

**The Gurkha Welfare Trust**  
**Annual Report and Accounts**

**Year ended 30<sup>th</sup> June 2018**

**Company Limited by Guarantee Number**  
**05098581**

**Registered Charity Number**  
**1103669**

**Registered Address**

P.O Box 2170  
22 Queen Street  
Salisbury SP2 2EX

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## **The Gurkha Welfare Trust**

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## **The Gurkha Welfare Trust**

### **Trustee's Report for the year ending 30<sup>th</sup> June 2018**

This report is drawn up in accordance with applicable accounting standards, including the Charities (Accounts and Reports) Regulations 2008 and the requirements of the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" issued in 2015 and the Companies Act 2006.

#### **Structure, Governance and Management**

##### **Re-Branding:**

The Trust's field arm in Nepal, formerly known as the Gurkha Welfare Scheme (GWS) has now been formally re-branded to better reflect unity as one organisation with one brand.

It will now be referred to as the Gurkha Welfare Trust (Nepal) with the abbreviated designation of GWT(N). This will be included in this Financial Year's Annual Report and Accounts.

##### **Trust Structure**

The Gurkha Welfare Trust's (GWT or Trust) headquarters is at Salisbury, Wiltshire.

In Nepal the Trust's field arm, the Gurkha Welfare Trust (Nepal) {GWT(N)}, is located in Pokhara, West Nepal. It oversees and directs the activities of the Trust's network of 22 Area Welfare Centres (AWCs) sited in key locations throughout areas of traditional Gurkha recruitment. These AWCs provide the platform for the delivery of all Trust welfare programmes as well as providing a visible footprint across the country to Gurkha communities that the Trust has a permanent presence to support them. They also enable the Trust's Area Welfare Officers (AWOs) and their supporting staff to respond swiftly to applications for welfare support and react quickly to situations such as natural disaster.

In UK the Gurkha Welfare Advice Centre, Salisbury (GWAC) provides advice on statutory entitlements and guidance on welfare support available to ex-Gurkhas in UK who find themselves in need. A subsidiary office is located at Aldershot in support of a major concentration of ex-Gurkha settlement.

The Trust has a wholly owned trading subsidiary, GWT Trading Limited, whose accounts are consolidated in the group financial statements.

##### **Trust Governance**

The Trust was established by Trust deed in November 1969 for the relief of hardship and distress among Gurkha ex-servicemen of the British Crown and their dependants. It was re-constituted, also by trust deed, in 1994. In April 2004 the Trust became a Charitable Company Limited by Guarantee (CCLG). These accounts amalgamate those of the unincorporated trust in compliance with the Charity Commission's uniting direction.

The development and execution of Trust policies is the responsibility of a Board of Trustees that meets four times each year. Their agenda is supported by a number of subordinate committees that consider investment, governance, audit and finance matters. The Board of Trustees are responsible for setting the strategic aims of the Trust.

The Finance Committee, a sub-committee of the Board with approval to make decisions on the Board's behalf is, among other responsibilities, tasked with setting salary levels of key personnel. In setting these salary levels consideration is given to benchmarking with equivalent roles in the wider industry.

## **Key Management Personnel**

The Trust's Director is responsible for the day-to-day operation of the Trust. He directs and coordinates the work of the Salisbury headquarters and oversees the work of the Gurkha Welfare Trust (Nepal) and the Gurkha Welfare Advice Centre.

The Director of the GWT(N) is responsible to the Trustees for the effective and efficient delivery of welfare support in Nepal in accordance with Trust policies.

The Field Director of the GWT(N) in Nepal is responsible for daily operational management of the GWT(N) and implementing welfare support in accordance with Trust policies.

The Deputy Director Earthquake Response Team (EQRT) & Plans in Nepal was responsible for daily operational management of the Trust's earthquake reconstruction and future disaster mitigation. With the conclusion of earthquake reconstruction, the job description has changed to Deputy Director Plans & Resilience and is responsible for liaising with external organisations, future plans and the implementation of disaster preparedness.

The Head of Fundraising (previously Director of Fundraising & Marketing) leads the fundraising team.

## **Implementing Partners**

In Nepal the Trust continues to work closely with the Kadoorie Agricultural Aid Association (KAAA), which concentrates on community aid and development, including bridge construction, the provision of potable water supplies and hydro-electricity projects.

The Trust builds rural water and sanitation projects in Nepal assisted by an annual grant provided by the British Government's Department for International Development (DFID).

The Ministry of Defence (MOD) continues to provide an annual Grant in Aid towards staff and administration costs of the GWT(N) in support of welfare delivery. This enhances value for money for donors as it allows, in conjunction with investment income, all donations to be spent directly on welfare projects.

In UK, the Trust works with the relevant Government departments and key service charities to enable the delivery of statutory and welfare support to ex-Gurkhas and their dependants seeking settlement.

## **Public Benefit**

The Trustees have given due regard to the Charity Commission's guidance on reporting public benefit when planning the charity's activities and are satisfied that the Trust is fully compliant with the Charities Act 2011.

## **Objects and Activities**

The Trust's vision is: "Gurkhas living with dignity". Welfare support is delivered against the following priorities:

- The provision of a welfare pension.
- The provision of welfare/emergency grants.
- The provision of medical support.
- The provision of water and sanitation.
- The running of two residential homes (RH).

- The provision of education facilities.

The Trust raises funds in support of welfare programmes involving individuals and communities in Nepal and also in an advisory capacity in support of ex-Gurkhas in UK. The Trust's Objects are:

- To relieve either generally or individually Gurkhas and their dependants and other persons in Gurkha community areas, who are in conditions of need, hardship or distress.
- To promote the education of Gurkhas, dependants and other persons in Gurkha community areas.
- To make provision for the medical diagnosis and treatment of Gurkhas and their dependants and other persons in Gurkha community areas who are in need of such diagnosis or treatment and for the prevention of any disease or adverse conditions which may affect any such person: and
- Such other charitable purposes which are in the opinion of the Trustees connected directly or indirectly with the foregoing purposes as the Trustees from time to time think fit.

## **The Strategic Report**

### **Trust Strategy**

The Trust defines its priorities in five-yearly increments, setting parameters within which the Trust can best respond to the needs of ex-servicemen. The current five-year strategy defining activities runs until 2020 although it is the subject of regular review as circumstances change.

The priorities identified for this year were:

#### **Assessment and implementation of wide ranging overhaul in the Trust's medical structure and delivery in Nepal.**

Led by the International SOS team, a major overhaul and professionalisation of our medical services has been undertaken throughout the reporting period. Details of this can be found under the Medical section of Achievements and Performance.

#### **Implementation of modernisation/change programme.**

This has affected all areas of organisational structure and service delivery to better reflect the evolving requirements of an ageing demographic. This programme is conjoined with medical delivery. Further detail on this programme may be found under the Infrastructure and Staff heading.

#### **Completion of the Trust's earthquake reconstruction programme.**

This reporting period saw the formal conclusion to the Trust's reconstruction efforts. Details of its achievements may be found under the Earthquake Response Strategy heading.

#### **Implementation of a disaster resilience plan.**

Nepal is highly vulnerable to natural disasters. Events including extreme drought, floods, landslides, fires, epidemics and earthquakes affect the country. Nepal's geographic location also makes it extremely susceptible to seismic activity. The key message from a presentation given to Trustees by Professor Dave Petley, a leading seismologist at Sheffield University, was that it was very much a question of when rather than if there was going to be a further significant earthquake. In addition to this, the earthquakes of

2015 were contained within a fractured part of the tectonic plate and had not released pressure from the main plate meaning that the long overdue and expected major event predicted is still to come.

The Deputy Director Plans & Resilience has produced a disaster resilience policy for the Trust. He also attended this year's UN Disaster Simulation Exercise. Other organisations have also been approached to assist with specialist skills development and resource for our staff and local communities. Discussions are on-going with DFID for the inclusion of a disaster mitigation element within the next Rural Water & Sanitation Programme (RWSP) contract commencing in 2020 utilising our network of welfare centres around the country.

Trustees have also approved the construction of 300 individual earthquake resilient houses for welfare pensioners, that were not damaged or destroyed in the events of 2015, over the next 3 years. This will ensure that as many of our core beneficiaries as possible are able to meet any future event.

Trustees have created a designated disaster response fund to ensure that the Trust is able to react immediately to any future event.

### **Earthquake Response Strategy**

Between 1<sup>st</sup> July 2017 and 30<sup>th</sup> June 2018, the expenditure for Earthquake Response was £2,125,000 (2016/17: £2,800,000).

The Trust's earthquake reconstruction programme formally concluded during this reporting period. The team's achievements have had the following impact in earthquake affected areas:

- 1083 – New earthquake resilient houses of welfare pensioners rebuilt
- 325 – Repairs made to welfare pensioner's homes
- 36 – Major new school builds (equivalent to over 300 classrooms)
- 161 – School repairs
- 2 – Health posts
- 5 – Community Centres
- 1 – Boarding hostel
- 78 – Water projects repaired

These statistics were achieved in collaboration with the serving Brigade of Gurkhas and through the generosity of both individual and organisational donors to whom the Trust is indebted.

Emphasis has now shifted to disaster preparedness. Trustees approved the construction of 100 welfare pensioner earthquake resilient homes each year that were not damaged or destroyed during the 2015 earthquakes to ensure that all of our core beneficiaries are best able to meet any future event.

A new contract to secure RWSP funding from DFID beyond the current contract's expiry in 2020 is being negotiated. In a departure from historical contractual engagements this new contract will include facility for disaster mitigation. RWSP will also likely change its name to reflect its future dual outputs.

## **Achievements and Performance**

### **Welfare Pensions**

The provision of a regular income via a welfare pension lies at the heart of the Trust's core objectives. It is key to enabling these ex-servicemen and their widows to live with dignity in a country that has

virtually no welfare state and whose economic circumstances are perilous. They are now increasingly aged, unable to provide for themselves and have little other support.

At the beginning of the reporting period there were 5,325 individuals in receipt of a welfare pension from the Trust. During the past 12 months 567 welfare pensioners or their widows have died. Of these 93 were married and their pension has been transferred to their widows; a further 47 new welfare pensions have been awarded to ex-servicemen including 25 former recipients that have returned from UK. 62 welfare pensioners have migrated to UK under the Government's Gurkha Settlement Programme and 5 have moved into one of our residential homes. By the end of the reporting period the number of welfare pensioners had reduced to 4,831.

The rate of welfare pension is reviewed annually by Trustees. Their discussions are informed by the cost of a comprehensive basket of goods to provide for a basic standard of living for the individual pensioner and his or her immediate family. In considering any change to the rate, Trustees also take into account the long-term effect of any increase on Trust finances in general and the need to make long term financial provision for the welfare pension in particular.

For the Financial Year 2018/19 Trustees agreed an increase of 5% to the rate of welfare pension from NPR 10,500 to NPR 11,000 per month (NPR 132,000 pa). This increase maintains the rate at 100% of the food basket used to determine a pensioner's monthly requirement for essential items. In the Financial Year 2017/18 the cost of the Welfare Pension programme was £6,025,000 (2016/17: £6,143,000) which represents 31% of total charitable expenditure.

### **Disability Support Grant**

In 2008 Trustees directed that those children of Welfare Pensioners with a disability should be provided with a Disability Support Grant (DSG) in lieu of the regular welfare pension. The level of DSG would enable the welfare support of the recipients to be directly tailored to the needs of the individual. The number of recipients of the DSG now stands at 219. The cost to the Trust in the Financial Year 2017/18 was £215,000 (2016/17: £213,000).

Trustees are currently evaluating the three tier levels of grant and potentially simplifying these in to one level of grant. Discussion on who is eligible for a DSG is also under way. This will be concluded in the next financial year.

### **Welfare Grants**

Welfare grants provide immediate relief in the event of a natural or other disaster that affects an individual's ability to sustain themselves and their family. The intention is to enable the individual to recover quickly and become self-sufficient as soon as possible. All applications are thoroughly assessed on a needs basis.

The overwhelming number of grants are for the immediate relief of destitution with the remainder in response to fire, flood and landslide damage. In the current financial year 1,985 (2016/17: 1,329) welfare grants were awarded at a cost, including welfare support, of £536,000 (2016/17: £426,000).

There has been a significant rise in welfare grants during this reporting period. This is attributable to the Government of Nepal's "build back better" policy. Where before minor repairs to damage would suffice, the policy means that an entire rebuild has to take place to ensure adherence to the Government's earthquake resilient design criteria.

## **Residential Homes**

The Trust currently runs two Residential Homes (RHs), one located at the Trust's Area Welfare Centre (AWC) at Kaski, west Nepal and a second located at the Trust's AWC at Dharan, east Nepal. They were constructed to provide care facilities to those welfare pensioners and their widows who are unable to fend for themselves and who have no immediate family or wider community to provide a reasonable level of daily support and companionship. The annual running costs of both RHs are met by designated funds.

The proposal to purchase land to facilitate the construction of a third RH has now been cancelled. Instead, the Trust is assessing the expansion of the RHs utility to incorporate an element of transitory or respite care. The existing model is based on care for the elderly and is limited to the number of residents; however, consultation has started about including transitory care – such as physiotherapy whereby patients then return to their community when care is successfully concluded. By keeping a number of bed spaces vacant there is facility within existing resources to meet this requirement which would be available to all welfare pensioners.

Evidence supports this direction of travel as a number of previously determined “bed ridden” beneficiaries, following intensive physiotherapy through collaboration with the Green Pastures Hospital in Pokhara, have returned to their homes with improved mobility.

The Trust has recently engaged with a social enterprise group based in Kathmandu, called Bihani, that specialises in creating a positive environment for the elderly through creative activity and engagement. Their staff were based for several months in RH Kaski and had a demonstrably positive impact with both residents and staff. They will now replicate this at RH Dharan.

## **Medical**

The Trust Medical Scheme provides primary and secondary levels of medical care to all Gurkha ex-servicemen and their dependants at a cost of £4,686,000 (2016/17: £3,680,000). The increase in cost is due to the employment of International SOS, the upgrading of facilities and the increased professionalism of the service. Primary care is delivered via the Trust's network of AWCs. Secondary care is provided through a number of selected hospitals within Nepal.

In 2017/18 the Trust, in conjunction with KAAA, supported 6 eye / gynaecological / dental camps that treated a total number of 11,575 individuals from the wider community with a direct cost of £89,000 (2016/17: £69,000). This cost was met in full by KAAA.

Currently, these medical camps have been temporarily suspended pending assessment from the International SOS team in how to best deliver transitory remote healthcare cover and will recommence in early 2019.

The impact of the ISOS team's work cannot be overstated. In a complex and challenging environment, radical changes have been implemented creating a completely different tier of medical provision in Nepal. Some highlights of the reporting period were:

- The development of 5 new medical clinics in each key AWC of a standard not generally available in Nepal.
- A new electronic medical records system.
- A new medical IS system.
- The development of our clinical governance.
- A programme of continuous professional development.
- An enhanced diagnostic and pathology capability at AWCs.



- The creation of a new claims management system

In addition to the above there is an ongoing programme of medical facility refurbishment in remote AWCs. Significant recruitment of specialist staff has also taken place to ensure the best possible healthcare interface between the Trust and its beneficiaries.

On 4<sup>th</sup> September Trustees agreed to extend the existing contract with International SOS for a further 2 years and to recruit our own in-house Medical Director to run the healthcare scheme in the future.

## **Schools**

The provision of schools in support of educational requirements in traditional areas of Gurkha settlement in Nepal has been one of the Trust's objects since its inception. They form a key part of community engagement in Nepal.

In the FY 2017/18 13 schools in total were constructed including those built as part of the disaster recovery programme.

Following an education workshop hosted at HQ GWT(N) in September 2017 which was attended by subject specialist I/NGOs, Nepal Government representatives and the British Council, the Trust will be involved in developing a "model" school in Tanahun district in FY 18/19. The underlying tenet is to deliver a more holistic solution than mere construction of a building by providing, as a matter of course, such facilities that enhance educational outputs and encourage attendance; examples of these provisions are gender based toilets, wash basins, provision of clean drinking water, libraries and librarians and teacher training.

## **Rural Water and Sanitation Projects**

In partnership with DFID the Trust runs a substantial programme of regional water and sanitation projects at a cost of £3,359,000 (2016/17: £2,896,000).

A total of 112 new projects were constructed in addition to 13 repairs of existing schemes. Latrines were built for 10 schools. A total of 31,603 (2016/17: 22,923) individuals benefitted from an accessible potable water supply as a result.

11 simple drip irrigation (SDI) schemes were completed benefitting 369 households with a population of 2,485. Winter season vegetable output monitoring of SDI schemes in FY 16/17 and FY17/18 reports a total production of 61,358 kg of vegetables of which 75% were consumed by the producers, 8% was sold and 12% distributed to neighbours. From the sale of vegetables, the beneficiaries were able to earn NPR 190,872 and the money was utilised in purchasing daily necessities as well as supporting children's education.

The SDI programme has started to liaise with local government in order to align projects in their annual plan as well as establishing a link between communities and the rural municipality; this will assist in fostering SDI sustainability in the longer term.

Further statistics demonstrating the effect of RWSP's work for individuals and the wider community are:

- Representation of women on Water Users & Sanitation Committees (WUSC): 54% (FY16/17 49%)
- Representation of women in key Posts on WUSC: 53% (FY16/17 48%)
- Population in receipt of projects using latrines: 96%
- Overall reduction in daily water fetching time per household: 1-2 hours

DFID awarded RWSP its highest rating for quality of A+ for this financial year. This is a significant achievement for the exceptional effort made by all members of the RWSP team.

## **Infrastructure and Staff**

The staff and administration costs of the GWT(N) continue to be met in large part by the MOD through an annual Grant in Aid (GIA). This has been a long-standing arrangement between the Trust and the MoD where the former raises funds to provide welfare, medical and community services and the latter covers the cost of the means of delivery. The MOD also recognises the former's contribution to fulfilling vital tasks on behalf of the serving and retired members of the Brigade of Gurkhas through its network of staff and AWCs throughout Nepal by the secondment of a Field Director and Project Engineer and part of the time of the Defence Attaché as Director GWT(N). These tasks include liaising with family members of serving Gurkha servicemen in compassionate cases.

It was recognised that given the evolving requirements of an ageing demographic of core beneficiaries a more bespoke method of welfare delivery was required that was better suited to today's needs. A wholesale reassessment and subsequent organisational restructuring has taken place to meet these requirements.

Our network of 22 Area Welfare Centres (AWCs) have been divided in to clusters of up to 4 satellite AWCs centred around a Key AWC. Within these clusters, mobile Pensioner Support Teams (PST) deliver all aspects of welfare direct to our pensioner's homes. How often a pensioner is visited will depend on the vulnerability assessment that has been conducted for all welfare pensioners with those deemed most vulnerable being visited with greater frequency according to need.

Approximately two thirds of our core demographic of welfare pensioners are widows and significant recruitment of female staff to address this has taken place. Greater emphasis is now being placed on training our staff in social care skills.

All working practices are now electronic allowing better and faster use of information which is now visible to all concerned parties through a cloud based IT system. This allows for more detailed reporting and assessment of our pensioners' needs.

In UK, the Trust has a Welfare Advice Centre to assist pensioners and their dependants with access to welfare and statutory entitlements that arise as a result of linguistic and cultural hurdles. This centre is co-located with the Trust Headquarters in Salisbury. In addition, the Trust runs another advice centre jointly with HQ Brigade of Gurkhas (HQB) in Aldershot, one of the main centres of Gurkha settlement in UK.

The Trust and both GWACs work closely with local councils, Government departments and other Service charities to ensure effective support to those ex-servicemen and their dependents who may struggle as a result of linguistic and cultural hurdles in accessing appropriate support. Those service charities remain responsible for meeting the cost of any welfare support which enables the Trust to retain its focus on Nepal and those ex-servicemen and their dependants who remain in conditions of very real poverty and distress. However, in recognition of their work supporting the increasing number and complexity of welfare cases in UK the Trust makes an annual welfare grant to ABF – The Soldier's Charity. During this reporting period, this welfare grant was £250,000. The Trust remains extremely grateful for the assistance provided by ABF – The Soldier's Charity and those other organisations that are routinely involved with assisting those arriving from Nepal to settle in UK.

## Training

In addition to in-house training and support to staff on newly implemented systems utilisation, the Trust has conducted the following training during this reporting period:

- **Safeguarding:** A two-person team from UK conducted a two-week training package for Managers in Pokhara to enable them, in turn, to provide training to their departments.
- **Off-road motorcycle driver training:** Two instructors from IAM Roadsmart, who have spent the last decade working at the metropolitan Police driving school, ran a 10-day instructors course in Pokhara for 12 individuals to allow them to train other members of the Trust.

## Grants Policy

**Welfare Pensions** are awarded in cases of destitution to ex Gurkha Soldiers who have served in the British Army and their widows who have not qualified by length of service for a pension paid by the British Government. All cases are investigated by an Area Welfare Officer and only in cases where obvious destitution exists are they granted. All cases are re-examined at a time determined at the time of award, but no longer than five years, to ensure that the pension is still required.

**Hardship and earthquake related grants** are made when the applicant reports, or the hardship case is discovered by a welfare officer. At this stage a form is completed outlining the situation, the status of the applicant and any other relevant details. In the case of a house rebuild, details of land ownership are also captured. Group cases, such as large-scale rebuilding of houses following a natural disaster such as the 2015 earthquake are considered by members of a board who will decide relative merits of cases and allocate appropriate resources within priorities and budget.

**A Home Care Allowance** is awarded to those who support our most vulnerable pensioners, those who are unable to look after themselves or even to get out of bed. The allowance is made to a member of the family or an acquaintance who will then look after the pensioner, manage their medical condition and ensure that they eat properly. Allowances are only granted once case specific training has been received and regular visits are made to ensure the 'home carer' is discharging their duties appropriately. Such allowances are reviewed when the pensioner is reviewed.

## Fundraising Policy

In order to comply with best fundraising practice and the new GDPR regulations we have taken the following steps:

- We have paid the levy to join The Fundraising Regulator and promote our association and aim to comply with their guidance on our website.
- We have joined up with the newly formed Fundraising Preference Service and ensure nobody is contacted who registers with them and requests no contact from us.
- Regarding consent, we aim to only telephone or email people who have given us explicit consent to do so. With direct mail, we are using the ICO guidelines around 'legitimate consent' when contacting supporters.
- We do not share supporter details with any other organisation for marketing or fundraising purposes.
- We update donor details on our database according to their wishes and are ensuring that our database is fully GDPR compliant.
- We have a procedure for logging complaints on our database.
- All staff have ongoing training on Data Protection.

- We have updated our privacy policy to comply with ICO guidance and will be making further changes following a recent seminar held by The Business Forum on how to comply with data protection.
- We do not wealth screen in compliance with data protection.
- We only share donor data with our donation processing partners and printers and we take every measure to ensure data is transferred securely via encryption and passwords and to secure servers.

### **Fundraising Investment Strategy**

A 5-year plan for growth, after detailed analysis of each income stream – Individual Giving (IG), Major Donors, Corporates and Events & Community, has been approved by Trustees. Investment has been weighted towards IG as this is the foundation for most charitable income and also the main source of unrestricted income as well as a feeder for major donor and legacy income. The core of the strategy is to expand our donor database to provide long-term resilience and counter natural attrition.

It is expected, initially, that return on investment (ROI) will naturally drop as the result of additional costs associated with advertising, press insert media and other means of development. However, ROI is not a stand-alone benchmark and will, by design, rise as a result of the increased investment over the longer term.

Trustees approved increased fundraising expenditure of an additional £500,000 per year over the next 5 years.

### **Additional Policies**

A number of policies have been updated and revised. These include:

- Safeguarding
- Whistleblowing
- Risk Register
- Disaster preparedness
- Flexible working
- Complaints.

## **Financial Review**

### ***Income***

Trust income from all sources during the financial year 2017/18 was £21,052,000 (2016/17: £19,711,000).

Donations from individuals, companies, trusts and other organisations totalled £6,793,000 (2016/17: £7,830,000). The reduction is mainly due to the special support we received in 2016/17 from major donors, charitable trusts and the Brigade of Gurkhas to assist us in our work following the earthquake in 2015. We continue to be supported by the MOD who provided a grant of £2,810,000 (2016/17: £2,075,000) towards the cost of the means of delivery of our aid. Our current contract with DFID is due to run until 2020 and during the year we received £3,247,000 (2016/17: £2,500,000).

TRAILWALKER, an annual fundraising event on behalf of the Trust, coordinated by the Queen's Gurkha Signals Regiment in conjunction with OXFAM, raised £247,000 (2016/17: £244,000) in support of the Trust's programmes. Other notable donations include £204,000 (2016/17: £283,000) contributed by all ranks of the Brigade of Gurkhas and the Gurkha Contingent of the Singapore Police Force under the Service Day's Pay Giving scheme. The Trust's volunteer regional branches continue to pro-actively raise funds for the Trust totalling £83,000. Legacy income totalled £4,352,000 (2016/17: £4,200,000).

### ***Expenditure***

Charitable expenditure totalled £19,325,000 (2016/17: £18,907,000). This is 90% of total expenditure of £21,522,000 (2016/17: £21,059,000). Our cost of raising funds including investment management is £2,197,000 which is more than covered by our investment income of £2,709,000 so every penny of donated income is spent on charitable activity. Fundraising expenditure of £1,889,000 (2016/17: £1,827,000) continues to be effective raising income of £12,197,000 (2016/17: £12,598,000). This represents a Return on Investment of £6.46 for every £1 spent (2016/17: £6.90). The rate of return is dependent on the sources of income as some have high costs associated with them while others have much lower costs. This year the rate of return remains well above industry standards. This expenditure is planned to continue to support future proposals which include the continuing development of individual aid and medical support as well as an in depth review of disaster resilience in the Gurkha communities.

### ***Reserves***

The charity's balance sheet is strong with designated funds established sufficient to cover the future running costs of the residential homes and assets that show that we can currently meet the future obligation of providing the welfare pensions and disability support grants.

## **Investment Policy and Performance**

The Trust meets the key challenges of short term liquidity, cash flow flexibility and long term sustainability by cash holdings and splitting investments between a medium-term investment portfolio and a long-term investment portfolio. In addition there are two more, smaller funds invested in alternative investments and smaller companies. The purpose of the two main portfolios is to delineate the Trust's requirements between monies that are held as an immediate reserve to cover cash flow requirements (c. 18 months) and truly long-term monies which can weather capital volatility and have a 5-7 year time horizon. The medium-term portfolio is seeking a return that is better than cash (3 month LIBOR) and over the last 12 months to 30<sup>th</sup> June produced a return of 5.1% compared to the benchmark of 0.4%. The long-term portfolio is seeking a return that is better than both a composite benchmark (a composition of indices) and an inflation plus target (CPI + 4%). Over the past 12 months the long-term portfolio returned 15.1%, matching the benchmark of 15.1%.

## **Investment Risk – the risks & how do we mitigate these through our investment strategy?**

Investment risk covers a number of different areas and the investment committee, on behalf of the Trustees, have reviewed the internal procedures as well as the investment process of their fund manager in order to ensure that all of the industry safeguards are in place. The investment committee have guarded against two main areas of risk.

The first is to ensure that the cash flow from the UK to Nepal does not force the realisation of investments held within the portfolio when not appropriate and this has led to the setting up of the medium-term portfolio.

The second investment risk is the recognition that the MoD's grant in aid and the Trust's fundraising activities are in a different currency (Sterling) to the recipient beneficiaries (Nepali Rupee – NPR). It is difficult to mitigate this risk as there are few investments that can be made in Nepal and the NPR had been in decline against sterling for some time until it recently reversed. The solution has been to keep some monies in Nepal (in NPR) and to move a proportion of both the long and medium-term portfolios into US\$, the Indian Rupee and to have a large weighting of overseas equities and bonds within the long-term portfolio.

## **Risk Management**

All activities are subject to regular risk review by the Board of Trustees. Major risks are, for this purpose, those that could have a significant effect on:

- The Trust's operational performance, including risks to personnel and volunteers.
- The Trust's ability to achieve its objects.
- Meeting the expectations of beneficiaries and supporters.
- The Trust's reputation and integrity.
- The Trust's assets.

The Trustees review all risks on an ongoing basis and satisfy themselves that adequate procedures are in place to minimise and manage the risks identified. Where possible and appropriate, risks are covered by insurance.

## **Principal Risks and Uncertainties**

### **a. Operational Risks**

Operational risks that confront the Trust are the result of:

- ***Ongoing political and social uncertainty in Nepal.*** Nepal is currently in the midst of political development that included the first local elections in 20 years being held in May and June 2016. While these passed without major incident or disruption further national elections are scheduled in October and November which may not pass as peacefully. At the core of potential unrest is disagreement over the recently promulgated constitution and federalism.
- ***Natural disasters.*** Nepal suffers from a high level of seismic activity as evidenced by the earthquakes in 2015. The Trust has a decentralised structure with Area Welfare Centres spread across the country which provide a local base for emergency response. If one area is affected severely then neighbouring centres can immediately move in to provide support. This national footprint forms the cornerstone of our future disaster management plan. A collaboration with DFID has had a positive approach and will be developed further in the next financial year.

- ***Activities that jeopardise the Trust's reputation.*** The Trust operates in a country that has a relatively high risk of fraud and corruption. To minimise this risk Audit and Governance committees monitor recruitment and adherence to procedures. An internal audit function carries out risk related checks and senior staff are recruited from former Gurkha officers who have a proven track record from distinguished careers in the British Army.

## **b. Financial Risks**

The Trust faces a number of key financial risks. The Trustees consider that the following summarises those financial risks and their responses to them:

- ***Funding Risk.*** The Trust negotiates grants awarded to finance its activities and incorporates this information into its annual business plans. The fundraising team spreads its appeals across a wide range of sources of funding to minimise risk.
- ***Exchange Rate Risk.*** The Trust monitors the rate of exchange on a daily basis. Over the long term the rate of exchange moves to counteract the differential in inflation between two countries but over periods of up to 10 years politics and financial confidence can cause significant movements up or down away from this trend. As inflation has traditionally been higher in Nepal than UK the movement has benefited the Pound and assisted our work in Nepal. However, in 2007 the financial collapse severely affected the value of the Pound and again in June 2016, following the referendum. Recently the Pound has shown signs of recovery but is unpredictable and confidence in economic growth in India is waning. Over the past 25 years the Pound has gained by an average of 3% per annum but this includes swings of plus 16% or minus 14%. At present, a 1% change to the average rate creates an increase or reduction in costs of £180,000 but it also changes the value of our liabilities on the balance sheet by £450,000 so our net assets can change in value by over £5,000,000 from one year to the next. To mitigate against adverse movements funds to cover three months cash flow are held in Nepali Rupees and the investment portfolio is spread across a wide range of currencies.

## **Reserves**

### ***Constructive Obligation***

When a charity has created a valid expectation through past practice that it will meet a liability the Charity Commission requires it to recognise the liability on the balance sheet as a constructive obligation. The Trust considers that a constructive obligation has been created for the payment of the welfare pensions and the disability support grants.

### ***Specific Reserves***

The Trustees are concerned that the level of running costs of the residential homes should not have a detrimental effect on our ability to provide support to the much wider community of welfare pensioners so a designated fund has been created that is sufficient to meet the costs for 20 years. Following specialist advice on the risk of future earthquakes the Trustees have created a new designated fund to allow an immediate response to natural disasters.

### ***Reserves Policy***

Based on a risk assessment and after allowing for funds to meet the constructive obligations and residential homes running costs, as mentioned above, the Trust's Reserves Policy takes into consideration:

- The Trust's clear and long-term objective of supporting the welfare pensioners in their declining years including the provision of welfare and medical support.

- Essential provision for a period of readjustment for those in receipt of welfare support if the Trust should ever be required to reduce or cease its activities, for whatever reason.
- The Trust's requirement to respond promptly and appropriately to new and unforeseen needs or challenges that might affect the way in which welfare support is delivered. Trustees specifically note the Trust carries out its welfare activities in a country where there are not only geophysical dangers such as earthquakes but also political, social and economic uncertainties. In addition, to deliver welfare support, the Trust depends on a number of partners whose support in the future is not guaranteed.
- The impact of adverse changes to the rate of exchange between Sterling and the Nepali Rupee (NPR).
- Economic adversity, as despite a strong supporter base, there is no guarantee that recent levels of income will be matched in the future or that investments/assets will maintain their value.

Trustees consider that the Trust ideally requires free reserves equivalent to 12 months of standard expenditure not covered by other provisions, currently around £15,000,000. This level of reserve will enable the Trust to adjust its infrastructure and respond quickly to any of these risks.

After taking the Constructive Obligation into account the Trust has total funds of £31,000,000 (2016/17: £24,667,000), however, the free reserves which are available to meet contingencies and exclude tangible fixed assets, designated and restricted funds amount to £13,799,000 (2016/17: £10,557,000) as at 30 June 2018. This represents 92% of the level of reserves deemed appropriate by the Trustees. Given the volatility of investment markets, the continued uncertainty over future rates of exchange, the uncertain fundraising climate and the risk of future natural disasters, Trustees will continue to keep Trust finances under close review balancing current needs and the need to reach the ideal level of reserves to protect the interests of beneficiaries in the future.

### **Designated Funds**

The Trust holds designated funds totalling £14,964,000 (2016/17: £12,151,000) as at 30<sup>th</sup> June 2018. These were held to meet the running costs of two residential homes for twenty years and a new £6,000,000 fund to enable an immediate response to future natural disasters.

### **Restricted Funds**

The Trust started the year with over £133,000 in funds restricted to assist water projects and schools in Nepal. During the year £13,000 has been transferred from unrestricted funds to the restricted fund for schools projects to restore the correct balance in Pounds Sterling following movements in the rate of exchange. At the 30<sup>th</sup> June 2018, there was a balance of £348,000 held, restricted for water projects, schools and other work.

### **Future Plans**

Following a detailed review of how the GWT(N) needs to deliver welfare in the future to our aging and less mobile beneficiaries, a transformational change programme is in the process of being implemented.

Priority areas identified that will enable more effective and efficient delivery of welfare include:

- Organisational restructuring.



This is largely completed with a new cluster structure that allows for better mutual support between AWCs as well as a more dynamic and mobile approach to welfare delivery.

- Medical provision.

It is estimated that the International SOS team will have completed 60% of the required upgrades to the Trust's medical infrastructure and provision by the end of the initial contract term of January 2019. Trustees have approved a further 2-year extension to enable all the identified tasks to be completed including a handover of overall managerial responsibility to a GWT Medical Director to be recruited in Spring 2019 for a September 2019 deployment to Nepal.

- Electronic working practices.

These have largely been implemented but work remains on fine tuning and implementation in some areas. Embracing modern technology is now possible where before there was insufficient infrastructure in Nepal to support IT. This is enabling us to radically improve the passage of information that allows us to monitor and assess the needs of our beneficiaries.

- Payment of pensions.

Quarterly pension payments are now staggered between AWC clusters in order to facilitate on-going support to our pensioners and their communities. Welfare Pensioners are being encouraged, where it is appropriate, to open bank accounts. The Government of Nepal now pays an old age pension of approximately NPR 2,000 per month but this can only be paid in to a registered bank account.

- Payment of grants.

A range of grants is available to support those affected by fire, flood, earthquake or destitution. In addition payments are made within certain criteria to cover certain medical costs and to communities for minor school repairs. These grants are now being supplemented or replaced by medical and welfare aids according to need so that we can best match our support to the requirements of the most vulnerable.

# **The Gurkha Welfare Trust**

## **Trustees' Report for the year ended 30<sup>th</sup> June 2018**

### **Statement of Trustees' Responsibilities**

Trustees, who are also directors of The Gurkha Welfare Trust for the purposes of company law, are responsible for preparing the Trustees' report (including the Group Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

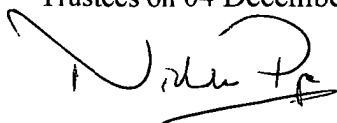
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the charitable company's constitution. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

So far as each of the Trustees is aware at the time the report is approved:

- there is no relevant audit information of which the company and the group's auditors are unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This Trustees Report incorporating the Strategic Report was approved and authorised for issue by the Board of Trustees on 04 December 2018 and signed on its behalf by:



Lieutenant General N A W Pope CBE  
Chairman  
04 December 2018

# **The Gurkha Welfare Trust**

**Under the patronage of  
HRH The Prince of Wales KG KT GCB OM AK QSO PC ADC**

## **Vice Patrons**

Field Marshal The Lord Bramall of Bushfield KG GCB OBE MC JP  
Field Marshal Sir John Chapple GCB CBE DL  
Miss Joanna Lumley OBE

## **Trustees, Officials and Advisors**

### **Trustees**

General Sir Peter Wall GCB CBE DL (Chairman) (to 20 Jul 2017)  
Lieutenant General N A W Pope CBE (Chairman) (wef 20 Jul 2017)  
J J Brade Esq MBE  
D P Clifford Esq MVO  
Major General J J Cole OBE  
F S Dufficy Esq  
Major General A J S Fay CB  
Major (Retd) Krishnabhadur Gurung MVO MBE  
D G Hayes CBE  
D J Hitchcock Esq OBE  
Dr J D Keeling MBA, MB BS, FRCGP, DRCOG (wef 20 Jul 2017)  
Dr G Ratcliffe (to 20 Jul 2017)  
Colonel J G Robinson  
Brigadier G M Strickland DSO MBE  
Ms C L Turner  
Major General R Wardlaw OBE

### **Investment Committee**

D J Hitchcock Esq OBE (Chairman)  
J J Brade Esq MBE  
P M Rigg Esq  
C Gate Esq

### **Audit & Finance Committees**

D P Clifford Esq MVO (Chairman)  
Dr J D Keeling MBA, MB BS, FRCGP, DRCOG (wef 20 Jul 2017)  
Dr G Ratcliffe (to 20 Jul 2017)  
Colonel J G Robinson  
Ms C L Turner

### **Governance Committee**

F S Dufficy Esq (Chairman)  
J J Brade Esq MBE  
D G Hayes CBE

# **The Gurkha Welfare Trust**

## **Director The Gurkha Welfare Trust**

A P W Howard Esq

## **Director The Gurkha Welfare Trust (Nepal)**

Colonel I Logan

## **Field Director The Gurkha Welfare Trust (Nepal)**

Lieutenant Colonel S J Whitlock QGE

## **Deputy Director Plans & Resilience**

J R White Esq

## **Head of Fundraising**

Ms S J Cherrington

## **Investment Managers**

Sarasin & Partners LLP  
Juxon House, 100 St Paul's Churchyard  
London EC4M 8BO

## **Auditors**

haysmacintyre  
10 Queen Street Place, London EC4R 1AG

## **Bankers**

The Royal Bank of Scotland  
Lawrie House, Victoria Road, Farnborough GU14 7NR

HSBC Bank plc  
90 Baker Street, London W1M 2AX

## **Solicitor**

A J Lutley Esq  
Springfield, Rookery Hill, Ashted Park, Ashted, Surrey KT21 1HY

## **Registered Address**

P.O Box 2170  
22 Queen Street  
Salisbury SP2 2EX

## **Company Limited by Guarantee Number**

05098581

## **Registered Charity Number**

1103669

# **Independent auditor's report to the members of The Gurkha Welfare Trust**

## **Opinion**

We have audited the financial statements of The Gurkha Welfare Trust for the year ended 30 June 2018 which comprise the Consolidated Statement of Financial Activities, Consolidated and Charity Balance Sheet and the Consolidated 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 group's and of the parent charitable company's affairs as at 30 June 2018 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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.

## **Responsibilities of trustees for the financial statements**

As explained more fully in the trustees' responsibilities statement set out on page 19, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Conclusions relating to going concern**

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

## Independent auditor's report to the members of The Gurkha Welfare Trust (continued)

- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report (which incorporates the strategic report and the directors' report) has been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

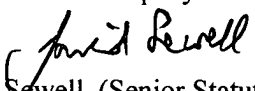
In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

### Use of this report

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

  
David Sewell (Senior Statutory Auditor)  
For and on behalf of Haysmacintyre, Statutory Auditors

Date: 11 December 2018

10 Queen Street Place  
London  
EC4R 1AG

# The Gurkha Welfare Trust

## Consolidated statement of financial activities for year ended 30th June 2018

(Incorporates the consolidated income and expenditure account.)

	Notes	Unrestricted		Restricted	2017-18	2016-17
		General	Designated		Total	Total
		£000	£000	£000	£000	£000
<b>Income from:</b>	<b>3</b>					
Donations and legacies						
Donations	3a	5,192	0	1,601	<b>6,793</b>	7,830
Legacies	3b	4,015	96	241	<b>4,352</b>	4,200
Grants						
Ministry of Defence	3c	0	0	2,810	<b>2,810</b>	2,075
Charitable activities	3d					
Department for International Development		0	0	3,247	<b>3,247</b>	2,500
KAAA		0	0	89	<b>89</b>	0
Other trading activities						
Fundraising Events	3e	886	0	166	<b>1,052</b>	568
Investments	3f	2,703	0	6	<b>2,709</b>	2,538
<b>Total</b>		<b>12,796</b>	<b>96</b>	<b>8,160</b>	<b>21,052</b>	<b>19,711</b>
<b>Expenditure on:</b>	<b>4</b>					
Raising funds						
Fundraising	4f	1,889	0	0	<b>1,889</b>	1,827
Investment management costs	4g	308	0	0	<b>308</b>	325
Charitable activities						
Individual aid	4a	5,098	0	2,582	<b>7,680</b>	7,945
Medical aid	4b	4,351	0	335	<b>4,686</b>	3,680
Disaster response	4d	982	0	1,143	<b>2,125</b>	2,800
Residential Homes	4c	0	493	0	<b>493</b>	495
Community aid	4e	347	96	3,898	<b>4,341</b>	3,987
<b>Total</b>		<b>12,975</b>	<b>589</b>	<b>7,958</b>	<b>21,522</b>	<b>21,059</b>
Net (expenditure) / income before other gains and losses		(179)	(493)	202	<b>(470)</b>	(1,348)
Other gains and losses						
Net gains/(losses) on investments	8	896	0	0	<b>896</b>	6,504
Net (expenditure) / income		717	(493)	202	<b>426</b>	5,156
Transfers between funds	14&15	(3,319)	3,306	13	<b>0</b>	0
		(2,602)	2,813	215	<b>426</b>	5,156
Other recognised gains/(losses):						
Movement in constructive obligation	13	5,958	0	0	<b>5,958</b>	(975)
Profit & loss revaluation gain / (loss)		(51)	0	0	<b>(51)</b>	0
Net Movement in Funds		<b>3,305</b>	<b>2,813</b>	<b>215</b>	<b>6,333</b>	<b>4,181</b>
Reconciliation of funds						
Funds brought forward		12,383	12,151	133	<b>24,667</b>	20,486
<b>Total Funds Carried Forward</b>	<b>14-16</b>	<b>15,688</b>	<b>14,964</b>	<b>348</b>	<b>31,000</b>	<b>24,667</b>

### NOTES

The consolidated statement of financial activities includes the income and expenditure account.

There are no other gains and losses other than those shown above.

All the Trust's activities are derived from continuing operations.

Deficit for Companies Act purposes (before unrealised gains & losses) is: £498,000 (2016/17: deficit £742,000).

See Note 17 for a comparative statement of financial activities for year ended 30th June 2017.

The notes on pages 26 to 46 form part of these accounts.

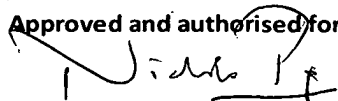
**Consolidated and Charity Balance Sheet at 30th June 2018**

	Notes	Group		Charity	
		2018	2017	2018	2017
		£000	£000	£000	£000
<b>Fixed assets:</b>					
Tangible assets	7	1,889	1,865	1,889	1,865
Investments	8	67,951	69,040	67,951	69,040
<b>Total fixed assets</b>		<b>69,840</b>	<b>70,905</b>	<b>69,840</b>	<b>70,905</b>
<b>Current assets</b>					
Medication, project & trading stock		263	246	260	243
Debtors	9	752	622	692	670
Cash at bank and in hand		7,006	7,244	6,957	7,197
<b>Total current assets</b>		<b>8,021</b>	<b>8,112</b>	<b>7,909</b>	<b>8,110</b>
<b>Liabilities</b>					
Creditors: amounts falling due within one year	10	(1,195)	(686)	(1,162)	(684)
Provisions for liabilities falling due within one year					
Constructive obligation	13	(4,334)	(4,886)	(4,334)	(4,886)
<b>Net current assets or liabilities</b>		<b>2,492</b>	<b>2,539</b>	<b>2,413</b>	<b>2,539</b>
Creditors: amounts falling due after more than one year					
Gratuity commitments	12	(254)	(2,294)	(254)	(2,294)
Provision for liabilities falling due after more than one year					
Constructive obligation	13	(41,078)	(46,484)	(41,078)	(46,484)
<b>Total net assets or liabilities</b>		<b>31,000</b>	<b>24,667</b>	<b>30,921</b>	<b>24,667</b>
<b>Funds:</b>					
Restricted funds	14&16	348	133	348	133
Unrestricted funds					
General	14&15	61,100	63,753	61,021	63,753
Welfare pension reserve	13	(45,412)	(51,370)	(45,412)	(51,370)
<b>Net General funds</b>		<b>15,688</b>	<b>12,383</b>	<b>15,610</b>	<b>12,383</b>
Designated	15	14,964	12,151	14,964	12,151
<b>Unrestricted funds after provision for liabilities and charges</b>		<b>30,652</b>	<b>24,534</b>	<b>30,573</b>	<b>24,534</b>
<b>Total funds</b>	14	<b>31,000</b>	<b>24,667</b>	<b>30,921</b>	<b>24,667</b>

**NOTES:** Group includes GWT Trading Limited, the wholly owned trading subsidiary.

The net income in funds for the Trust for the year ended 30 June 2018 was £263,000 (2017:£5,156,000). As permitted by Section 408 of the Companies Act 2006, no separate Statement of Funds or Income and Expenditure account has been presented for the Charity only.

**Approved and authorised for issue by the Board of Trustees on 4th December 2018 and signed on their behalf by:**



**Lieutenant General N A W Pope CBE**

**Chairman**

**4th December 2018**

The notes on pages 26 to 46 form part of these accounts.



# The Gurkha Welfare Trust

## Consolidated statement of cash flows for the year ended 30th June 2018

	Notes below	2017/18 £000	2016/17 £000
<b>Cash flows from operating activities:</b>			
<i>Net cash provided by (used in) operating activities</i>	Note A	<u>(4,622)</u>	<u>(5,477)</u>
<b>Cash flows from investing activities:</b>			
Dividends and interest from investments		2,709	2,538
Proceeds from the sale of property, plant and equipment		0	0
Purchase of property, plant and equipment		(310)	(156)
Proceeds from sale of investments		34,079	20,378
Purchase of investments		<u>(30,516)</u>	<u>(18,320)</u>
<i>Net cash provided by (used in) investing activities</i>		<u>5,962</u>	<u>4,440</u>
<b>Cash flows from financing activities:</b>			
Repayments of borrowing		0	0
Cash inflows from new borrowing		0	0
Receipt of endowment		<u>0</u>	<u>0</u>
<i>Net cash provided by (used in) financing activities</i>		<u>0</u>	<u>0</u>
<i>operating activities</i>			
<i>Change in cash and cash equivalents in the reporting period</i>		1,340	(1,038)
Cash and cash equivalents at the beginning of the reporting period	Note B	<u>9,244</u>	<u>10,282</u>
Cash and cash equivalents at the end of the reporting period	Note B	<u><u>10,584</u></u>	<u><u>9,244</u></u>

### NOTES

<b>A. Reconciliation of net income/(expenditure) to net cashflow from</b>	<b>2017/18</b>	<b>2016/17</b>
	<b>£000</b>	<b>£000</b>
<i>Net income/(expenditure) for the reporting period (as per SOFA)</i>	<u>426</u>	<u>5,156</u>
<b>Adjustments for:</b>		
Depreciation charges	286	241
(Gains)/losses on investments	(896)	(6,504)
Investments donated	0	(48)
Dividends and interest from investments	(2,709)	(2,538)
(loss)/gain on foreign exchange	(51)	0
(Increase)/decrease in stocks	(17)	(41)
(Increase)/decrease in debtors	(130)	(268)
Increase/(decrease) in creditors	<u>(1,531)</u>	<u>(1,476)</u>
<i>Net cash provided by (used in) operating activities</i>	<u><u>(4,622)</u></u>	<u><u>(5,477)</u></u>

	2017/18 £000	2016/17 £000	Cash flow in year £000
<b>B. Analysis of cash and cash equivalents</b>			
Cash in hand and at bank	7,006	7,244	(238)
Overdraft facility repayable on demand	0	0	0
Notice deposits (less than 3 months)	<u>3,578</u>	<u>2,000</u>	<u>1,578</u>
<b>Total cash and cash equivalents</b>	<u><u>10,584</u></u>	<u><u>9,244</u></u>	<u><u>1,340</u></u>

# **The Gurkha Welfare Trust**

## **Notes to the Accounts for the year ended 30<sup>th</sup> June 2018**

### **1. Basis of preparation**

#### **a) Statement of compliance**

The financial statements are prepared under the historical cost convention as modified to include the revaluation of investments at fair value. The format of the financial statements has been presented to comply with the Companies Act 2006 and FRS102 *The Financial Reporting Standard applicable in the UK and Ireland* and the Statement of Recommended Practice *Accounting and Reporting by Charities* ("SORP 2015"). The Charity is a Public Benefit Entity as defined by FRS102.

#### **b) General information**

The Charity is a company limited by guarantee, incorporated in England and Wales (company number: 05098581) and a charity registered in England and Wales (charity number: 1103669). The Charity's registered office address is:

P.O Box 2170, 22 Queen Street, Salisbury SP2 2EX

#### **c) Basis of Consolidation**

These financial statements consolidate the results, assets and liabilities of the Charity's trading subsidiary, GWT Trading Limited, on a line by line basis.

The Charity's own Statement of Financial Activities has not been presented, as permitted by section 408 of the Companies Act 2006. The Charity's net income for the year as an individual entity was a surplus of £263,000 (2016/17: a surplus of £5,156,000).

#### **d) Going concern**

The Trustees consider that there are no material uncertainties which would cast doubt on the Charity's ability to continue as a going concern.

#### **e) Significant judgments and sources estimation uncertainty**

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Charity's accounting policies. The key judgements that have been applied by management relate to:

- **Constructive obligation:** The valuation of the constructive obligation is based on the following assumptions:
  - Future inflation rate in Nepal 5.5% per annum.
  - Future payments have been discounted at 5.5% per annum.
  - Life expectancy for our beneficiaries is 3 years longer than estimated in the Nepali Government Mortality tables.
  - There are anticipated 50 new entrants per year.
  - 50% of former soldier pensions will be transferred to a widow.
- **Legacies:** Income is accrued for residuary legacies when a grant of probate has been obtained, it is possible to reliably estimate the amount receivable and there is probability of receipt.
- **Depreciation:** The rate of depreciation for tangible fixed assets is selected by management based on their estimate of normal economic life taking into consideration the environment in which the asset is deployed.

# **The Gurkha Welfare Trust**

## **Notes to the Accounts for the year ended 30<sup>th</sup> June 2018 (continued)**

### **2. Principal accounting policies**

The following principal accounting policies have been applied:

#### **(a) *Income***

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

Recognition of income is deferred where conditions specify that such income relates to future accounting periods. Where donors specify that funds are for specific purposes such income is included in incoming resources of restricted funds.

*Donations and legacies* income includes donations and gifts in wills which are recognised where there is entitlement, probability of receipt and the amount of the gift is measurable.

Income from donations, covenants and gift aid includes receipts from fundraising events. Donations, together with the resulting tax credit from gift aid, is credited directly to the statement of financial activities on an accruals basis. Donations and all other receipts (including capital receipts) from fundraising are reported gross and the related fundraising costs are reported in raising funds.

*Pecuniary Legacies* are accrued and credited directly to the statement of financial activities when the value becomes known with reasonable certainty, probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. For residuary and reversionary legacies, entitlement is established in the year that the Charity has been notified of an impending distribution. Where a legacy is received, or notified as receivable (by the personal representatives) after the accounting year end, but it is clear that a legacy had been agreed by the personal representatives prior to the year end (hence providing evidence of a condition that existed at the balance sheet date) it is accrued in the statement of financial activities and the balance sheet.

*Grant Income.* Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognized 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.

*Income from other trading activities* is recognised as earned as the related goods are provided.

*Interest and Dividends Receivable.* Investment income is recognised on a receivable basis and the amounts can be measured reliably. Interest on funds on deposit is included when receivable upon notification by the relevant banking institutions. Dividends receivable on assets held for investment purposes are receivable upon notification by the relevant investment institutions.

#### **(b) *Expenditure***

All expenditure is included in accordance with the accruals concept. Any liabilities as a result of legal or constructive obligations committing the Trust to expenditure have been included.

Cost of raising funds comprises costs directly attributable to fundraising and managing the investment portfolio. Charitable activity costs in the UK are incurred in running the Gurkha Welfare Advice Centre and in supporting the activities in Nepal. The costs of running the Trust's office and staff costs have been allocated on a time spent and area occupied basis to raising funds and charitable activity.

# **The Gurkha Welfare Trust**

## **Notes to the Accounts for the year ended 30<sup>th</sup> June 2018 (continued)**

Governance costs are apportioned on the same basis as the office and staff costs and are disclosed in the notes comprising audit and legal fees and the costs associated with constitutional and statutory requirements.

Costs in Nepal have been allocated to the direct charitable activities. Direct costs include actual grants made and costs related to people directly employed in providing one of our charitable activities. Other direct costs such as staff costs and overheads of the Area Welfare Centres established for the delivery of more than one charitable activity are apportioned as other direct costs. Support costs include staff and administrative overheads. Support and governance costs have been allocated to activity cost categories in a fair and appropriate method on a basis consistent with the use of resources by applying person days spent on the various activities or space occupied.

Grants payable to individuals may be subject to conditions. Expenditure on such performance-related grants is recognised to the extent that the recipient has complied with the conditions.

Short term benefits including holiday pay are recognised as an expense in the period in which the service is received. Termination benefits are accounted for on an accrual basis and in line with FRS 102.

### **(c) *Taxation***

Irrecoverable VAT is not separately analysed and is charged directly to the Statement of Financial Activities (SOFA) as part of the expenditure to which it relates.

### **(d) *Operating leases***

Rental payments under operating leases are charged on a straight-line basis over the period of the lease.

### **(e) *Foreign currencies***

Fixed assets in foreign currencies are converted to sterling at the exchange rate ruling at the time of purchase. Investments, current assets and liabilities in foreign currencies are converted into sterling at the exchange rate ruling at the balance sheet date. Transactions during the year in foreign currencies, mainly Nepalese rupees, are converted into sterling at the rate of exchange on the last day of the previous month. Exchange rate gains or losses are recorded as support costs to the activities to which they relate.

### **(f) *Pensions and retirement benefits***

In UK, the Trust makes contributions to employee individual defined contribution pension plans.

In Nepal, the Trust contributes to individual plans within a defined contribution Provident Fund managed by Standard Chartered Bank Nepal Limited. In addition, historically, employees were entitled to a one-off gratuity payment on leaving that was based on length of service. A fund has been created that is sufficient to meet the obligation for all employees still part of this scheme and a provision is included in the accounts to cover the obligation. Most employees have moved to a new scheme, in compliance with the latest Labour Laws, that requires an employer's monthly contribution of 8.33% of salary for all employees that will eventually be transferred into a Government Gratuity Fund.

Contributions for both UK and Nepalese schemes are charged to the SOFA on the basis of amounts provided for the period.

### **(g) *Fund accounting***

Funds held by the Trust are either:

- *Unrestricted general funds* – these are funds, which can be used in accordance with the charitable objects at the discretion of the Trustees.
- *Designated funds* – these are funds set aside by the Trustees out of unrestricted (general) funds for specific purposes.
- *Restricted funds* – these are unspent funds that can only be used for particular restricted purposes within the objects of the Trust. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of each fund is included in the notes to the financial statements.

# **The Gurkha Welfare Trust**

## **Notes to the Accounts for the year ended 30<sup>th</sup> June 2018 (continued)**

### **(h) Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small. In particular:

- Restructuring provisions are recognised when the Group has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and provision is not made for future operating losses.
- Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

### **(i) Investments**

Listed investments are stated in the balance sheet at fair value. All movements in value arising from investment changes and revaluations are included in the Statement of Financial Activities (SOFA).

### **(j) Fixed assets**

The cost of minor additions or acquisitions of fixed assets under £5,000 is charged wholly to the SOFA in the year of purchase. Fixed assets above this amount are capitalised in the financial statements at cost. Donated fixed assets are brought into account at an estimate of their market value at the time of acquisition. Land, beneficially owned by the Trust, is valued at historical cost and is not depreciated.

### **(k) Depreciation**

Depreciation is provided on all assets except land to write off the costs of the asset less any material residual value, by equal instalments over their expected useful lives. Depreciation rates are:

Completed buildings	10% per annum on a straight-line basis
Vehicles and equipment	25% per annum on a straight-line basis.
Computers and software	33.33% per annum on a straight-line basis.

For all depreciable assets, a full year's depreciation is charged in the year of acquisition or completion and no depreciation is charged in the year of disposal.

### **(l) Stocks**

The stocks of medication, project materials and bought-in goods for sale are valued at the lower of cost and net realisable value on a first in first out basis.

Basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable are accounted for on the following basis:

### **(m) Financial Instruments**

*Cash and cash equivalents* includes cash in hand, deposits held at banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within current liabilities.

# The Gurkha Welfare Trust

## Notes to the Accounts for the year ended 30<sup>th</sup> June 2018 (continued)

*Debtors and creditors* are measured at the transaction price less any provision for impairment. Any losses arising from impairment are recognised as expenditure.

*Bank borrowings.* Liabilities for borrowings which are subject to a market rate of interest are measured at the value of the amount advanced, less capital repayments.

### 3. Income

*Total income* includes income transferred from the charitable trust "Gurkha Welfare Trust", former charity number 1034080. The Trust is retained while it receives donations and legacy income.

	2018	2017
	£000	£000
<b>a. Donations</b>		
Donations from individuals	5,870	6,420
Donations from companies, trusts, clubs and organisations	923	1,410
	<b>6,793</b>	<b>7,830</b>
<b>b. Legacies</b>	<b>4,352</b>	<b>4,200</b>
<b>c. Grants</b>		
Ministry of Defence - to support operating costs in Nepal	2,810	2,075
<b>d. Charitable activities</b>		
DfID - for water and sanitation projects in remote locations	3,247	2,500
KAAA - for medical camps	89	69
<b>e. Other trading activities</b>		
Fundraising events	1,052	568
<b>f. Investments</b>		
Investment dividends & interest	2,281	2,341
Bank interest	428	197

Donations from individuals include part of the contributions made by all ranks of the Brigade of Gurkhas under Service Day's Pay Giving of £204,000 (2016/17: £283,000). This also includes donations from the Gurkha Contingent of the Singapore Police, who also qualify for support from the Trust.

Income from investments includes interest, dividends and transitional tax credits. Fundraising events include income generated by branches and supporters throughout the country as well as sponsorship income from Trailwalker.

# The Gurkha Welfare Trust

## Notes to the Accounts for the year ended 30<sup>th</sup> June 2018 (continued)

### 4. Expenditure

	Grants	Direct costs	Support costs		2017/18	2016/17
	£000	£000	Support	Governance	Totals	Totals
			£000	£000	£000	£000
a. Individual aid						
Welfare pensions	4,534	0	1,445	46	6,025	6,143
Care for the elderly	72	95	1	1	169	302
Disability support	153	0	60	2	215	213
Winter allowance	98	0	38	1	137	141
Welfare grants & support	381	0	151	4	536	426
UK welfare	253	326	4	15	598	720
Total individual aid	5,491	421	1,699	69	7,680	7,945
b. Medical aid	721	3,026	903	36	4,686	3,680
c. Residential homes	32	400	57	4	493	495
d. Disaster Response	41	1,854	214	16	2,125	2,800
e. Community aid						
Schools projects	218	425	331	8	982	1,091
Water projects	0	2,957	398	4	3,359	2,896
Total community aid	218	3,382	729	12	4,341	3,987
Charitable activities total	6,503	9,083	3,602	137	19,325	18,907
f. Cost of generating funds						
Fundraising	0	1,341	521	27	1,889	1,827
Investments	0	289	18	1	308	325
Total cost of generating funds	0	1,630	539	28	2,197	2,152
<b>Total</b>	<b>6,503</b>	<b>10,713</b>	<b>4,141</b>	<b>165</b>	<b>21,522</b>	<b>21,059</b>

UK Welfare includes a grant of £250,000 (2016/17: £250,000) paid to ABF The Soldiers' Charity for the support of former Gurkhas who have retired in the UK. All other grants totalling £6,253,000 (2016/17: £6,835,000) were to individuals or small community groups.

The number of grants issued to individuals or communities on the table below are recorded on a beneficiary database based on British Army records which is subject to independent audit in Nepal.

All grants to individuals require proof of identity before issue and community grants are only arranged with approval from the local community council.

# The Gurkha Welfare Trust

## Notes to the Accounts for the year ended 30<sup>th</sup> June 2018 (continued)

Activity	Beneficiaries	Notes
Welfare pensions:	5,372	There were 5,325 recipients at the start of the year and 47 new recipients. A detailed database of all welfare pensioners is maintained based on data from British Army records. Payments are made on a quarterly basis and require proof of identity.
Care:	302	We maintained 302 grants to assist the support of the most vulnerable. A fixed number of grants have been issued and details of the beneficiaries recorded on our database.
Disability Support:	219	The number of recipients increased to 219 by the year end. This data is held on the same database as the welfare pensioners and is subject to both proof of identity and medical requirement.
Winter allowance:	5,310	All welfare pensioners, DSG recipients and residential home residents supported last December received the allowance.
Welfare grants:	1,986	These grants were awarded for cases of special need not covered by the other awards. Each grant is individually assessed and approved by a senior member of staff.
Disaster response:	1,444	Individuals, previously identified as eligible on our database were assisted by grants towards the repair or rebuilding of their homes and other associated support. A cumulative total of 1444 cases up to 30th June, 2018 since the start of project in 2015.
Residential care:	53	Our 2 residential homes have a capacity of 52. There were 48 residents at the end of year.
School projects:	130	Communities were assisted through the repair, extension or new build of a school. Every project is arranged with and authorised by the local community committee and requires a community contribution.

Further information on the grants can be found in the Trustees' Annual Report. The total charitable activity cost of £19,325,000 represents 90% of total expenditure.

### Analysis of support costs

	People	Premises & vehicles	Services	Legal & Professional	Currency	Governance	Total
	£000	£000	£000	£000	£000	£000	£000
a. Individual aid	1,154	214	89	3	239	69	1,768
b. Medical aid	613	114	48	2	126	36	939
c. Disaster response	144	27	13	1	29	16	230
d. Residential homes	38	7	3	0	9	4	61
e. Community aid	580	62	40	0	47	12	741
f. Fundraising	300	53	134	34	0	27	548
g. Investment management	11	2	4	1	0	1	19
<b>Total</b>	<b>2,840</b>	<b>479</b>	<b>331</b>	<b>41</b>	<b>450</b>	<b>165</b>	<b>4,306</b>

### Basis of allocation

Time spent	Space & time	Time spent	Direct attribution	Pro rata with cost	Attribution & time
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# The Gurkha Welfare Trust

## Notes to the Accounts for the year ended 30<sup>th</sup> June 2018 (continued)

### 5. Governance costs

Apportioned governance costs were:

	2017/18	2016/17
	Total	Total
	£000	£000
<i>Staff employment costs</i>	49	139
<i>Staff &amp; trustee other costs</i>	56	38
<i>Premises costs</i>	6	12
<i>Office services</i>	7	23
<i>Legal &amp; professional</i>	47	76
	<u>165</u>	<u>288</u>

### 6. Staff, trustee and governance costs

#### a. Staff numbers

The Trust employed the following average number of staff:

	2017/18	2016/17
UK: Administration and fundraising	17	17
Welfare	10	8
Nepal: Individual aid and general staff	281	240
Water projects	131	137
Schools projects	8	8
Disaster Response	36	49

#### b. Staff costs

	2017/18	2016/17
	£000	£000
UK: Salaries	867	894
Social security costs	86	85
Pension	78	79
Severance payments	0	0
	<u>1,031</u>	<u>1,058</u>
Nepal: Salaries	3,259	3,660
Benefits	87	82
Pension (see Note 12)	711	334
Gratuity (see Note 12)	323	443
	<u>5,411</u>	<u>5,577</u>

The Trust had two employees with salary and benefits over £60,000 (2016/17: 2); the total for one employee is between £90,001 and £100,000 (2016/17: £90,001 and £100,000) and another between £70,001 and £80,000 (2016/17: £70,001 and £80,000). Employer's pension contributions for these two staff were £16,000 (2016/17: £16,000).

Key people in the Trust in UK and Nepal with delegated authority from the Trustees are the Director, Director GWT(N), the Field Director GWT(N), Deputy Director EQRT & Plans and the Head of Fundraising. They have combined a salary and benefits cost to the Trust totalling £255,000 (2016/17: £261,000).

# The Gurkha Welfare Trust

## Notes to the Accounts for the year ended 30<sup>th</sup> June 2018 (continued)

Both the Director GWT(N) and the Field Director GWT(N) are seconded from the British Army with their costs being met by the MoD.

The Trust incurred £16,000 in redundancy or termination payments (2016/17: nil).

### c. Trustees' expenses, remuneration and donations

In 2017/18 no Trustee received any remuneration or pension but six Trustees were either reimbursed or expenses were paid on their behalf of £18,000 principally on travel to Nepal but also in respect of attendance at meetings at the GWT Salisbury office and in London, (2016/17: eight Trustees were either reimbursed or expenses were paid on their behalf of £20,000). Trustees donated a total of £720 (2016/17: £805).

### d. Related party transactions

Alexander Pope, the son of a trustee, was employed by the Trust until September 2017. The trustee concerned was not involved in his appointment or determining his remuneration. The appointment was approved by the Charity Commission.

### e. Net expenditure

Net expenditure for the period is stated after charging:		2017/18	2016/17
		£000	£000
Audit fees, UK excluding VAT	haysmacintyre audit	27	23
	haysmacintyre Nepal	0	8
	Nepal CSC & Co	15	9
	Joshi & Bhandari	4	3
Actuarial fees		2	2
Trustee indemnity insurance		2	2

### f. Operating Lease commitments

At 30 June 2018 the group's future minimum operating lease payments are as follows:

		2017/18	2016/17
		£000	£000
UK Property lease			
	Within 1 year	82	80
	Between 1 to 5 years	327	332
	Over 5 years	282	476
Nepal Property			
	Within 1 year	32	51
	Between 1 to 5 years	14	34
	Over 5 years	2	14

# The Gurkha Welfare Trust

## Notes to the Accounts for the year ended 30<sup>th</sup> June 2018 (continued)

### 7. Movement of Tangible Fixed Assets, Group and Charity

	Freehold Land & Buildings £000	Leasehold Property £000	Vehicles & Equipment £000	Computer Software £000	Assets in Construction £000	Total £000
<b>Cost</b>						
At 1 July 2017	2,040	355	679	21	75	3,170
Asset transfers	0	0	67	0	(67)	(0)
Additions	0	148	46	115	1	310
At 30 June 2018	<u>2,040</u>	<u>503</u>	<u>792</u>	<u>136</u>	<u>9</u>	<u>3,480</u>
<b>Depreciation</b>						
At 1 July 2017	(659)	(56)	(569)	(21)	0	(1,305)
Depreciation	(128)	(51)	(88)	(19)	0	(286)
At 30 June 2018	<u>(787)</u>	<u>(107)</u>	<u>(657)</u>	<u>(40)</u>	<u>0</u>	<u>(1,591)</u>
<b>Net Book Value</b>						
At 1 July 2017	<u>1,381</u>	<u>299</u>	<u>110</u>	<u>0</u>	<u>75</u>	<u>1,865</u>
At 30 June 2018	<u>1,253</u>	<u>396</u>	<u>135</u>	<u>96</u>	<u>9</u>	<u>1,889</u>

### 8. Investments

The historical cost of investments at 30<sup>th</sup> June 2018 (including investment cash) was £62,231,000 (2017: £57,559,000). 86% of the investment assets are placed in a mixed portfolio of thematic funds.

Listed investments	2017/18 £000
Fixed interest	
UK	4,930
Overseas	4,693
Equities	
UK	6,651
Americas	468
Emerging markets	4,047
Alternative investments	11,553
Other overseas/Non-specific region	28,626
Property	<u>3,405</u>
	64,373
Cash held as part of investment portfolio	<u>3,578</u>

# The Gurkha Welfare Trust

## Notes to the Accounts for the year ended 30<sup>th</sup> June 2018 (continued)

Major movements in investments during the year were:

	2017/18
	£000
Opening market value (excl. Cash)	67,040
Purchases	30,516
Disposal proceeds	(34,079)
Realised gains/(losses)	-28
Unrealised gains/(losses)	924
Investments donated	0

### Investment in subsidiary

GWT owns 100% of the issued share capital of GWT Trading Ltd, being 2 ordinary shares with a nominal value of £1. GWT Trading Ltd is registered in England and Wales No.: 02986861 and its registered office is P.O Box 2170, 22 Queen Street, Salisbury SP2 2EX.

### GWT Trading Ltd Statement of Income for the year ended 30 June 2018

	£	£	£	£
Turnover			142,777	50,674
Cost of sales			(59,432)	(4,500)
Gross profit			83,345	46,174
Administrative expenses			(4,046)	(1,704)
Operating profit			79,299	44,470
Profit for the financial year before taxation			79,299	44,470
Tax on profit on ordinary activities			0	0
Profit for the financial year after taxation			79,299	44,470

GWT Trading Ltd Statement of Changes in Equity	P & L	Share Capital	P & L	Share Capital
Total funds brought forward	0	2	0	2
Profit for the year	79,299	0	44,470	0
Gift aid payment	0	0	(44,470)	0
Retained earnings at year end	79,299	2	0	2

The company has no recognised gains or losses other than the profit in both periods. All amounts relate to continuing activities.

### GWT Trading Ltd Balance sheet at 30 June 2018

	2018	2017
	£	£
Current Assets		
Stock	2,440	2,720
Debtors	27,815	4,100
Cash at bank and In hand	50,046	47,827
	80,301	54,647
Creditors amounts falling due within one year	(1,000)	(54,645)
Net Current Assets	79,301	2
Net Assets	79,301	2
Share Capital	2	2
Retained Profit	79,299	0
	79,301	2

# The Gurkha Welfare Trust

## Notes to the Accounts for the year ended 30<sup>th</sup> June 2018 (continued)

### 9. Debtors

	Group		Charity	
	2018	2017	2018	2017
		£000		£000
Trade Debtors	199	0	139	0
Prepayments and Accrued Income	4	149	4	149
Legacies	342	276	342	276
Other debtors	207	197	207	191
Intercompany balances	0	0	0	54
	<u>752</u>	<u>622</u>	<u>692</u>	<u>670</u>

### 10. Creditors

	Group		Charity	
	2018	2017	2018	2017
	£000	£000	£000	£000
Taxation & social security	25	29	25	29
Trade Creditors	503	111	503	110
Creditors - TDS	14	0	14	0
Accruals	56	66	56	65
Other Creditors	597	480	597	480
Creditors - Intercompany	0	0	(33)	0
	<u>1,195</u>	<u>686</u>	<u>1,162</u>	<u>684</u>

### 11. Financial instruments

	Group		Charity	
	2017/18	2016/17	2017/18	2016/17
	£000	£000	£000	£000
Financial assets measured at fair value				
Investment in shares	64,373	67,040	64,373	67,040
Financial assets measured at amortised cost				
Gratuity fund (see note 12)	25	2,294	25	2,294
Legacies - legacy accrual	342	276	342	276
Other debtors	207	197	207	191
Investment cash	3,578	2,000	3,578	2,000
Investment in short term deposits	0	0	0	0
	<u>4,152</u>	<u>4,767</u>	<u>4,152</u>	<u>4,761</u>
Financial liabilities measured at fair value	0	0	0	0
Financial liabilities measured at amortised cost				
Trade creditors	503	111	503	110
Other creditors	597	480	597	480
Gratuity liability (see note 12)	254	2,294	254	2,294
	<u>1,354</u>	<u>2,885</u>	<u>1,354</u>	<u>2,884</u>
Other liabilities measured at fair value				
Constructive obligations (see note 13)	45,412	51,370	45,412	51,370
Net financial instruments	<u>21,759</u>	<u>17,552</u>	<u>21,759</u>	<u>17,547</u>

The constructive obligation is measured at fair value based on the expected amounts payable, discounted at an appropriate market rate. The Trust has no loans or overdrafts and has no forward currency contracts or hedging arrangements.

# **The Gurkha Welfare Trust**

## **Notes to the Accounts for the year ended 30<sup>th</sup> June 2018 (continued)**

### **12. Pensions and leaving benefits**

The charity provides defined contribution pension arrangements for its employees in the UK. Each employee is able to either join the Government's NEST scheme or arrange their own personal pension plan and the charity contributes 2% of salary for every 1% contributed by the employee, up to a maximum of 10%. Contributions are charged to the statement of financial activities in the year in which they are made. The assets of the plans are held separately from those of the charity. The contributions made by the charity in 2017/18 were £78,000 (2016/17: £78,000). No further liability arose other than these payments.

The retirement benefits in Nepal consist of a defined contribution Provident Fund with 10% contributions from both employer and employee. The Provident Fund is held by the Gurkha Welfare Scheme Staff Retirement Benefit Fund, an independent body. In addition Nepali Labour Laws require employers to contribute to a Gratuity fund. Traditionally this was accumulated in a fund and paid to employees on leaving based on years of service and an independent gratuity fund of £254,000. (2016/17: £2,294,000) has been established to match the liability. The law was changed during the period making gratuity a defined contribution scheme where the employer contributes 8.33% of the salary into a Gratuity Fund on a monthly basis. The funds will eventually be transferred to a Government of Nepal Social Security Fund once the instruction is received from the Government Authority. This applies also to those small number of staffs who opted to remain on old scheme.

### **13. Constructive obligation**

The Trust has recognised for some years a long-term constructive obligation, as defined by SORP 2015, in respect of its welfare pensions. SORP 2015 requires that such "constructive obligations", even though they are not legally binding liabilities, be recognised on a charity's balance sheet. From 2014/15 the Trust has recognised a similar obligation for the welfare support provided to the disabled children of welfare pensioners who were not able to support themselves when their parents were deceased.

After detailed examination of the mortality rate for our beneficiaries it was discovered that they were living longer than estimated using the Nepali Government's official table. With actuarial advice, an adjustment has been applied to the calculation of the constructive obligation assuming that our welfare pension beneficiaries will live three years longer than the normal Nepali life expectancy. In addition, an allowance is added for new entrants and the transfer of the pension to a widow on the death of an ex-Gurkha.

An independent actuarial assessment of the net present value of future payments for both the welfare pension and the disability support (DSG) has been obtained using the following long-term assumptions:

- The level of benefit agreed for welfare pensions for 2018/19, NPRs 132,000 per annum (126,000 per annum in 2017/18) and DSG of up to NPRs 114,000 will increase with inflation at 5.5% over the long term (5.5% in 2015/16).
- An estimated number of 4,831 welfare pensioners (2016/17: 5,325) with an average age of 79.8. There are 219 DSG beneficiaries with an average age of 57.37.
- An estimated 1,515 ex-Gurkhas who left the service in the late 1960's and early 1970's and 280 ex Indian Army who served before 1947 who are not in receipt of a service pension may apply for a welfare pension in the future. A provision for 50 new entrants each year has been made.
- Future payments have been discounted at 5.5% pa (2016/17: 5.5%), which represents an average yield on high-quality bonds in Nepal.

# The Gurkha Welfare Trust

## Notes to the Accounts for the year ended 30<sup>th</sup> June 2018 (continued)

The value of the obligation is particularly sensitive to the exchange rate of NPRs to GBP and this year the value of the Pound recovered following the significant drop in the previous year following the vote to leave the European Community. Based on the exchange rate of NPRs 142.11 / £1, (2016/17: NPRs 133.00 / £1) that applied on 30<sup>th</sup> June 2018 the value of the obligation for the welfare pension was £42,344,000. This is a reduction of £5,850,000 on the figure for 2016/17 of £48,194,000. The value required to cover DSG has shown a small reduction to £3,068,000, (2016/17: £3,176,000). The combined total constructive obligation was £45,412,000.

### 14. Analysis of net assets between funds of the group and charity

	Unrestricted	Restricted	Total
	£000	£000	£000
Tangible assets	1,869	20	1,889
Investments	67,951	0	67,951
Current assets	7,693	328	8,021
Current liabilities	(1,195)	0	(1,195)
Gratuity commitments	(254)	0	(254)
Constructive obligations	(45,412)	0	(45,412)
	<u>30,652</u>	<u>348</u>	<u>31,000</u>

### 15. Unrestricted funds of the Group and Charity

	Balance at 1 July 2017 £000	Incoming resources in the year £000	Outgoing resources in the year £000	Gains and Transfers £000	Movement in obligation £000	Balance at 30 June 2018 £000
<b>Designated funds</b>						
<i>Schools Projects</i>	0	96	(96)	0	0	0
<i>Disaster Response</i>	0	0	0	6,000	0	6,000
<i>Residential homes</i>	12,151	0	(493)	(2,694)	0	8,964
<b>Total designated funds</b>	12,151	96	(589)	3,306	0	14,964
<b>General funds</b>	12,383	12,796	(12,975)	(2,474)	5,958	15,688
<b>Total unrestricted fund:</b>	<u>24,534</u>	<u>12,892</u>	<u>(13,564)</u>	<u>832</u>	<u>5,958</u>	<u>30,652</u>

Unrestricted funds, both general and designated, are expendable at the discretion of the Trustees in the furtherance of the Trust's objectives. The designated funds have been earmarked by the Trustees for particular purposes but the designations have an administrative purpose only and do not legally restrict the Trustees' discretion to apply the funds.

Trustees took the prudent precaution in 2011-12 of creating a designated fund to cover the running costs of the residential homes for the next twenty years so that the homes would not be a drain on other activities. This year, following advice from leading seismologists, the Trustees created a new designated fund to enable an immediate response to any future natural disaster

# The Gurkha Welfare Trust

## Notes to the Accounts for the year ended 30<sup>th</sup> June 2018 (continued)

### 16. Restricted funds of the charity

	Balance at 01-Jul-17 £000	Income £000	Expenditure £000	Transfers £000	Balance 30-Jun-18 £000
<b>a. Grants to individuals:</b>					
Welfare pensions & DSG	0	282	(282)	0	0
Welfare grants	0	17	(17)	0	0
Winter allowance	0	100	(100)	0	0
UK welfare	0	11	(11)	0	0
Nepal welfare	0	3	(3)	0	0
General individual aid	0	0	0	0	0
	<u>0</u>	<u>413</u>	<u>(413)</u>	<u>0</u>	<u>0</u>
<b>b. Medical:</b>					
Medical	0	246	(246)	0	0
Medical camps	0	89	(89)	0	0
	<u>0</u>	<u>335</u>	<u>(335)</u>	<u>0</u>	<u>0</u>
<b>c. Disaster response:</b>	0	869	(869)	0	0
<b>d. Water projects:</b>					
Water projects - DFID	133	3,252	(3,052)	0	333
Water projects - other	0	285	(285)	0	0
	<u>133</u>	<u>3,537</u>	<u>(3,337)</u>	<u>0</u>	<u>333</u>
<b>e. Schools projects:</b>					
Neal Turkington Fund	0	1	0	13	14
Schools	0	138	(138)	0	0
	<u>0</u>	<u>139</u>	<u>(138)</u>	<u>13</u>	<u>14</u>
<b>f. Other grants:</b>					
Vehicles & equipment	0	5	(5)	0	0
MOD grant in aid	0	2,810	(2,810)	0	0
Support & infrastructure	0	50	(50)	0	0
UK Admin & fundraising	0	2	(2)	0	0
	<u>133</u>	<u>8,160</u>	<u>(7,958)</u>	<u>13</u>	<u>348</u>

#### **a. Grants to individuals**

Restricted funds for welfare pensions are obtained from individuals that regularly donate to a pensioner support fund as well as other advertising and appeals. One supporter continues to fund the Winter Allowance.

#### **b. Medical**

Several charitable trusts have specifically sponsored the expansion of the field medical and care services and Kadoorie Agricultural Aid Association fund the medical camps.

#### **c. Disaster response**

Following the disastrous earthquakes in Nepal in April 2015 an appeal was launched to enable us to help individuals and communities in the affected areas.



## **The Gurkha Welfare Trust**

### **Notes to the Accounts for the year ended 30<sup>th</sup> June 2018 (continued)**

#### ***d. Water projects***

DFID award a grant for the rural water and sanitation programme with additional funding coming from charitable trusts and individuals.

#### ***e. Schools projects***

Several individuals and charitable trusts have sponsored the rebuilding of schools and a memorial fund in memory of Neal Turkington, lost in action while serving in Afghanistan, continues to raise funds for this cause.

#### ***f. Other grants***

The MOD grant-in-aid is provided to support the administration and infrastructure costs of the GWTN while several individuals and trusts have sponsored the upgrading of our medical clinics and motorbikes to assist our field staff in reaching remote locations.

# The Gurkha Welfare Trust

## Notes to the Accounts for the year ended 30<sup>th</sup> June 2018 (continued)

The following notes, numbers 17 to 20, refer to financial year 2016/17 and are included for comparative purposes only.

### 17. Comparative statement of financial activities for year ended 30<sup>th</sup> June 2017

	Unrestricted		Restricted	2016/17
	General Designated			Total
	£000	£000	£000	£000
<b>Income from:</b>				
Donations and legacies				
Donations	5,601	0	2,229	7,830
Legacies	3,714	457	29	4,200
Grants:				
Ministry of Defence	0	0	2,075	2,075
Charitable activities				
Department for International Development	0	0	2,500	2,500
Other trading activities				
Fundraising events	427	0	90	517
GWT Trading Ltd	51	0	0	51
Investments	2,538	0	0	2,538
<b>Total</b>	<b>12,331</b>	<b>457</b>	<b>6,923</b>	<b>19,711</b>
<b>Expenditure on:</b>				
Raising funds				
Fundraising	1,827	0	0	1,827
Investment management costs	325	0	0	325
Charitable activities				
Individual aid	5,334	0	2,611	7,945
Medical aid	3,412	0	268	3,680
Disaster response	1,318	0	1,482	2,800
Residential Homes	127	368	0	495
Community aid	1,400	0	2,587	3,987
<b>Total</b>	<b>13,743</b>	<b>368</b>	<b>6,948</b>	<b>21,059</b>
<b>Net (expenditure)/income before other gains and losses</b>	<b>(1,412)</b>	<b>89</b>	<b>(25)</b>	<b>(1,348)</b>
Net gains/(losses) on investments	6,504	0	0	6,504
<b>Net income/(expenditure)</b>	<b>5,092</b>	<b>89</b>	<b>(25)</b>	<b>5,156</b>
Transfers between funds	(388)	310	78	0
	4,704	399	53	5,156
Other recognised (losses)/gains:				
Movement in constructive obligation	(975)	0	0	(975)
<b>Net movement in funds</b>	<b>3,729</b>	<b>399</b>	<b>53</b>	<b>4,181</b>
<b>Reconciliation of funds:</b>				
Funds brought forward	8,654	11,752	80	20,486
<b>Total funds carried forward</b>	<b>12,383</b>	<b>12,151</b>	<b>133</b>	<b>24,667</b>

# The Gurkha Welfare Trust

## Notes to the Accounts for the year ended 30<sup>th</sup> June 2018 (continued)

### 18. Comparative statement of expenditure 2016-17

	Grants	Direct costs	Support costs	Governance	2016/17 Totals
	£000	£000	£000	£000	£000
<b>Charitable activities</b>					
<i>a. Individual aid</i>					
Welfare pensions	4,814	0	1,259	70	6,143
Care for the elderly	182	116	0	4	302
Disability support	158	0	53	2	213
Winter allowance	105	0	34	2	141
Welfare grants	287	0	135	4	426
UK welfare	250	302	140	28	720
<b>Total</b>	<b>5,796</b>	<b>418</b>	<b>1,621</b>	<b>110</b>	<b>7,945</b>
<i>b. Medical aid</i>	0	2,389	1,256	35	3,680
<i>c. Disaster Response</i>	973	1,603	182	42	2,800
<i>d. Residential homes</i>	32	407	50	6	495
<i>e. Community aid</i>					
Schools projects	284	499	297	11	1,091
Water projects	0	2,436	421	39	2,896
<b>Total</b>	<b>284</b>	<b>2,935</b>	<b>718</b>	<b>50</b>	<b>3,987</b>
<b>Charitable activities total</b>	<b>7,085</b>	<b>7,752</b>	<b>3,827</b>	<b>243</b>	<b>18,907</b>
<b>Raising funds</b>					
<i>f. Fundraising</i>	0	1,007	786	34	1,827
<i>g. Investment management</i>	0	280	34	11	325
<b>Raising funds total</b>	<b>0</b>	<b>1,287</b>	<b>820</b>	<b>45</b>	<b>2,152</b>
<b>Total</b>	<b>7,085</b>	<b>9,039</b>	<b>4,647</b>	<b>288</b>	<b>21,059</b>

### 19 Comparative analysis of support costs 2016-17

	People	Premises	Services	Legal & Professional	Currency	Governance	Total
	£000	£000	£000	£000	£000	£000	£000
<i>a. Individual aid</i>	1,320	144	57	0	100	110	1,731
<i>b. Medical aid</i>	651	73	22	456	54	35	1,291
<i>c. Disaster response</i>	148	17	5	0	12	42	224
<i>d. Residential homes</i>	41	5	1	0	3	6	56
<i>e. Community aid</i>	624	44	30	0	20	50	768
<i>f. Fundraising</i>	604	50	93	39	0	34	820
<i>g. Investment management</i>	28	2	4	0	0	11	45
<b>Total</b>	<b>3,416</b>	<b>335</b>	<b>212</b>	<b>495</b>	<b>189</b>	<b>288</b>	<b>4,935</b>

Basis of allocation

Time spent    Space & time    Time spent    Direct attribution    Pro rata with cost    Attribution & time

# The Gurkha Welfare Trust

## Notes to the Accounts for the year ended 30<sup>th</sup> June 2018 (continued)

### 20. Comparative analysis of net assets between funds, Group and Charity 2016-17

	Unrestricted funds	Restricted funds	Total
	£000	£000	£000
<b>Tangible assets</b>	1,826	39	<b>1,865</b>
<b>Investments</b>	69,040	0	<b>69,040</b>
<b>Current assets</b>	8,015	97	<b>8,112</b>
<b>Current liabilities</b>	(683)	(3)	<b>(686)</b>
<b>Gratuity commitments</b>	(2,294)	0	<b>(2,294)</b>
<b>Constructive obligations</b>	(51,370)	0	<b>(51,370)</b>
	<u>24,534</u>	<u>133</u>	<u><b>24,667</b></u>

### 21. Comparative unrestricted funds of the Group and Charity 2016-17

	Balance at 1 July 2016	Income	penditure	Gains and Transfers	Movement in obligation	Balance at 30 June 2017
	£000	£000	£000	£000	£000	£000
<b>Designated funds</b>						
Residential homes	11,752	457	(368)	310	0	<b>12,151</b>
<b>Total designated funds</b>	11,752	457	(368)	310	0	<b>12,151</b>
<b>General funds</b>	8,654	12,331	(13,743)	6,116	(975)	<b>12,383</b>
<b>Total unrestricted funds</b>	<u>20,406</u>	<u>12,788</u>	<u>(14,111)</u>	<u>6,426</u>	<u>(975)</u>	<u><b>24,534</b></u>

Unrestricted funds, both general and designated, are expendable at the discretion of the Trustees in the furtherance of the Trust's objectives. The designated funds have been earmarked by the Trustees for particular purposes but the designations have an administrative purpose only and do not legally restrict the Trustees' discretion to apply the funds.

An unrestricted legacy has been left to the GWT, which was prompted by, but not restricted to the residential homes programme. In 2016-17 £457,000 was received from this legacy, which the Trustees designated for costs relating to the residential homes.

Trustees took the prudent precaution in 2011-12 of creating a designated fund to cover the running costs of the homes for the next twenty years so that the homes would not be a drain on other activities. The transfer of £310,000 represents the actuarial interest arising from the reversal of the annual element of the discount applied to the total running costs over the twenty years.

# The Gurkha Welfare Trust

## Notes to the Accounts for the year ended 30<sup>th</sup> June 2018 (continued)

### 22. Comparative restricted funds of the charity 2016-17

	Balance at 1 July 2016 £000	Income £000	Expenditure £000	Transfers between funds £000	Balance at 30 June 2017 £000
<b>a. Grants to individuals:</b>					
Welfare pensions	0	874	(874)	0	0
Winter allowance	0	80	(80)	0	0
UK welfare	0	7	(7)	0	0
	<u>0</u>	<u>961</u>	<u>(961)</u>	<u>0</u>	<u>0</u>
<b>b. Medical:</b>					
Care	0	136	(136)	0	0
KAAA	0	69	(69)	0	0
Medical	0	62	(62)	0	0
	<u>0</u>	<u>267</u>	<u>(267)</u>	<u>0</u>	<u>0</u>
<b>c. Disaster response:</b>	0	1,365	(1,365)	0	0
<b>d. Water projects - DfID</b>	64	2,500	(2,509)	78	133
<b>e. Schools projects:</b>					
Neal Turkington Fund	16	3	(19)	0	0
Schools	0	59	(59)	0	0
	<u>16</u>	<u>62</u>	<u>(78)</u>	<u>0</u>	<u>0</u>
<b>f. Other grants:</b>					
Vehicles & equipment	0	118	(118)	0	0
MOD grant in aid	0	1,650	(1,650)	0	0
	<u>80</u>	<u>6,923</u>	<u>(6,948)</u>	<u>78</u>	<u>133</u>

#### **g. Grants to individuals**

Restricted funds for welfare pensions are obtained from individuals that regularly donate to a pensioner support fund as well as other advertising and appeals. One supporter continues to fund the Winter Allowance.

#### **h. Medical**

Several charitable trusts have specifically sponsored the expansion of the field medical and care services.

#### **i. Disaster response**

Following the disastrous earthquakes in Nepal in April 2015 an appeal was launched to enable us to help individuals and communities in the affected areas.

#### **j. Water projects**

DFID award a grant for the rural water and sanitation programme.

#### **k. Schools projects**

A memorial fund in memory of Neal Turkington, lost in action while serving in Afghanistan, continues to raise funds to build schools. Several charitable trusts have also sponsored the rebuilding of schools.

# **The Gurkha Welfare Trust**

## **Notes to the Accounts for the year ended 30<sup>th</sup> June 2017 (continued)**

### ***1. Other grants***

The MOD grant-in-aid is provided to support the administration and infrastructure costs of the GWS while Kadoorie Agricultural Aid Association (KAAA) are funding the medical camps.

A transfer of £78,000 was made from unrestricted funds to the restricted fund for water projects to compensate for loss in value in Pounds Sterling due to movements in the exchange rate with the Nepali Rupee.