

THE NOT FORGOTTEN ASSOCIATION (NFA)

(A company limited by guarantee)

Report and Financial Statements

For the year ended 31st March 2016



Providing entertainment and recreation for the serving wounded and the ex-service community with disabilities

Charity Number: 1150541
Company Number: 8302965

Contents

Report of the Trustees.....	3-11
Legal and Administrative Information.....	12-15
Statement of Trustees' Responsibilities.....	15-16
Independent Auditor's Report.....	17-18
Statement of Financial Activities	19
Balance Sheet.....	20
Notes forming part of the Financial Statements.....	21-34

The Not Forgotten Association (NFA)

Report of the trustees for the year ended 31 March 2016

The Trustees are pleased to present their annual report, together with the financial statements of the charity, for the year ended 31 March 2016, which are also prepared to meet the requirements for a directors' account and report for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities.

Chairman's report

This has been another busy and dynamic year for The Not Forgotten Association and I am delighted to report that we have reached out to 9,108 beneficiaries through an extensive range of activities on which I report shortly. But first I would like to pay tribute to my predecessor, Brigadier Richard Heywood, who handed over the Chairmanship in October 2015. Brigadier Richard guided the charity with great wisdom and clarity over 14 years. He always put the needs of those who we serve above all else, and through his service we are now well placed to continue doing our good work for many years to come. The Trustees were delighted that Brigadier Richard agreed to continue his involvement with the charity by becoming a Vice President.

The Not Forgotten Association is a unique tri-service charity which provides entertainment and recreation for the benefit of the serving wounded, injured or sick and veterans with disabilities.

The charity was founded in 1920 by Miss Marta Cunningham CBE, an American soprano residing in London, for the '*comfort, cheer and entertainment*'¹ of servicemen injured in WWI and has enjoyed Royal Patronage from its beginnings. We are extremely proud and grateful to have HRH The Princess Royal as our current Patron.

The Not Forgotten Association's motto "From Comradeship to Challenge" encapsulates our ethos to deliver a diverse range of activities which enhance comradeship between our beneficiaries and provide challenging opportunities to younger injured men and women. According to The Confederation of Service Charities (Cobseo), we provide a unique service to the tri-service community and we take considerable effort to ensure we complement the work of other Service charities and the recovery path of the individual.

The Not Forgotten Association supported 9,108 individuals in 2015/16 delivering recreational and entertainment opportunities. Comradeship was fostered through our extensive programme of concerts, many of which are delivered in Service care homes (3,250 people), tea parties (334 people) and Christmas Lunches (909 people). Although these were mostly focused towards elder veterans, a growing number of younger service personnel are enjoying some of these activities as a chance to socialise with others who have shared experiences.

Increasingly we are providing challenging activities for the younger wounded and injured Service men and women. Last year a team of 15, including a double amputee, climbed Kilimanjaro; we also ran canoeing trips in France for 20, skiing in France and the United States for 48 and activity breaks in Majorca for 66, to mention but a few of our events. We arranged for 60 veterans and their carers to attend the Cenotaph weekend in London, always an important personal pilgrimage for those taking part. Other events included 3 battlefield tours, 168 people attending the Wimbledon Tennis Championships, a group of 23

¹ From the original intent of Marta Cunningham CBE, Founder of The Not Forgotten Association 1920.

The Not Forgotten Association (NFA)
Report and Financial Statements for the year ended 31st March 2016

attending the Gatcombe Horse Trials and 70 enjoying an exhilarating track day at Brands Hatch.

For those veterans who cannot attend our events and are housebound due to severe mental or physical disabilities we provide a window to the outside world through the provision of television sets and licenses (728 individuals).

Our flagship events each year are our Garden Party at Buckingham Palace and the Christmas Party at St James's Palace. We remain indebted for the unique privilege Her Majesty affords us by continuing to allow us to hold both these events which are supported by members of the Royal Family. We deliver these parties on behalf of all the Armed Services, including the Merchant Navy; with some 2,500 beneficiaries, carers and supports. We were also pleased to share these days with many other Service Charities whose participation reflects the special place the events hold for the Service Community.

The response to our support is remarkable. The often very frail and infirm residents attending our care home concerts may suddenly start singing, dancing, clapping or just smiling. Haig Homes noted that our concert '*...is an opportunity to connect with old friends, to meet new people, to tackle some loneliness issues ... in an informal, friendly and welcoming environment...*' Those undertaking the challenge pursuits or attending a Royal function tell us that being given this chance boosts confidence, self-respect and ambition, thereby supporting and advancing their personal recovery and allowing both the individual and their family to live a more fulfilling life.

Throughout all this work we ensure we work closely with other veteran charities and with professional organisations to ensure our activities are safe, follow best practice and focus on the beneficiary and their particular needs.

As the year drew to a close the Association said farewell and a heartfelt thank you to Colonel Piers Storie-Pugh on his retirement as Chief Executive on 1st April 2016 after five outstanding years. The trustees announced the appointment of his successor, Brigadier James Stopford, in November 2015.

Fundraising remains a significant challenge for such a small charity but we are very fortunate to be supported by the major grant giving military charities, especially Help for Heroes who continue to be our major funder. We are also well supported by grant giving trusts and the generosity of individuals. We are immensely grateful to all of them and especially to those to go to great lengths, which this year included a trans-Atlantic row, to raise money for us.

The accounts show that the Association, with the continued support and generosity of those individuals and grant giving trusts who do so much for us, is well placed to continue to bring comradeship and challenge for the years ahead. Reaching out to 9,000 of our most deserving service men and women is a remarkable feat and delivered by a small team of 7 staff of whom only 3 are full-time. But our small size is also our greatest strength and we make a considerable effort to know our beneficiaries and, equally importantly, they know us. Not one of them is forgotten.

David Cowley
Chairman

Our charitable object and activities

The NFA's object as set out in its Articles of Association is "to act generally for the benefit of service and ex-service personnel with disabilities or who are wounded, including the organisation of, or provision of, facilities for leisure and recreational activities, travel, holidays and outings".

The vision that shapes our annual timetable of activities is one which reflects that of our founder, Marta Cunningham, ie that no one injured in the service of our country should return home and feel that they have been forgotten by society.

The Not Forgotten Association (NFA)
Report and Financial Statements for the year ended 31st March 2016

We also attempt to abide by our strapline “from Comradeship to Challenge”, in as many of our activities as possible.

In shaping and planning our activities, the trustees also consider the Charity Commission’s guidance on Public Benefit, including PB2 “public benefit – running a charity”
With the help of military associations, and other referring bodies, we try to ensure that all veterans who meet our criteria are able to access our activities or receive televisions/licences.

The way in which we meet our object is by the provision of:

Outings

These are aimed at giving individuals and groups something to which they can look forward and experience outside their usual routine. The Charity attempts to offer a variety of outings in order to appeal to the widest possible range of ages and interests. Many of these days out are generously funded by the hosts, for which the Trustees are enormously grateful.

Concerts

The Charity provides an extensive programme of entertainment which reflects the vision of its founder, Marta Cunningham. A team of professional entertainers stages concerts in Service/ex-Service Care Homes across the country, at which the Homes provide tea parties. In addition, at least once a year there is usually a concert with a tea in a larger venue to which NFA beneficiaries are invited.

Holidays

A range of holidays is provided, both for groups and individuals. Many of these are within the UK, but the Charity also organises an increasing number of overseas holidays, the majority of which are activity based, although one focuses on rest and recuperation.

Adventure Activities

As a result of the increasing number of younger men and women with serious injuries and disabilities, the NFA is now including more activity breaks and outings such as surfing, abseiling, canoeing and skiing expeditions; sports car racing and indoor skydiving. All activities are managed on site by organisations with the relevant expertise and accreditation.

Royal Parties

The NFA is privileged to be able to continue to host its annual Garden Party at Buckingham Palace and its Christmas Party at St. James’s Palace. The Trustees are extremely grateful to Her Majesty and to the Charity’s Patron for their being offered these facilities. These two flagship events, attendance at which is restricted to War Pensioners and those in receipt of compensation from the Armed Forces Compensation Scheme, provide the opportunity to recognise the efforts of our wounded serving and ex-service men and women who have, over the years, served their country so proudly.

Televisions

Rental televisions (with associated warranty), and television licences (where a financial need exists), are provided to eligible individuals who are housebound or have limited mobility. Potential beneficiaries are referred by caseworkers working on behalf of SSAFA, The Royal British Legion, Combat Stress, etc., and the Trustees thank them for all their endeavours in enabling the NFA to reach so many deserving people. Working with other charities such as Help for Heroes, the NFA also continues to provide televisions to care homes, hospices, hostels and PRUs, both for their communal areas and individual rooms, as appropriate.

Achievements and Performance

At the beginning of the year, we set out our objectives, all but one of which we have met. (We are still in the process of finalising our Charity Newsletter, but are hoping it will be

The Not Forgotten Association (NFA)
Report and Financial Statements for the year ended 31st March 2016

issued early in 2016-17.)

During 2015-16, we have undertaken yet another full timetable of events and activities, once again assisting in the region of 9,000 beneficiaries (plus carers as necessary).

Some of the highlights are itemised below:

- An NFA group climbed Mount Kilimanjaro. The group included NFA beneficiaries and supporters. All but two reached the summit - the effects of altitude sickness were too severe for the remaining two to continue, although they were very close to the summit when it was decided that they should be taken off the mountain. The entire group experienced a great feeling of self-satisfaction and achievement. This resulted in their having increased confidence when they returned to the UK.
- A 95th Anniversary event was held at The Old Royal Naval College Greenwich. This incorporated a Church Service, Beating Retreat and a dinner with entertainment, which was all very well received by the invited Second World War veterans and Defence Attaches. It gave the attendees an opportunity to interact with friends old and new, whilst enjoying the surroundings and entertainment.
- NFA organised, and led, a Battlefield tour to Ypres, for NFA, Combat Stress and BLESMA veterans, with emphasis on medical developments since the First World War. This tour also highlighted the importance of cooperation between Military charities.
- There has been a noticeable increase in social media activity, and this has been seen to be beneficial for veterans, enabling them to communicate with each other after holidays and events. Also it has increased awareness of the charity amongst potential beneficiaries who had not previously known about us or our offering.

Support was provided to beneficiaries in the following areas:

	<u>2015/16</u>	<u>2014/15</u>
Outings	2,002	1,930
Holidays	683	768
Concerts	3,250	4,000
Royal Parties	2,252	2,272
T V Licences	450	399
TVs for Individuals	403	349
TV and licences in Homes/Hospitals	*68	*85
Total Direct Beneficiaries	9,108	9,803

*Counts a home as a single beneficiary rather than the number of actual viewers. It has been estimated that 2,500-3,500 people benefitted from communal television sets and licences in 2015-16

We have also continued our relationships with Military associations, Personnel Recovery Units and other military charities, to ensure that we receive the widest spread of nominations for our outings, holidays and events. We have also increased our efforts to link with corporate bodies, including the Livery companies, to elicit more support for our activities.

One of the ways that we have improved our methods of operation is via our central Database which is now up and running. This allows us to keep more accurate records of our beneficiaries, and to prevent the waste of our internal resources in keeping separate records for each area of our operation. It also allows us to provide more accurate statistics to our

Grant Funders.

The main method by which we measure our performance is by feedback received at, or after, our provision of events and activities. This may be from the beneficiaries themselves, their carers, or, for example, the PRUs.

Our Volunteers

NFA is a very small charity, but our reach is wide. To achieve our aims we rely on a loyal band of volunteers and friends, to support our staff on activities, and also to collect for the charity at various functions across the country. We have many supporters who perform all sorts of athletic feats and others who hold various other events, such as a concert, and cake sales, fundraising for us! We hold them all in high esteem, and would like to thank them all for their efforts on our behalf, and for using their precious free time to help us.

Financial Review

Funding

Income in the year of £1,094,301 (2015 £1,082,329), once again exceeded the budget set by the Trustees. This was in spite of the uncertain economic conditions.

Help for Heroes continued to fund us this year, and, the NFA continued to be awarded grants by military grant-making bodies including ABF The Soldiers Charity, The RAF Benevolent Fund, The Royal Navy and Royal Marines Charity and Seafarers (King George's Fund). We were also fortunate to be recipients of donations from corporate and individual donors.

Our Legacy income in 2015/16 was £134,173 (12.26% of income). We have continued to pursue different ways of maintaining, or increasing, this income stream, by targeted advertising, and attempting to raise our profile with solicitors.

Public awareness of the Armed Forces on current operations and the increasing number of seriously wounded troops have helped to ensure public financial engagement with military charities. However, this may change with the continued withdrawal of military personnel from theatres of operation which may possibly reduce public interest in the lives of injured veterans.

The Trustees agreed that we should increase our expenditure on raising the Charity's profile via its website, national press and other media. As a result it has, amongst other things, been the beneficiary of a number of adventurous individuals' undertaking sponsored physical challenges including climbing Kilimanjaro, rowing the Atlantic and running marathons.

The NFA has been fortunate during this period, with the overall level of donations and grants, which, although they are slightly lower than in previous years, remain at a level which allows us to continue our very important work. However, feedback from the sector indicates that the financial future for all charities may become increasingly difficult.

Grant Makers are also being more targeted with the funds which they do provide, and we can no longer assume that we will necessarily fit their amended parameters. It is possible; therefore, that the NFA will experience a reduction in charitable giving from trusts, associations, grant-making bodies and possibly individuals, as they face an increasing strain on their resources. We have also noticed that there has been increased competition from other charities for the amounts which are available, especially those charities which no longer receive Public Sector support. To this end, we have begun to spend more on PR and advertising, in an attempt to further raise our profile, and to seek new avenues of funding.

Expenditure

Expenditure totalled £1,368,672 in the period (2015 £1,340,623).

Reserves

The results for the period show an operating deficit of £283,335 before losses on the investment portfolio of £156,752 (see below). This gave an overall deficit of £440,097

The trustees have decided that in these uncertain times, we should maintain the reserves at twice annual expenditure mainly due to the uncertainty in the markets. This means that we are able to plan, with some degree of certainty, for activities up to two years in advance.

Accumulated reserves at period end were £2,417,930. Of this amount, £50,816 was Restricted funds and £100,000 was a Designated, pensions' fund – see note 17.

The Trustees believe their existing Reserves Policy in which they aim to hold a minimum level of Reserves of between £2m and two years' expenditure, in a portfolio of investments and cash remains valid and appropriate for the following reasons:

- Reserves of £2.4m are equivalent to approximately two years' costs. The small team of seven full- and part-time staff is committed to the delivery of the charitable activities to its beneficiary base rather than being engaged in active fundraising. The NFA relies on the continued goodwill of individual donors and financial support from grant-making bodies who value the work it carries out. In the event of significantly reduced income, given its cyclical profile, it would take the NFA at least 18 months to confirm the decline, to develop and implement a fundraising strategy, and to recruit staff with the necessary skills to undertake fundraising activity, in order to generate significant funds from new sources.
- The NFA has virtually no guaranteed income, no service contracts and no expectation of regular income from legacies. Although many donors continue to support the Charity, they also have experienced increased pressure on their own available resources.
- The recent economic downturn and public sector spending cuts will have an effect on discretionary spend of individuals and trusts, which is likely to have an impact on the NFA's future income.
- The increasing age and degree of infirmity and disability of many beneficiaries means that they require a higher level of support when attending an event or activity. This is seen in the number of beneficiaries who must be accompanied by their carers, not only to aid mobility, but also to provide the level of confidence necessary for them to feel able to venture out and be away from their homes and normal environment. This is likely to increase the cost of our provision.
- Operations in Iraq and Afghanistan, led to an enormous increase in demand for the NFA's support from younger men and women who suffered as a consequence of their service. The Charity must be in a position to continue to provide its support programmes to these and other beneficiary groups, which may require more qualified helpers.
- The Charity believes there is a moral commitment to a beneficiary to continue paying their television licence for one or more years if circumstances suggest this would help them through a difficult period.

The Not Forgotten Association (NFA)
Report and Financial Statements for the year ended 31st March 2016

- It is often necessary to book activities and place large deposits for venues or events up to a year in advance, so reserves to finance these cash deposits are important.
- In summary, the Trustees believe that the NFA's level of reserves serves the following:
 - To allow the programme of activities to continue in the event of severely reduced income, whilst an alternative fundraising regime is established.
 - To generate investment income to supplement other sources of income.
 - To smooth cashflow within a year when expenditure occurs ahead of income.

Investments

Performance

The Charity continued to have its funds managed by Cazenove Charities.

Early in the year the Trustees decided to liquidate £225,000 of assets within the Multi-Asset Fund (CMAF) to ease the Charity's working capital position.

Net losses on investment for the year to March 2016 totalled £156,762.

Income from these investments, for the year, totalled £101,336, a return of just above 4%.

Policy and Review

The majority of the Charity's reserves is held within Cazenove Multi Asset Fund (CMAF), a managed portfolio that aims to return RPI+ 4% pa, and pays income from the fund of 4% pa. This arrangement commenced in 2010, when the Trustees decided to move the funds held in eight individual holdings into the fund. The historical cost of these funds as at November 2010 was £2,833,205.

As well as receiving written monthly updates, Trustees, the Chief Executive and the Head of Finance attend meetings with Cazenove fund managers on a regular basis, for updates on the CMAF and the investment environment. Also, Cazenove investment managers attend one of the Trustee meetings during the year, to report on fund progress, investment strategy, etc. and to answer Trustees' questions.

The Trustees had been intending to hold a tendering exercise during 2015-16 to ensure that Cazenove were the best managers for our portfolio. However, the charity has undergone personnel changes within the Trustee body, and a new Chief Executive was appointed with effect from April 2016, thus it was decided to defer the exercise until 2016-17.

Pensions Liability and effect on reserves

Note 17 gives the background to the movement on the liability for our pensions, which are held with Pensions Trust. FRC issued a new reporting standard early in 2013: FRS 102 is the Financial Reporting Standard (FRS) applicable in the UK and Republic of Ireland (known as new UK and Irish GAAP). The mandatory effective date for the new framework of reporting is for financial years on or after 1 January 2015.

The standard directs that sponsoring employers should disclose the net present value of agreed deficit repayments on their balance sheets i.e. recognising the contingent liability. As a consequence the reader will see the immediate impact on the financial statements

The Not Forgotten Association (NFA)
Report and Financial Statements for the year ended 31st March 2016

In order to do this, our Balance Sheet has been restated back to 2014, with the pensions' liability, and the movements thereon, being brought forward each year. At April 2015, the Reserves figure, brought forward from 2015 was £2,858,027, having been restated from £2,888,962. At the end of March 2016, our liability (Provision) stood at £39,899.

NFA Trading Limited

During the year, the Trustees were approached by Willis Towers Watson insurance brokers, with a scheme whereby they would broker a Forces' personal accident policy, through Covéa Insurance, and NFA would receive a fixed amount from each premium received. (Any potential customers would be advised of this arrangement.)

The Trustees agreed that the scheme appeared to be favourable to NFA, in that it would raise the profile of the charity and contribute to our funds, however, they decided that the best way to proceed would be to open a trading company to handle this, and any other future, non primary purpose, trading requirements.

The policy was launched in January 2016, and NFA Trading Limited (Company Number 09835998) was set up with two directors: one a Not Forgotten Association director, and one independent. NFA Trading Ltd will Gift Aid profits to the Charity, however, this is unlikely to happen before F/Y 2017-18. There was no activity in the Trading Company between its launch in January 2016, and 31st March 2016.

Plans for future periods

The Trustees have decided that NFA will continue to offer a programme of events and activities that are appropriate, beneficial and relevant, mindful of the range of the ages, injuries, and experiences of the individuals we are seeking to assist.

For example during 2016-17 we will organise a walking holiday in Iceland, with maximum national coverage, as a challenge to the participants and also to raise the Charity's profile. As with the Kilimanjaro trip in 2015-16, participants will be encouraged to raise personal sponsorship.

Other plans for the period include:

To enhance communications: - in the first instance to redesign the Charity's website and produce the first Newsletter.

To seek to invite eligible beneficiaries who have not attended an NFA event before, and to offer opportunities to veterans of all ages underpinning the Charity's motto: From Comradeship to Challenge.

NFA will continue to seek new avenues of funding, because of the additional costs associated with the inherent requirement for specialist trainers, due activity based holidays required by the younger beneficiary age groups, as well as the carers required to accompany the older beneficiaries.

To expand and develop stronger relationships with key partners including City Corporate bodies, including The Livery Companies which have ex-service Clerks. Also, to liaise closely with the RBL and SSAFA on the television and/or TV licence provision especially with regard to any alternative funding.

To continue the Charity's recent example of inter service charity support and activity.

The Not Forgotten Association (NFA)
Report and Financial Statements for the year ended 31st March 2016

To continue to expand the Charity's volunteer footprint. Also, to consider the value of collecting at different mainline Stations, and, with permission, at other venues.

To develop and refine the Association's processes, to ensure that we optimise the use of our resources, including consideration of an upgrade to the database.

Reference and administrative details

Charity number (CCEW): 1150541

Company number: 8302965

Registered office: 4th Floor, 2 Grosvenor Gardens, London SW1W 0DH

Our advisers

Auditors

Mazars LLP
Times House
Throwley Way
Sutton
Surrey SM1 4JQ

Solicitors

Bircham Dyson Bell LLP
50 Broadway
London SW1H 0BL

Bankers

Unity Trust Bank plc
Nine Brindleyplace
Birmingham B1 2HB

NatWest Bank plc
63-65 Piccadilly
London W1J 0AJ

Investment Advisers

Cazenove Charities
Schroder & Co Limited
31 Gresham Street
London EC2V 7QA

Directors and Trustees

The directors of the charitable company (the charity) are its trustees for the purpose of charity law. The names of those who have served during the period are set out below:

Presidents

Admiral of The Fleet Sir Benjamin Bathurst GCB DL
Commandant A Larken CBE
General The Lord Dannatt GCB CBE MC DL
Air Chief Marshal Sir Stephen Dalton GCB BSc FRAeS

The Not Forgotten Association (NFA)
Report and Financial Statements for the year ended 31st March 2016

Vice Presidents

Major General Sir Christopher Airy KCVO CBE
J L Brunel Cohen OBE DL
The Countess Haig
Major General The Duke of Westminster KG CB OBE TD CD DL
Lieutenant Colonel T J Tedder
Brigadier R J Heywood OBE DL (Appointed June 2015)
Colonel P A D Storie-Pugh OBE TD DL (Appointed April 2016)

Board of Trustees

Mr D J Cowley	(Chairman)	*
Major D A C Smyth MBE TD	(Hon Treasurer)	*
Captain B Adams RN	(Retired October 2015)	*
Mr J Archer		*
Colonel Sir Geoffrey Errington Bt OBE	(Retired October 2015)	
The Lord Newall DL		*
Mrs B H Newton	(Retired October 2015)	
Mr M Nicholls		*
Commodore P Tribe		*
Colonel W M J Partridge	(Appointed October 2015)	
Mr G C Hurstfield	(Appointed October 2015)	
Dr C M Goble	(Appointed October 2015)	
Commodore J Scorer	(Appointed February 2016)	*
Group Captain J Gross	(Appointed February 2016)	

* denotes member of the Finance and General Purposes Sub-Committee

Senior Management Team

Colonel P A D Storie-Pugh OBE TD DL	(Retired April 2016)	(Chief Executive)
Brigadier J R H Stopford CBE	(Appointed April 2016)	(Chief Executive)
Mrs R Thompson		(Head of Events)
Mrs P Henderson		(Head of Finance)

Structure, Governance and Management

Governing Document

The Not Forgotten Association (NFA) is a company limited by guarantee (reg no 8302965), governed by its Articles of Association, dated 21st November 2012. It is registered as a charity with the Charity Commission for England and Wales (no 1150541).

Appointment of Trustees

As set out in the Articles of Association any person who is willing to act as a Trustee, and is permitted by law to do so, may be appointed to be a Trustee by Ordinary Resolution; or by a simple majority of all the Trustees entitled to attend and vote at any meeting of the General

Committee.

New Trustees who are invited to join the Board by the Chairman, with the approval of the Board, will normally serve for five years with an optional extension of five years if approved by the Board. Trustees who join the Board normally come with a specific skill or area of interest that will benefit the organisation, e.g. detailed understanding of the armed forces, investments, finance, or the law; or corporate experience and knowledge.

Trustee induction and training

New Trustees are briefed on their legal obligations under Law. During their period of induction, they meet the management team and review and discuss activities, recent financial statements and Committee minutes. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role

Organisation

The Board of Trustees (the General Committee) which can have up to 11 members meets no less than three times a year to review policy matters, financial control, and the Charity's investments. Between Board meetings, Trustees are invited to attend a variety of activities within the annual programme and give feedback to the Chairman and Chief Executive.

There is one Board sub-committee, the Finance and General Purposes Committee, which maintains an overview of the strategies, policies and operations of the NFA to secure effective management of its financial resources.

The day-to-day management of the NFA is delegated by the Trustees to the Chief Executive, the Head of Events and the Head of Finance, each of whom gives a detailed report on their area of responsibility at each Board or Committee meeting.

In addition, there is a small team covering the functional areas of televisions, holidays and administration, as well as providing assistance to the Senior Management Team and Trustees.

Related parties and cooperation with other organisations

None of the trustees receives benefit from their work with the charity apart from occasional small contributions to their travel costs (see note 6).

The charity's wholly owned subsidiary NFA Trading Limited was established in 2015 to facilitate any future non primary purpose trading activity, thus to protect the charity's assets from any risk associated with this. One of the trustees of The Not Forgotten Association (NFA) is also a director of NFA Trading Limited.

NFA trustees will routinely monitor the performance of the subsidiary to ensure good and proper use of any charity assets

Pay policy for senior staff

The General Committee and the senior management team are the key management personnel of the charity, in charge of directing, controlling, running and operating it on a day to day basis. All trustees/directors give of their time freely, and only minor travel costs were paid during the year see note 6.

The pay of senior, and other, staff is reviewed annually by a committee of trustees, and normally increased in accordance with average earnings in similar sized charities, and the benchmark for any relevant professionally qualified staff.

Risk Management

The trustees have a risk management strategy which comprises:

- A triennial review of the principal risks and uncertainties in the charity, undertaken by an external consultant – the next is due in 2018.
- The board, SMT and staff keeping a watching brief on the potential risks undertaken by the charity, ensuring that they are ameliorated.

To date the trustees have identified that the risks facing this Charity, like any other, are Financial and Reputational:

Financial - The NFA has no guaranteed future income streams. This fact also gives rise to the Reserves Policy adopted by the Trustees

Reputational - as an organiser of a wide variety of events, the NFA takes great care to ensure the safety of all participants and that the appropriate liability policies are in place.

They have also identified that we must ensure that the risk assessment of venues we utilise for our activities must meet our stringent requirements – to ensure the health and safety of our beneficiaries.

Trustees' responsibilities in relation to the financial statements

The charity trustees, (who are also directors of the Not Forgotten Association, for the purposes of company law) are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Company law requires the charity trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company as at the balance sheet date, and of its income and expenditure, for the financial 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 judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis, unless it is not appropriate to assume that the charity will continue on that basis.

The Trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company 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 charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure to our auditors

In so far as the trustees are aware at the time of approving our trustees' annual report:

- There is no relevant information, ie information needed by the auditors in connection with the preparation of their report, of which the charity's auditors are unaware, and
- The trustees having made enquiries of fellow directors and the charity's auditors, have taken all the steps that we were obliged to take, in order to make ourselves aware of any relevant audit information, and to establish that the Charity's auditors are aware of that information

By order of the board of trustees

DC Cowley (Chairman)
2016

The Not Forgotten Association (NFA)
Report and Financial Statements for the year ended 31st March 2016

Independent auditor's report to the members of The Not Forgotten Association (NFA)

We have audited the financial statements of The Not Forgotten Association (NFA) for the year ended 31 March 2016, which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of trustees and auditors

As explained more fully in the Responsibilities of the Trustees statement set out on page 15, the trustees (who are also the directors of the charity 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the charity'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 charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2016 and of its income and expenditure for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Report of the Trustees.

Nicola Wakefield (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Times House, Throwley Way, Sutton, Surrey, SM1 4JQ

The Not Forgotten Association (NFA)
Report and Financial Statements for the year ended 31st March 2016

Statement of Financial Activities (including Income and Expenditure Account) for the year ended 31 March 2016

	Notes	Unrestricted funds	Designated funds	Restricted funds	Total funds 2016	Restated Total funds 2015
		£	£	£	£	£
Income from						
Donations and legacies	3	607,228	-	385,464	992,692	982,992
Investments	4	101,609	-	-	101,609	99,339
Total Income		708,837	-	385,464	1,094,301	1,082,329
Expenditure on						
Raising Funds	5	179,307	-	-	179,307	196,599
Charitable Activities	5	767,730	-	421,635	1,189,365	1,133,148
Other Monument*			-			10,876
Total Expenditure		947,037	-	421,635	1,368,672	1,340,623
Net gains/(losses) on investments	8	(156,762)	-	-	(156,762)	95,306
Net income/(expenditure)		(394,962)	-	(36,171)	(431,133)	(162,988)
Transfers between funds						
Gains/losses on defined benefit pension schemes		(8,964)	-	-	(8,964)	1,486
Net movement in funds		(403,926)	-	(36,171)	(440,097)	(161,502)
Reconciliation of funds:						
Total funds brought forward (restated)		2,666,040	100,000	91,987	2,858,027	3,019,529
Total funds carried forward		2,262,114	100,000	55,816	2,417,930	2,858,027

The statement of financial activities includes all gains and losses recognised in the year

All income and expenditure derive from continuing activities

A comparative SOFA is provided at note 16

*The expenditure on the Monument, at the National memorial Arboretum was completed in 2014-15, and is shown here for completeness

The Not Forgotten Association (NFA)
Report and Financial Statements for the year ended 31st March 2016

Balance sheet as at 31 March 2016

	Notes	2016 £	2015 (restated) £
Fixed assets			
Investments and cash for reinvestment	8	2,224,948	2,606,710
<i>Total fixed assets</i>		2,224,948	2,606,710
Current assets			
Debtors	9	73,579	85,583
Cash at bank and in hand		207,931	243,793
<i>Total current assets</i>		281,510	329,376
Liabilities			
Creditors: amounts falling due within one year	10	(48,629)	(47,124)
Net current assets		232,881	282,252
Total assets less current liabilities		2,457,829	2,888,962
Provision for liabilities		(39,899)	(30,935)
Total net assets		2,417,930	2,858,027
The Funds of the Charity			
Restricted funds	13	55,816	91,987
Designated fund (Pension Reserve)	13	100,000	100,000
Unrestricted funds	13	2,262,114	2,666,040
Total funds	13	2,417,930	2,858,027

These financial statements are prepared in accordance with the provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006. The Notes at pages 21 to 34 form part of these accounts

Approved by the Trustees on _____ and signed on their behalf by:

D.J Cowley (Chairman of the Board of Trustees) DAC Smyth (Honorary Treasurer)

Notes forming part of the financial statements for the year ended 31 March 2016

Notes on the accounts

1 Accounting policies

The principal accounting policies adopted, together with any judgments used, are set out below.

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities (July 2014), the Financial Reporting Standard for Smaller Entities (effective January 2015) and the Companies Act 2006. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Preparation of the accounts on a going concern basis

The trustees believe that their Reserves Policy of maintaining reserves at twice the average annual expenditure, will safeguard the immediate future of the NFA, and on that basis their assessment is that the charity is a going concern

c) Income recognition policies

Items of income are recognised in these accounts when all of the following criteria are met:

- the charity has entitlement to the funds;
- any performance conditions attached to the item(s) of income have been met, or are fully within the control of the charity;
- There is sufficient certainty that receipt of the income is considered probable; and
- The amount can be measured reliably.

For legacies, entitlement is taken as the earlier of:

- The date on which the charity is aware that probate has been granted;
- The estate has been finalised, and notification has been made by the executors that a distribution will be made; or
- When a distribution is received from the estate

Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or if the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material

d) Donated services and facilities (gifts in kind)

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

e) Interest receivable

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

f) Fund accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general

The Not Forgotten Association (NFA)
Report and Financial Statements for the year ended 31st March 2016

objectives of the Charity and which have not been designated for other purposes. Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund.

g) Investments

Investments are included at closing mid-market value at the balance sheet date. Any realised and unrealised gains and losses on revaluation or disposals are combined in the statement of financial activities.

h) Investment income

Income from investments is included, in the period in which it is received except where the investment managers notify the Trustees of accrued income. Such accrued income is recognised once it has been notified

i) Expenditure and irrecoverable VAT

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

- Costs of raising funds includes all expenditure incurred by the charity to raise funds for its charitable purposes. This includes fundraising activities and events.
- Expenditure on charitable activities includes the costs of activities and their associated support costs

As the Association is not registered for VAT, all VAT incurred is charged as a cost against the activity for which the expenditure was incurred

j) Allocation of support costs

Support costs are those functions that assist the work of the charity, but do not directly undertake charitable activities. Support costs include back office costs such as finance, personnel, and events' support, also governance costs which support the NFA's core activities. These costs have been allocated between the costs of raising funds and charitable activities. The basis for allocation is percentage of staff time.

	2016
Televisions	14%
Holidays	22%
Entertainments	19%
Outings	16%
Fundraising & Publicity	29%

k) Operating leases

NFA classifies the lease of the printer, telephony and franking machine as operating leases; the title to the equipment remains with the lessors. Rental charges are charged on a straight line over the term of the leases.

l) Tangible fixed assets

The Charity has adopted a policy not to capitalise assets costing under £1,000 on the grounds that they are immaterial to the financial statements.

The Not Forgotten Association (NFA)
Report and Financial Statements for the year ended 31st March 2016

l) Debtors

Trade and other debtors are recognised at the settlement amount, and Prepayments are valued at the amount prepaid.

m) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

n) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount to settle the obligation can be measured or estimated reliably.

o) Financial instruments

The Association only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

2 Legal Status of the Charity

The Not Forgotten Association (NFA) is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability, in respect of the guarantee is limited to £1 per member.

3a) Income from Donations

Donations and legacies	2016	2015
	£'000	£'000
Donations	468,274	504,099
Legacies	134,173	38,313
Grants	284,216	310,580
Gifts in Kind	106,029	130,000
	992,692	982,992

Of the £992,692 received in 2016 (2015 £982,992), £ 385,464 (2015 £356,052) were restricted funds and £607,228(2015 £626,938) unrestricted funds.

The Charity has received tickets to events and the use of facilities during the period, for which the hosts required no payment. An amount has been included as Donated services (Gifts in Kind), as both income and expenditure, in this, and prior periods' financial statements, to enable a better understanding of the funds of the Charity. See 1(d) in the notes on the accounts.

NFA benefits from the involvement and enthusiastic support of its many volunteers. However, in accordance with accounting standards, the economic contribution of volunteers is not measured in the accounts

The Not Forgotten Association (NFA)
Report and Financial Statements for the year ended 31st March 2016

b) Donations from official bodies

	Unrestricted	Designated	Restricted	2016	2015
	£	£	£	£	£
Help for Heroes	-	-	90,000	90,000	100,000
ABF The Soldiers Charity	-	-	40,000	40,000	40,000
Westminster Foundation	-	-	30,216	30,216	29,980
RAF Benevolent Fund	-	-	20,000	20,000	20,000
RNRMC	-	-	10,000	10,000	30,000
Queen Mary's Roehampton Trust	-	-	22,000	22,000	20,000
Anon	-	-	30,000	30,000	25,100
Seafarers UK	-	-	5,000	5,000	5,000
Childwick Trust	-	-	15,000	15,000	15,000
Queen's Club SF	-	-	5,049	5,049	4,601
Aspen Insurance	-	-	30,000	30,000	30,000
Burry Charitable Trust	5,000	-	-	5,000	5,000
Doughty Hanson	10,000	-	-	10,000	10,000
War Memorial Village Lancaster	1,000	-	-	1,000	1,000
Santander	-	-	-	-	3,100
Aviva	-	-	5,000	5,000	-
	16,000	-	302,265	318,265	338,781

4 Investment income

The majority of our investment income £101,366 (2015 £98,922) derived from investments held with Cazenove Charities (see our investment policy p8). However we did receive a de minimis amount of interest on our current and short-term deposit accounts £272 (2015 £417).

5 Analysis of expenditure on charitable activities

				2016	2015
	Support costs	Staff costs	Other direct	£	£
Costs of raising funds					
Fundraising and publicity costs	33,440	107,089	38,778	179,307	196,599
Charitable activities					
Televisions	16,143	51,698	98,066	165,908	143,824
Holidays	25,368	81,240	397,799	504,407	420,375
Entertainment	21,909	70,162	138,923	230,994	273,448
Outings	18,450	59,084	86,086	163,619	154,957

The Not Forgotten Association (NFA)
Report and Financial Statements for the year ended 31st March 2016

Governance Costs	18,408	-	-	18,408	11,084
Gifts in Kind	-	-	106,029	106,029	130,000
Monument					10,876
Grand total	133,718	369,273	865,680	1,368,672	1,340,623

The Charity has received tickets to events and the use of facilities during the period, for which the hosts required no payment. An amount has been included as Donated Services/Gifts in Kind, as income and expenditure, in this, and past period's financial statements, to enable a better understanding of the funds of the Charity.

Basis of allocation: for raising funds and charitable activities – staff time
for governance – actual costs

b) Analysis of support costs

	2016	2015
	£	£
Office expenses	62,312	58,337
Office rental	30,247	30,107
Employee related costs	32,290	4,723
Insurance	8,869	3,758
	133,718	96,925

	2016	2015
	£	£
Net income is stated after charging:		
Trustees' indemnity insurance	2,206	2,206
Audit fees of financial statements	3,851	3,749
Operating lease rentals:equipment/car	8,371	11,304
: buildings	30,247	30,107

The Not Forgotten Association (NFA)
Report and Financial Statements for the year ended 31st March 2016

6 Analysis of staff costs including trustee remuneration and expenses

The average number of employees during the year to 31st March 2016 was 7, with 3 being full-time and 4 part-time (RTE 6.4)

	2016	2015
	£	£
Salaries	302,238	282,099
Social security costs	32,730	31,832
Pension costs	22,425	21,494
Health insurance	9,386	9,003
Other staff costs	2,493	2,575
	369,272	347,003

Pension costs include £3,731.64 relating to NFA's contribution to the Group plan deficit - see Note 18). Pension costs are wholly charged to unrestricted funds

The SORP requires us to disclose in these accounts the total amount of any employee benefits received by trustees and the key management personnel (SMT) during the year:

The charity trustees were not paid nor received any benefits from employment with the NFA, however, 3 trustees received reimbursement, totalling £103, for travel expenses. (2015 3 Trustees received £630)

No trustee received payment for professional or other services supplied to the charity

During the year to March 2016, the number of employees whose annual emoluments (salaries and benefits in kind) fell within the following bands:

	2016	2015
£60,000-£69,999	1	-
£70,000-£79,999	-	1
£80,000-£89,999	1	-

The SMT (comprising the Chief Executive, Head of Events and Head of Finance) received a total of £227,317 during the year, which included pension contributions and Benefits in Kind – private health cover and a car.

7 Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes act 1988, or section 252 of the Taxation of Chargeable Gains Act 1992, to the extent that these are applied to its charitable objects.

The Charity is not registered for VAT and, accordingly, all its expenditure is recorded inclusive of any VAT incurred.

The Not Forgotten Association (NFA)
Report and Financial Statements for the year ended 31st March 2016

8 Fixed asset investments

	Listed Investments	Cash for reinvestment	Total
	£	£	£
<hr/>			
Valuation			
At 1 April 2015	2,602,988	3,722	2,606,710
Proceeds of disposals	(225,000)		(225,000)
Net market value movements	(156,762)		(156,762)
Movement in cash	-	-	-
<hr/>			
At 31 March 2016	2,221,226	3,722	2,224,948
<hr/>			

Investments included above are all invested in the UK and are made up of equities and bonds held in a managed fund. Investments are held primarily to provide an investment return for the Charity.

Investment management fees for the year totalled £5,857.

All listed investments are held within the Schroders Multi Asset Fund. The historical cost of the current holding of investments was £2,069,811.

9 Debtors

	2016	2015
	£	£
<hr/>		
Amounts falling due within one year		
Other debtors	7,904	6,990
Prepayments & accrued income	65,675	78,593
	<hr/>	<hr/>
	73,579	85,583
<hr/>		

10 Creditors: amounts falling due within one year

	2016	2015
	£	£
<hr/>		
Trade creditors	2,941	3,795
Accruals and deferred income	34,647	33,659
Pension creditor	1,439	1,198
Taxation and Social Security	9,602	8,472
	<hr/>	<hr/>
	48,629	47,124
<hr/>		

The Not Forgotten Association (NFA)
Report and Financial Statements for the year ended 31st March 2016

11 Contingent Assets – legacy income

As at 31 March 2016 the charity had been notified of two residuary legacies the value of such are uncertain. As at the end of May no further information has been received and so these legacies have not been accrued.

12 Deferred income

Our deferred income relates to the grant given by the Westminster Foundation towards our rent. As there is a timing difference, the income is deferred to the proper period. In 2016 we have deferred £27,698 to the next Financial Year (2015 £27,698).

13 Funds

	Balance at 01 April 2015	Income	Expenditure	Investment losses	Movement on Provision	Balance at 31 March 2016
	£	£	£	£	£	£
Restricted funds						
Help for Heroes	73,872	90,000	(121,449)	-	-	42,423
ABF The Soldiers Charity	-	40,000	(40,000)	-	-	-
RAF Benevolent Fund	-	20,000	(20,000)	-	-	-
Royal Alfred Seafarers	-	5,000	(5,000)	-	-	-
RNRMC	-	10,000	(10,000)	-	-	-
Westminster Foundation	-	30,216	(30,216)	-	-	-
Aspen	-	30,000	(30,000)	-	-	-
QMRT	-	22,000	(22,000)	-	-	-
RBL	-	6,000	(6,000)	-	-	-
Concerts/Lunches/Christmas Party	-	35,000	(35,000)	-	-	-
Big Lottery Fund	-	11,870	(11,870)	-	-	-
Holidays(including Majorca/Malta)	10,798	3,728	(8,000)	-	-	6,526
ActivityHolidays (Including Skiing/Surfing)	-	64,500	(64,500)	-	-	-
Events(Including Airkix/Brands Hatch Race day)	1,000	2,150	(2,150)	-	-	1,000
NMA	867	-	-	-	-	867
Standard/regional/other	5,450	15,000	(15,450)	-	-	5,000
Total restricted funds	91,987	385,464	(421,635)	-	-	55,816

The Not Forgotten Association (NFA)
Report and Financial Statements for the year ended 31st March 2016

Unrestricted funds	-	-	-	-	-	-
Designated Funds	-	-	-	-	-	-
Pensions Fund	100,000	-	-	-	-	100,000
Other Unrestricted Funds	-	-	-	-	-	-
General Reserve	2,666,040	708,837	(947,037)	(156,762)	(8,964)	2,262,114
Total unrestricted funds	2,766,040	708,837	(947,037)	(156,762)	(8,964)	2,362,114
Total funds	2,858,027	1,094,301	(1,368,672)	(156,762)	(8,964)	2,417,930

Restricted funds are restricted to purposes specified by the donors. Therefore, they are not available for the general purposes of the NFA.

The restrictions vary from our only being able to spend the Grants on specific arms of the military (eg Army, Navy, Air Force), and others are restricted to specific holidays or events, and some contribute to the TVs we supply to our beneficiaries.

The monument at the NMA, which was unveiled in November 2014, was not funded from charitable funds, but from funds donated specifically for that purpose. The residue of the Restricted funding will be utilised for ongoing maintenance costs as requested by the donors.

Designated funds are funds which the Trustees have set aside for particular purposes, but which are still available for the general purposes of the NFA, should the need arise:

- The Pensions Fund was set up in response to a notification from the Pensions Trust that, whilst the pensions arrangements with the Trust are nominally of a defined contribution nature, as a result of the Employer Debt on Withdrawal Regulations 2005, a sum currently estimated at **£100,000** would be payable by the Association were it to exit the Trust's scheme. A formal actuarial review of this liability is undertaken every three years. The NFA Trustees continue to keep the position under regular review and will amend the fund balance as appropriate.

14 Analysis of the net assets between funds

The net assets held for the various funds, are as follows:

	Restricted Funds	Designated Funds	Unrestricted Funds	2016 Total	Restated 2015 Total
	£	£	£	£	£
Investments	55,816	100,000	2,069,132	2,224,948	2,606,710
Current assets	-	-	281,510	281,510	329,376
Current liabilities	-	-	(48,629)	(48,629)	(47,124)
Pensions liability	-	-	(39,899)	(39,899)	(30,935)
Total net assets	55,816	100,000	2,262,114	2,417,930	2,858,027

15 Operating leases

The Not Forgotten Association (NFA)
Report and Financial Statements for the year ended 31st March 2016

The Charity has the following annual commitments under operating leases and TV rentals,

	Land and Buildings £	2016 Other Leases £	TV Rentals £	Land and Buildings £	2015 Other Leases £	TV Rentals £
Expiry Date:						
Within one year	-	-	34,500	-	-	-
Between two and five years	30,216	3,014	-	30,216	8,642	34,500

**16 Comparative Statement of Financial Activities for the years ended
31 March 2016 and 31 March 2015**

	Unrestricted funds 2016 £	2015 £	Designated Funds 2016 £	2015 £	Restricted funds 2016 £	2015 £	Total funds 2016 £	Total funds 2015 £
Income from								
Donations and legacies	607,228	626,938	-	-	385,464	356,052	992,692	982,990
Investments	101,609	99,339	-	-	-	-	101,609	99,339
Total Income	708,837	726,277	-	-	385,464	356,052	1,094,301	1,082,329
Expenditure on								
Raising Funds	179,307	168,699	-	-	-	27,900	179,307	196,599
Charitable Activities	767,730	892,458	-	5,890	421,635	234,800	1,189,365	1,133,148
Other Monument	-	-	-	-	-	10,876	-	10,876
Total Expenditure	947,037	1,061,157	-	5,890	421,635	273,576	1,368,672	1,340,623
Net gains/(losses) on investments	(156,762)	95,306	-	-	-	-	(156,762)	95,306
Net income/(expenditure)	(394,962)	(239,574)	-	(5,890)	(36,171)	82,476	(431,133)	(162,988)
Transfers between funds	-	(15,000)	-	15,000				
Gains/ (losses) on defined benefit pension schemes	(8,964)	1,486	-	-	-	-	(8,964)	1,486
Net movement in funds	(403,926)	(253,088)	-	9,110	-	-	(440,097)	(161,502)

The Not Forgotten Association (NFA)
Report and Financial Statements for the year ended 31st March 2016

Reconciliation of funds:

Total funds brought forward	2,666,040	2,919,128	100,000	90,890	91,987	9,511	2,858,027	3,019,529
Total funds carried forward	2,262,114	2,666,040	100,000	100,000	55,816	91,987	2,417,930	2,858,027

17 Pensions

1. The Not Forgotten Association (NFA) participates in The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted- out of the State scheme. The Plan is a multi-employer pension plan.
2. Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to person on retirement, either within the Plan or by the purchase of an annuity.
3. The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.
4. The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market level. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.
5. The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.
6. If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.
7. The rules of the Plan state the proportion of obligatory contributions to be borne by the member and the member's employers shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them.
8. The Not Forgotten Association (NFA) paid contributions at the rate of 5-10% during the accounting period. Members paid contributions at the rate of 5-10% during the accounting period. As at the balance sheet date there were 3 active members of the Plan employed by the Charity. NFA has closed the plan to new entrants. It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total

The Not Forgotten Association (NFA)
Report and Financial Statements for the year ended 31st March 2016

assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

9. The valuation results at 30 September 2011 were completed in 2012 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan`s assets at the valuation date was £780 million and the Plan`s Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore, revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%.
10. The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

	% p.a.
Rate of return pre-retirement	4.9
Rate of return post retirement:	
Active/ Deferred	4.2
Pensioners	4.2
Bonuses on accrued benefits	0.0
Inflation: Retail Prices Index (RPI)	2.9
Inflation: Consumer Prices Index (CPI)	2.4

11. In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.
12. The Scheme Actuary is currently finalising the 2014 valuation and results will be communicated in due course. At 30 September 2013 the market value of the Plan`s assets was £772 million and the Plan`s Technical provisions (i.e. past service liabilities) was £927 million. The update, therefore, revealed a shortfall of assets compared with the value of liabilities of £155 million, equivalent to a funding level of 83%.
13. If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.
14. The Pensions Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumption and/or recovery plan are inappropriate. For example, the regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the plan (which would effectively amend the terms of the recovery plan). A copy of recovery plan in respect of the September 2011 valuation was forwarded to the Pension regulator on 2nd of October 2012, as is required by legislation.
15. Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan and The Pension Act 2011

has more recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any Series except Series 4. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

16. The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out basis, i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.
17. The leaving employer's share of the buy-out debt is the proportion of the Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore including a share of any "orphan" in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cassation event and the insurance buy-out market. Therefore, the amount of debt can be volatile over time.
18. When an employer withdraws from a multi-employer benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). Due to a change in the definition of money purchase contained in the Pensions Act 2011 the calculation basis that applies to the Growth Plan will be amended to include Series 3 liabilities in the calculation of an employer's debt on withdrawal.
19. The Growth Plan is a "last man standing" multi-employer scheme. This means that if a withdrawing employer is unable to pay its debt on withdrawal the liability is shared amongst the remaining employers. The participating employers are therefore, jointly and severally liable for the deficit in the Growth Plan.
23. The Association has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2014. As of this date the estimated employer debt for NFA was £100,297. The Trustees have decided to set up a Designated Pensions fund, which, at the Balance Sheet date stood at £100,000, to cover this.

Furthermore, to eliminate the funding shortfall, the Trustee has asked participating employers to pay additional contributions to the fund. The recovery plan contributions are allocated to each employer in line with their estimated share of the Series 1 and 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement, the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using a discount rate which, when used to discount the future recovery plan contributions due, would give the same results as a full AA corporate bond yield curve to discount the same recovery plan contributions.

18. Prior Year Adjustment note

FRS 102 requires that sponsoring employers should recognise the net present value of agreed deficit repayments on their balance sheets. As a consequence the reader will see the immediate impact on the financial statements.

In order to do this, our Balance Sheet has been restated back to 2014, with the pensions' liability, and the movements thereon, being brought forward each year. At April 2015, the Reserves figure, brought forward from 2015 was £2,858,027, having been restated from £2,888,962. At the end of March 2016, our liability (Provision) stood at £39,899.