445 |
| Reconciliation of funds: | | | | | |
| Total funds brought forward | | 33,849,609 | – | 33,849,609 | 33,195,164 |
| Total funds carried forward | 17 | 31,593,163 | – | 31,593,163 | 33,849,609 |

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 2017

| | Note | £ | 2017 £ | 2016 £ |
|--|------|----------------|--------------------|--------------------|
| Fixed assets: | | | | |
| Tangible assets | 11 | | 10,080 | 12,960 |
| Investments | 12 | | 36,099,565 | 36,686,139 |
| | | | <u>36,109,645</u> | <u>36,699,099</u> |
| Current assets: | | | | |
| Debtors | 13 | 292 | - | - |
| Cash at bank and in hand | | 613,973 | 582,590 | |
| | | <u>614,265</u> | <u>582,590</u> | |
| Liabilities: | | | | |
| Creditors: amounts falling due within one year | 14 | 2,324,190 | 2,224,927 | |
| | | | <u>(1,709,925)</u> | <u>(1,642,337)</u> |
| Net current liabilities | | | | |
| | | | <u>34,399,720</u> | <u>35,056,762</u> |
| Total assets less current liabilities | | | | |
| Creditors: amounts falling due after one year | 15 | | 2,806,557 | 1,207,153 |
| | | | <u>31,593,163</u> | <u>33,849,609</u> |
| Total net assets | | | | |
| The funds of the charity: | | | | |
| Endowment funds | 17 | | 31,593,163 | 33,849,609 |
| Unrestricted income funds: | | | | |
| General funds | | - | - | - |
| | | <u>-</u> | <u>-</u> | <u>-</u> |
| Total unrestricted funds | | | - | - |
| Total charity funds | | | <u>31,593,163</u> | <u>33,849,609</u> |

Approved by the trustee on 12 June 2018 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 2017

| | Note | 2017 | 2016 |
|--|------|-------------|-------------|
| | | £ | £ |
| Cash flows from operating activities | 18 | | |
| Net cash provided by / (used in) operating activities | | (3,609,669) | (2,843,998) |
| Cash flows from investing activities: | | | |
| Dividends and interest from investments | | 879,861 | 977,492 |
| Depreciation of fixed assets | | 2,880 | 1,440 |
| Proceeds from sale of investments | | 7,396,243 | 11,090,727 |
| Purchase of investments | | (3,052,463) | (6,220,404) |
| Cash movement within investment portfolio | | (1,585,469) | (3,080,029) |
| Net cash provided by / (used in) investing activities | | 3,641,052 | 2,769,226 |
| 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 | | 31,383 | (74,772) |
| Cash and cash equivalents at the beginning of the year | | 582,590 | 657,362 |
| Cash and cash equivalents at the end of the year | 19 | 613,973 | 582,590 |

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 | 86% |
| ● Change Through Delivery | 6% |
| ● Building for Change | 4% |
| ● Cost of raising funds | 2% |
| ● Governance costs | 3% |

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. Software is assumed to have a useful economic life of five years and depreciated on that basis on a straight line basis. 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 £ | 2016 Total £ |
|--|-------------------|--------------------|--------------------|
| Income from: | | | |
| Donations and legacies | - | - | - |
| Investments | 977,492 | - | 977,492 |
| Total income | 977,492 | - | 977,492 |
| Expenditure on: | | | |
| Raising funds | - | 94,175 | 94,175 |
| Charitable activities | - | 3,583,976 | 3,583,976 |
| Total expenditure | - | 3,678,151 | 3,678,151 |
| Net income / expenditure before gains / (losses) on investments | 977,492 | (3,678,151) | (2,700,659) |
| Net gains / (losses) on investments | 3,355,104 | - | 3,355,104 |
| Net income / expenditure | 4,332,596 | (3,678,151) | 654,445 |
| Transfers between funds | (3,678,151) | 3,678,151 | - |
| Net movement in funds | 654,445 | - | 654,445 |
| Total funds brought forward | 33,195,164 | - | 33,195,164 |
| Total funds carried forward | 33,849,609 | - | 33,849,609 |

3 Income from investments

| | Endowment £ | Unrestricted £ | 2017 Total £ | 2016 Total £ |
|-------------------------|----------------|-------------------|--------------------|--------------------|
| Income from investments | 875,653 | - | 875,653 | 975,938 |
| Bank interest | 4,208 | - | 4,208 | 1,554 |
| | 879,861 | - | 879,861 | 977,492 |

4 Analysis of expenditure

| | Charitable activities | | | | | | 2017 Total £ | 2016 Total £ |
|-------------------------------|-------------------------------|-----------------------------|------------------------------------|-----------------------------|--------------------------|-----------------------|--------------------|--------------------|
| | Cost of raising funds £ | Generating Evidence £ | Change Through Delivery £ | Building for Change £ | Governance costs £ | Support costs £ | | |
| Staff costs (Note 7) | 27,356 | 189,761 | 12,651 | 8,434 | 80,362 | 57,978 | 376,542 | 309,133 |
| Recruitment costs | - | - | - | - | 8,500 | 10,115 | 18,615 | 23,859 |
| Travel and subsistence | - | 16,306 | 1,087 | 725 | 6,083 | - | 24,201 | 27,453 |
| Grants payable (Note 5) | - | 4,116,428 | 284,427 | 185,000 | - | - | 4,585,855 | 3,079,133 |
| Investment manager's fees | 38,969 | - | - | - | - | - | 38,969 | 40,793 |
| Advisors' fees and expenses | - | - | - | - | 15,159 | - | 15,159 | 15,325 |
| Auditors' remuneration | - | - | - | - | 8,470 | - | 8,470 | 9,240 |
| Premises costs | - | - | - | - | - | 51,961 | 51,961 | 53,062 |
| Legal and professional fees | - | 63,447 | 4,230 | 2,820 | - | - | 70,497 | 46,601 |
| Marketing and communications | - | 71,512 | 4,767 | 3,178 | - | - | 79,457 | 53,625 |
| Directors' expenses | - | - | - | - | 5,600 | - | 5,600 | 7,667 |
| Office costs | - | - | - | - | - | 27,868 | 27,868 | 9,963 |
| Other costs | - | - | - | - | - | 4,850 | 4,850 | 2,297 |
| | 66,325 | 4,457,454 | 307,162 | 200,157 | 124,174 | 152,772 | 5,308,044 | 3,678,151 |
| Support costs | 15,277 | 89,364 | 5,958 | 3,972 | 38,201 | (152,772) | - | - |
| Governance costs | 21,108 | 127,128 | 8,482 | 5,657 | (162,375) | - | - | - |
| Total expenditure 2017 | 102,710 | 4,673,946 | 321,602 | 209,786 | - | - | 5,308,044 | |
| Total expenditure 2016 | 94,175 | 3,303,532 | 97,198 | 183,246 | - | - | | 3,678,151 |

| 5 Grant making | 2017 £ | 2016 £ |
|--|--------------------|--------------------|
| Creditors at the start of the year | 3,377,145 | 2,559,224 |
| Grants awarded in the year (Note 4 and detailed below) | 4,553,588 | 3,060,285 |
| Costs related to monitoring and evaluation of grants awarded | 32,267 | 18,846 |
| Grants paid | (2,887,073) | (2,261,210) |
| Total creditors at the end of the year | 5,075,927 | 3,377,145 |
| Creditors due within one year (Note 14) | 2,269,370 | 2,169,992 |
| Creditors due in over one year (Note 15) | 2,806,557 | 1,207,153 |
| Total creditors at the end of the year | 5,075,927 | 3,377,145 |

| Grants awarded in the year: | Charitable Activity | 2017 £ | 2016 £ |
|---|---------------------|------------------|-----------|
| Army Families Federation – annual research symposium venue costs | Generating evidence | 3,000 | – |
| The Poppy Factory – additional award to exploit research findings | Generating evidence | 8,052 | – |
| Walking With The Wounded – to increase recruitment for research project | Generating evidence | 15,000 | – |
| King’s College London (Rafferty) – additional award to research further aspects of barriers to care | Generating evidence | 18,474 | – |
| Anglia Ruskin University (Cobseo cluster) – audit of services for Commonwealth Service personnel/families | Generating evidence | 28,664 | – |
| Ulster University – assessment of public attitudes to veterans | Generating evidence | 31,500 | – |
| Anglia Ruskin University (VFI) – Veterans Research Hub continuation funding | Building For Change | 40,000 | – |
| Community Self Build Agency – building capacity to reach sustainable position | Building For Change | 70,000 | – |
| RAND Europe – research into resilience and impact on transition | Generating evidence | 74,768 | – |
| Veterans Scotland – engagement programme ‘Informing Scotland’ | Building For Change | 75,000 | – |
| Cranfield University – research into employment outcomes for female Service leavers | Generating evidence | 96,688 | – |
| Officers’ Association – research into transition challenges faced by over 50s | Generating evidence | 115,122 | – |
| Clore Social Leadership – Clore 6: Cobseo leadership programme | Generating evidence | 120,000 | – |
| Behavioural Insights Team – research into engagement of families preparing for transition | Generating evidence | 131,308 | – |
| King’s College London (McManus) – research into domestic violence and abuse in military families | Generating evidence | 153,273 | – |
| University of Liverpool – research in help seeking for ex-Service personnel abusing alcohol | Generating evidence | 154,198 | – |
| Sub-total carried forward | | 1,135,047 | – |

| 5 Grant making (continued) | | 2017 | 2016 |
|---|-------------------------|------------------|------------------|
| Grants awarded in the year: | Charitable Activity | £ | £ |
| Sub-total brought forward | | 1,135,047 | – |
| Shared Intelligence – research into improving the delivery of organizational Covenant pledges | Generating evidence | 174,737 | – |
| Galahad SMS – research into outcomes of those discharged for failing compulsory drugs test | Generating evidence | 175,800 | – |
| Queen’s University Belfast – research into pathways to unsuccessful transition | Generating evidence | 179,848 | – |
| Invictus Games Foundation – research into long-term impact of participation in sport | Generating evidence | 183,500 | – |
| Tros Gynnal Plant – trial of restorative engagement to help ex-Service families | Change Through Delivery | 284,427 | – |
| Anglia Ruskin University – 5-year establishment of the FiMT Research Centre | Generating evidence | 2,313,322 | – |
| Demos – guide for residential social care settings | Generating evidence | 24,999 | – |
| Refunds (Bath Spa & Officers' Association) | Generating evidence | (12,293) | – |
| Centre for Mental Health – Mental Health Research Programme infrastructure | Generating evidence | 94,201 | 93,523 |
| 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 |
| 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 | | – | (1,883) |
| Sub-total – grant awards | | 4,553,588 | 3,060,285 |
| Costs related to monitoring and evaluation of grants awarded | | 32,267 | 18,846 |
| Total costs of grant making | | 4,585,855 | 3,079,131 |

6 Net incoming resources for the year

| | 2017 | 2016 |
|--|---------------|---------------|
| | £ | £ |
| This is stated after charging / crediting: | | |
| Depreciation | 2,880 | 1,440 |
| Auditor's remuneration (excluding VAT): | | |
| ▪ Audit | 6,800 | 6,550 |
| ▪ Prior year under/ (over accrual) | - | 1,150 |
| Advisor's fees and expenses (Protector) | 15,159 | 15,325 |
| Operating lease rentals | | |
| ▪ Property | 51,961 | 40,139 |
| | <u>51,961</u> | <u>40,139</u> |

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

| | 2017 | 2016 |
|---|----------------|----------------|
| | £ | £ |
| Staff costs were as follows: | | |
| Salaries and wages | 320,159 | 255,180 |
| Social security costs | 32,207 | 26,190 |
| Employer's contribution to defined contribution pension schemes | 10,000 | 9,718 |
| Death in Service | 2,551 | - |
| Other Staff costs | 11,625 | 18,045 |
| | <u>376,542</u> | <u>309,133</u> |

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

| | 2017 | 2016 |
|-------------------|----------|----------|
| | No. | No. |
| £90,000 – £99,999 | <u>1</u> | <u>1</u> |

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £104,488 (2016: £101,028).

The charity directors were not paid or received any other benefits from employment with the charity in the year (2016: £nil). No charity director received payment for professional or other services supplied to the charity (2016: £nil).

Directors' expenses represents the payment or reimbursement of travel and subsistence costs totalling £5,600 (2016: £7,667) incurred by 7 (2016: 6) members relating to attendance at meetings of the directors. £2,500 of this cost is an estimate as not all the Directors have submitted their 2017 expenses at the time of preparing the accounts.

8 Staff numbers

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

| | 2017 | 2016 |
|---------------------------------------|------------|------------|
| | No. | No. |
| Raising funds – investment management | 0.7 | 0.5 |
| Generating Evidence | 4.3 | 3.5 |
| Change Through Delivery | 0.3 | 0.1 |
| Building for Change | 0.2 | 0.2 |
| Governance | 1.9 | 1.5 |
| | <u>7.4</u> | <u>5.8</u> |

9 Related party transactions

The value of the related party transactions 2017 is £781,556 (2016: £987,587). Full details of this figure is given on pages 15–17 of the Directors' 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 | – | – |
| At the end of the year | <u>14,400</u> | <u>14,400</u> |
| Depreciation | | |
| At the start of the year | 1,440 | 1,440 |
| Charge for the year | 2,880 | 2,880 |
| At the end of the year | <u>4,320</u> | <u>4,320</u> |
| Net book value | | |
| At the end of the year | <u><u>10,080</u></u> | <u><u>10,080</u></u> |
| At the start of the year | <u><u>12,960</u></u> | <u><u>12,960</u></u> |

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. It is used solely for charitable purposes.

12 Listed investments

| | 2017 £ | 2016 £ |
|---|-------------------|-------------------|
| Fair value at the start of the year | 32,435,064 | 33,950,283 |
| Additions at cost | 3,052,463 | 6,220,404 |
| Disposal proceeds | (7,396,243) | (11,090,727) |
| Net gain on change in fair value | 2,171,737 | 3,355,104 |
| | <u>30,263,021</u> | <u>32,435,064</u> |
| Cash held by investment broker pending reinvestment | 5,836,544 | 4,251,075 |
| Fair value at the end of the year | <u>36,099,565</u> | <u>36,686,139</u> |
| Historic cost at the end of the year | <u>24,603,177</u> | <u>27,769,797</u> |

Investments comprise:

| | 2017 £ | 2016 £ |
|---|-------------------|-------------------|
| Fixed Interest Bonds | 5,993,460 | 5,781,788 |
| UK Shares listed on the London Stock Exchange | 9,462,263 | 9,685,071 |
| Non UK Shares listed on the London Stock Exchange | 8,726,159 | 10,325,730 |
| Hedge Funds | 255,950 | 1,012,765 |
| Property Funds & Trusts | 2,872,601 | 3,781,853 |
| Alternative Assets | 2,130,201 | 853,801 |
| Liquid Funds | 6,658,931 | 5,245,131 |
| | <u>36,099,565</u> | <u>36,686,139</u> |

13 Debtors

| | 2017 £ | 2016 £ |
|----------------------|------------|-----------|
| Cycle to work scheme | 292 | - |
| | <u>292</u> | <u>-</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

| | 2017 £ | 2016 £ |
|------------------------------|------------------|------------------|
| Trade creditors | 5,492 | 31,367 |
| Taxation and social security | 13,105 | 9,517 |
| Accruals | 34,725 | 12,599 |
| Grants payable (Note 5) | 2,269,370 | 2,169,992 |
| Other creditors | 1,498 | 1,452 |
| | <u>2,324,190</u> | <u>2,224,927</u> |

Forces in Mind Trust

Notes to the financial statements

For the year ended 31 December 2017

15 Creditors: amounts falling due after one year

| | 2017 £ | 2016 £ |
|---|------------------|------------------|
| Grants payable (Note 5) | <u>2,806,557</u> | <u>1,207,153</u> |
| Grants are paid in line with agreed timetables and are payable: | | |
| In less than one year | 2,269,370 | 2,169,992 |
| Between one and five years | <u>2,806,557</u> | <u>1,207,153</u> |
| | <u>5,075,927</u> | <u>3,377,145</u> |

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

| | Endowment funds £ | General funds £ | Total funds £ |
|--|-------------------------|-----------------------|-------------------|
| Tangible fixed assets | 10,080 | - | 10,080 |
| Investments | 36,099,565 | - | 36,099,565 |
| Net current assets | (1,709,925) | - | (1,709,925) |
| Long term liabilities | (2,806,557) | - | (2,806,557) |
| Net assets at the end of the year | <u>31,593,163</u> | <u>-</u> | <u>31,593,163</u> |

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

| | 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>33,849,609</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 | 33,849,609 | 879,861 | 2,171,737 | (5,308,044) | 31,593,163 |
| Total endowment funds | 33,849,609 | 879,861 | 2,171,737 | (5,308,044) | 31,593,163 |
| Unrestricted funds: | | | | | |
| General funds | - | - | (5,308,044) | 5,308,044 | - |
| Total unrestricted funds | - | - | (5,308,044) | 5,308,044 | - |
| Total funds | 33,849,609 | 879,861 | (3,136,307) | - | 31,593,163 |

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 | 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 |

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.

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

| | 2017 £ | 2016 £ |
|---|--------------------|--------------------|
| Net income / (expenditure) for the reporting period (as per the statement of financial activities) | (2,256,446) | 654,445 |
| Dividends, interest and rent from investments | (879,861) | (977,492) |
| (Gains)/losses on investments | (2,171,737) | (3,355,104) |
| (Increase)/decrease in debtors | (292) | 11,410 |
| Increase/(decrease) in creditors | 1,698,667 | 822,743 |
| Net cash provided by / (used in) operating activities | (3,609,669) | (2,843,998) |

19 Analysis of cash and cash equivalents

| | At 1 January 2017 £ | Cash flows £ | Other changes £ | At 31 December 2017 £ |
|--|---------------------------|-----------------|-----------------------|--------------------------------|
| Cash in hand | 582,590 | 31,383 | - | 613,973 |
| Total cash and cash equivalents | 582,590 | 31,383 | - | 613,973 |

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 2017 £ | 2016 £ |
|--------------------|-----------------------|--------------|
| Less than one year | 4,421 | 4,951 |
| | 4,421 | 4,951 |

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.