

**The Gurkha Welfare Trust**  
**ANNUAL REPORT AND ACCOUNTS**

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**Year ended 30<sup>th</sup> June 2022**

**Company Limited by Guarantee Number**

**05098581**

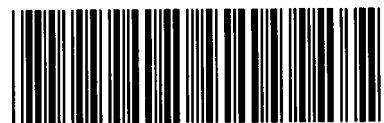
**Registered Charity Number**

**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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## WELCOME FROM THE CHAIRMAN

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As the globe adjusted to a post-pandemic world in 2021/22, so too did our teams both in Nepal and here in the UK.

Here we found ourselves gripped by news of conflict in Ukraine and a cost-of-living crisis which continues to affect the lives of millions.

In Nepal, there were similar economic concerns added to which a third wave of COVID-19 in January 22 meant that at one point over 24% of our team had tested positive, and local and national lockdowns were being reintroduced.

The operational contexts in both countries and the effects of changing monsoon patterns necessitated changes in the way we operate, just as COVID had affected change in the year before. If there is one thing, however, I am continually in awe of with this organisation, it is the way our dedicated teams are able to adapt, regroup and go again; working together to achieve their ultimate goal of supporting our Gurkha veterans and their communities.

In Nepal, support for our most vulnerable beneficiaries never ceased – group SMS services, remote working and telephone consultations ensured that none of our Gurkha pensioners ever felt isolated and the team continued to ensure that veterans and widows got the vital funds, medication and support they needed.

You will read in the pages ahead some of the numbers involved, but as a precis of this period there were: over 4,000 beneficiaries in receipt of the Welfare Pension or Disability Support Grant, 1,300 hardship grants provided by Welfare Officers to our most vulnerable pensioners and 101 earthquake resilient homes built, over 100,000 medical consultations within GWT clinics and a further 9,000 home visits by medical staff to housebound pensioners. Astonishing statistics, all delivered in one of the most impoverished, mountainous and unpredictable environments in the world. I commend the entire Nepali team for their herculean efforts over the year.

Of course, none of this would be possible without the equally diligent work of the UK team and their support in governing and fundraising for the cause. They are to be commended for their dedication and success in a challenging environment, as too are the Trust's amazing supporters who continue to place the Gurkha cause firmly in their hearts.

Inevitably, there are more challenging times ahead of us, but given the incredible manner in which we have responded over the last few years, I believe we are well set to deal with whatever the future holds. I know with our dedicated teams, our Board and crucially our supporters – we remain steadfast in our mission.

This organisation began over 50 years ago as a means to support Gurkha veterans who didn't qualify for a pension on their departure from the British Army and faced limited prospects on their return to Nepal. A campaign was launched by a number of illustrious Field Marshals and such was the British public's affection for the indomitable Gurkhas, they responded with gusto, donating over £1m (£11m in today's money) to the cause. The Secretary for that original appeal was the late Field Marshal Sir John Chapple GCB CBE DL.

I would like to finish my introduction to this year's Annual Report & Accounts with a tribute to the 'Field Marshal' as he was known colloquially, following his passing in March. A Gurkha veteran himself, he was so passionate about our cause (serving as Vice-Patron) and about the Gurkhas in general – his enthusiasm, and his support will be sorely missed. His legacy will live on through the GWT. Jai Gurkha!

Lieutenant General Richard Wardlaw OBE  
Chairman

## TRUSTEES' REPORT FOR THE YEAR ENDING 30<sup>TH</sup> JUNE 2022

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This report is drawn up in accordance with applicable accounting standards, including the Charities (Accounts and Reports) Regulations 2008 and the requirements of the Charities Statement of Recommended Practice (SORP) (FRS102), second edition 2019 and the Companies Act 2006.

### STRUCTURE, GOVERNANCE AND MANAGEMENT

#### Trust Structure

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

In Nepal, the GWT is located in Pokhara, West Nepal. It oversees and directs the activities of the Trust's network of 19 Area Welfare Centres (AWCs) sited in key locations throughout areas of traditional Gurkha recruitment in Nepal, one Centre in Darjeeling, India and two permanently manned smaller patrol basis. These AWCs provide the platform for the delivery of all Trust welfare programmes as well as providing a permanent footprint across the country to Gurkha communities. The AWC network has been restructured along geographical lines to create clusters based around five 'key' AWCs. These self-supporting clusters enable the multi-disciplinary Pensioner Support Teams (PST) to operate and support beneficiaries with the proactive and mobile delivery of both welfare and medical assistance. It also allows them to respond swiftly to requests for support and to react quickly to situations such as natural disasters.

GWT includes the consolidation of the Ex Servicemen and Families Support Society, a not for profit company registered in Nepal for the legal ownership of land assets purchased by GWT Nepal.

In the 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 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 three 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.

#### Trustee Selection

The Governance committee, currently comprising a Chairman and three Members, is responsible for oversight of Trustee selection.

In accordance with Charity Commission guidance on Trustee tenure, there is a steady turnover of Trustees. When a vacancy arises, a specialist recruitment organisation is engaged to invite suitably qualified candidates which are then shortlisted by a GWT selection panel and the final candidate selected by panel interview. The appointment is then reviewed and confirmed by the Board. All Trustees follow a generic training package to induct them into the work of the Trust and further role-specific training is sought for those that require it. This also includes visiting our infrastructure and work in Nepal.

This process of Trustee recruitment has been further defined and clarified with regard to Independent Trustee-Directors by the Chair of the Governance committee in line with the Charity Commission's view that:

*"The Board has a key impact on whether a charity thrives. The tone of the Board sets through its leadership, behaviour, culture and overall performance is critical to the charity's success. It is important to have a rigorous approach to trustee recruitment, performance and development, and to the Board's conduct. In an effective team, Board members feel it is safe to suggest, question and challenge ideas and address, rather than avoid, difficult topics."*

Details of Trustee retirements and recruitment may be found on page 33.

### **Key Management Personnel**

The Trust's CEO 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 Centres.

The Director of the GWT(N) provides assurance on authority, responsibility and accountability for the delivery of welfare support in Nepal in accordance with Trust policies, as well as insight into the political dynamics of Nepal. In addition, he acts as an interface between the Trust and the veteran community in Nepal.

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 Medical Director oversees the Trust's medical and healthcare system in Nepal. The role is based at HQ GWT(N) in Pokhara, Nepal.

The Head of Fundraising and Communications leads the fundraising and marketing team in the UK.

### **Implementing Partners**

Many of our services in Nepal are delivered in partnership with other organisations.

The Trust builds rural water and sanitation projects in Nepal assisted by an annual grant provided by the British Government's Foreign, Commonwealth and Development Office (FCDO).

The Ministry of Defence (MOD) continues to provide an annual Grant in Aid (£3.3M) 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, donations to be spent directly on welfare projects.

The MOD also provides £2.5M annually as a contribution in support of the Trust's healthcare provision for veterans in Nepal.

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, hydro-electricity projects and employment training schemes.

Additionally, the Trust works in partnership with CAIRN in providing a holistic approach to supporting education through the provision of teacher and librarian training.

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

### **Volunteers**

People volunteer for the Trust in a number of different ways. Often members of the public raise funds on our behalf (community fundraisers), others offer to help at Trust challenges and events. Some gain experience in the UK office by assisting with fundraising and marketing efforts and others maintain a relationship with us owing to their own longstanding association with the Brigade of Gurkhas. Their individual and collective effort and dedication, often over many years, is appreciated enormously by the Trust. We do not recruit volunteers to directly work on project delivery in Nepal, apart from a few exceptional cases where it is part of a funding commitment.

### **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.

Benefit to our beneficiaries can be assessed in two distinct areas – individual and community aid:

Individual Aid, in the form of the welfare pension, winter allowance, disability support grants, welfare grants and our earthquake resilient homes, is provided perennially to ensure that our core beneficiaries and those most vulnerable are able to live with dignity. Enhanced support is provided to beneficiaries living in our two Residential Homes. In addition, free primary medical care is provided to all eligible individuals as well as subsidised secondary healthcare treatment. Details may be found on pages 13 - 18.

Community Aid is provided in the form of schools, accessible drinking water and medical camps. The impact of these activities can be found on pages 18 – 21. The primary beneficiaries of these activities are the general public.

### **Objects and Activities**

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 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: a free primary healthcare scheme for beneficiaries and subsidised hospital care.
- The provision of water and sanitation projects.
- The running of two Residential Homes (RH).

- A programme of building earthquake resilient homes for beneficiaries.
- The building of schools and community centres.

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.

### **Future Prospects**

The Trustees are confident that there is a demonstrable need for activities delivered by the Trust and that it can continue as a going concern. While the threats of inflation, rate of exchange fluctuations and income pressures are expected to continue throughout FY2022/23, measures have been promulgated to mitigate, as far as possible, the risks emanating from them.

A 10-year income and expenditure analysis has been conducted to provide forecasting of the Trust's activities and its ability to fund them. This provides the Finance and Investment committees with clear direction on the level of growth required to ensure sustainability.

A new fundraising strategy, to continue from the end of the existing strategy from July 23, has been approved by the Board.

An expenditure analysis of the Trust's charitable activity versus cost overheads has been conducted to provide trustees with greater visibility and assurance of charitable expenditure over time.

Our Investment strategy and portfolio composition is regularly reviewed to ensure the greatest possible resilience to extant economic pressures.

The Trust's core beneficiaries, the Welfare Pensioners (WP), numbered 3,453 as at 30 June 2022 with this figure reducing by approximately 10% per year. A fully funded Constructive Obligation (CO) exists to ensure the continuing provision of a welfare pension to all recipients until this obligation ceases.

The Strategic Review conducted and presented to the Board on 16 September 2020 has identified a continuing requirement for the Trust's welfare services to veterans in Nepal for the next 20 – 30 years.

The MOD's commitment of £2.5M annually as a contribution in support of the Trust's medical services to Nepal based veterans extends until 2029.

A five-year accountable grant agreement with FCDO (£19M) commencing 1 July 2021, for the provision of Water, Sanitation and Hygiene and Emergency Preparedness has successfully concluded its first year. As a partnership, the Trust will support the programme with up to £4.5M over the five years.

## THE STRATEGIC REPORT

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### 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 and their dependents. The most recent Strategic Review was presented to the Board on 16 September 2020 and extends to 2025.

The priorities identified for capital expenditure in FY2021/22 were:

Enhancement of the security and accuracy of personal data through a new cloud-based CRM.

To enable the Trust to be more strategic with its fundraising campaigns and ensure that the data it holds on supporters is both secure and accurate, the GWT migrated its CRM (Customer Relationship Management) during FY2021/22. Transitioning from a database to a new cloud-based platform (ThankQ, run by The Access Group) this will help reduce the risk of cyber-attack and data fraud.

Upgrade of Nepal IT infrastructure and enhancement of cyber security. This robust programme of both hardware and software roll out throughout our Nepal based infrastructure was successfully completed, including necessary training for staff, albeit it is recognised that this area requires ongoing maintenance and support.

Enhancement of GWT's Disaster Resilience (DR) capabilities and long-term resilience of AWC infrastructure.

A three-phase process for retrofitting was initiated in this financial year:

1. **Seismic Vulnerability Assessment (SVA).** External contractor (Earthquake Safety Solutions Sainbu, Bhaisepti, Lalitpur Kathmandu) as the Project Cell doesn't employ seismic engineers. The contract team checks the buildings for compliance and against the original design. A report is produced and additional geological surveys may be recommended (Khandbari and Diktel). This has been completed for all AWCs.
2. **Detailed Design.** SVA reviewed and detailed design drawings produced by contractor. These are due at 8 x AWCs (retrofit works due FY 2023/24+).
3. **Retrofit Works.** Construction work carried out by a dedicated Project Supervisor under DPE's supervision. External contractors will assure the works. 6 x AWCs due FY 2022/23 and 8 x AWCs due FY 2023/24+.

### FUTURE PLANS

The following objectives have been identified for FY2022/23:

Continuing implementation of DR enhancement to the AWC network.

Engagement with MOD on further support for Nepal based veteran medical provision.

Assessment of longer-term options for medical provision in Darjeeling.

### ACHIEVEMENTS AND PERFORMANCE

#### STRATEGIC SUMMARY

This was another challenging year which initially saw the continued opening-up following COVID-19 in both UK and Nepal enabling some physical fundraising events and challenges to take place. However, with the emergence of the Omicron variant in December elements of fundraising were once again curtailed. Throughout this period the delivery of welfare and medical services continued in Nepal, with all the planned homes and community school projects being delivered.



FY2021/22 was the first year of the new RWEPP agreement with FCDO, for which it was awarded an A+ rating in FCDO's annual review in August 22.

As global economies began to open, the effects of supply chain challenges were felt through delays and rising inflation. The war in Ukraine exacerbated these pressures with rising inflation forecast to continue through the next FY 2022/23, significant pressures on the cost of living and fluctuations in global markets. There is evidence that some fundraising income streams will reduce as individuals feel the effects of the financial pressures which will need to be carefully monitored throughout FY2022/23.

## **NEPAL**

### **EXECUTIVE SUMMARY**

As at 30 June 2022, Nepal has recorded over 900,000 COVID cases and almost 12,000 COVID related deaths. Last year's report was written in the midst of a 2<sup>nd</sup> COVID wave. This had a severe country-wide impact, but GWT(N)'s freedom of movement was maintained with support from the British Embassy and were we able to maintain operations, albeit at a reduced tempo. A 3<sup>rd</sup> wave hit Nepal in mid-January and there were localised lock-down measures. Concurrently, boosters became available for staff and beneficiaries – some were provided by the UK, but the majority were provided by the Government of Nepal.

### **IMPACT ON GWT**

The 3<sup>rd</sup> wave did have an impact on operations with, at the peak, over 120 staff infected at the same time and more than half the AWCs closed to visitors. Support, however, never stopped and reduced help, such as telephone consultations, did continue. Again, GWT(N) resilience was tested and beneficiary-focussed support continued to be delivered despite a challenging context. COVID remains a factor to be considered when conducting activity and the protection of beneficiary health remains a primary concern. Lessons learned from previous waves and good-practice protected staff and the dedication and efforts of all staff enabled operations to continue.

The HQ staff in Pokhara worked largely from home during the 2<sup>nd</sup> and 3<sup>rd</sup> waves, and all elements of the organisation have continued to use online tools and conferencing facilities to coordinate their efforts and the delivery of our integrated services. We have made extensive use of our various social media platforms and group SMS service to keep beneficiaries informed and to provide advice. And for the many beneficiaries who do not use social media, the AWCs have invested much time in maintaining telephone contact.

### **GWT's RESPONSE**

#### **INDIVIDUAL AID**

##### **Welfare and Pensions.**

GWT maintained its programme of welfare pension payments throughout the crisis. Over 80% of our welfare pensioners are now paid through the bank, which guarantees the payment and gives the pensioner better access to their pension. For those who are still cash-paid, their pensions have either been collected on a quarterly basis from the AWC as normal, but AWCs have delivered the pension to their homes if they were unable to reach the AWC because of the travel restrictions.

During the year, we rebuilt 101 new homes for welfare pensioners and pro-actively provided hardships grants to repair or improve homes, build toilets or provide essential household items or services. Last year's monsoon and other natural disasters damaged 13 pensioners' homes, which were all rebuilt or repaired using central funding from the Disaster Relief fund.

## **Medical**

In spite of the 2nd COVID wave lasting well into September 2021 and a third wave in January 2022, GWT's medical services returned to more or less normal operation in this FY. Medical advice to beneficiaries and COVID protocols for our staff were under constant review and revision, applying the lessons we had learned from the previous year.

COVID vaccinations were provided by the government of Nepal, and GWT also received some vaccines via the British Gurkhas, mainly to vaccinate staff and residential home pensioners

During the year, 104,321 consultations took place in GWT clinics and patrol bases; GWT medical staff made 9,088 home visits to homebound pensioners and dealt with 44,829 telephone calls; 2,598 phlebotomy visits were registered and over 7,000 pensioners received an influenza vaccine. Clinics also started offering cervical screening and additional nurse appointments for managing chronic diseases, like diabetes and chronic obstructive pulmonary disease (COPD).

In addition, rehabilitation services and palliative care were provided for pensioners in GWT clinics, RHs and pensioners' homes. For the most vulnerable pensioners, the trusts provided 40 hospital beds and 76 oxygen concentrators.

To deal with the increased volume of activity, GWT employed 14 additional medical staff in various professional groups.

As the pandemic situation improved, more patients were also referred for hospital care, and we dealt with over 14,000 secondary care claims.

The two-year contractual agreement, from January 2020, with International SOS for medical services in Darjeeling has been extended to February 2024.

## **Residential Homes**

In spite of very strict infection prevention protocols, both residential homes again experienced outbreaks of COVID in the Omicron wave in January 2022, with sadly one additional death. For the rest of this year, COVID numbers were very low in Nepal and the residential homes could resume social activities like outings with the residents to beauty spots and celebrating various festivals.

Both residential homes are now delivering a fully-fledged rehabilitation programme, with usually four rehab patients admitted in each RH at any one time – 20 pensioners in total throughout the year. The most common reasons for admission are: rehabilitation after stroke or hip fracture, or after hospital admission for COPD / pneumonia; and, nutrition rehabilitation for those who have lost weight for a variety of reasons.

Both residential homes have had a number of new admissions throughout the year, some of these were rehabilitation patients who then decided to stay.

## **COMMUNITY AID**

### **Rural Water and Sanitation**

Despite the constraints of the COVID pandemic, GWT has continued to deliver essential water and sanitation projects, and in the first year of the new grant agreement completed the delivery of 76 water supply projects benefitting 30,812 population in 5,652 households with 5,883 tap stands. Sanitation, hygiene promotion and awareness training was delivered to a population of over 35,100 (see also pages 19 - 21).

## **Medical Camps**

GWT was able to conduct three Medical Camps this year, in Humla, Solukhumbu and Khotang, with 1,701 patients registered in total. We continued to offer cataract surgeries, hearing-aid and eye treatments and the provision of prosthetics and mobility aids as well as referrals for selected patients,, and were also able to provide dental treatments again in Solukhumbu and introduce ear surgery in the Humla camp. One camp which was planned for June had to be postponed due to Nepal's local elections, but is due to take place in September (after the peak of the monsoon season). In addition to the specialist camps, we also trialled a school camp model in a school for disabled children, where all 21 children received dental, vision and hearing test and basic treatments, and four were referred for further treatment.

## **SUPPORT TO GOVERNMENT**

Thanks to additional donations specifically for COVID relief, GWT was able to continue its medical contribution to the Government. A donation from GCSPF continued this work to alleviate local shortages of critical medical equipment and improve capacity to deal with the current crisis in remote areas. GWT distributed medical equipment and supplies to where there was the greatest need.

### **RWEPP COVID-19 Intervention Support**

RWEPP staff continued to deliver immediate and practical support to protect the population and health workers. As part of this response, GWT also provided sanitation awareness training and advocacy, hygiene kits, and sanitary pads to maintain personal hygiene and privacy. A total of 36,649 people (17,573 females and 19,076 males) benefitted in FY 21/22. During this FY, the programme supported 78 Health Care Facilities (HCFs), 6 Isolation centres, 23 local government institutions, three orphanages, and 75 schools across six Provinces.

## **Summary**

GWT has continued to operate successfully on a quasi-operational footing throughout the year and has weathered the storm of a particularly aggressive and impactful second wave and then a less-severe third wave. Its support to beneficiaries and communities alike has remain undimmed and largely unaffected. Services were provided, targets were largely met, and all projects were completed on time and to scope and cost. Furthermore, the increased support that we have provided to the Government in remote areas has substantially enhanced our standing and reputation in Nepal and has cemented the bond between the Area Welfare Centres and the local communities. A year on from the last Annual Report Nepal is no longer in crisis, and GWT's beneficiaries and communities remain at the heart of the GWT operation and we have every confidence that they will continue to receive the best possible support in the future.

## **Funding the cause in the UK**

GWT's individual supporters were still in a position to give generously during the COVID pandemic. However, for many their circumstance changed in the latter half of FY 2021/22. Emergency appeals launched for those caught in the Ukraine conflict deserved attention, and many supporters also found themselves with substantially less disposable income and facing uncertainty over future energy prices.

Nevertheless, those who could, continued to give generously. Donations from community initiatives and events recovered to a degree but still have some way to go to return to pre-COVID levels. Trailwalker returned (having been cancelled the previous year) meaning a substantial boost to income (c.£217k). There were also large unsolicited gifts from both charitable trusts (£450k) and corporate partners (£50k) which helped the fundraising income exceed its target for the year.

### **GWT Fundraisers take on epic challenges**

Last year we saw hundreds of supporters take on a range of races and endurance events to raise funds for the Trust. Our challengers ran marathons, climbed mountains, cycled the length of the country, trekked to Everest Base Camp, and more.

One of our most intrepid supporters is 62-year old Jim Morton, who started his walk around the coast of mainland Great Britain in April 2021 and just kept on going! Jim finally finished his incredible journey in September 2022 having walked over 9,000 miles and raised over £30,000.

#### **Trailwalker 2021**

Trailwalker 2021 saw a great turnout of participants ready to take on the gruelling 100km trek across the South Downs. In total, 1,256 individuals joined 314 teams to take on the ultimate endurance challenge. Gurkha pipers were on hand to encourage teams across the start and celebrate their arrival at the finish line.

Teams were challenged to run or walk the 100km course and finish in 30 hours or less. The fastest team from the Queen's Gurkha Signals crossed the finish line in an incredible 10 hours and 19 minutes. Ex-Gurkha Chris Green, aged 75, completed his fourth Trailwalker in a personal best time of 24 hours and 12 minutes.

Huge thanks to everyone who supported the event which raised over £500,000. We also owe a big 'thank you' to our mighty team of volunteers, who cheered on challengers and kept everyone fed all weekend.

#### **The Doko Challenge 2022**

In June we welcomed a crowd of around 100 supporters to Wimbledon Common to take on the mighty Doko Challenge. Based on the traditional Gurkha Recruitment Doko race in Nepal, the challenge saw participants run 5km on a hilly cross-country route, carrying a traditional Doko basket weighing either 5kg, 10kg or 15kg.

We welcomed a fantastic group of supporters - walkers, joggers and those racing to beat the Gurkha recruitment time of 46 minutes. We had experts on hand to fit the Doko baskets and deliver an invigorating warm-up routine. The event was a huge success with everyone completing the course, the leader crossing the finish line in an incredible 19:30.

Our Ambassador Hari Budha Magar gave a rousing speech at the send-off and was on hand to present medals to participants at the finish line.

Most notable over the year was the significant increase in legacy income received, with the majority (c.80%) coming from GWT's existing supporter-base – highlighting just how much the Gurkha and Nepali cause means to them.

The increase in legacy income can be explained, in part, by COVID processing delays being addressed but there are other factors to be considered:

- In 2019, changes in Probate processes resulted in a slow-down and backlog of estates which was further exacerbated by the COVID pandemic in 2020. The slow issue of Grants of Probate resulted in delays to estate distributions in 2020/21. The backlog is now down to 2019 levels.
- HMRC continued to work towards improving delays in issuing tax clearance.
- There were an increased number of charitable estates (estates including a legacy to charity) which rose by 14% in calendar year 2021 compared to 2020.
- An increase in the value of charitable estates (as a result of asset values rising since the March 2020 drop). Property and investments are important components of residuary (% based) entitlements.

Acquisition accounted for the majority of fundraising expenditure across the year – with the aim of introducing new supporters to the Trust's work. Expenditure was below forecast at 79% (£1.3M) which was largely as a result of a number of cancelled or delayed initiatives.

A new five-year strategy has been drafted and approved for delivery by the Board of Trustees which begins FY2023/24. The document focusses on building resilience across all of GWT's income streams – seeking to ensure that the organisation's funding can develop consistently and sustainably over the next five years no matter what external challenges arise.

#### **AMBASSADORS**

Our Ambassadors work in partnership with us to help widen our appeal, reach new audiences and promote our cause.

##### **Hari Budha Magar**

Hari became our first Ambassador in February 2022. Hari is former 1 RGR Corporal who lost both legs in Afghanistan, and is now a record-breaking mountaineer. In 2017, Hari climbed Mera Peak, becoming the first double above knee amputee to climb a mountain taller than 6,000m. His next goal is to climb Mount Everest in 2023, and he will be the first ever double above knee amputee to attempt this summit.

Over the course of his life, Hari has had to overcome immense hardship and adversity. He was born in a small, remote village in Western Nepal, and grew up in a civil war that killed more than 17,000 people. Hari joined the British Army at 19 years old and served 15 years with The Royal Gurkha Rifles. In 2010, he was injured while serving in Afghanistan and lost both of his legs above the knee.

Despite this adversity, Hari was determined to challenge himself and trained hard to climb mountains across the world. Hari inspires people to aim for the best, encouraging them to take on new challenges and follow their dreams.

##### **Johnny Fenn**

Johnny is a former British Army Officer with 25 years of service, including 16 years with the Brigade of Gurkhas. His Gurkha service took him to East Timor and Iraq, before being posted back to the UK as Deputy Chief of Staff for the Brigade of Gurkhas. On promotion to Lieutenant Colonel, Johnny was appointed British Military Advisor to ECOWAS in Nigeria, before completing his military service as the Field Director of The Gurkha Welfare Trust in Pokhara, Nepal. He is now a professional photographer and explorer, and he has travelled the globe on photographic adventures. We were delighted to welcome Johnny as a new Ambassador in 2022.

#### **Our Financial Aid**

This year we committed to continue the provision of financial aid to Welfare Pensioners and recipients of the Disability Support Grant during 2021/22. At 1 July 2021 there were 3,812 Welfare Pensioners in receipt of a pension of NPR 13,100 per month, and 225 recipients of the Disability Support Grant. At the 30 June 2022, there were 3,453 Welfare Pensioners and 232 recipients of the Disability Support Grant.

We committed to a Winter Allowance in the form of the provision of winter hats, gloves and a muffler to all Pensioners distributed prior to end of 2021.

We committed to the provision of financial support for family members required to provide full time care to our Welfare Pensioners through the Home Care Allowance, and for the immediate support to Welfare Pensioners and their families in times of hardship through Hardship Grants and a Funeral Grant.

#### **May you not trip when you walk – a widow's story**

Widow Deukumari Chhetri lives in Tanchowk village in the remote Annapurna region of Nepal. At the age of 95 she is remarkably independent, and still able to support her family thanks to the pension she receives from

The Gurkha Welfare Trust. Our Pensioner Support Team travelled for over two hours to reach Deukumari's home to deliver her pension, complete a routine health check and provide her with medicines.

Deukumari's husband, the late Rifleman Jagatbahadur Chhetri, was enlisted in India, served with the Gurkhas in Burma, and was discharged from Malaysia in 1947. When he returned home after being discharged from the army, it was difficult for Jagatbahadur to provide for his family.

"We struggled a lot. Income from farming was not enough. We had to borrow money to buy seeds and had to repay in crops. They charged heavy interest and not much was left for us," Deukumari said.

"We also tried our luck in trade. Me and my husband used to walk for three days to buy clothes and rations, bring them back to the village and sell them here. I remember my youngest son was just three years old and I had carried him all the way. It was very difficult."

In 1994 Jagbahadur started to receive a monthly pension from The Gurkha Welfare Trust, enabling him to support his family. When he died in 2008, we continued to provide a pension for his widow. Since the death of her husband, Deukumari's pension has been a lifeline – for herself and her family. She currently lives with the youngest of her three sons, 60-year old Sherbahadur, and his family.

"As we got older, it was difficult to work the land. The youngest son that I live with is uneducated and is a farmer – we couldn't have been dependent on him. We couldn't have survived without the pension."

The pension enables Deukumari to buy essentials, mainly food items and clothes. She can also afford to treat her grandchildren with sweets at festival time.

At the end of the visit Deukumari expressed her gratitude for the support she receives from The Gurkha Welfare Trust. "I want to thank you all. May you not trip while you walk. May you not get sick. May you not have to quarrel with anyone. May you achieve whatever you aim to do."

## **Welfare Pensions**

We pay a pension to thousands of impoverished Gurkha veterans or widows in Nepal who aren't eligible to receive a British Army pension. The rate is calculated each year using a 'shopping basket' of basic goods such as rice, vegetables and firewood. For many people, this is their only source of income. In addition to the food basket, the Trust now utilises the Government of Nepal's statistical data used to define the minimum wage as another relevant benchmark.

At the beginning of the reporting period there were 3,812 individuals in receipt of a Welfare Pension from the Trust. They were each paid a Welfare Pension equating to 13,100 NPR per month. In response to the economic crisis following the pandemic and rising food prices, an additional NPR4,000 was paid to all Welfare Pensioners in January 2022.

During the period 438 WPs were recorded as ceased of which 35 ceased due to their move to UK. 79 new welfare pensions were authorised including 45 returning from UK and 61 pensions were transferred to widows. Eleven pensions were ceased due to the beneficiaries moving into the Residential Homes and in receipt of the residential home allowance.

As at 30 June 2022 the number of Welfare Pensioners had reduced to 3,453.

For 2022/23 Trustees agreed an increase of 10.7% to the rate of welfare pension from NPR 13,100 to NPR 14,500 per month (NPR 174,00 pa). In addition, Trustees agreed the annual festival allowance of NPR2,000. With inflation in Nepal at over 8%, this increase maintains the rate at 100% of the food basket used to determine a pensioner's monthly requirement for essential items. In 2021/22 the cost of the Welfare Pension programme was £5,016,000 (2020/21: £5,577,000) which represents 25% of total charitable expenditure (prior to movement in the constructive obligation).

Almost 80% of WPs are now paid through the bank on regular monthly basis; all Darjeeling pensioners receive their pension directly through their designated bank accounts.

### **Winter Allowance**

Our Winter Allowance is an additional annual gift distributed to all of our pensioners to ensure that they are equipped to endure the colder months of winter.

The allowance was previously paid in cash however, in line with the Trust's policy of avoiding cash payments in favour of payment in-kind, this reporting period saw all of our Welfare Pensioners issued with thermos-type flasks.

The cost of the Allowance in 2021/22 was £22,000 (2020/21: £47,100).

### **Disability Support Grant**

For disabled children of our core beneficiaries, we offer a regular monthly grant similar to the Welfare Pension. Without this financial support, and in the absence of a developed-world health system, disabilities can pose an insurmountable obstacle in Nepal.

As at 30 June 2022, there were 232 beneficiaries in receipt of the grant (2020/21: 225). The total cost of delivering these grants in 2021/22 was £284,000 (2020/21: £282,000). In response to the economic crisis following the pandemic and rising food prices, an additional NPR4,000 was paid to all DSG beneficiaries in January 2022. An annual festival allowance of NPR2,000 is also payable to DSG beneficiaries.

### **Home Carers Allowance**

Sometimes, family members of our Pensioners care for them full-time. When this happens, they are able to apply for a grant from us to support them as they are unable to work.

In 2021/22 302 people received this grant (2020/21: 405). The total cost of these grants in 2021/22 was £93,000 (2020/21: £108,000).

### **Welfare Grants**

We are needed the most during moments of tragedy. When disaster strikes in the form of fire, flood, landslide or earthquake, GWT is ready to provide immediate assistance, by offering financial and other support.

A total of 963 grants were made in 2021/22 for the immediate relief of destitution and in response to fire, flood and landslide damage at a total at a cost of £1,208,000 (2020/21: £1,283,000).

101 earthquake-resilient homes were delivered in a continuation of the EQ Homes project.

#### **Building a safe home for Dhan Bahadur and Sukmaya**

Having a safe place to call home is increasingly important to Gurkha veterans and widows, especially as they grow older. Rifleman Dhan Bahadur Limbu and his wife Sukmaya were very grateful to the GWT supporter whose donation enabled us to build them an earthquake-resilient home.

Dhan served in the 10th Gurkha Rifles, and he starkly remembers his service. "I enlisted from Dharan," Dhan said. "We were then separated and sent to different platoons. We went to Hong Kong. From there, we were taken to the conflict between Indonesia and Malaya in Borneo. We were then told that we had to leave on redundancy. I was made redundant in 1969, after the conflict was settled between the two parties. I lost a few of my colleagues during the conflict."

Dhan's life was tough when he returned to Nepal after being made redundant. He worked in the fields to make a living, and for a long time he and his family lived in an old house made of timber and bamboo. The beams of the home were bent with age and were hazardous in the event of a natural disaster.

We constructed a new, earthquake-resilient home for Dhan and his wife Sukmaya, so that they can rest easy knowing they are safe from Nepal's unpredictable environment.

"I like the house, it is enough for the two of us," Dhan said. "I would like say 'Dhanyabad' to the gentleman who helped us."

Funeral grants were paid in respect of 383 former Welfare Pensioners.

### **Our Residential Homes**

The Trust runs two Residential Homes (RHs), one located at the Area Welfare Centre (AWC) at Kaski, west Nepal and a second located at the AWC at Dharan, east Nepal.

The Homes provide round-the-clock care to Gurkha veterans and widows who would otherwise struggle to live alone. With no comparable facility in Nepal, they set the standard of care for the elderly.

#### **Resident Profile: Nar Bahadur Gurung, veteran of the 6<sup>th</sup> Gurkha Rifles**

Nar Bahadur Gurung was born in Lamidanda, a village Lamjung District, on 25 Nov 1923. His parents were primarily subsistence farmers and occasionally took on casual work weaving cotton cloth. Sadly, Nar Bahadur lost his mother when he was about three years old. When his father remarried, his step-mother refused to look after him and he spent his childhood living with his uncle, looking after buffaloes, cows and sheep. As there was no school in his village he had no opportunity to get an education.

Nar Bahadur enlisted in the British Army in 1942. "I was very strong and my friends were too scared to fight me. As I was a good runner I got selected in my first attempt. I cannot remember the name of the basic military training centre and its duration, but I was posted to Burma war as soon as the training was completed. Although I was a little frightened initially, when deployed for war, the fear went away later. Because of the intense and continuous battle, I cannot remember the number of casualties I was able to inflict on the enemy side. I used to cook and eat self-carried rations in a metal mug. On other occasions, I ate biscuits only or Indian plums that were found in the jungle.

"I can vividly remember an incident where I came face to face with a Japanese soldier who was above me on a higher ground and holding a sword. I aimed and shot at his chest, he fell but also managed to swing the sword at me cutting the ring finger on my hand. The enemy died on the spot. I also lost many colleagues in the war.

"I could not get proper treatment for the injury, just received homeopathic medicine available locally and used cotton rags as a bandage. After a week's rest, I was back firing bullets. My officer, Keren Saheb, was very tall and was good to us. When Hitler raised his hand and declared that the war was over, I was posted back to the regimental centre. I was discharged on army demobilisation and sent back to my village in Nepal in April 1946."

After returning home to Nepal Nar Bahadur depended on cultivation for a living. His uncle arranged his marriage and Nar Bahadur and his wife had two daughters and two sons. He lost his beloved wife three years ago and became dependent on his son as he was partially disabled with a hearing and speech impairment.

With the pressure of trying to earn a living for his own family, Nar Bahadur's son was unable to care for him. In co-ordination with the local Area Welfare Centre in Lamjung, Nar Bahadur was admitted to the Residential Home in Kaski in February 2022. He now receives round-the-clock care, is happy and healthy, and enjoys taking part in social activities with the other residents.

"GWT has constructed this (residential) home for me. I am very happy with the good food and health care services provided to me at the later stages of my life. Jai GWT!"



The RHs have a maximum capacity of 48 (including rehabilitation) and there were 36 permanent and 7 rehabilitation residents as at 30 June 2022 with a total expenditure of £468,000 (2020/21: £492,000). The annual running costs of both RHs are met by designated funds.

Despite the constraints imposed by COVID-19, the RHs have continued to deliver rehabilitation care. This has greatly improved their quality of life and helped them to live with dignity.

### **Our Medical Aid**

The Trust provides an international standard of healthcare and medication to Gurkha veterans and their families living in Nepal. We do this through our regional medical clinics, via home visits by specialist staff and by arranging subsidised treatment at carefully selected national hospitals. We committed to the provision of primary medical care enabling all pensioners' access to an appointment at one of our medical centres and to be seen by appropriately qualified medical staff.

GWT medical services provided c115,000 face-to-face patient consultations, c47,000 telephone consultations and over 9,000 home visits during the year at a total cost of £7,559,000 (2020/21: £6248,000).

The two-year contractual agreement, from January 2020, with International SOS for medical services in Darjeeling remains in place.

In 2021/22 the Trust supported three medical camps at Humla, Solukhumbu and Khotang that treat the wider community at a direct cost of £118,000 (2020/21: £103,000). The medical camp model has been developed and refined to concentrate on chronic health problems that affect quality of life rather than life expectancy. As the camps have now become specialist interventions a significant development is the collaboration and utilisation of local hospitals which can provide space, equipment and human resources as well as assisting with initial screening and post camp follow up. Local health professionals are also involved so that they may learn new skills and develop best practice.

#### **Hosting Humla's first prosthetics camp**

Out of the 77 districts in Nepal, Humla is reported to be the most underprivileged in terms of infrastructure, development, road access, education, and health services. In November we saw the successful rollout of our fitment camp, the first of its kind in Humla, which provided dozens of villagers with prosthetic limbs to improve their quality of life.

Bhaktaraj Budha, aged 12, had to have both his hands amputated after being electrocuted. In our Humla Medical Camp earlier this year, we took Bhaktaraj's measurements for new prosthetics.

"He was checked upon during the medical camp earlier," said Tula, Bhaktaraj's father. "Now, they have installed the artificial hands. You have invested so much. We are indebted to you for this generosity. Your organisation has helped so much."

Bhaktaraj told us he hasn't learned how to write yet aside from writing his name, but with his new prosthetics he is excited to start.

Several years ago, young Tejbahadur Budhathoki fell from a roof and broke his leg. Sadly, the local health post in his village did not have the capacity to treat his injury, and his condition worsened. By the time Tejbahadur arrived at a hospital, doctors had no choice but to amputate his leg.

"He can't walk and is unable to go to school," said Tejbahadur's father, Parba. "We were informed about this camp by the local health post. We are positive that your help will have a positive impact. We are from a poor family. We could not have afforded this because of our financial condition. We are very happy that you have helped us. It would have been very expensive if we had to travel to the city to get the treatment. Although it took us three days to get here, we are very happy. Many 'dhanyabad' (thank you) to you all."

12-year-old Soniya had a tragic accident in which her feet were badly burnt, and doctors needed to amputate her toes. Ever since, she has had difficulty walking.

"We came to know about the camp from the local health worker," said her mother, Jyaula. "The new feet look good. I am not sure how it's going to be in the future. It is a great deed that you have done. Because of your efforts our daughter has been able to overcome her physical disability."

New specialities that have been successfully introduced include audiometry and hearing aid provision, adjustable spectacle distribution, mobility aids including the provision of artificial limbs, Ear, Nose and Throat referrals and funding referrals to secondary care for selected beneficiaries. In addition, a school health programme has been trialled.

### **Our Schools**

Our schools' programme builds, repairs and improves schools in remote regions of Nepal and in turn provides access to education and a better future for Nepali children.

Unlike last year, when projects had to be suspended during the national lockdown, the construction of school projects this year was not affected. Nevertheless, adherence to strict COVID protocols and closure of Nepali schools in Jan / Feb presented challenges, nevertheless, all projects were completed. This included 3 Major schools, 12 Minor School Extensions and 90 school refurbishments.

Total expenditure in 2021/22 was £1,116,000 (2020/21: £1,078,000).

Retaining the skills and expertise in construction techniques amongst our staff is a key requirement in retaining skills in-house to ensure we can react immediately following natural disaster and forms part of our disaster resilience strategy.

#### **Transforming Shree Saraswati Balkalyan School**

Nearly 1,000 children attending Shree Saraswati Balkalyan Secondary School will have a brighter future, thanks to the generosity of our supporters. The secondary school, located in the Jhapa District of Nepal, has been completely rebuilt by our team. Students can now learn in 24 new and improved classrooms, fitted with desks, benches, and bookshelves.

As part of the building project, the Trust constructed gender separate toilet blocks, installed an incinerator, and refurbished the school's cafeteria and day care facility.

"I am very happy that we will now be able to study in this new and high standard building," said Manisha Rai, a student at the school.

Before construction was carried out, the walls of Shree Saraswati Balkalyan were aged and cracked following damage during the devastating earthquake of 2015. The rooms had been small and overcrowded, with up to 56 students crammed into one classroom at a time. The roofs had also given way and leaked during the monsoon, making it an unsafe environment for the children.

Premkumar Rai was one of the first students who attended Shree Saraswati Balkalyan when it was founded in 1980. Now, he teaches at the school. "When the school was first established, the population was very minimum around the area," he said. "Our classrooms walls were sheets made of bamboo...there was no roof. Whenever we saw thick dark clouds in the sky, the school would have to close."

Although the school had made small improvements over the years, like installing CGI (corrugated iron) roofing, the infrastructure was worn down by time and Nepal's unpredictable weather. The new school

buildings will give hundreds of students a safe environment to learn, where they won't have to worry about leaking roofs, dilapidated desks, or cracked walls.

"I cannot express how happy I am" said Premkumar. "The new building will provide an excellent environment. These classrooms will motivate students to attend classes and study. This will help the overall development of students. Social, mental, cultural, and educational development. This will help them achieve it."

### **Our Clean Water and Sanitation**

The new five-year programme Resilient WASH and Emergency Preparedness Programme (RWEPP) started in July 2021. The RWEPP is a jointly funded programme delivered by the Foreign Commonwealth and Development Office (FCDO) and Gurkha Welfare Trust. The RWEPP aims to increase inclusive access to sustainable and resilient Water, Sanitation and Hygiene (WASH) services, and strengthen the resilience of communities to deal with climate induced disasters.

RWEPP will directly contribute to the attainment of the UN's Sustainable Development Goal 6 (increasing access to clean water and sanitation services) and Goal 9 (building resilient infrastructure, promotion of inclusive and sustainable industrialisation and foster innovation). RWEPP will also contribute support to the UK's strategic priorities of climate change, COVID-19 and global health, and humanitarian preparedness and response.

#### **Key concept and impact of the programme**

- Sustainability of WASH projects. A key factor to the sustainability of WASH projects has been the formation of Water User and Sanitation Committees (WUSCs) in each targeted community. WUSCs have active and adequate Operation & Maintenance (O&M) funds; and provide training to Village Hygiene Promoters (VHP) and Community Maintenance Workers (CMWs). Furthermore, all the schemes implemented by RWEPP were included in local government plans and based on signed tripartite agreements between the project, communities (WUSCs) and local governments.
- The programme has supported gender equality, and demonstrated compliance with the gender equality aspects of the International Development Act, in four ways. Firstly, it promoted gender balance within the Water & Sanitation Users Committees (WSUCs) formed within communities, where 48% of WSUC members are women and they hold decision making roles. Secondly, 98% of the Village Health Promoters (VHPs) and 7.8% of Village Maintenance Workers trained by the programme are women. Thirdly, WASH infrastructure constructed through the programme is gender and disability friendly. And finally, menstrual hygiene management has been a key component of hygiene and sanitation related interventions, for which girl students have directly benefited.
- RWEPP has supported the most vulnerable, and empowered women and excluded groups by increasing their participation in Water User and Sanitation Committees (WUSCs). The percentage of women in key decision-making positions has increased to 64% against the target of 33%. In addition, a large number (70%) of excluded groups have been included in WUSCs. Toilets, tap stands, and handwashing stations built under this programme are child, gender, and disability friendly. Likewise, the menstrual hygiene management intervention has directly supported girl students to maintain their hygiene in schools. Female representation on user committees was 49%. Marginalised and excluded group representation on user committees was 72%.

#### **The Impact of Groundwater**

In remote areas of Nepal many people still struggle to find clean, safe water. Our water projects provide villages with access to clean water and improve sanitation. In some areas the only option is to source a groundwater supply and pipe the freshwater straight to villagers' doorsteps.

Shuva Bahadur Ale, a villager from Charghare in the Bardibas Municipality, said that before the GWT's intervention, people in his village shared a communal well which was heavily used and dried up during the dry season. Villagers drinking the well water also risked catching waterborne diseases.

"It was difficult at first," Shuva said. "We did not have sufficient water from the well. We mainly relied on the dug wells in our community. Our dug wells were not designed to cope with increased water demand, so one well could not replenish fast enough to serve more than two households at the same time. It led to an intermittent supply where water was not always available when needed.

"Mainly children and women were facing problems beforehand. Sometimes, children could not attend school on a regular basis, and women had to rush their household activities to fetch the water."

Charghare now has a clean water for every household in the village. In total, the GWT installed 551 tap stands, benefitting 3,035 people.

"Now, children can regularly attend the school on time. Women can cook food and provide lunch for their husbands who are working on construction sites. There is also less incidence of waterborne diseases," Shuva said.

Shuva is a member of the village committee that has taken on responsibility for maintaining the project, ensuring its sustainability into the future, and explained "While receiving training from GWT, I learned about the importance of safe drinking water, hygiene, sanitation, water quality tests, leadership, how to run the committee, and sustainability."

## Our Disaster Resilience

Nepal is highly vulnerable to climate related, natural, and man-made crises. RWEPP programme quickly adapted to respond to disasters. Against the intended result of providing an emergency response (COVID-19, Winterisation, Monsoon, and Emergency-WASH) to 25,000 people, RWEPP has successfully responded to 44,414 people. RWEPP has supported COVID-19, Monsoon Support, and Winterisation to communities who were affected and in need. The Emergency Preparedness and Response Programme key activities delivered during this FY 21/22 are listed below.

- **COVID-19 response related intervention.** RWEPP staff delivered immediate and practical support to protect the population and health workers. During the COVID-19 response, GWT also provided sanitation awareness training and advocacy, hygiene kits, and sanitary pads to maintain personal hygiene and privacy. RWEPP's COVID response plan contributed to the prevention of the transmission of COVID-19 in Nepal and reduced the social impact on the most vulnerable groups including girls, women, and children with disabilities. A total of 36,649 people (17,573 females and 19,076 males) have benefitted in FY 2021/22. During this FY, the programme has supported 78 Health Care Facilities (HCFs), 6 Isolation centres, 23 local government institutions, four communities, three orphanages, and 75 schools across 6 Provinces, 35 Districts, and 66 Municipalities.
- **Monsoon Support.** As part of the Emergency preparedness and response programme, effective from 1 Jul 21, RWEPP has been delivering monsoon support to communities in need, in line with the Government of Nepal's one-door policy. In FY 2021/22, RWEPP delivered monsoon support to 11 affected Palikas of 9 Districts. A total of 651 households and 3,491 people (1,760 females and 1,731 males, including 2 people with disability and 2 pregnant women) have benefitted from this intervention.
- **Winterisation Support.** Nepal is also experiencing the impacts of global warming on its temperature patterns. The climate data of more than four decades has shown an increasing trend in annual temperatures across Nepal, resulting in climate extremities, related ill-health affecting the population and a change in agricultural production patterns. With the average minimum temperature trend during the winter months decreasing in the Terai region of Nepal, support was provided to the communities most affected. RWEPP delivered winterisation support to the Palikas of five districts. A total of 699

households and 3,266 people (1,676 females and 1,590 males, including 71 people with disability and 32 pregnant women) benefitted from this intervention.

- **Disaster Risk Reduction Management (DRRM).** In accordance with the Nepal Government's DRRM Strategic Action Plan (2018-2030) and Local Disasters and Climate Resilience Planning Guidelines 2017 (LDCRP Guidelines, 2017), GWT N/RWEPP successfully supported the Ward Level Disaster Risk Management Plans (DRM Plan). During, Ward Disaster Management Committee (WDMC) formation process, 210 (63 female and 147 male) ward level representatives were appointed as WDMC members. During the DRM Plan and Vulnerability Capacity Assessment (VCA) training, 208 (62 female and 146 male) were trained.

#### **Empowering women through our water projects**

Asha Waiba became a role model for women in her community, when she took on a vital role in the village Water Users Committee.

Before we provided a clean water supply to the village, Asha and other women in her community had to walk for hours to collect drinking water. Because this took so much time out of her day, Asha found it was difficult to balance other responsibilities at work and at home.

"It was very hard at first in the beginning," Asha said. "We used to collect water from the well or river. It used to take a long time. Most of the women and children had to spend their time fetching the water." Asha also recounted how during the monsoon period, rats, insects, and dirt would wash into the community's sources of water, increasing the risk of disease.

After training with members of the GWT, Asha learned best practices in hygiene and sanitation, and how to promote these practices within her community. She also learned how to routinely test the water quality and help maintain the equipment.

Asha said, "We work together as a community on this project. So, we all have the feeling of ownership that we need to manage and sustain it. After all the experience and training, I have earned respect from the community," Asha said. "Now, women in my community perceive me as a role model and they have been inspired by my work."

#### **Our Infrastructure and Staff**

The staff and administration costs of the Gurkha Welfare Trust in Nepal continue to be met in large part by the MOD through an annual Grant in Aid (GIA) for the Trust'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 and through the secondment of a Field Director and Project Engineer and part of the time of the Defence Advisor as Director GWT(N). These tasks include liaising with family members of serving Gurkha servicemen in compassionate cases.

Our network of 20 Area Welfare Centres (AWCs) has been divided into five clusters with up to four satellite AWCs centred around a Key AWC (Butwal, Kaski, Kathmandu, Dharan & Damak). Within these clusters, multi-disciplinary Pensioner Support Teams (PST) facilitate a more dynamic and mobile approach to welfare delivery 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.

In the UK, the Trust has a Gurkha Welfare Advice Centre (GWAC) 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 the 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 the 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 the UK.

### **Internal Communication**

Effective communication with employees is of vital importance and the Trust has established procedures to provide information to, and consult with, employees on financial, employment and other matters that affect them.

### **Diversity and Inclusion**

The Trust is committed to promoting and supporting diversity through the creation of an environment in which individuals are treated on the sole basis of their relevant merits and abilities. All staff and trustees share this commitment. The Trust will not tolerate any discrimination or behaviours towards an individual in respect of age, disability, race, religion, gender or sexual orientation, which are offensive, discriminatory or hostile towards the individual.

Through the provision of reasonable adjustments within the workplace, the Trust seeks to maximise the talent and opportunities for both potential and current employees. Arrangements will be made, wherever possible, for retraining employees to enable them to perform work identified as appropriate to their aptitude and ability.

The Trust complies with all UK legislation and applies this as best practice in Nepal wherever practicable, in accordance with Nepal statutory regulations.

### **Environmental Matters**

The Trust is committed to minimising the impact that its processes have on the environment and to providing a safe working environment for our employees. Accordingly, a new Environmental policy has been produced by the Trust.

In accordance with the UK Government's Streamlined Energy & Carbon Reporting policy, the Trust is a low energy consumer in the UK and is therefore exempt from providing detailed energy consumption disclosures.

In Nepal, the Trust seeks to reduce its environmental footprint in a number of ways. The use of solar panels in both the HQ and across our AWC network helps mitigate energy consumption. Travel by vehicle and domestic airlines has been reduced through the greater use of online conference and communication facilities as a direct result of the digitisation of our welfare network.

As a consequence of the restriction of movement due to local and national lockdowns, both in UK and Nepal, our environmental footprint has aided a further reduction in our environmental footprint.

### **Training**

The Trust is committed to ensuring that staff are properly trained for their roles as well as helping maintain motivation and supporting continued professional development. We have increased the number of staff available to deliver in-house training and have a comprehensive programme to utilise a wide range of individuals and teams from UK, where the necessary skills did not exist in Nepal.

The Trust's training budget has been under-utilised during FY2021/22 as a result of travel restrictions emanating from the two waves of the pandemic. Training events did take place, but many were online. Of note, however, the first Annual Conference for over three years was held in Pokhara. In anticipation of greater freedoms in FY 2022/23, there is a renewed emphasis on the full implementation of the training plan

### **Safeguarding**

The Trust operates a zero-tolerance approach to dealing with safeguarding issues for all staff, contractors, visitors and beneficiaries, regardless of location. As an organisation, we strive to maintain an environment that is free from harassment, abuse and mistreatment in all of our operations and activities.

This approach is reinforced through regular training, both during initial induction training and thereafter with annual Individual Continuous Training (ICT) combined with regular briefings to beneficiaries and communities. This is based on a robust safeguarding policy which is regularly reviewed.

The policy aims to:

- Promote and priorities the safety and wellbeing of staff and vulnerable beneficiaries;
- Provide assurance to the families of beneficiaries, donors and other stakeholders that GWT takes reasonable steps to manage risks and keep vulnerable individuals safe;
- Ensure that everyone understands their roles and responsibilities in respect of safeguarding and is provided with the necessary information, training and support on safeguarding matters;
- Prevent the employment of individuals in working with vulnerable beneficiaries where they have been deemed by the relevant authorities or GWT to pose an unacceptable risk to vulnerable groups;
- Ensure that appropriate action is taken in the event of any allegations or suspicions regarding harm to staff or vulnerable beneficiaries arising from contact with GWT staff, contract staff or volunteers, whether the alleged harm has taken place on GWT premises or not.

GWT's Safeguarding Policy also seeks to effectively manage the risks associated with activities and events involving vulnerable beneficiaries through:

- Completing a risk assessment process which involves identifying risks and means of reducing or eliminating them;
- Ensuring that the appropriate disclosure checks are conducted, depending on eligibility, for any individuals starting or moving into work which involves working with vulnerable beneficiaries;
- Requiring new employees and individuals involved in working with vulnerable beneficiaries to familiarise themselves with the content of this policy and the associated Standards.

### **Statement of how directors have complied with their duties to have regard to matters in Section 172(1) of the Companies Act 2006**

A director of a company must act in a way he/she considers, in good faith, would be the most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to the following matters:

- (a) **The likely consequences of any decision in the long-term:** The Trust's future work is defined through a five-year Strategy Review; the current review period runs to 2025 having been endorsed by Trustees on 16 September 2020.

- (b) **The interests of the company's employees:** Our employees are our key asset and Trustees are committed to promoting a highly motivated workforce through inclusion in the workplace, promoting and supporting training and development opportunities and supporting their physical and mental wellbeing. In Nepal, regular staff surveys are undertaken, and a Staff Council has been introduced to enhance communication.
- (c) **The need to foster the company's business relationships with suppliers, customers and others:** The Trust seeks to manage its relationships with suppliers in an open and transparent way, ensuring there is fairness in all aspects of the tender process. At a local level in Nepal the Trust liaises with local authorities and federal Governmental structures through our Welfare Officers located around the country. From a Strategic perspective the Trust's relationship with the Government of Nepal centres on the annual Brigade of Gurkhas Welfare Coordination Committee (BGWCC) which endorses the Trust's work and provides our license to operate.
- (d) **The impact of the company's operations on the community and environment:** The Trust's work is intrinsically linked with local communities, and our network of Welfare Officers work closely with local administrations. Our long-term partnership with FCDO has improved the lives of hundreds of communities through the provision of potable water and sanitation.
- (e) **The desirability of the company maintaining a reputation for high standards of business conduct:** Trustees seek to maintain the reputation and esteem in which the Trust is held by both beneficiaries and supporters, through openness and clarity in our objectives and deliverables and ensuring that maximum benefit reaches our core beneficiaries enabling them to "Live with Dignity". There is a robust governance structure with committees and Trustees meeting on a regular basis.
- (f) **The need to act fairly as between members of the company:** Trustees expect all within the Trust to uphold the highest standards and be seen as an exemplar to other similar organisations. To support consistent standards the Trust has a Values & Standards document, a Competency Framework, Appraisal Reporting policy and procedures and a Discipline policy and procedures within the Staff Handbook and TACOS.

**Statement summarising how directors have engaged with suppliers, customers and others in a business relationship with the company.**

The Trust assesses the need of its beneficiaries through a Pensioner Risk Assessment, from which a Pensioner Care Plan is developed by our Welfare Officers and medical staff. The plans are regularly reviewed to ensure that the level of care is appropriate, and our Internal Audit and Assurance programmes assess the level of compliance and achievement.

The long-term grant arrangement with FCDO for the provision of potable water and sanitation is based on an agreed target and annual assessment of performance. This has led to the programme achieving an A or A+ rating with a low risk rating each year since grading was introduced in 2012. Dir GWT(N) has the lead for the senior management of the relationship with FCDO staff based at the British Embassy; day to day management of the programme is invested in the RWEPP Programme Director.

**ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG)**

The way in which we conduct our work demonstrates our commitment to maintaining ethical standards and reducing any negative impact on both people and the planet.

**ENVIRONMENTAL**

We are committed to minimising the impact that our processes have on the environment and to providing a safe working environment for our employees. Tangible examples of this over the last year have included:



- The digitisation of our welfare network and use of online conference and communication facilities for internal meetings both in Nepal and the UK.
- In Nepal the introduction of more solar panels in both the headquarters and across our AWC network has helped reduce energy consumption.
- We have also promoted and encouraged a reduction in waste and pollution amongst our beneficiary population most notably by installing smoke-free stoves in homes and building rainwater harvesting systems where appropriate.

## **SOCIAL**

**Much of the Trust's work can be considered to affect social change amongst communities. Most notably, this year:**

- Providing gender-separate toilets at our school projects and educating on the importance of menstrual hygiene, a subject often seen as taboo in Nepal.
- We have increased representation of women in our community management committees, who are formed to look after village water projects and we ensure positions are held by people from socially excluded groups and ethnic minorities.
- In our communications with supporters we highlight the importance of empowering women to take an active part in community development and sustainability.

## **GOVERNANCE**

- We regularly review and ensure that standard operating procedures are available for the following; safeguarding, data protection, equality, diversity and inclusion, complaints, fraud and anti-bribery.
- Rules governing staff employment are covered extensively in the staff handbook and reinforced during new staff induction programmes.
- Our investment manager (Sarasin & Partners LLP) is a signatory to the UK Stewardship Code adopting a long term global thematic selection approach.
- We continue to better understand our supply chains, particularly in Nepal, to minimise the risk of labour abuse, corruption and adverse impact on natural resources.
- Any products we sell are sourced responsibly.

Compliance is monitored annually through internal and external audits. Our ESG principles demonstrate our commitment to maintaining ethical standards and reducing any negative impact on people and the planet in the delivery of our charitable work.

## **Our Policies**

### **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 grants** are made when the applicant reports, or the hardship case is discovered by a Pensioner Support Team. 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 risk assessment is reviewed.

#### **Fundraising Policy**

- We communicate with supporters based on their preferences and only telephone or email people who have given us explicit consent to do so. For our Direct Mail programme, we use the Information Commissioner's Office (ICO) guidelines around 'legitimate interest' when contacting supporters. We provide clear information on how to opt out of receiving any communications from us via every channel we use.
- 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 are registered with the Fundraising Preference Service and ensure nobody is contacted who logs their requests with them.
- We comply with the Fundraising Regulator's Fundraising Code of Practice.
- We ensure that our staff and our partner agencies are sighted on policies which safeguard our donors at every stage of their supporter journey. Individuals do not always recognise that they are vulnerable or that they might need additional help or assistance. As a result, staff (and fulfilment agencies) are given processes to help identify potential vulnerabilities and to then consider:
  - How they communicate (ie. tone/language/volume) with them and all the options available.
  - What they communicate to them and how it might impact the donor.
  - When to offer additional support.

Our Safeguarding Guidelines for Vulnerable Supporters can be found at

<https://www.gwt.org.uk/resources/>.

- 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 ensure our database is fully GDPR compliant.
- We have a procedure for logging complaints: [www.gwt.org.uk/complaints](http://www.gwt.org.uk/complaints). In total twelve complaints were received over the year; eleven were related to individual giving correspondence (or lack of), and one was in relation to one of our corporate partnerships.
- All staff have regular training on Data Protection.
- We update our Privacy Policy on a regular basis to comply with ICO guidance.
- We do not wealth screen in compliance with the GDPR.
- We only share donor data with third parties assisting us with our fundraising and we take every measure to ensure data is transferred securely via encryption and passwords and to secure servers.
- Our supporters are at the heart of everything we do and you can find "Our Vow to You" here: <https://www.gwt.org.uk/resources/>

The Charity Commission issued guidance "Charity Fundraising – a guide to Trustee duties" and the Fundraising checklist (CC20) in 2016. The 2022 assessment was reviewed by the Audit Committee in March 2022.

#### **Investment Policy and Performance**

The Trust meets the key challenges of short-term liquidity, cash flow flexibility and long-term capital growth by holding cash in a short-term portfolio while splitting investments between medium-term and long-term portfolios. In addition, there is a strategic portfolio invested in alternative investments and global smaller companies. The purpose of the two main investment 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 that can weather capital volatility over a 5-7 year investment time horizon. The medium-term portfolio seeks a return that is better than 3m Libor UK cash and, over the past 12 months to 30<sup>th</sup> June, delivered -0.6% compared to 0.3% for the benchmark. The long-term and strategic portfolios seek a return that is better than both a composite benchmark and an inflation target of CPI + 4%. Over the past 12 months, the long-term portfolio returned -3.2% compared to -1.0% for the benchmark whilst, in the strategic portfolio, the alternatives portion returned 8.7% compared to 14.2% for the benchmark and the smaller companies portion returned -25% compared to 3.7% for the benchmark. Whilst both portfolios under-performed their inflation plus targets this

year they remain ahead of their benchmarks over the longer-term and are well-positioned to benefit from global economic trends in the future.

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

Investment risk covers a variety of areas and the Investment Committee, on behalf of the Trustees, regularly reviews counterparty, custody, capital loss, market, liquidity, regulatory and sustainability risks as well as the investment process of the Trust's fund manager to ensure that all industry safeguards are in place. The Investment Committee has guarded against two key areas of risk.

The first risk is loss of capital and hence our decision to invest in a well-diversified global portfolio across different asset classes to reduce the risk of loss from a single investment or strategy. To minimise volatility risk, we also aim to protect investments from sudden variations in market movements by balancing levels of risk and return between short-term, medium-term and longer-term portfolios.

The second area is currency risk as the Trust's fundraising activities and the MOD's grant in aid are made 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 has been in steady decline against Sterling over the past 25 years. The solution has been to keep some short-term monies in Nepal in NPR, have some exposure to the US Dollar in the medium-term portfolio and to have a large weighting of global equities in the long-term portfolio.

Increasing exposure to global equities has provided access to a wider and more diversified investment universe that historically has enhanced returns and reduced the concentration risk more prevalent in UK domestic indices. It has enabled our fund manager to invest in global themes such as digitalisation, automation, climate change, ageing demographics and evolving consumption that are increasingly relevant in a post-COVID world. Sustainability lies at the heart of our fund manager's investment process ensuring that environmental, social and governance (ESG) risks are also monitored and minimised.

#### **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.

The Trust's financial Reserves policy is assessed and set at a level which enables the Trust to help manage its risks.

#### **Our Principal Risks and Uncertainties**

##### **a. Operational Risks**

All key risks appear in the Trust's Risk Register and include operational risks. The key risks are identified as:

- **Disruption of services due to natural disaster in Nepal.** GWT operates in a country that is extremely prone to natural disasters and where its internal resilience and institutions are relatively fragile. GWT has

a disaster resilience plan which is regularly reviewed and practised. Our infrastructure maintains plans and supplies with which to respond and the Trust has a fully funded designated Disaster Response fund.

- **Loss of value of Sterling or extreme fluctuations in rates of exchange.** This has the potential to impact GWT's ability to meet its obligations in Nepal and limit the response to a changing or emerging need. GWT has a ROE immunisation plan that is regularly reviewed and the Trust's investment strategy is designed to help minimise the effect of currency fluctuation, spread risk and ensure retention of adequate reserves.
- **MOD Grants in Aid.** GWT receives grants in aid for both support costs and the provision of medical services which, if not increased in line with Nepal inflation, would lead to an erosion of value over time. The impact might be addressed through additional funding from donors or to limit GWT's liability through a reduction in scope of activity and/or increase in individual contribution.
- **FCDO grant.** A reduction in funding or adverse fluctuation in ROE will result in a reduction of the Trust's RWEPP programme and have an adverse effect on the Trust's ability to deliver other community and individual aid. In the short term, activity levels may be constrained by the Trust's resources. In the longer term, engagement with FCDO to ensure continued support or restrict activities to a level that the Trust can sustain without external support.
- **Cyber Security and data protection.** The Trust places high importance in maintaining compliance with the Data Protection Act 2018 and the EU General Data Protection Regulation. This applies to both supporter information in UK and personal medical data of our beneficiaries in Nepal. Our cyber security has been enhanced with the investment in and successful implementation of significant IT enhancements throughout our organisational network in Nepal. Similarly, in UK there was a successful transition and migration to a new cloud-based CRM.
- **Investment Performance insufficient to maintain appropriate level of financial reserves.** Investment performance is susceptible to adverse the global political and economic climate. This is countered through a regularly reviewed investment portfolio to negate, as far as possible, external pressures and remain sufficiently diversified.

## 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:

- **Investment performance insufficient to maintain an appropriate level of financial reserves.** The Trust maintains sufficient reserves to meet all of its obligations and these are regularly reviewed by the Investment committee and our Fund Managers in order to ensure that the balance of the portfolio is appropriate. This is supported by developing and maintaining contingency fundraising plans.
- **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 in Nepal than UK the movement has benefited the Pound and assisted our work in Nepal. The global supply challenges following the pandemic, the war in Ukraine and subsequent cost of living crisis driven by global fuel prices has seen fluctuations in the value of Sterling over the last few months. As at the end of November 2022, the rate of exchange has recovered from the position in late September 2022, in which the rate had fallen by 9.1% from the 30 June 2022 year-end. At present, a 1% change to the average rate creates an increase or reduction in costs of £195,000 but it also changes the value of our liabilities on the balance sheet by £396,000 so our net assets can change significantly 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.

## c. Going concern

The Trust has undertaken a robust assessment of the continued global economic effects following the pandemic and the effects of the war in Ukraine, and the impact on the ability of the Trust to operate as a Going Concern.

The main areas of financial risk have been identified as:

- **Reduction in fundraising income;**
- **Reduction in the rate of exchange;**
- **Increase in inflation (UK and Nepal);**
- **Reductions in Government Grant funding; and**
- **Reduction in valuation of the investment portfolio**

When agreeing the budget for 2022/23, Trustees have been able to draw on the evidence of fundraising performance during 2021/22 in which fundraising income (particularly legacies) exceeded projections and maintain levels of charitable activity. When assessing the required level of reserves, Trustees have maintained the optimal level of free reserves at 18 months of routine expenditure to reflect continued economic uncertainty.

The Trust has applied a sensitivity assessment to future income projections and the investment portfolio, to understand the extent to which reductions can be managed without impacting on long term commitments and the ability to deliver charitable activities to our beneficiaries. Financial performance is scrutinised on a regular basis by the Finance Committee and the Main Board so that any shortfall in income will be identified to Trustees in a timely manner.

Trustees have concluded that the Trust remains in a strong financial position and operates as a Going Concern.

#### **Additional Policies**

The Trust is committed to sustainable development, meeting the needs of our beneficiaries without compromising the ability of future generations to meet their own requirements and this is a guiding principle within our work in Nepal. Concern for the environment is an integral and fundamental part of this commitment and our aim is to reduce the impact of our operations on the environment. This aim is promulgated through the Environmental Policy.

#### **Our Financial Review**

##### **Income**

Trust income from all sources during the financial year 2021/22 was £25,512,000 (2020/21: £22,046,000).

Donations from individuals, companies, trusts and other organisations totalled £6,993,000 (2020/21: £8,230,000). We continue to be supported by the MOD who provided a grant of £3,325,000 (2020/21: £3,355,000) towards the cost of the means of delivery of our aid and a grant towards the provisions of medical services £2,525,000 (2020/21: £2,525,000). Under the RWEPP agreement with the FCDO we received £1,933,000 (2020/21: £970,000).

Notable donations include £122,600 (2020/21: £141,500) contributed by all ranks of the Brigade of Gurkhas and under the Service Day's Pay Giving (SDPG) scheme. Following a decision by the Brigade of Gurkhas Council of Colonels in March 2022, the income from SDPG will be diverted to support renovation work at the Gurkha Museum Winchester for a period of 2-years.

Legacy income totalled £7,997,000 (2020/21: £5,004,000). The use of Gift Aid generated additional income of £803,900 (2020/21: £1,021,000).

##### **Expenditure**

Charitable expenditure totalled £20,071,000 (2020/21: £18,088,000). This represents 88% of a total expenditure (prior to movement in the constructive obligation) of £22,705,000 (2020/21: £20,554,000). Our cost of raising funds including investment management is £2,634,000 (2020/21: £2,466,000) of which 77% is covered by our investment income of £2,045,000. Fundraising expenditure of £2,262,000 (2020/21: £2,119,000) continues to be

effective raising income of £15,684,000 (2020/21: £13,416,000). This represents a Return on Investment of £6.93 for every £1 spent (2020/21: £6.33). 2021/22 is the fourth year of the 5-Year Fundraising Strategy which is based on increased investment for donor acquisition in order to sustain and increase total income over the longer term. The rate of return remains above industry standards.

## **Reserves**

### **Designated Fund**

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. Therefore, a designated fund has been created that is sufficient to meet the annual running costs for 20 years and £400,000 to cover major refurbishments costs through to 2035.

Following specialist advice on the risk of future earthquakes, in June 2018, the Trustees agreed a designated fund to allow an immediate response to natural disaster. Funds were agreed for the repair or replacement of 13 beneficiaries' homes during the year, destroyed as a result of the 2021 monsoon season (£50,000). Trustees agreed to the funding of secondary medical care claims for the treatment of COVID-related illness at a cost of £357,100 from the reserve.

The Disaster Response designated reserve was increased at year end to reflect the 30 June 2022 rate of exchange and rate of inflation.

GWT has agreed to contribute £2,000,000 to RWEPP against planned FCDO expenditure over the remaining four years of the Agreement.

Designated funds total £19,628,000 (2020/21: £21,037,000) as at 30 June 2022.

### **Restricted Funds**

The restricted balance at 30 June 2022 is £1,364,000; of which £613,000 follows an extremely successful appeal and is for Earthquake Homes and hardship grants in 2022/23, £97,600 is for the use (depreciation) of assets within RWEPP, £66,800 is for planned school projects spanning two years, £30,500 is for medical camps, and £510,900 is for support costs as a result of continued COVID-19 procurement delays and a favourable rate of exchange.

### **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.

Based on WP and DSG beneficiary numbers at 30 June 2022 and key assumptions including: 35 new WP joiners for each of the next five years (average age 73), agreed increases in rates payable, extended mortality rates, long-term inflation at 7% and a discount rate at 6.5%. The actuarial calculation at 30 June 2022 ROE is £39,300,000; an increase of £1,662,000 from June 2021, reflecting an above inflation uplift in the monthly allowance and a fall in the rate of exchange at the year-end between the Nepalese Rupee and Sterling.

## **Reserves Policy**

Based on a risk assessment and after allowing for funds to meet the constructive obligations, Residential Homes running costs and Disaster Response, 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.

In light of the continued economic uncertainty following the global pandemic and the war in Ukraine, Trustees consider that the Trust ideally requires free reserves equivalent to 18 months of standard expenditure not covered by other provisions, currently around £27,479,000. This level of reserve will enable the Trust to adjust its infrastructure and respond quickly to any of these risks. The Reserve Policy is reviewed annually during the budget setting process taking account of current and future risks and the economic climate, both in the UK and Nepal, and consequential impact on the Trust's investment portfolio.

After taking the Constructive Obligation into account the Trust has total funds of £53,899,000 (2020/21: £56,967,000), however, the free reserves which are available to meet contingencies and exclude tangible fixed assets, designated and restricted funds amount to £31,828,000 (2020/21: £33,019,000). This represents 116% of the minimum level of reserves deemed appropriate by the Trustees. With financial uncertainty anticipated for at least a further 12 – 24 months, this level of free reserves has enabled Trustees to agree a budget for 2022/23 and early planning for 2023/24 and maintain current levels of charitable activity.

Given the continued effects following the COVID-19 pandemic, the war in Ukraine, the volatility of investment markets, the continued uncertainty over future rates of exchange, the uncertain fundraising climate and the substantial risk of future natural disasters in Nepal, 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.

This Trustees' Report incorporating the Strategic Report was approved and authorised for issue by the Board of Trustees on 14 December 2022 and signed on its behalf by:



Lieutenant General R Wardlaw OBE  
Chairman

14 December 2022

The Gurkha Welfare Trust  
**Trustees' Report for the year ended 30<sup>th</sup> June 2022**

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

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

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, 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 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.



## **The Gurkha Welfare Trust**

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

**Vice Patrons**  
Field Marshal Sir John Chapple GCB CBE DL (to 25 March 2022)  
Dame Joanna Lumley DBE

### **Trustees, Officials and Advisors**

#### **Trustee Directors**

Lieutenant General R Wardlaw OBE (Chairman) \*  
S J Cooper Esq  
J G R David Esq  
Colonel J P Davies MBE (to 11 November 2021) \*\*  
P M A Grant Esq  
Dr J D Keeling MBA, MB BS, FRCGP, DRCOG  
Mrs A Levin  
Major (Retd) Hemchandrai Rai MBE BEM  
Colonel D Rex MVO (from 15 September 2021) \*\*\*  
Colonel D J Robinson (from 12 November 2021) \*\*  
Ms C L Turner

#### **Audit and Finance Committees**

S J Cooper Esq (Chair)  
Dr J D Keeling MBA, MB BS, FRCGP, DRCOG  
Ms C L Turner

#### **Investment Committee**

P M A Grant (Chair)  
Major General (Ret'd) J J Cole CBE (to 17 September 2022) \*\*\*\*  
J G R David Esq  
P M Rigg Esq  
A Brown Esq

#### **Governance Committee**

Mrs A Levin (Chair)  
Colonel J P Davies MBE (to 11 November 2021) \*\*  
Colonel D Rex MVO (from 15 September 2021) \*\*\*  
Colonel D J Robinson (from 12 November 2021) \*\*

#### **Members**

Major General (Ret'd) J J Cole CBE (to 17 September 2022) \*\*\*\*  
Brigadier J L Clark CBE \*\*\*\*  
Brigadier M Fayers (from 17 September 2022) \*\*\*\*  
Brigadier P S Reehal MBE \*\*\*\*  
Major General G M Strickland DSO MBE \*\*\*\*

\* Ex officio Trustee – Colonel Commandant Brigade of Gurkhas

\*\* Ex officio Trustee – Colonel Brigade of Gurkhas

\*\*\* Nominated – Gurkha Brigade Association

\*\*\*\* Nominated – The Royal Gurkha Rifles, The Queen's Gurkha Engineers, The Queen's Gurkha Signals and The Queen's Own Gurkha Logistic Regiment

## **The Gurkha Welfare Trust**

**Chief Executive Officer, The Gurkha Welfare Trust**  
A P W Howard Esq

**Director The Gurkha Welfare Trust (Nepal)**  
Colonel P T Smith

**Field Director The Gurkha Welfare Trust (Nepal)**  
Lieutenant Colonel E Davis QG SIGNALS (to 30 October 2021)  
Lieutenant Colonel M Hing RLC (from 30 October 2021)

**Head of Fundraising and Communications**  
A Bentham Esq

**Company Secretary**  
N D J Rowe Esq

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

**Auditors**  
Crowe U.K. LLP  
4<sup>th</sup> Floor, St James House  
St James Square  
Cheltenham, GL50 3PR

**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**

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## **Opinion**

We have audited the financial statements of The Gurkha Welfare Trust ('the charitable company') and its subsidiaries ('the group') for the year ended 30 June 2022 which comprise Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Consolidated Statement of Cash Flows, and notes to the financial statements, including 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 the charitable company's affairs as at 30 June 2022 and of the group's 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.

## **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

## **Other information**

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

*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 this gives rise to a material misstatement in the financial statements themselves. 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 our audit

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' 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 and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 32, 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 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 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members including internal specialists and significant component audit teams. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), Health and safety legislation, employment law, and Anti-fraud, bribery and corruption legislation. We also considered compliance with local legislation for the group's overseas operations.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income, welfare pension payments and the override of controls by

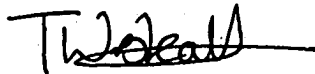
management. Our audit procedures to respond to these risks included enquiries of management, internal audit, component auditors and the Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, designing audit procedures to test the timing of income and welfare pension payments, reviewing of component auditor working papers, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

### **Use of our 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.



**Tara Westcott**  
**Senior Statutory Auditor**

**For and on behalf of**  
Crowe U.K. LLP

**Statutory Auditor**

St James House  
St James Square  
Cheltenham, GL50 3PR

**Date: 15 December 2022**

**The Gurkha Welfare Trust**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 30TH JUNE 2022**

(incorporates the consolidated income and expenditure account)

	Notes	Unrestricted General £000	Designated £000	Restricted £000	2021-22 Total £000	2020-21 Total £000
<b>Income from:</b>	<b>3</b>					
Donations and legacies						
Donations	3a	5,126	0	1,867	6,993	8,230
Legacies	3b	7,997	0	0	7,997	5,004
Grants						
Ministry of Defence	3c	0	0	3,325	3,325	3,355
Charitable activities	3d					
Ministry of Defence		0	0	2,525	2,525	2,525
Foreign, Commonwealth and Development Office		0	0	1,933	1,933	970
Other trading activities						
Fundraising Events	3e	666	0	4	670	168
Retail		24	0	0	24	14
Investments	3f	2,045	0	0	2,045	1,780
<b>Total</b>		<b>15,858</b>	<b>0</b>	<b>9,654</b>	<b>25,512</b>	<b>22,046</b>
<b>Expenditure on:</b>	<b>4</b>					
Raising funds						
Fundraising	4f	2,262	0	0	2,262	2,119
Investment management costs	4f	372	0	0	372	347
Charitable activities						
Individual aid	4a	3,281	50	3,922	7,253	7,955
Medical Aid	4b	4,231	357	2,971	7,559	6,248
Disaster response	4d	49	0	0	49	30
Residential Homes	4c	0	463	5	468	492
Community aid	4e	274	1,396	3,072	4,742	3,363
<b>Sub Total Expenditure</b>		<b>10,469</b>	<b>2,266</b>	<b>9,970</b>	<b>22,705</b>	<b>20,554</b>
Movement in constructive obligation	4g/14	1,662	0	0	1,662	(2,009)
<b>Total</b>		<b>12,131</b>	<b>2,266</b>	<b>9,970</b>	<b>24,367</b>	<b>18,545</b>
<b>Net Income/(expenditure) before other gains and losses</b>		<b>3,727</b>	<b>(2,266)</b>	<b>(316)</b>	<b>1,145</b>	<b>3,501</b>
<b>Other gains and losses</b>						
Net (losses)/gains on investments	9	(4,254)	0	0	(4,254)	9,841
<b>Net (expenditure)/income</b>		<b>(527)</b>	<b>(2,266)</b>	<b>(316)</b>	<b>(3,109)</b>	<b>13,342</b>
Transfers between funds	16&17	(699)	857	(158)	0	0
		(1,226)	(1,409)	(474)	(3,109)	13,342
<b>Other recognised gains/(losses)</b>						
Profit & loss revaluation gain/(loss)		41	0	0	41	(9)
<b>Net Movement in Funds</b>		<b>(1,185)</b>	<b>(1,409)</b>	<b>(474)</b>	<b>(3,068)</b>	<b>13,333</b>
<b>Reconciliation of funds</b>						
Funds brought forward		34,092	21,037	1,838	56,967	43,634
<b>Total Funds Carried Forward</b>		<b>32,907</b>	<b>19,628</b>	<b>1,364</b>	<b>53,899</b>	<b>56,967</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 activities.

Profit for Companies Act purposes (before unrealised gains and losses) is: £1,497,000 including movement in constructive obligation (2020/21: £3,581,000).

Net Income/(expenditure) before movement in constructive obligation: £2,807,000 (2020/21: £1,493,000).

See Note 19 for a comparative statement of financial activities for year ended 30th June 2021.

The notes on pages 41 to 66 form part of these accounts.

# The Gurkha Welfare Trust

Company registration number 05098581

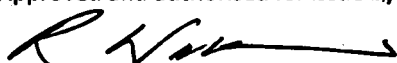
## CONSOLIDATED AND CHARITY BALANCE SHEET AT 30<sup>TH</sup> JUNE 2022

	Notes	Group		Charity	
		2022 £000	2021 £000	2022 £000	2021 £000
Fixed assets:					
Intangible assets	7	155	80	151	72
Tangible assets	8	1,842	1,995	1,277	1,430
Investments	9	81,433	86,128	81,433	86,128
Total fixed assets		<u>83,430</u>	<u>88,203</u>	<u>82,861</u>	<u>87,630</u>
Current assets					
Medication, project & trading stock		371	411	363	405
Debtors	10	2,106	736	2,106	737
Cash at bank and in hand		8,212	6,011	8,166	5,997
Total current assets		<u>10,689</u>	<u>7,158</u>	<u>10,635</u>	<u>7,139</u>
Liabilities					
Creditors: amounts falling due within one Year	11	(920)	(756)	(918)	(744)
Provisions for liabilities falling due within one year					
Constructive Obligation	14	(3,989)	(4,026)	(3,989)	(4,026)
Net current assets or liabilities		<u>5,780</u>	<u>2,376</u>	<u>5,728</u>	<u>2,369</u>
Provisions for liabilities falling due after more than one year					
Constructive Obligation	14	(35,311)	(33,612)	(35,311)	(33,612)
Total net assets or liabilities		<u>53,899</u>	<u>56,967</u>	<u>53,278</u>	<u>56,387</u>
Funds:					
Restricted funds	18	1,364	1,838	1,364	1,838
Unrestricted funds					
General		72,207	71,730	71,586	71,150
Welfare pension reserve		(39,300)	(37,638)	(39,300)	(37,638)
Net General funds	17	32,907	34,092	32,286	33,512
Designated	17	19,628	21,037	19,628	21,037
Unrestricted funds after provision for liabilities and charges		52,535	55,129	51,914	54,549
Total funds		<u>53,899</u>	<u>56,967</u>	<u>53,278</u>	<u>56,387</u>

### NOTES:

The net expenditure for the Trust for the year ended 30 June 2022 was £3,109,000 (2021: income - £13,342,000). 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 14 December 2022 and signed on their behalf by:



Lieutenant General R Wardlaw OBE  
Chairman

14 December 2022

The notes on pages 41 to 66 form part of these accounts

**The Gurkha Welfare Trust**  
**CONSOLIDATED STATEMENT OF**  
**CASH FLOWS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022**

	Notes below	2021/22 £000	2020/21 £000
<b>Cash flows from operating activities:</b>			
<b>Net cash provided by/(used in) operating activities</b>	Note A	<u>7</u>	<u>(106)</u>
<b>Cash flows from investing activities:</b>			
Dividends and interest from investments		2,045	1,780
Purchase of Intangibles		(142)	(15)
Purchase of property, plant and equipment		(165)	(415)
Proceeds from sale of investments		77,287	4,748
Purchase of investments		<u>(76,234)</u>	<u>(11,621)</u>
<b>Net cash provided by (used in) investing activities</b>		<u>2,791</u>	<u>(5,523)</u>
<b>Operating activities</b>			
<b>Change in cash and cash equivalents in the reporting period</b>		2,798	(5,629)
<b>Cash and cash equivalents at the beginning of the reporting period</b>	Note B	9,010	14,639
<b>Cash and cash equivalents at the end of the reporting period</b>	Note B	<u>11,808</u>	<u>9,010</u>

**NOTES**

<b>A. Reconciliation of net income to net cashflow from</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>
<b>Net (expenditure)/income for the reporting period (as per SOFA)</b>	<b>(3,109)</b>	<b>13,342</b>
<b>Adjustments for:</b>		
Depreciation and amortisation	385	391
Losses/(Gains) on investments	4,254	(9,841)
Investments donated	(15)	0
Dividends and interest from investments	(2,045)	(1,780)
Gains/(Losses) on foreign exchange	41	(9)
Decrease/(Increase) in stocks	40	(79)
(Increase) in debtors	(1,370)	(54)
Increase/(Decrease) in creditors	164	(67)
Increase/(Decrease) in constructive obligation	1,662	(2,009)
<b>Net Cash provided by (used in) operating activities</b>	<u><b>7</b></u>	<u><b>(106)</b></u>

<b>B. Analysis of cash and cash equivalents</b>	<b>2021/22</b>	<b>2020/21</b>	<b>Cash flow in year</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cash in hand and at bank	8,212	6,011	2,201
Notice deposits (less than 3 months)	3,596	2,999	597
<b>Total cash and cash equivalents</b>	<u><b>11,808</b></u>	<u><b>9,010</b></u>	<u><b>2,798</b></u>



# **The Gurkha Welfare Trust**

## **Notes to the Accounts for the year ended 30<sup>th</sup> June 2022**

### **1. BASIS OF PREPARATION**

#### **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 updated 2019"). The Charity is a Public Benefit Entity as defined by FRS102.

#### **General information**

The Charity is a private 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 217, 22 Queen Street, Salisbury SP2 2EX

#### **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 statements also include consolidation of the Ex Servicemen and Families Support Society, a not for profit company registered in Nepal 2 July 2018 for the legal ownership of land assets purchased by GWT in Nepal.

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 deficit of £3,109,000 (2020/21: surplus of £13,342,000).

#### **Going concern**

The Trust has undertaken a robust assessment of the continued global economic effects of COVID-19 and its impact on the ability of the Trust to operate as a Going Concern.

The main areas of financial risk have been identified as:

- **Reduction in fundraising income;**
- **Reduction in the rate of exchange;**
- **Increase in inflation (UK and Nepal);**
- **Reductions in Government Grant funding; and**
- **Reduction in valuation of the investment portfolio.**

The Trust has applied a sensitivity assessment to future income projections and the investment portfolio, to understand the extent to which reductions can be managed without impacting on long term commitments and the ability to deliver charitable activities to our beneficiaries. Financial performance is scrutinised on a regular basis by the Finance Committee and the Main Board and therefore any shortfall in income will be identified to Trustees in a timely manner.

Trustees have concluded that the Trust remains in a strong financial position and operates as a Going Concern.

# **The Gurkha Welfare Trust**

## **Notes to the Accounts for the year ended 30<sup>th</sup> June 2022 (continued)**

### **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 long term inflation rate in Nepal at 7.0% per annum.
  - Future payments have been discounted at 6.5% per annum.
  - Life expectancy for our beneficiaries is based on the Nepali Government Mortality tables extended to age 110 to reflect the increased longevity of our beneficiaries.
  - There are anticipated 35 new Welfare Pension entrants per year for each of the next five years, with an average age at joining of 73.
  - 50% of former soldier pensions will be transferred to a widow.
  - There are a further 86 future new Disability Support Grant beneficiaries.
- **Legacies:** Income is accrued when there is entitlement through the earlier of cash receipt or Estate Accounts (entitlement), it is possible to reliably estimate the amount receivable (measurement) and there is probability of receipt.
- **Depreciation/Amortisation:** The rates of depreciation for tangible fixed assets and amortisation for intangible fixed assets are selected by management based on their estimate of normal economic life taking into consideration the environment in which the assets are deployed.

## **2. PRINCIPAL ACCOUNTING POLICIES**

The following principal accounting policies have been applied:

### **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.* Income from donations, covenants and gift aid includes receipts from fundraising events. Donations, together with the resulting tax credit from gift aid, are credited directly to the statement of financial activities when received by the Trust. Donations and all other receipts (including capital receipts) from fundraising are reported gross and the related fundraising costs are reported in raising funds.

*Gifts in Kind* are recognised in respect of personnel funded by the Ministry of Defence in roles which would have to be replicated by the Trust. An equivalent cost is also reported within staff costs. Gifts in Kind are recognised in respect of donated goods either in support of fundraising activity or in direct support of the provision of charitable activity. An equivalent cost is also reported within the cost of fundraising or the appropriate cost of charitable activity.

*Legacies* are recognised and credited directly to the statement of financial activities based on the earlier of settlement of the estate and issue of Estate Accounts or receipt of payment.

# **The Gurkha Welfare Trust**

## **Notes to the Accounts for the year ended 30<sup>th</sup> June 2022 (continued)**

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

*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 when 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.

### **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.

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, provision of medical services and costs related to people directly employed in delivering 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.

### **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.

### **Operating leases**

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

### **Foreign currencies**

## **The Gurkha Welfare Trust**

### **Notes to the Accounts for the year ended 30<sup>th</sup> June 2022 (continued)**

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 average rate of exchange for the month in which the transaction was undertaken. Exchange rate gains or losses are recorded as support costs to the activities to which they relate.

#### **Pensions and retirement benefits**

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

In Nepal, previously the Trust contributed to individual plans within a defined contribution Provident Fund managed by Standard Chartered Bank Nepal Limited. In addition, employees were entitled to a one-off gratuity payment on leaving that was based on length of service. Following changes under the Labour Act of Nepal in 2017 the gratuity liability was transferred from a defined benefit to contributory scheme.

In November 2019, the Trust enrolled in the new Social Security Fund (SSF) of Nepal with contributions at a rate of 31% of staff salary being 20% employer contribution and 11% employee contribution.

During the year, the decision was taken to close the Trust's Provident Fund and Gratuity Fund and staff were given the option of either withdrawing funds or transferring to the SSF. As at 30 June 2022, the only funds remaining with Standard Chartered Bank Nepal Limited are in respect of the eight staff in Darjeeling or are not eligible to join the SSF.

Contributions for staff in both UK and Nepal are charged to the SOFA on the basis of amounts provided for the period.

#### **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.

#### **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:

## The Gurkha Welfare Trust

### Notes to the Accounts for the year ended 30<sup>th</sup> June 2022 (continued)

- 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.

#### 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).

#### 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.

*Intangible Assets:* Software which is considered as an asset in its own right, is disclosed as an intangible asset.

*Tangible Assets:* Software which is an integral function of enabling supporting hardware to function, is considered a part of the overall tangible fixed asset.

#### Amortisation

The costs of intangible fixed assets are amortised over the expected useful life of the assets. Amortisation rates are:

Software	33.33% per annum on a straight-line basis, in line with the related tangible asset useful economic life
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#### Depreciation

Depreciation is provided on all tangible 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.

#### 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.

#### Financial Instruments

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:

## The Gurkha Welfare Trust

### Notes to the Accounts for the year ended 30<sup>th</sup> June 2022 (continued)

*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.

*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.

	2021/22 £000	2020/21 £000
<b>a. Donations</b>		
Donations from individuals	5,665	6,878
Donations from companies, trusts, clubs and organisations	<u>1,328</u>	<u>1,352</u>
	6,993	8,230
<b>b. Legacies</b>	7,997	5,004
<b>c. Grants</b>		
Ministry of Defence – to support operating costs in Nepal	3,325	3,355
<b>d. Charitable Activities</b>		
Ministry of Defence – for medical services	2,525	2,525
FCDO – for water and sanitation projects in remote locations	1,933	970
<b>e. Other trading activities</b>		
Fundraising events	670	168
Retail	24	14
<b>f. Investments</b>		
Investment dividends and interest	1,746	1,575
Bank interest	299	205

Donations from individuals include part of the contributions made by all ranks of the Brigade of Gurkhas under Service Day's Pay Giving of £122,600 (2020/21: £141,500) and donations from the Gurkha Contingent of the Singapore Police of £53,069 (2020/21: £93,850).

Donations from companies and organisations includes gifts in kind of £116,300 of which £79,700 represents the benefit of the Field Director who is a serving Army Officer employed by the Ministry of Defence. The benefit is determined as the cost which would be incurred if the Trust had to directly employ an equivalent position. £31,800 represents the benefit of staff clothing donated for use by employees in Nepal.

Future legacy income of £5,156,000 is expected in respect of legacies due which have been notified to the GWT.

# The Gurkha Welfare Trust

## Notes to the Accounts for the year ended 30<sup>th</sup> June 2022 (continued)

### 4. EXPENDITURE

	Grants	Direct Costs	Support Costs		2021/22	2020/21
	£000	£000	Support £000	Governance £00	Totals £000	Totals £000
<b>a. Individual Aid</b>						
Welfare pension	3,647	0	1,326	43	5,016	5,577
Care for the elderly	88	3	1	1	93	108
Disability support	193	0	89	2	284	282
Winter allowance	22	0	35	1	58	95
Welfare Grants & Support	773	90	335	10	1,208	1,283
UK welfare	250	323	4	17	594	610
<b>Total individual aid</b>	<b>4,973</b>	<b>416</b>	<b>1,790</b>	<b>74</b>	<b>7,253</b>	<b>7,955</b>
<b>b. Medical aid</b>	<b>2,275</b>	<b>4,346</b>	<b>870</b>	<b>68</b>	<b>7,559</b>	<b>6,248</b>
<b>c. Residential Homes</b>	<b>25</b>	<b>385</b>	<b>54</b>	<b>4</b>	<b>468</b>	<b>492</b>
<b>d. Disaster Response</b>	<b>0</b>	<b>48</b>	<b>0</b>	<b>1</b>	<b>49</b>	<b>30</b>
<b>e. Community aid</b>						
School projects	169	623	314	10	1,116	1,078
COVID support	0	76	0	1	77	397
Water projects	0	3,124	422	3	3,549	1,888
<b>Total community aid</b>	<b>169</b>	<b>3,823</b>	<b>736</b>	<b>14</b>	<b>4,742</b>	<b>3,363</b>
<b>Sub Total Charitable activities</b>	<b>7,442</b>	<b>9,018</b>	<b>3,450</b>	<b>161</b>	<b>20,071</b>	<b>18,088</b>
<b>f. Cost of generating funds</b>						
Fundraising	0	1,733	462	67	2,262	2,119
Investments	0	354	16	2	372	347
<b>Total costs of generating funds</b>	<b>0</b>	<b>2,087</b>	<b>478</b>	<b>69</b>	<b>2,634</b>	<b>2,466</b>
<b>Total Expenditure prior to movement in Constructive Obligation</b>	<b>7,442</b>	<b>11,105</b>	<b>3,928</b>	<b>230</b>	<b>22,705</b>	<b>20,554</b>
<b>g. Movement in Constructive Obligation</b>	<b>0</b>	<b>1,662</b>	<b>0</b>	<b>0</b>	<b>1,662</b>	<b>(2,009)</b>
<b>Total Expenditure</b>	<b>7,442</b>	<b>12,767</b>	<b>3,928</b>	<b>230</b>	<b>24,367</b>	<b>18,545</b>

UK Welfare includes a grant of £250,000 (2020/21: £250,000) paid to ABF The Soldiers' Charity for the support of former Gurkhas who have retired in the UK. All other grants totalling £7,442,000 (2020/21: £6,423,000) 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.

# The Gurkha Welfare Trust

## Notes to the Accounts for the year ended 30<sup>th</sup> June 2022 (continued)

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

Activity	Beneficiaries	Notes
Welfare pensions:	3,453	There were 3,812 recipients at the start of the year and 79 new recipients. 35 ceased due to their move to the UK. 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. Following net movements, there are 3,453 recipients at 30 June 2022.
Home Care:	302	We provided grants to 302 carers in support of the most vulnerable beneficiaries. Carers are provided with training in support of their responsibilities.
Disability Support:	232	The number of recipients is 225 at 30 June 2022. This data is held on the same database as the welfare pensioners and is subject to both proof of identity and medical requirement. In addition there are 30 siblings in receipt of a reduced grant.
Winter allowance:	~4,500	All welfare pensioners, wives, DSG recipients and residential home residents supported last December received a GWT hat, gloves and muffler.
Welfare (Hardship) grants:	1,346	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. For 21-22 this included 101 earthquake resilient houses. A further 13 replacement homes/significant repairs were funded from the Disaster Reserve following severe damage from storms and monsoon landslips.
Residential care:	36	Our 2 Residential Homes have a capacity of 48. There were 36 permanent and 7 rehabilitation residents at the 30 June 2022. 2 rooms in each home have become rehabilitation and respite rooms providing short - medium term care for pensioners prior to returning to their homes.
School projects:	105 (projects)	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. 3 major, 12 minor and 90 refurbishment projects were substantially completed in-year.

Further information on the grants can be found in the Trustees' Annual Report.

The total charitable activity expenditure of £20,071,000 represents 88% of total expenditure before the movement in the constructive obligation.

### Analysis of Support Costs

	People	Premises & vehicles	Services	Legal & Professional	Currency	Sub Total Support	Sub Total Governance	Total
	£000	£000	£000	£000	£000	£000	£000	£000
a. Individual Aid	1,432	351	285	2	(280)	1,790	74	1,864
b. Medical Aid	692	169	138	3	(132)	870	68	938
c. Disaster response	0	0	0	0	0	0	1	1
d. Residential Homes	43	11	8	0	(8)	54	4	58
e. Community Aid	574	110	101	0	(49)	736	14	750
f. Fundraising	303	59	75	25	0	462	67	529
f. Investment management	10	2	3	1	0	16	2	18
<b>Total</b>	<b>3,054</b>	<b>702</b>	<b>610</b>	<b>31</b>	<b>(469)</b>	<b>3,928</b>	<b>230</b>	<b>4,158</b>
<b>Basis of allocation</b>	<b>Time spent</b>	<b>Space &amp; time</b>	<b>Time spent</b>	<b>Direct</b>	<b>Pro rata with cost</b>	<b>Attribution &amp; time</b>		



# The Gurkha Welfare Trust

## Notes to the Accounts for the year ended 30<sup>th</sup> June 2022 (continued)

### 5. GOVERNANCE COSTS

Apportioned governance costs were:

	2021/22	2020/21
	Total	Total
	£000	£000
Staff employment costs	96	113
Staff & trustee other costs	41	18
Premises costs	20	25
Office services	23	24
Legal & professional	50	45
	<u>230</u>	<u>225</u>

### 6. STAFF, TRUSTEE AND GOVERNANCE COSTS

#### a. Staff numbers

The trust employed the following average number of staff:

		2021/22	2020/21
UK:	Administration & fundraising	19	17
	Welfare	8	8
Nepal:	Individual aid inc welfare;	234	239
	Residential Homes and general staff		
	Medical services	143	130
	Water projects	110	114
	Schools projects	7	7
		<u>521</u>	<u>515</u>

#### b. Staff costs

		2021/22	2020/21
		£000	£000
UK:	Salaries	953	935
	Benefits	14	11
	Social security costs	99	95
	Pension	85	80
		<u>1,151</u>	<u>1,121</u>
Nepal:	Salaries	4,264	4,195
	Benefits	79	56
	Pension (see Note 13)	369	296
	Gratuity (see Note 13)	259	285
	Ex Gratia	0	6
		<u>4,971</u>	<u>4,838</u>
		<u>6,122</u>	<u>5,999</u>

The number of employees whose emoluments exceeded £60,000 for the year was:

	2021/22	2020/21
	Number	Number
£60,001 - £70,000	2	1
£70,001 - £80,000	-	-
£80,001 - £90,000	-	-
£90,001 - £100,000	1	1
£100,001 - £110,000	1	1

## **The Gurkha Welfare Trust**

### **Notes to the Accounts for the year ended 30<sup>th</sup> June 2022 (continued)**

Employer's pension contributions for the higher paid employees were £22,560 (2020/21: £9,000).

Key people in the Trust in UK and Nepal with delegated authority from the Trustees are the CEO, Director GWT(N), the Field Director GWT(N), Medical Director GWT(N) and the Head of Fundraising and Communications. They have combined salary and benefits cost to the Trust totalling £299,800 (2020/21: £287,000).

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.

There were no ex gratia payments during the year (2020/21: one at £6,128).

There were no redundancy payments during the year (2020/21: Nil).

#### **Trustees' expenses, remuneration and donations**

In 2021/22 no Trustee received any remuneration or pension but four Trustees were either reimbursed or expenses were paid on their behalf of £18,630: principally on travel to Nepal but also in respect of attendance at meetings at in London (2020/21: three Trustees were either reimbursed or expenses were paid on their behalf of £2,920). Trustees donated a total of £2,160 (2020/21: £1,320).

#### **Related party transactions**

Colonel David Robinson is a Trustee of The Gurkha Museum Trust. There were no transactions between The Gurkha Welfare Trust and The Gurkha Museum Trust during 2021/22 (2020/21: payments of £479)

#### **Net expenditure**

Net expenditure for the period is stated after charging:

			<b>2021/22</b>	<b>2020/21</b>
			<b>£000</b>	<b>£000</b>
Audit Fees	UK excluding VAT	Crowe U.K. LLP UK	<b>27</b>	<b>26</b>
	Nepal:	CSC & Co	<b>12</b>	<b>10</b>
		Joshi and Bhandari	<b>3</b>	<b>3</b>
Audit Expenses in Nepal		Crowe U.K. LLP UK	<b>2</b>	<b>0</b>
Tax Advisory Services		Crowe U.K. LLP UK	<b>2</b>	<b>3</b>
Actuarial fees		M/s K A Pandit (India)	<b>2</b>	<b>2</b>

**The Gurkha Welfare Trust**  
**Notes to the Accounts for the year ended 30<sup>th</sup> June 2022 (continued)**

**7. INTANGIBLE ASSETS**

**a. Group**

	<b>Computer Software £000</b>	<b>Assets Under Construction £000</b>	<b>Total £000</b>
<b>Cost</b>			
At 1 July 2021	123	3	126
Additions	0	142	142
Asset transfers	106	(106)	0
Reclassifications	0	9	9
At 30 June 2022	<u>229</u>	<u>48</u>	<u>277</u>
<b>Amortisation</b>			
At 1 July 2021	(46)	0	(46)
Amortisation	(76)	0	(76)
At 30 June 2022	<u>(122)</u>	<u>0</u>	<u>(122)</u>
<b>Net Book Value</b>			
At 1 July 2021	77	3	80
At 30 June 2022	<u>107</u>	<u>48</u>	<u>155</u>

**b. Charity**

	<b>Computer Software £000</b>	<b>Assets Under Construction £000</b>	<b>Total £000</b>
<b>Cost</b>			
At 1 July 2021	111	3	114
Additions	0	142	142
Asset transfers	106	(106)	0
Reclassifications	0	9	9
At 30 June 2022	<u>217</u>	<u>48</u>	<u>265</u>
<b>Amortisation</b>			
At 1 July 2021	(42)	0	(42)
Amortisation	(72)	0	(72)
At 30 June 2022	<u>(114)</u>	<u>0</u>	<u>(114)</u>
<b>Net Book Value</b>			
At 1 July 2021	69	3	72
At 30 June 2022	<u>103</u>	<u>48</u>	<u>151</u>

Reclassification: IT software reclassified from Tangible Fixed Assets (Assets under Construction) to Intangible Fixed Assets (Assets Under Construction).

# The Gurkha Welfare Trust

## Notes to the Accounts for the year ended 30<sup>th</sup> June 2022 (continued)

### 8. TANGIBLE FIXED ASSETS, GROUP AND CHARITY

#### a. Group

	Freehold Land & Buildings £000	Leasehold Property £000	Vehicles & Equipment £000	IT £000	Assets in Construction £000	Total £000
<b>Cost</b>						
At 1 July 2021	2,388	967	869	320	53	4,597
Additions	0	0	62	0	103	165
Asset transfers	21	60	19	0	(100)	0
Reclassifications	0	0	0	0	(9)	(9)
Disposals	0	0	(188)	0	(28)	(216)
At 30 June 2022	<u>2,409</u>	<u>1,027</u>	<u>762</u>	<u>320</u>	<u>19</u>	<u>4,537</u>
<b>Depreciation</b>						
At 1 July 2021	(1,171)	(315)	(812)	(276)	(28)	(2,602)
Depreciation	(111)	(103)	(51)	(44)	0	(309)
Disposals	0	0	188	0	28	216
At 30 June 2022	<u>(1,282)</u>	<u>(418)</u>	<u>(675)</u>	<u>(320)</u>	<u>0</u>	<u>(2,695)</u>
<b>Net Book Value</b>						
At 1 July 2021	1,217	652	57	44	25	1,995
At 30 June 2022	<u>1,127</u>	<u>609</u>	<u>87</u>	<u>0</u>	<u>19</u>	<u>1,842</u>

Reclassification: IT software reclassified from Tangible Fixed Assets (Assets under Construction) to Intangible Fixed Assets (Assets under Construction)

#### b. Charity

	Freehold Land & Buildings £000	Leasehold Property £000	Vehicles & Equipment £000	IT £000	Assets in Construction £000	Total £000
<b>Cost</b>						
At 1 July 2021	1,823	967	869	320	53	4,032
Additions	0	0	62	0	103	165
Asset transfers	21	60	19	0	(100)	0
Reclassifications	0	0	0	0	(9)	(9)
Disposals	0	0	(188)	0	(28)	(216)
At 30 June 2022	<u>1,844</u>	<u>1,027</u>	<u>762</u>	<u>320</u>	<u>19</u>	<u>3,972</u>
<b>Depreciation</b>						
At 1 July 2021	(1,171)	(315)	(812)	(276)	(28)	(2,602)
Depreciation	(111)	(103)	(51)	(44)	0	(309)
Disposals	0	0	188	0	28	216
At 30 June 2022	<u>(1,282)</u>	<u>(418)</u>	<u>(675)</u>	<u>(320)</u>	<u>0</u>	<u>(2,695)</u>
<b>Net Book Value</b>						
At 1 July 2021	652	652	57	44	25	1,430
At 30 June 2022	<u>562</u>	<u>609</u>	<u>87</u>	<u>0</u>	<u>19</u>	<u>1,277</u>

# The Gurkha Welfare Trust

## Notes to the Accounts for the year ended 30<sup>th</sup> June 2022 (continued)

### 9. INVESTMENTS

The historical cost of investments at 30 June 2022 (including investment cash) was £85,041,738 (2021: £67,317,248). 97% of the investment assets are placed in a mixed portfolio of thematic funds.

Listed investments	2021/22 £000	2020/21 £000
Fixed interest		
UK	2,130	9,856
Equities		
UK	218	316
Americas	0	365
Emerging markets	0	2,278
Alternative investments	2,686	14,445
Multi Asset	63,972	0
Other overseas/Non-specific region	1,813	52,144
Property	7,018	3,725
	<u>77,837</u>	<u>83,129</u>
Cash held as part of investment portfolio	3,596	2,999
	<u>81,433</u>	<u>86,128</u>

Major movements in investments during the year were:

	2021/22 £000	2020/21 £000
Opening market value (excl. Cash)	83,129	66,415
Purchases	76,234	11,621
Disposal proceeds	(77,287)	(4,748)
(Losses)/Gains on investments	(4,254)	9,841
Investments donated	15	0
Closing market value (excl cash)	<u>77,837</u>	<u>83,129</u>

#### 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 INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	2021/22 £	2020/21 £
Turnover	114,028	55,465
Cost of sales	(53,820)	(36,456)
Gross profit	<u>60,208</u>	<u>19,009</u>
Administrative expenses	(4,539)	(4,541)
Operating profit	<u>55,669</u>	<u>14,468</u>
Profit for the financial year before taxation	55,669	14,468
Tax on profit on ordinary activities	0	0
Profit for the financial year after taxation	<u>55,669</u>	<u>14,468</u>

# The Gurkha Welfare Trust

## Notes to the Accounts for the year ended 30<sup>th</sup> June 2022 (continued)

GWT Trading Ltd Statement of Changes in Equity	2021/22		2020/21	
	£	£	£	£
	P&L	Share Capital	P&L	Share Capital
Total funds brought forward	14,468	2	14,786	2
Profit for the year	55,669	0	14,468	0
Gift Aid payment	(14,468)	0	(14,786)	0
Retained earnings at year end	<u>55,669</u>	<u>2</u>	<u>14,468</u>	<u>2</u>

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 2022		2022	2021
		£	£
Fixed Assets			
Intangibles		<u>3,961</u>	<u>7,923</u>
Total Fixed Assets		<u>3,961</u>	<u>7,923</u>
Current Assets			
Stock		8,049	4,922
Debtors		1,723	1,035
Cash at bank and in hand		<u>45,246</u>	<u>14,671</u>
		<u>55,018</u>	<u>20,628</u>
Creditors - amounts falling due within one year		<u>(3,308)</u>	<u>(14,081)</u>
Net Current Assets		<u>51,710</u>	<u>6,547</u>
Net Assets		<u>55,671</u>	<u>14,470</u>
Share Capital		2	2
Retained Profit		<u>55,669</u>	<u>14,468</u>
		<u>55,671</u>	<u>14,470</u>

A number of physical fundraising events were able to be held during the year including the Carol Concert in December and the Doko challenge and GWT Golf Day which were both held in June 22. Unfortunately the Gurkha Band Concert in Leyburn had to be cancelled due to COVID-19; a firm favourite in the fundraising calendar, this will return in November 2022. GWT Trading entered into an arrangement with Bremont Watches for a limited edition GWT-branded watch, resulting in income of £25,000.

The GWT Group includes the consolidation of the Ex Servicemen and Families Support Society, a not for profit company registered in Nepal for the legal ownership of land assets purchased by GWT(N). The Directors of the company are all employees of GWT(N) and they must resign their role as Director when their employment is terminated. It is therefore deemed that GWT(N) has control of the Ex Servicemen and Families Support Society and the results are consolidated into the GWT results from 1 July 2020 with the subsidiary retaining all of its profits. Legal ownership of land assets at Kaski was transferred to the company during 2020/21 and the remaining land assets in Dharan, Damak and Gulmi (£228k) are scheduled for transfer during 2022/23.

The following GWT(N) employees are the Directors of the Ex Servicemen and Families Support Society:

Yam Bahadur Rana  
Shyamkumar Rai  
Pim Bahadur Gurung  
Siddhartha Gurung

# The Gurkha Welfare Trust

## Notes to the Accounts for the year ended 30<sup>th</sup> June 2022 (continued)

Lila Pun Sherchan

The Ex Servicemen and Families Support Society was registered in Nepal on 2 July 2018: Registration number 192748/74/075. The registered address is Pokhara Lekhnath Metropolitan Municipality, Ward Number 10, Ramghat.

The trading results for the Ex Servicemen and Families Support Society the year ended 30 June 2022, as extracted from the financial statements are summarised below:

### Ex Servicemen and Families Support Society Income and Expenditure for the Year ended 30 June 2022

	2021/22	2020/21
	£	£
Income and Expenditure		
Income	286	0
Administrative expenses	(269)	(152)
Operating profit/(loss)	17	(152)
Profit/(Loss) for the financial year	17	(152)

### Ex Servicemen and Families Support Society Balance Sheet at 30 June 2022

	2022	2021
	£	£
Fixed Assets		
Tangible Fixed Asset	565,129	565,129
Total Fixed Assets	565,129	565,129
Current Assets		
Cash at Bank	420	390
Creditors falling due within 1 year	(132)	(138)
Net Current Assets	288	252
Net Assets	565,417	565,381
Share Capital	661	614
Reserves	564,756	564,767
	565,417	565,381

### 10. DEBTORS

	Group		Charity	
	2022	2021	2022	2021
	£000	£000	£000	£000
Trade Debtors	411	11	411	10
Amounts owed by intercompany	0	0	0	2
Prepayments and Accrued Income	288	172	288	172
Legacies	1,033	280	1,033	280
Other Debtors	374	273	374	273
	2,106	736	2,106	737

# The Gurkha Welfare Trust

## Notes to the Accounts for the year ended 30<sup>th</sup> June 2022 (continued)

### 11. CREDITORS

	Group		Charity	
	2022	2021	2022	2021
	£000	£000	£000	£000
Trade Creditors	192	278	191	276
Amounts owed to group and associated undertakings	0	0	2	(8)
Accruals	186	182	183	180
Taxation & social security	38	29	38	29
Other Creditors	504	267	504	267
	<u>920</u>	<u>756</u>	<u>918</u>	<u>744</u>

### 12. FINANCIAL INSTRUMENTS

	Group		Charity	
	2021/22	2020/21	2021/22	2020/21
	£000	£000	£000	£000
Financial assets measured at fair value				
Investments in shares	<u>77,837</u>	<u>83,129</u>	<u>77,837</u>	<u>83,129</u>
Other liabilities measured at fair value				
Constructive obligations (see Note 14)	<u>39,300</u>	<u>37,639</u>	<u>39,300</u>	<u>37,639</u>
Net financial instruments	<u>38,537</u>	<u>45,490</u>	<u>38,537</u>	<u>45,490</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.

### 13. PENSIONS AND LEAVING BENEFITS

The charity provides defined contribution pension arrangements for its employees in the UK, and UK employees based in Nepal. 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 2021/22 were £84,717 (2020/21: £79,850). No further liability arose other than these payments.

The retirement benefits in Nepal previously 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 (SRBF), an independent body. In addition, Nepali Labour Laws required 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 was established to match the liability. In 2017, under the Labour Act Nepal the gratuity changed from a defined benefit to a defined contribution scheme.

In accordance with the Labour Act, in November 2019, the Trust enrolled in the new Social Security Fund (SSF) of Nepal with combined contributions at a rate of 31% of staff salary; 20% employer contribution and 11% employee contribution. The majority of staff were required to transfer funds to the new SSF.

In line with Government of Nepal direction, during the year, Trustees decided that the SRBF should be closed and staff offered the choice of either withdrawing accumulated funds and accepting any taxation liability or transferring funds to the SSF. As at 30 June 2022, the SRBF remains solely for the eight staff employed in Darjeeling or are not eligible to contribute to the SSF.



## **The Gurkha Welfare Trust**

### **Notes to the Accounts for the year ended 30<sup>th</sup> June 2022 (continued)**

The Trust has no further liability other than the monthly payments recognised in the SOFA.

In response to COVID-19, the Government of Nepal funded both the employer and employee contributions due for two months in 2021 through a direct payment on behalf of employees into the SSF.

#### **14. CONSTRUCTIVE OBLIGATION (PROVISIONS FOR LIABILITIES FALLING DUE AFTER MORE THAN ONE YEAR)**

The Trust has recognised for some years a long-term constructive obligation, as defined by SORP (revised 2019), in respect of its welfare pensions. The SORP 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 through the Disability Support Grant (DSG) to the disabled children of welfare pensioners who were not able to support themselves when their parents were deceased.

An independent actuarial assessment of the net present value of future payments for both the welfare pension and the DSG, as at 30 June 2022, has been obtained using the following long-term assumptions:

- The level of benefit agreed for welfare pensions for 2022/23, NPR 174,000 per annum (NPR 157,200 in 2021/22) and DSG of NPR 139,200 (NPR 126,000 in 2021/22) will increase with inflation at 7.0% over the long term (7.0% in 2020/21).
- An annual festival allowance of NPR2,000 is payable to beneficiaries.
- An estimated number of 3,453 welfare pensioners (2020/21: 3,812) with an average age of 81.22.
- There are 232 direct DSG beneficiaries (2020/21: 278) with an average age of 56.53 and 30 eligible siblings receiving a reduced rate of DSG.
- Mortality rates are based on Government of Nepal rates adjusted to reflect the increased longevity of the Trust's beneficiaries.
- An estimated 1,470 ex-Gurkhas who left the service in the late 1960's and early 1970's and 140 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 has been included for 35 new entrants for each of the next five years with an average joining age of 73.
- Provision has been included for an estimated 86 future DSG beneficiaries.
- Future payments have been discounted at 6.5% pa (2020/21: 6.5%), which represents a cautious assessment of the average yield on high-quality bonds in Nepal.

The value of the obligation is particularly sensitive to the exchange rate of NPR to GBP with a low of NPR148.20/£ in June 2022, a high of NPR163.65/£ in July 2021 and an average for the year at NPR 158.56/£. Based on the exchange rate of NPR151.27/£, (2020/21: NPR162.64/£) that applied on 30<sup>th</sup> June 2022, the value of the obligation for the welfare pension was £32,475,000. This is an increase of £1,186,000 on the figure for 2020/21 of £31,288,000. The liability to cover DSG has increased by £476,000 to £6,825,000, (2020/21: £6,350,000). The combined total constructive obligation is £39,300,000.

## The Gurkha Welfare Trust

### Notes to the Accounts for the year ended 30<sup>th</sup> June 2022 (continued)

	Balance at 1 July 2021	Movement in Actuarial Valuation	Movement in Rate of Exchange	Balance at 30 June 2022
	£000	£000	£000	£000
Welfare Pension	31,288	(1,084)	2,271	32,475
Disability Support Grant	6,350	(2)	477	6,825
<b>Total Constructive Obligation</b>	<b>37,638</b>	<b>(1,086)</b>	<b>2,748</b>	<b>39,300</b>

#### 15. OPERATING LEASES AND OTHER COMMITMENTS

At 30 June 2022 the group's future minimum operating lease payments are as follows:

	2021/22 £000	2020/21 £000
UK Property lease		
Within 1 year	70	75
Between 1 to 5 years	246	234
Over 5 years	46	90
Nepal Property		
Within 1 year	26	19
Between 1 to 5 years	3	13
Over 5 years	0	0

Lease payments for the year which are recognised as expenses within the SOFA totalled £121,340 (2020/21: £120,992).

#### Capital commitments at the balance sheet date:

The Trust has capital commitments which are not provided for elsewhere in the accounts of £1,700 (IT). This represents the cost of the contracted commitment less the cost of payments already made.

#### 16. ANALYSIS OF NET ASSETS BETWEEN FUNDS OF THE GROUP AND CHARITY

	Unrestricted General £000	Unrestricted Designated £000	Restricted £000	Total £000
Intangible assets	155	0	0	155
Tangible assets	924	810	108	1,842
Investments	62,615	18,818	0	81,433
Current assets	9,433	0	1,256	10,689
Current liabilities	(920)	0	0	(920)
Constructive obligation	(39,300)	0	0	(39,300)
	<b>32,907</b>	<b>19,628</b>	<b>1,364</b>	<b>53,899</b>

The unrestricted designated fund provides for:

- Running costs of the Residential Homes for 20 years (to 2034)
- A major improvement fund for the Residential Homes

# The Gurkha Welfare Trust

## Notes to the Accounts for the year ended 30<sup>th</sup> June 2022 (continued)

- A Disaster Response fund
- GWT funding commitment to RWEPP to 2026

### 17. UNRESTRICTED FUNDS OF THE GROUP AND CHARITY

	Balance at 1 July 2021	Incoming resources in the year	Outgoing resources in the year	Gains and Transfers	Movement in obligation	Balance at 30 June 2022
	£000	£000	£000	£000	£000	£000
<b>Designated funds</b>						
<i>RWEPP</i>	4,500	0	(1,396)	(1,104)	0	2,000
<i>Disaster response</i>	7,500	0	(407)	1,616	0	8,709
<i>Residential homes</i>	9,037	0	(463)	345	0	8,919
<b>Total designated funds</b>	<b>21,037</b>	<b>0</b>	<b>(2,266)</b>	<b>857</b>	<b>0</b>	<b>19,628</b>
<b>General funds</b>	<b>34,092</b>	<b>15,858</b>	<b>(10,469)</b>	<b>(4,912)</b>	<b>(1,662)</b>	<b>32,907</b>
<b>Total unrestricted funds</b>	<b>55,129</b>	<b>15,858</b>	<b>(12,735)</b>	<b>(4,055)</b>	<b>(1,662)</b>	<b>52,535</b>

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. Trustees have identified the requirement to increase the fund to include major works (£400,000) for the next ten years. A further transfer-in of £340,000 represents the increase in valuation of the Residential Homes funds within the investment portfolio. The fund is currently valued at £8,919,000 assuming long term inflation in Nepal of 7.0%.

In June 2018, following advice from leading seismologists, Trustees created a designated fund to enable an immediate response to any future natural disasters. This fund was used during 2020/21 to provide 13 significant repairs or replacement of earthquake resilient homes following damage by storms and landslips during the 2021 monsoon. Trustees agree to fund the payment of secondary medical claims for COVID-related illness from the reserve at a cost of £357,000. The fund was increased for the effects of year end inflation and the rate of exchange with the fund totalling £8,709,000 at 30 June 2022.

Trustees identified the requirement for funds to meet the financial commitment against the planned FCDO programme for the remaining four years of the RWEPP grant agreement of £2,000,000 at 30 June 2022.

### 18. RESTRICTED FUNDS OF THE CHARITY

	Balance at 01 July 21	Income	Expenditure	Transfers	Balance at 30 June 22
	£000	£000	£000	£000	£000
<b>a. Grants to Individuals:</b>					
Welfare pensions & DSG	0	439	(439)	0	0
Welfare grants	826	626	(839)	0	613
	<b>826</b>	<b>1,065</b>	<b>(1,278)</b>	<b>0</b>	<b>613</b>
<b>b. Medical:</b>					
MOD Grant In Aid Medical	0	2,550	(2,550)	0	0
Medical	0	158	(158)	0	0
Medical camps	81	80	(131)	0	30
	<b>81</b>	<b>2,788</b>	<b>(2,839)</b>	<b>0</b>	<b>30</b>

# The Gurkha Welfare Trust

## Notes to the Accounts for the year ended 30<sup>th</sup> June 2022 (continued)

c. Residential Homes:	0	5	(5)	0	0
d. Water projects:					
Water projects – FCDO	114	1,933	(1,949)	0	98
Water projects – other	0	214	(204)	0	10
	<u>114</u>	<u>2,147</u>	<u>(2,153)</u>	<u>0</u>	<u>108</u>
e. Schools projects:					
Neal Turkington Fund	18	0	0	0	18
Schools	146	299	(378)	0	67
	<u>164</u>	<u>299</u>	<u>(378)</u>	<u>0</u>	<u>85</u>
f. Community COVID projects					
COVID equipment	88	0	(76)	0	12
	<u>88</u>	<u>0</u>	<u>(76)</u>	<u>0</u>	<u>12</u>
g. Other grants:					
Vehicles & equipment	0	18	(13)	0	5
MOD Grant in Aid Support	565	3,300	(3,196)	(158)	511
Support & infrastructure	0	32	(32)	0	0
	<u>565</u>	<u>3,350</u>	<u>(3,241)</u>	<u>(158)</u>	<u>516</u>
	<u>1,838</u>	<u>9,654</u>	<u>(9,970)</u>	<u>(158)</u>	<u>1,364</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. Welfare grants include delivering 101 earthquake resilient homes. The 100 Home fundraising campaign in 2022 was very successful and exceeded the programme budget, providing restricted funds towards homes and welfare grants to be delivered in 2022/23.

### b. Medical

The MOD Medical grant-in-aid is provided in support of medical services to our beneficiaries. One medical camp were cancelled and the donor agreed that funds could be carried forward to 2022/23.

### c. Residential Homes

A donation for the provision of rehabilitation services provided through the Residential Homes.

### d. Water projects

FCDO funding is provided through an accountable grant agreement for the rural water and sanitation programme with additional funding coming from charitable trusts and individuals. The balance at 30 June 2022, reflects the net book value of assets funded through the agreement which continue to be in use in support of the new delivery agreement.

### e. Schools projects

Several individuals and charitable trusts have sponsored the rebuilding of schools. Restricted funds are carried forward to 2022/23 to enable completion of two specific projects. A memorial fund in memory of Neal Turkington, lost in action while serving in Afghanistan, funded two major build projects in 2013. A final project has been identified for completion during 2022/23.

### f. Community COVID Projects

## **The Gurkha Welfare Trust**

### **Notes to the Accounts for the year ended 30<sup>th</sup> June 2022 (continued)**

COVID-19 support to the wider community continued during 2021/22. This was principally through the distribution of Personal Protective Equipment (PPE), oximeters and oxygen concentrator which had been funded by a donor in June 2021.

#### **g. Other grants**

The MOD grant-in-aid is provided to support the administration and infrastructure costs of the GWT(N). Restricted donations included income to fund the additional COVID related expenditure incurred ensuring that the welfare staff were able to undertake their work in a safe environment. With the continuation of the COVID pandemic and subsequent economic and supply chain challenges, GWT(N) continued to experience delays in the procurement of equipment including replacement motorbikes, resulting in the carry-forward of restricted funds to 2022/23. The carry-forward is further increased by due to the favourable rate of exchange for much of the year.

# The Gurkha Welfare Trust

## Notes to the Accounts for the year ended 30<sup>th</sup> June 2022 (continued)

The following notes, numbers 19 to 24, refer to financial year 2020/21 and are included for comparative purposes only. The restatement follows the change in accounting policy for the recognition of legacy income.

### 19. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR ENDED 30<sup>TH</sup> JUNE 2021

	Notes	Unrestricted		Restricted	2020-21 Total £000
		General £000	Designated £000	£000	£000
<b>Income from:</b>	<b>3</b>				
Donations and legacies					
Donations	3a	4,808	0	3,422	8,230
Legacies	3b	5,004	0	0	5,004
Grants					
Ministry of Defence	3c	0	0	3,355	3,355
Charitable activities	3d	0	0	2,525	2,525
Ministry of Defence					
Foreign, Commonwealth and Development Office		0	0	970	970
Other trading activities					
Fundraising Events	3e	167	0	1	168
Retail		14	0	0	14
Investments	3f	1,774	0	6	1,780
<b>Total</b>		<b>11,767</b>	<b>0</b>	<b>10,279</b>	<b>22,046</b>
<b>Expenditure on:</b>	<b>4</b>				
Raising funds					
Fundraising	4f	2,119	0	0	2,119
Investment management costs	4f	347	0	0	347
Charitable activities					
Individual aid	4a	3,929	30	3,996	7,955
Medical Aid	4b	3,303	0	2,945	6,248
Disaster response	4d	0	30	0	30
Residential Homes	4c	0	492	0	492
Community aid	4e	510	0	2,853	3,363
<b>Sub Total Expenditure</b>		<b>10,208</b>	<b>552</b>	<b>9,794</b>	<b>20,554</b>
Movement in constructive Obligation	4g/14	(2,009)	0	0	(2,009)
<b>Total</b>		<b>8,199</b>	<b>552</b>	<b>9,794</b>	<b>18,545</b>
Net (expenditure)/income before other gains and losses		3,568	(552)	485	3,501
Other gains and losses					
Net gains/(losses) on Investments	9	9,841	0	0	9,841
Net (expenditure)/income		13,409	(552)	485	13,342
Transfers between funds	16&17	(6,821)	6,821	0	0
		6,588	6,269	485	13,342
Other recognised gains/(losses)					
Profit & loss revaluation gain/(loss)		(9)	0	0	(9)
Net Movement in Funds		6,579	6,269	485	13,333
Reconciliation of funds					
Funds brought forward		27,513	14,768	1,353	43,634
<b>Total Funds Carried Forward</b>		<b>34,092</b>	<b>21,037</b>	<b>1,838</b>	<b>56,967</b>

# The Gurkha Welfare Trust

## Notes to the Accounts for the year ended 30<sup>th</sup> June 2022 (continued)

### 20. COMPARATIVE STATEMENT OF EXPENDITURE 2020-21

	Grants £000	Direct costs £000	Support costs Support £000	Governance £000	2020/21 Totals £000
<b>Charitable activities</b>					
<b>a. Individual aid</b>					
Welfare pensions	3,759	0	1,770	48	5,577
Care for the elderly	106	0	1	1	108
Disability support	176	0	104	2	282
Winter allowance	47	0	47	1	95
Welfare Grants & Support	738	95	439	11	1,283
UK welfare	250	334	4	22	610
<b>Total</b>	<b>5,076</b>	<b>429</b>	<b>2,365</b>	<b>85</b>	<b>7,955</b>
<b>b. Medical aid</b>	<b>1,471</b>	<b>3,596</b>	<b>1,119</b>	<b>62</b>	<b>6,248</b>
<b>c. Residential homes</b>	<b>25</b>	<b>392</b>	<b>70</b>	<b>5</b>	<b>492</b>
<b>d. Disaster Response</b>	<b>0</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>30</b>
<b>e. Community aid</b>					
School projects	101	557	411	9	1,078
COVID Support	0	389	3	5	397
Water projects	0	1,507	378	3	1,888
<b>Total Community Aid</b>	<b>101</b>	<b>2,453</b>	<b>792</b>	<b>17</b>	<b>3,363</b>
<b>Sub Total Charitable activities</b>	<b>6,673</b>	<b>6,900</b>	<b>4,346</b>	<b>169</b>	<b>18,088</b>
<b>f. Cost of generating funds</b>					
Fundraising	0	1,618	447	54	2,119
Investments	0	328	17	2	347
<b>Total costs of generating funds</b>	<b>0</b>	<b>1,946</b>	<b>464</b>	<b>56</b>	<b>2,466</b>
<b>Total Expenditure prior to movement in Constructive Obligation</b>	<b>6,673</b>	<b>8,846</b>	<b>4,810</b>	<b>225</b>	<b>20,554</b>
<b>g. Movement in Constructive Obligation</b>	<b>0</b>	<b>(2,009)</b>	<b>0</b>	<b>0</b>	<b>(2,009)</b>
<b>Total</b>	<b>6,673</b>	<b>6,837</b>	<b>4,810</b>	<b>225</b>	<b>18,545</b>

### 21. COMPARATIVE ANALYSIS OF SUPPORT COSTS 2020-21

	People £000	Premises & vehicles £000	Services £000	Legal & Professional £000	Currency £000	Sub Total Support £000	Sub Total Governance £000	Total £000
a. Individual Aid	1,382	327	227	7	422	2,365	85	2,450
b. Medical Aid	654	159	107	3	196	1,119	62	1,181
c. Disaster Response	0	0	0	0	0	0	0	0
d. Residential Homes	41	10	7	0	12	70	5	75
e. Community Aid	541	100	77	1	73	792	17	809
f. Fundraising	273	56	85	33	0	447	54	501
g. Investment management	11	2	3	1	0	17	2	19
<b>Total</b>	<b>2,902</b>	<b>654</b>	<b>506</b>	<b>45</b>	<b>703</b>	<b>4,810</b>	<b>225</b>	<b>5,035</b>

## The Gurkha Welfare Trust

### Notes to the Accounts for the year ended 30<sup>th</sup> June 2022 (continued)

Basis of allocation	Time spent	Space & time	Time spent	Direct	Pro rata with cost	Attribution & time
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#### 22. COMPARATIVE ANALYSIS OF NET ASSETS BETWEEN FUNDS, GROUP AND CHARITY 2020-21

	Unrestricted General £000	Unrestricted Designated £000	Restricted £000	Total £000
Intangible assets	78	0	2	80
Tangible assets	995	886	114	1,995
Investments	65,977	20,151	0	86,128
Current assets	5,436	0	1,722	7,158
Current liabilities	(756)	0	0	(756)
Constructive obligation	(37,638)	0	0	(37,638)
	<u>34,092</u>	<u>21,037</u>	<u>1,838</u>	<u>56,967</u>

The unrestricted designated fund provides for:

- Running costs of the Residential Homes for 20 years (to 2034)
- A major improvement fund for the Residential Homes
- A Disaster Response fund
- GWT funding commitment to RWEPP to 2026

#### 23. COMPARATIVE UNRESTRICTED FUNDS OF THE GROUP AND CHARITY 2020-21

	Balance at 1 July 2020 £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 2021 £000
<b>Designated funds</b>						
<i>RWEPP</i>	0	0	0	4,500	0	4,500
<i>Disaster Response</i>	5,990	0	(60)	1,570	0	7,500
<i>Residential homes</i>	8,778	0	(492)	751	0	9,037
<b>Total designated funds</b>	<u>14,768</u>	<u>0</u>	<u>(552)</u>	<u>6,821</u>	<u>0</u>	<u>21,037</u>
<b>General funds</b>	27,513	11,767	(10,208)	3,011	2,009	34,092
<b>Total unrestricted funds</b>	<u>42,281</u>	<u>11,767</u>	<u>(10,760)</u>	<u>9,832</u>	<u>2,009</u>	<u>55,129</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. Trustees have identified the requirement to increase the fund to include major works (£400,000) for the next ten years. A further transfer-in of £351,000 represents the increase in valuation of the Residential Homes funds within the investment portfolio. The fund is currently valued at £9,037,000 assuming long term inflation in Nepal of 7.0%.

In June 2018, following advice from leading seismologists, Trustees created a designated fund to enable an immediate response to any future natural disasters. This fund was used during 2020/21 to provide two replacement earthquake resilient homes following destruction by fire and four replacement homes following



## The Gurkha Welfare Trust

### Notes to the Accounts for the year ended 30<sup>th</sup> June 2022 (continued)

destruction during the 2020 monsoon. Trustees agreed to increase the fund for the effects of inflation with the fund totalling £7,500,000 at 30 June 2021.

Trustees also identified the requirement for funds to meet the financial commitment for the 5-year RWEPP grant agreement of £4,500,000 at 30 June 2021.

#### 24. COMPARATIVE RESTRICTED FUNDS OF THE CHARITY 2020-21

	Balance at 01 Jul 20 £000	Income £000	Expenditure £000	Transfers £000	Balance at 30 Jun 21 £000
<b>a. Grants to individuals:</b>					
Welfare pensions & DSG	0	749	(749)	0	0
Welfare grants	495	1,137	(806)	0	826
	495	1,886	(1,555)	0	826
<b>b. Medical:</b>					
MOD Grant in Aid Medical	126	2,525	(2,651)	0	0
Medical	0	181	(181)	0	0
Medical camps	35	160	(114)	0	81
	161	2,866	(2,946)	0	81
<b>c. Water projects:</b>					
Water projects - FCDO	600	975	(1,461)	0	114
Water projects – other	0	167	(167)	0	0
	600	1,142	(1,628)	0	114
<b>d. Schools projects:</b>					
Neal Turkington Fund	18	0	0	0	18
Schools	79	476	(409)	0	146
	97	476	(409)	0	164
<b>e. Community COVID Projects</b>					
COVID Equipment	0	476	(388)	0	88
	0	476	(388)	0	88
<b>f. Other grants:</b>					
Vehicles & equipment	0	10	(10)	0	0
MOD Grant in Aid	0	3,356	(2,791)	0	565
Support & infrastructure	0	67	(67)	0	0
	0	3,433	(2,868)	0	565
	1,353	10,279	(9,794)	0	1,838

#### 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. Welfare grants include Tranche 3 of the 300 Homes programmes; delivering 101 earthquake resilient homes. The 100 Home fundraising campaign in 2021 was very successful and exceeded the programme budget, providing restricted funds towards Tranche 4 to be delivered in 2021/22.

#### b. Medical

The MOD Medical grant-in-aid is provided in support of medical services to our beneficiaries. Due to COVID-19 two medical camps were cancelled and the donor agreed that funds could be carried forward to 2021/22. Restricted income included funds for the additional COVID related expenditure incurred ensuring that the medical staff were able to undertake their work in safe environment

#### c. Water projects

## **The Gurkha Welfare Trust**

### **Notes to the Accounts for the year ended 30<sup>th</sup> June 2022 (continued)**

FCDO funding is provided through an accountable grant agreement for the rural water and sanitation programme with additional funding coming from charitable trusts and individuals. The Phase V agreement was extended until 30 June 2021 to enable completion of projects delayed by COVID-19 during 2019/20. A new five-year agreement has been signed with FCDO for the provision of rural water and sanitation services from 1 July 2021. The balance at 30 June 2021, reflects the net book value of assets funded through the agreement which continue to be in use in support of the new delivery agreement.

#### **d. Schools projects**

Several individuals and charitable trusts have sponsored the rebuilding of schools. One of the major school projects was programmed over two financial years and restricted funds are carried forward to 2021/22 to enable completion. A memorial fund in memory of Neal Turkington, lost in action while serving in Afghanistan, funded two major build projects in 2013. A final school project has been identified for completion during 2021/22.

#### **e. Community COVID Projects**

Support to the wider community during the second wave of the COVID-19 pandemic in Nepal. This was principally through the distribution of Personal Protective Equipment (PPE), oximeters and oxygen concentrator which had been donated as goods for distribution, to the GWT.

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

The MOD grant-in-aid is provided to support the administration and infrastructure costs of the GWT(N). Restricted donations included income to fund the additional COVID related expenditure incurred ensuring that the welfare staff were able to undertake their work in a safe environment. As a result of COVID-19, GWT(N) experienced delays in the procurement of equipment including replacement motorbikes, resulting in the carry-forward of restricted funds to 2021/22. The carry-forward is further increased by due to the favourable rate of exchange during the year.