



The Gurkha Welfare Trust

Annual Report & Accounts

1 July 20 - 30 June 21



THE GURKHA WELFARE TRUST Annual Report and Accounts Year ended 30 June 2021

Company Limited by Guarantee Number: 05098581
Registered Charity Number: 1103669

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WELCOME FROM THE CHAIRMAN

This Annual Report for 2020-21 covers a unique period in our time in which the world has faced the unprecedented challenges of a global pandemic. As COVID-19 continued to wreak havoc on the lives of so many, the efforts of GWT staff in Nepal and UK to enable the continuation of activity supporting our beneficiaries have been extraordinary.

During the year, there were long periods of lockdown and constraint in both Nepal and UK, but all staff continued to work above and beyond throughout, adapting protocols to minimise risks to our pensioners and ensuring that all welfare and medical services continued. Our community projects continued at pace, and it is testament to the staff that almost all projects were completed as originally planned.

I am also delighted that GWT was able to share professional expertise and support the wider community in Nepal during the pandemic. Medical staff directly supported local facilities and helplines as well as delivering essential supplies and PPE around the country. The water and sanitation COVID intervention programme delivered handwashing facilities and sanitation equipment at a wide range of health, quarantine and isolation centres in direct support of the Government of Nepal.

Throughout, our supporters have remained loyal and committed to our work, for which I and the Board remain incredibly grateful.

Despite the challenges, our work will remain undiminished ensuring that we continue to meet our vision of “Gurkhas Living with Dignity”.



Lieutenant General
Richard Wardlaw OBE
Chairman
The Gurkha Welfare Trust





TRUSTEES' REPORT

FOR THE YEAR ENDING 30 JUNE 2021

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 bases. 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.

This Financial Year saw the Trust undertake the first significant review of its structure and governance since 2014. As a result, the Trust's Articles of Association were reviewed and its administrative provisions were revised and updated. This permitted GWT to transform itself from an organisation where all its members were also directors (trustees) into one where the board of directors is clearly distinct from the Trust's membership. Amongst other things, this allows for a smaller board (now reduced to 10) which is closer to best practice for a charity of the Trust's size.

As presaged in last year's annual report, GWT has bid farewell to a number of long-standing directors who, individually and collectively, have performed tremendous service to the Trust over many years. Going forward, under the new Articles adopted in May 2021, the tenure of all directors is limited to a maximum of nine

years in accordance with best practice in the voluntary sector.

Regimental interests continue to be represented, the two ex-officio roles remain and, in addition, either the chair of the Gurkha Brigade Association (GBA) himself will sit as the GBA nominated director or he may nominate an individual for approval by the GWT board for that position. Country interest is represented by an individual nominated by the Trust's executive team and appointed by the board (as the Nepal Director) for that purpose.

The other six positions are filled by individuals with clearly identified skill sets. Each of these independent directors must retire and, if they are eligible and wish to do so, stand for re-election every three years (i.e. two independent directors are subject to this process each year).

Those members who are not also directors, namely the Regimental Colonels, continue to be engaged in the Trust's affairs. At the December board meeting at which the Annual Report and Accounts are to be approved by the board, it is intended that *all* members will be invited so they are able to raise questions at the AGM following that board meeting. The Articles also allow observers to be invited to the board meetings.

The terms of reference of the four standing board committees have also been updated along with various delegated powers. In terms of the Trust's executive team, the role of the former "Director" has been retitled as "CEO" to recognise its correct function and responsibilities and the Chief of Staff has also been appointed as Secretary of GWT with responsibility to advise the Chair on all matters relating to GWT's administrative and legal responsibilities under the Companies and Charities Acts.

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.

Details of Trustee retirements and recruitment may be found on page 36.

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 enhanced 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 new 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 dependants 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 page 14-18.

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 19 – 24.



The primary beneficiaries of these activities are the general public.

In addition, GWT has provided support to the Government of Nepal's COVID-19 response to assist the general public and regional government.

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 300 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. In response to the global economic impact of COVID-19, Trustees have assessed the specific impact on the Trust and determined that, despite some expected downturn in overall fundraising income, our approach to investment and the robust reserve position, means that the Trust is able to continue to operate with minimal impact on activity levels, and with confidence as a going-concern for the foreseeable future.

The Trust's core beneficiaries, the Welfare Pensioners (WP), numbered 3,812 as at 30 June 2021 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 been signed. The Trust has committed a further £4.5M over the five years in support of the programme.

THE STRATEGIC REPORT

TRUST STRATEGY

The Trust defines its priorities in five-yearly increments, setting parameters within which the Trust can best respond to the needs of ex-servicemen and their dependants. The most recent Strategic Review was presented to the Board on 16 September 2020 and extends to 2025.

The priorities identified for FY2020/21 were:

Delivery of planned Objectives and Programmes within the constraints of COVID-19.

The 100 Homes Project

FY 20/21 saw the third tranche of earthquake resilient homes successfully delivered. A total of 101 homes were constructed. The project has been extended with a fourth tranche approved for FY2021/22.

Independent Salary Review

The last GWT(N) Salary Review was conducted in 2018. It only benchmarked salary rates with comparator organisations. In the recent salary review conducted remotely by CSC, our in-country auditor, they were asked to not only conduct the same comparison exercise but also to review the GWT(N) salary structure, the new HR policies and the Terms and Conditions of Service (TACOS) for GWT(N) staff. Since the previous review, GWT(N) has consolidated on the disruptive Change Programme and progressively improved, updated and codified its HR policies, TACOS and Job Descriptions and now employs a significant number of staff across

a wide range of specialist roles. CSC presented two reports which were considered by a Salary Review Board. The Board endorsed the proposals contained in this Business Case.

Continued implementation of the Strategic Review.

FUTURE PLANS

The following objectives have been identified for FY2021/22:

- Transition to a new cloud based CRM.
- Upgrade of Nepal IT infrastructure and enhancement of cyber security.
- Enhancement of GWT's Disaster Resilience (DR) capabilities and long-term resilience of AWC infrastructure.

ACHIEVEMENTS AND PERFORMANCE

THE COVID-19 ENVIRONMENT STRATEGIC SUMMARY

The factors supporting the decision to **not reduce** any element of the Trust's work in Nepal were:

1. Through prudent management, the Trust has robust free reserves exceeding 18 months routine expenditure and is therefore able to support all of our objectives despite pressures on income streams.
2. The Trust has stress-tested our fundraising programme during the initial months of the pandemic, particularly the Individual Giving (IG) programme which underpins our fundraising activity.



3. Our global investment strategy has proved resilient to adverse fluctuations in the markets providing gains and a financial cushion.
4. A favourable rate of exchange.

At 30 June 2021 our investments had performed well resulting in an overall gain of £9.84M and total fundraising income had exceeded the budget, increasing free reserves and further supporting the decision to maintain levels of activity in 2020/21.

Consequently, all our staff both in Nepal and UK have been retained to continue delivery of our commitments with no requirement for any furlough or redundancy.

COVID-19 IN NEPAL

As at 30 June 2021, Nepal has recorded a total of over 640,000 COVID cases and over 9,100 fatalities. At the beginning of the reporting year in July 2020, the first wave had been relatively mild and the national lockdown was effectively lifted in phases for economic reasons; however, as the year progressed the first wave reached its peak in Oct 20 with a daily average of up to 3,500 new cases. Further lockdown measures were imposed at District level and the pandemic slowly subsided in early 2021 to hundreds of new cases per day. A more aggressive second wave occurred rapidly in April 2021, peaking in May with around 9,000 daily new cases and for a short period overwhelmed the capacity of the health system. As at the year end, the COVID numbers have reduced, but remained stubbornly static at over 2,500 cases per day with a slightly increasing trend. The national vaccination programme started promisingly in January with

bilaterally donated and purchased AstraZeneca vaccines from India and the COVAX programme. These were predominantly used to vaccinate frontline workers and a proportion of the Over 65 population. The programme then stalled when further supplies could not be acquired or provided from India. The programme has now re-started with vaccines purchased from China and US vaccines donated through the COVAX programme. As at 30 June 2021, and from a population of over 30M, 3.36M people have been vaccinated, of which 2.6M people have received their first doses and only 756K have been fully vaccinated. The supply of vaccines remains Nepal's most significant problem in controlling the pandemic.

IMPACT ON BENEFICIARIES IN NEPAL

Sadly, there have been 72 reported deaths attributable to COVID among our beneficiaries in Nepal. Over 300 beneficiaries are reported to have contracted the virus, although we suspect this figure is under-reported. Of our 22,000 registered beneficiaries, we believe only around 5,000 have been vaccinated, most only once, but this figure is now growing. The pandemic and the lockdown measures have also impacted our beneficiaries' ability to visit the Area Welfare Centres, which prompted a reversion to the model of delivering medicines and welfare pensions direct to pensioners' homes. At the peak of the second wave when the Government health service was overwhelmed, GWT also intervened to assist pensioners in need.

Our residents in the Residential Homes have mostly remained safe thanks to the efforts and care of the staff, and they have been fully vaccinated. However, two residents in RH Kaski did sadly succumb to the virus when an outbreak occurred in December 2020.

IMPACT ON GWT

With the experiences from the first wave of the pandemic of dealing with the national lockdown, GWT has largely re-activated its COVID operating model and protocols as and when necessary. The organisation has adapted quickly and effectively to ensure that our support to beneficiaries and communities has not been adversely affected, and our freedom of movement has been assured with the help of the British Embassy and the Government despite the periodic travel restrictions; however, GWT has not escaped the pandemic. It was a great sadness when RWSP Project Supervisor Gam Bahadur Gurung died from the virus in May; the first and hopefully last fatality among staff. Over 120 GWT staff have contracted the virus and staff availability has been significantly affected by the need for careful management of quarantine and isolation. This has occasionally resulted in the closure of some Area Welfare Centres in order to contain isolated outbreaks. The opportunities for the staff to take leave has also been impacted this year, and due to restrictions on non-essential travel, the Area Welfare Centres have been somewhat isolated. Staff training has also been affected, although much use has been made of virtual training opportunities.

GWT'S RESPONSE

Despite the occasional temporary closures, the Area Welfare Centres have all remained operational throughout the year and fully able to provide continuous welfare and medical support to our beneficiaries. The application of strict COVID infection prevention protocols have become the norm.

The AWCs have periodically shifted to operating a home visiting service for the payment of pensions, medicine delivery and welfare investigations, and providing telephone consultations and pharmacy distribution from the AWCs. The HQ staff in Pokhara worked largely from home during the second wave, 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. The lockdown measures did not impact GWT's ability to complete all our Individual Aid and Community Aid projects for the year, and we were able to continue supporting the Government's COVID relief efforts. Details are contained in the sections below.

INDIVIDUAL AID

Welfare and Pensions

GWT maintained its programme of welfare pension payments throughout the crisis. Over 78% 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 over 100 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 6 pensioners' homes, which were all rebuilt using central funding from the Disaster Relief fund.

LIFE-SAVING SUPPORT CONTINUES THROUGH COVID LOCKDOWN

Despite strict lockdown measures in Nepal through the past year we have been able to continue to deliver vital support to Gurkha veterans and communities in remote rural areas. An agreement with the UK Embassy in Kathmandu has given our teams special permission to carry out visits to remote villages in the mountains, despite local travel restrictions. The diplomatic agreement has allowed life-saving provisions, such as medical supplies, pensions and clean water to reach Gurkha veterans and rural health facilities on the frontline of the COVID-19 pandemic. Our teams have been able to continue work on projects to supply safe water to people's homes, build and refurbish schools, and construct earthquake-resilient homes. We have also supported the local covid response by providing handwash stations, PPE, sanitation equipment and advocacy, benefitting over 200,000 people.

You have been there when I needed you the most

Our Pension Support Teams travel across rough terrain in 4x4 vehicles, motorbikes, sometimes even by foot, to reach vulnerable Gurkha veterans and widows in rural locations. We visited 88-year old widow Deukumari in July to deliver her pension, provide medication and ensure she was keeping well during the pandemic. Deukumari relies on her pension to buy food and essentials, and after hip replacement surgery is now able to get around with the walking stick we have provided. Her message of thanks says it all: *"You have been there since when I needed you the most. I can only give you blessings and 'dhanyabad' (thank you)"*

A huge boost to our COVID-19 response in Nepal

As our team worked tirelessly to support the local healthcare system, they were buoyed by news of an incredibly generous gift. An anonymous donor sourced and donated over £500,000 worth of vital medical equipment. The kit including oxygen concentrators, pulse oximeters, and Personal Protection Equipment (PPE) has now been distributed to hospitals across the country. This equipment will have a huge impact on saving lives across Nepal as we continue the fight against the pandemic.

Medical

GWT's medical services had to adapt again to the fluctuating state of the pandemic and the lockdown restrictions. Face to face appointments had to be replaced by more telephone consultations, but pensioners were seen in person where this was necessary, and we continued to provide pharmacy services from the AWCs, but increasingly delivered medicines to pensioners' homes. Medical advice to beneficiaries and protocols for our staff were under constant review and revision, applying the lessons we had learned from the previous year. The more aggressive second wave had a greater impact on our beneficiaries and we set up AWC hotlines for those who needed advice and support. As the Government health system came under acute pressure, so GWT intervened to find COVID-positive pensioners bed spaces where possible, and we provided Oxygen Concentrators, Oxygen,

Oximeters and medicines to their homes during their home isolation or pending their transfer to a hospital for treatment.

During the year, GWT made 5,635 home visits for medicine delivery, 2,515 visits for medical treatment, dealt with 2,359 emergency calls and made 56,000 telephone consultations and 59,000 prescriptions. In all, the AWCs did 131,000 screenings of staff and visitors.

The GWT medical service continued to expand its phlebotomy capacity and established more agreements with local laboratories for cashless testing. We continued to deal with a high volume of claims for secondary care and saw an increase in claims arising for COVID treatment.

The medical team also had to continue managing the strict quarantine and isolation of all GWT staff, with 123 staff members contracting the virus during the year.

Residential Homes

Our Residential Home were "sealed" between April and June 2020, and both homes remained in this condition for 10 months, with the staff living in permanently for much of this time before being allowed some respite rotation before being finally "unsealed". By this stage, the staff and residents had been fully vaccinated. Both Residential Homes experienced COVID outbreaks during the year, which sadly resulted in the death of two residents in Kaski. The outbreaks could have been much more devastating had it not been for the dedication of the staff and the vaccinations we were able to arrange.

The residents have continued to enjoy a fairly normal and active life, with some periods of room isolation, and much testing. They have interacted with the staff and each other and benefitted from regular social and physical activities. The number of residents in each home has declined due to COVID and natural deaths during the year. AWCs are actively looking for suitable candidates to fill the 12 vacancies, but this has been hampered by the pandemic. We have also reduced some of the criteria which could now allow a Welfare Pension couple to be eligible for the Residential Homes.

COMMUNITY AID

Rural Water and Sanitation (RWSP) Projects

RWSP were able to complete 30 water projects last year thanks to funding from GWT. These projects benefitted 6,285 beneficiaries in 1,184 households and this drew Phase V of the programme to an end. The new 5-year Resilient WASH & Emergency Preparedness Programme (RWEPP) was confirmed and other than a



reduction of £2M in the first year's budget, which GWT will "top-up", the programme has been fully funded and started on 1 July 2021. The programme will deliver over 400 water schemes supporting 25,000 households and includes a new component which will assist communities and local authorities to be better prepared for dealing with emergencies and natural disasters. 83 projects are planned for the first year.

Schools Projects

Unlike last year, when projects had to be suspended during the national lockdown, the construction of school projects this year was not affected. Nevertheless, strict COVID protocols had to be applied, but it meant that all of the planned projects were completed during the year. This included 3 Major schools, 11 Minor School Extensions and 54 school refurbishments.

Medical Camps

GWT was able to conduct two Medical Camps in Tehrathum and Dolpa, which treated over 800 patients. We continued to offer cataract surgeries, hearing-aid and

eye treatments and the provision of prosthetics and mobility aids. Sadly, dental treatments had to be suspended due to the higher risk of infection. Two other planned Medical Camps had to be cancelled at the request of the local health authorities due to the state of the pandemic in their areas.

SUPPORT TO GOVERNMENT

RWSP COVID-19 Intervention Programme

RWSP's COVID Intervention Programme, funded with £200K from the UK Government in late 2019-20, continued at pace throughout the year. In all, 369 sites were provided with COVID relief support with either handwash stations, sanitation equipment and advocacy or with PPE. The programme reached across 6 provinces and helped 208,675 beneficiaries in health facilities, quarantine and isolation centres and at other Government and frontline institutions and agencies, together with some social organisations which cater for the vulnerable.

Medical Support

Thanks to additional donations specifically for COVID relief, GWT was able to significantly increase its medical contribution to the Government. From one anonymous donor alone, we distributed 227 O₂ Concentrators, 1,810 oximeters and 13,555 sets of PPE to 73 hospitals and health facilities across the country. A recent donation from GCSPP will continue this work to alleviate local shortages of critical medical equipment and improve capacity to deal with the current crisis in remote areas.

GWT Doctors from AWC Kaski returned to help out at the Gandaki Provincial Health Operations Centre to man the "Hello Doctor" hotlines, and dealt with 400 calls in May and June.

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 in the country. 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 still in crisis, but 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.



UK COVID-19 SUPPORT

The staff in our two Gurkha Welfare Advice Centres (GWAC) worked tirelessly to assist UK based veterans with the advent of Covid-19 and the resultant lockdown. This included:

- Acting as an interface between beneficiaries stranded in Nepal and the Department of Welfare and Pensions (DWP)
- Facilitating contact and cooperation between local councils and Gurkha communities.
- Translation services for hospitals and other entities dealing with non-English speaking Gurkha veterans.
- Visa information enquiries and liaison with UK Visas and Immigration (UKVI).
- Assistance with accessing benefits such as Pension Credit, Universal Credit and Housing benefits.

FUNDING THE CAUSE IN THE UK

FY20/21 fundraising activity was conducted entirely within the Covid-19 environment and its associated and varying restrictions over the duration of the reporting period. All elements of the Trust's fundraising programme continued to be impacted as a result.

In stark contrast to many in the third sector however, GWT's core income streams proved extremely resilient. Having adjusted fundraising targets down in response to the likely effects of a more restrictive environment, end of year results surpassed these and exceeded even the pre-Covid budgetary targets.

In assessing the underlying reasons behind this success,

three major determining factors were identified:

Supporter stewardship

Individual donors are at the heart of GWT's fundraising strategy and the Trust continues to work on providing each of them with tailored information about the work they fund, to ensure they feel valued as the vital 'part of the team' that they are.

The Trust was fortunate in having developed and expanded its digital presence in advance of the pandemic. In turn, the ability to communicate and engage with the supporter base was largely unaffected. New online Community Fundraising initiatives like the raffle, monthly curry club and auction generated c. £33k and will now become annual initiatives in the GWT calendar going forward.

The Cause

Because of the simplicity of the GWT cause and clarity of our messaging, supporters often see the Trust as 'their charity'. The loyalty, commitment and generosity of supporters cannot be overstated.

This year's Samachara 58 campaign sought to raise funds for earthquake-resilient homes in Nepal. The appeal was mailed to 47,213 people, generated 10,389 responses and over £800k in income (the second largest in GWT history) thanks to some excellent content and a strong proposition.

This year again legacies remained the most profitable fundraising income, with 245 notifications received over the period, the vast majority of whom were supporters of the Trust in their lifetime.

Fundraising structure

The Trust's fundraising activity is weighted towards individuals (through Individual Giving appeals and legacies) as opposed to

fundraising areas which were worse affected by the pandemic such as events, challenges and community fundraising.

The majority of fundraising expenditure across the year was on acquisition and the Trust was successful in bringing c.5k new supporters onto the mailing lists for future appeals. With events halted, GWT was able to host just one event over the year – the Doko Challenge in Wimbledon on 6 June 21 which raised c. £20k.

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 2020/21. At 1 July 2020 there were 4,119 Welfare Pensioners in receipt of a pension of NPR 12,600 per month, and 232 recipients of the Disability Support Grant. At the 30 June 2021, there were 3,812 Welfare Pensioners and 225 recipients of the Disability Support Grant.

We committed to a Winter Allowance in the form of the provision of thermos flasks to all Pensioners distributed prior to end of November 2020.

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.

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 4,119 individuals in receipt of a Welfare Pension from the Trust. They were each paid a Welfare Pension equating to 12,600 NPR per month.

During the period 373 WPs were recorded as ceased and a further 25 ceased due to their move to the UK. 34 new welfare pensions were authorised including 14 returning from UK and 57 pensions were transferred to widows. Three pensions were ceased due to the beneficiaries moving into the Residential Homes.

As at 30 June 2021 the number of Welfare Pensioners had reduced to 3,812.

For 2021/22 Trustees agreed an increase of 4% to the rate of welfare pension from NPR 12,600

to NPR 13,100 per month (NPR 157,200 pa). In addition, Trustees approved a new annual festival allowance of NPR2,000. This increase maintains the rate at 100% of the food basket used to determine a pensioner's monthly requirement for essential items. In 2020/21 the cost of the Welfare Pension programme was £5,577,000 (2019/20: £5,859,000) which represents 31% of total charitable expenditure (prior to movement in the constructive obligation).

2,056 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 direct cost of the Allowance in 2020/21 was £47,100 (2019/20: £91,000).

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 2021, there were 225 beneficiaries in receipt of the grant (2019/20: 232). The total cost of delivering these grants in 2020/21 was £282,000 (2019/20: £285,000). For 2021/22 Trustees increased the scope of the grant to include orphaned disabled children of ex Gurkhas and multiple eligible siblings living in the same home. Trustees also agreed a new annual festival allowance of NPR2,000 payable to DSG beneficiaries.

SUPPORTING GURKHA VETERANS & WIDOWS THROUGH WINTER

Winters in Nepal can be bitterly cold, with the temperatures often plummeting to a chilly sub-zero. We help Gurkha veterans and widows prepare each year with a Winter Allowance.

Thanks to generous donations from our supporters, we are able to deliver the Winter Allowance as an annual gift on top of the monthly financial aid they receive. In the past we have distributed blankets, warm jackets and hats. Last winter our Pensioner Support Teams delivered thermal flasks after many requested these.

A hot drink (that stays hot) during the winter months is a luxury that many of them haven't had since their Army days. The flasks hold 1.8 litres of liquid and are made of double wall stainless steel. They're insulated, durable and will keep their drinks warm for hours.

During the winter we delivered over 3,000 flasks to Gurkha veterans and widows. They were delighted with their new gifts, although it took some explaining – some had never seen a flask before! One widow needed us to demonstrate how to use the flask and describe the benefits. We managed to convince her in the end.

The elderly pensioners can now keep their water, milk and tea warmer for longer. They no longer need to light a fire every time they need to heat liquid, helping them to save their firewood and fuel.

BATTLING THE MONSOON TO REACH OUR PENSIONERS

The brave people of Nepal face a deadly monsoon every year with landslides and flooding resulting in the loss of thousands of homes and acres of farmland, as well as hundreds of deaths.

We were encouraged by an incredible response to our monsoon appeal in the summer as our teams tackled floods, landslides and impassable roads to reach the most vulnerable Gurkha veterans and widows living in remote locations.

We do whatever we can to make sure the Gurkha veterans and widows we care for are safe.

Dr Anil Maharjan's job is to visit Gurkha veterans and widows at their homes in rural parts of Nepal to deliver medicine, check their health and refer them to local hospitals if they need further treatment.



"We have to travel mostly off-road to visit the Gurkha veterans and widows. The road conditions are not good all year round and particularly worse during monsoon. We do not know what to expect during our journey."

Travel is often only possible by motorbike, with the additional difficulty of carrying medical instruments, medicines and supplies. Tackling deep mud, debris from landslides and flooding on the roads, our staff have to be ready to carry out essential repairs at any time.

At the end of the day, there is still no respite for our brave workers

"Pre COVID-19, we usually took shelter in the pensioner's house or nearby hotels. However, we could not use either and we had to arrange our own accommodation in tents in open fields even during heavy rainfall. After a hard day's work, it was difficult to prepare our food with limited resources. We even had difficulties in finding water to prepare food."



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 2020/21 405 people received this grant (2019/20: 420). The total cost of these grants in 2020/21 was £108,000 (2019/20: £129,000).

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 1,261 grants were made in 2020/21 for the immediate relief of destitution and in response to fire, flood and landslide damage at a total at a cost of £1,283,000 (2019/20: £1,330,000).

The additional cost also includes the third tranche of the Trust's earthquake-resilient home project.

Funeral grants were paid in respect of 348 former Welfare Pensioners.

OUR EARTHQUAKE-RESILIENT HOMES

It's not if another earthquake hits Nepal, it's when. We are taking pre-emptive action by building earthquake-resilient homes for Gurkha veterans and widows. We committed to the provision of 100 homes in each of the three years commencing July 2018.

This year, 101 new homes for vulnerable pensioners were completed. These homes offer a safer alternative for some of our most vulnerable Pensioners.

BUILDING NEW HOMES

Light at the end of the tunnel: Khagi's story

We first heard of Khagi's plight in 2019 when she fell victim to devastating monsoon flooding and landslides and lost her home.

"The following morning, I went out and saw that my house had slid about a hundred metres down from where it was. My heart sunk, I didn't know what to do. I cried a lot."

Widow Khagi Thapa lost everything that night, and tragically her brother-in-law suffered a heart attack during the commotion and died.

We were desperate to get Khagi into her new home as soon as we possibly could.

However, hundreds of our projects were delayed or halted during lockdown. Ensuring the safety of our staff and those we support was paramount. Due to the remote location of Khagi's home, it was near-impossible to transport construction materials, causing further delay. Finally, in October we were able to complete construction and deliver the news to Khagi that her new home was ready.

"I am very happy. The house is very nice. I can't keep continuing staying at other's houses. I can live the rest of my life peacefully there. I can only say thank you."

Your support has helped us build over 1,500 new homes for Gurkha veterans and widows since the major earthquake in 2015.

Nepal is one of the most beautiful countries in the world, but also one of the most dangerous. Environmental catastrophes, mountainous terrain, and even a lack of internet connection create daily obstacles for those living there. As our pensioners grow older, having a safe home to live in becomes ever more important.

Donations from our supporters also allow us to give them everything they need to make a house a home, allowing them to live with dignity in their later years. That could be a roof repair, a new smokeless stove, or brand new bedding. It's all about giving our veterans the home they need after they've given so much throughout their lives.

Our Deputy Field Director and former Gurkha Yam Bahadur Rana says: *"Growing up in Nepal, I understand the kinds of challenges that our veterans face. Their homes tend to be extremely makeshift and need continual repairs to keep the elements out."*

Despite restrictions over the past year, we have continued to build safe new homes for brave veterans and their families.

Buddhiman Limbu served with the 10th Gurkha Rifles in Malaya. The brave veteran was living with his wife Rupmaya in an old house made of wood, bamboo and CGI roof. At one point, the house was greatly damaged by a fallen tree, and it would certainly have collapsed in an earthquake.

"I am extremely happy with my new home. I would like to thank The Gurkha Welfare Trust's supporters and wish the best for them. This is a good deed that you have done."



Uttamkumar served with the 7th Gurkha Rifles in Malaya, Borneo and Hong Kong.

The Gurkha veteran's home was in desperate need of rebuilding. He had been living in a single room with his wife for over 20 years, in a basic house made of bamboo. There were holes in the roof which leaked. We were delighted to move Uttamkumar and his wife into their new earthquake-resilient home.

"I am very happy and thankful to the British people. They have made a very beautiful house for me."

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.

The RHs have a maximum capacity of 48 (including rehabilitation) and there were 33 permanent residents as at 30 June 2021 with a total expenditure of £492,000 (2019/20: £502,000). 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; during the last quarter, RH Kaski was able to take on three new rehabilitation patients with one already successfully returned to their home and RH Dharan has taken on one patient.

PIONEERING CARE AT OUR RESIDENTIAL HOMES

Our Residential Homes in Kaski and Dharan 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. They combine the best in western geriatric care with an eastern culture of respect for elders.

Residential Home nurse Aastha Strestha is enthusiastic about the facilities at the home:

"We do different types of recreational and engaging activities with our residents to enhance their skills, like dancing, singing and watching movies. We have a social area for different types of social activity such as reading newspapers to our residents, drawing, writing, card games and board games. And my favourite part of the Residential Home – the dining hall!"

How we helped Padam Kumari

One of our most lively residents, Padam Kumari had a tragic upbringing. When she was just 11 years old, her parents and grandparents all died from cholera within a year of each other, leaving Padam and her eight siblings to fend for themselves.

Later that year, her eldest two siblings moved away to get married, leaving Padam in charge of her six younger siblings, running the house, and looking after the animals. This was a very unhappy and difficult time for her. They sold milk and ghee and she learnt to cook by watching her neighbours.

When she turned 16, Padam met her husband Rifleman Bhakta Bahadur Sunuwar, a soldier from the 10th Gurkha Rifles. He had been injured in India during the war and had been medically discharged. They had 12 children – nine daughters and three sons together. Bhakta sadly died, leaving Padam alone with the children.

Padam moved into our Residential Home in Kaski, near Pokhara, seven years ago and says it is



"heaven". She makes Chakkatis (cushions made of corn husk and recycled plastics), loves dancing and is learning to write her name. Bhakta her husband taught her to count to 20 in English many years ago and she is very proud that she can still remember the numbers. One of her relatives is also a resident and he has been teaching her Nepali letters.

Padam, though not the youngest resident, says that she is the fittest and the strongest so she should be the one to meet and greet all the people who visit the Residential Home.

"We cannot change what is written in our destiny neither can we pass on what is destined for us to others. We have to live with our deeds and whatever is meant to happen."

"Till you speak to others they remain strangers, once you communicate you start loving even strangers like your own."

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 have provided ~131,000 patient consultations and 8,150 home visits during the year benefiting from the favourable rate of exchange at a total cost of £6,248,000 (2019/20: £6,443,000).



A two-year contractual agreement commenced in January 2020 with International SOS for medical services in Darjeeling.

In 2020/21 the Trust supported two medical camps at Terathum and Dolpa that treat the wider community at a direct cost of £103,000 (2019/20: £60,000). 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.

New specialities that have been successfully introduced, 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 introduced focussing on dental and menstrual hygiene. This financial year's two camps were not able to provide dental care due to the potential increased risk of Covid-19 infection.

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.

Retaining the skills and expertise in construction techniques amongst our staff is a key requirement in ensuring that we retain skills in-house to ensure we can react immediately following natural disaster and forms part of our disaster resilience strategy. We committed to the provision of three major schools, 12 minor schools and 52 refurbishment projects (adjusted to 11 minor and 54 refurbishment projects in the detailed planning phase).

Total expenditure in 2020/21 was £1,078,000 (2019/20: £1,069,000). The following were provided during this reporting period:

- Three major school builds.
- Eleven minor school extensions.
- 54 school refurbishments.

HOW OUR MEDICAL CAMPS CHANGE LIVES

Our medical camps have a strong reputation in Nepal, with some citizens travelling up to two days to access first-class treatment.

The beginning of 2021 saw a successful medical camp take place at our Area Welfare Centre in Tehrathum, eastern Nepal. A total of 198 people in the remote area received life-changing treatment such as cataract removal – a surgery that is usually unavailable for those living in such remote areas.



Restoring Dilmaya's sight

Dilmaya completely lost her sight around six months ago. She lost vision in both of her eyes because of cataracts. For the four years before that, she could only see shadows and blurry images and needed to crawl and use her hands to find her way around.

"It was really difficult. Because of my eyesight, I couldn't do anything. I couldn't see anything"

The 57 year-old couldn't get her eyes treated because she couldn't afford the cost. After losing her eyesight due to cataracts, it was even more difficult for her to earn money as she had to completely depend on others for everything.

Dilmaya arrived at our medical camp on a tuk-tuk (three-wheeled taxi) with her husband, which took around two hours from their home. The cataract-removal surgery was smooth and successful, and she felt the benefits straight away:

"After removing the bandage from my eyes, I felt really good and relieved. I was happy from within. I quickly watched everywhere. I felt that I can see the world again. I felt very lucky and all of a sudden, a big burst of energy came inside me."

"I want to thank The Gurkha Welfare Trust and all involved. I hope you will get whatever you wish for. After my successful surgery, I now started to believe in myself, I have hope and am determined to do all things that I can."

"I will never forget the good deed the organisation did for me. They helped me in such a difficult time. I wish them good luck in whatever they do. I really want to thank them from the bottom of my heart."

Providing quality medical care

It took Gha Bahang six hours to reach our medical camp via public transport. He had a cataract in his left eye and could not see properly. He had suffered from reduced vision for more than ten years.

Because our doctors need to check their eyes the next day, those who need cataract operations and their families are provided with a place to sleep for the night. We also provided them medicine and glasses after their bandages were removed.

"Now I can see with both my eyes. It's very clear now."

"For me, this medical camp is the best. After they cured my eye, I found it even better. I am very happy. In this old age to have a vision like this is all that you can ask for. What more do I need. My stay in the hospital was also good. They had well-managed beds to sleep in, proper food and water to eat and drink. It felt like home. What more can you ask for."



BACK TO SCHOOL AFTER LOCKDOWN

We create inspiring, safe places to learn for thousands of children who otherwise wouldn't have access to an education.

Transforming the provision of education

Shree Malawardevi Secondary School is located in the Rupandehi District, a one hour drive from our nearest office in Butwal. As this area is in Nepal's Terai region, away from the Himalayas, the land is relatively flat and almost all pupils are able to ride bicycles to school.

With an increased demand for education in the local area, the school lacked the infrastructure to cope with additional pupils and provide a suitable learning environment for them.

We have now completed our project to transform the school with

- A new double-storey building with 6 classrooms
- Refurbishment of existing buildings
- A new toilet block
- Furniture for classrooms
- A brick masonry incinerator
- Improved water supply system

Happy to be back at school

Pupils in Nepal have been able to return to their lessons as Covid-19 restrictions were eased. However, the children have had a huge gap in their education. In a developing country like Nepal, children and teachers are unlikely to have internet access. They can't take part in lessons over Zoom like children in the UK. Parents are often too busy working, collecting water, and farming, and don't have time or resources to homeschool them.



We caught up with some of the staff and children to find out what it was like in lockdown, and what it meant for them to return to school.

"During the lockdown, we were unable to conduct any classes. Mediums like internet and online classes are out of the question for the low-level income parents in this community. They barely have the basic necessities. We resumed classes just over a month ago and we are running it in two shifts every day – morning and afternoon. We have students coming to school from as far as one hour by bicycle." Meena Kumair Gautam – Teacher

"My village is Chhapiya which is about 40/45 mins by cycle. There is another school nearby my village but it's not very good. I like it here. We speak Bhojpuri in our home. My father works in Mumbai, India and I have my mom and elder sister in the house. My mom works as a labour in the fields. My favourite subject is Maths. I'm glad to be back at school." Shivam, 10 years old

"Our village is Bahadur Gaon and is about 20 mins ride by bicycle. My father died when I was young and my mother supports me, my brother and sister. She works as a labour in fields. During the lockdown, we didn't have any classes so I worked with my mum in the fields and helped her as much as I could." Laxmi, 15 years old.



EDUCATION PLAYS A VITAL ROLE IN OUR WATER PROJECTS

Huma Kumari Thapa Magar is 43 years old. As a community health volunteer in her village, it’s her role to advocate good health and to keep her community safe from illness. It’s something GWT trained her to do and is part of our commitment to provide fresh drinking water to remote communities across Nepal.

It is never our intention as an organisation to reach these villages, install taps and leave – the legacy we leave behind and the preparation before work begins is instrumental to them succeeding. If we don’t work to challenge social norms and behaviours then illness will prevail no matter what new water system we install. People like Huma are essential.

How a simple leg break cost her an education

As a twelve year-old girl Huma suffered an accident and fractured her leg while playing on a swing with friends. As she was unable to receive proper medical treatment for leg, she missed a whole year of school. When she was finally able to return to school, she found she couldn’t cope. Instead she took on work sewing local blankets and hats for sale at the market.

Family life – keeping her children healthy

At just 19 she got married and settled down in her village located in the Tanahun district. It was here she raised two sons and worked the field, producing maize, rice, wheat and potatoes. Throughout all of this, obtaining clean water for her work and her family was near impossible.

“At first, it was so hard to fetch water from the public tap stand early morning. In our village, there were only five public tap stands. It was not enough. During the monsoon, there was dirty and turbidity water, thus children used to get sick of water borne disease mainly diarrhoea. Thinking of that time, life was hard as most of the time we were behind the time due to water fetching. I was so busy with household activities, caring for my children, my animals and my farmland.”

Enter The Gurkha Welfare Trust

Having identified Huma’s community as in need of a new, clean water source our team visited the village and spoke to the locals. Huma was identified early on as someone who would be essential to have on-board to help – such was her well-respected reputation. As we piped the new water access points for the village, we provided extensive health training to Huma at our headquarters in Pokhara.

“Everyone in the village called my name to participate. I was so nervous! In total it was seven days training. All of the trainers were very good. They made us comfortable and taught us about the importance of latrines, leadership, gender empowerment, how to conduct a community meeting, sustainability, disease prevention, sanitation, proper handwashing, water structure, community empowerment and water purification. I learned so many important things. Once the training was over I was determined to bring positive changes in knowledge, attitudes, beliefs and practices among community members in my village.”

A new life for the village

With a new water system now installed in the village, and fresh water tapstands in every home, Huma sends us a monthly progress report on the environment hygiene, personal hygiene, school sanitation and waste management in the village.

“I am so happy that the village which I came before is totally different now. We do not have to wait to collect the water. We can get it instantly. I can sleep more and manage household activities. Every household has one taps as well as toilet. We are so happy that we have systematic water supply system that provides us safe water.”

OUR CLEAN WATER AND SANITATION

Our water projects bring clean water and sanitation to remote communities in Nepal. We install individual tap stands and toilets to households and schools. By ensuring a safe water source

and providing a comprehensive education programme on the importance of sanitation we see sharp drops in water-borne diseases such as dysentery. FY 2020/21 marked the final year of the Phase V agreement with FCDO. FCDO agreed to a new five-year funded accountable grant

commencing 1 July 2021 to 30 June 2026 at a total cost of £19.0M. An inclusion, for the first time, of an element of disaster preparedness funding has necessitated a change of name from the Rural Water and Sanitation Programme (RSWP) to Resilient WASH and Emergency Preparedness Programme (RWEPP).

This has led to some new practical implementation developments. In addition to the traditional WASH programme, the new programme will include a Disaster Risk Reduction Management (DRR/M) component to assist in improving emergency preparedness, resilience and response capacity. There will be an expansion of Community level emergency preparedness leading to more resilient WASH services and reduced mortality in the event of disasters. DRR/M will be closely aligned with District Disaster Relief Committees (DDRC) and include full collaboration with local government structures.

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.

Over the year a total of 30 (2019/20: 109) projects were

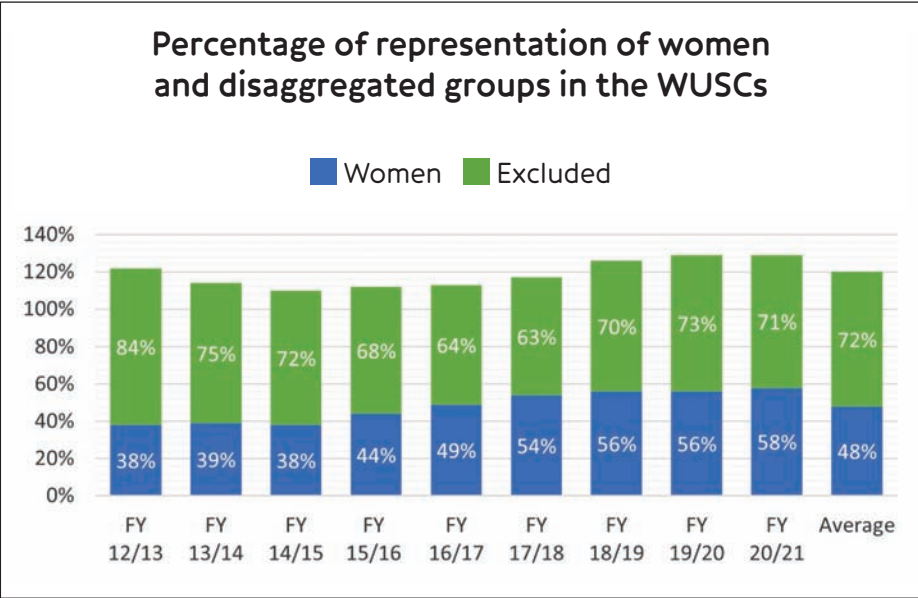
constructed bringing the RWSP Phase V programme to an end. This constitutes coverage of a total of 6,285 beneficiaries (2019/20: 6,532). In partnership with FCDO, the Trust delivered the projects at a cost of £1,888,000 (2019/20: £3,644,000).

One of the key achievements of the RWSP Phase V programme was the implementation of the "one house, one tap" concept, subsequently adopted by the Government of Nepal following the 2015 earthquake. RWSP schemes have a proven life of at least 15 years and in many cases over 25 years, giving an average per capita cost of £6.40.

The programme was targeted to support the most vulnerable, and empower women and excluded groups through participation in user committees. The impact of these projects can be measured as follows:

Water fetching time per household (usually by women and children) was reduced by an average of 2 hours per day.

Female representation on user committees was 48%. Marginalised and excluded group representation on user committees was 72%. This can be seen in illustrative terms:



OUR DISASTER RESILIENCE

The new RWEPP in collaboration with FCDO has been signed and is effective from 1 July 21. The funding structure for the 5-year contract differs from previous programmes with a lower first year funding profile. This initial shortfall is being funded by GWT. There will continue to be an on-going GWT funding requirement, as with previous programmes, to pay the annual VAT element.

As part of the Trust's reserves, a £7.5M Disaster Response fund has been set aside as designated funds which will allow the Trust to respond and act immediately when required. The Board elected to raise this from £6M to reflect inflationary increases since its inception in 2018 but also to acknowledge that the next seismic event in Nepal is forecast to be more significant than in 2015 therefore necessitating greater expenditure.

The fund continues to provide the wherewithal to react swiftly to perennial localised disasters particularly during the monsoon months.

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, that the MOD is unable to facilitate itself, through its network of staff and AWCs throughout Nepal by the secondment of a

Field Director and Project Engineer and part of the time of the Defence Advisor as Director GWT(N). These tasks include liaising with family members of serving Gurkha servicemen in compassionate cases.

Our network of 21 Area Welfare Centres (AWCs) has been divided in to 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 dependants 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 had a comprehensive programme to utilise a wide range of individuals and teams from UK, where the necessary skills did not exist in Nepal.

Unfortunately, the Trust's training budget has been under-utilised during FY20/21 as a result of on-going travel restrictions emanating from the pandemic

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 welfare care plan is developed by our Welfare Officers. 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.

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

In order to comply with best fundraising practice and General Data Protection Regulation (GDPR) we have taken the following steps:

- 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 fulfilment agency 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.
- 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. 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 Supporter Promise here: www.gwt.org.uk/our_vow

The Charity Commission issued guidance "Charity Fundraising – a guide to Trustee duties" and the Fundraising checklist (CC20) in 2016. The 2021 assessment was reviewed by the Audit Committee in August 2021.

INVESTMENT POLICY AND PERFORMANCE

The Trust meets the key challenges of short-term liquidity, cash flow flexibility and long-term investment by holding cash in a short-term portfolio and 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 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 with 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 June 2021,

delivered a flat return compared to 0.1% for the benchmark. The long-term and strategic portfolios seek a return that is better than both a composite benchmark and an inflation plus target (CPI + 4%). Over the past 12 months, the long-term portfolio returned 16.7% (after fees) compared to 16.5% for the benchmark. Over the same period, the strategic portfolio returned 18.3% (after fees) compared to 8.5% for the benchmark with both portfolios exceeding their inflation plus targets.

Investment Risk – the risks and how do we mitigate these through our investment strategy?

Investment risk covers a number of different areas and the investment committee, on behalf of the Trustees, regularly reviews counterparty, custody, capital loss,

market, liquidity, regulatory and sustainability risks as well as the investment process of the Trust's fund manager in order to ensure that all of the industry safeguards are in place. The investment committee has guarded against two main 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, long-term and strategic portfolios.

The second is currency risk as the Trust's fundraising activities and the MOD's grant in aid are in a different currency (Sterling)

to the recipient beneficiaries (Nepali Rupee – NPR). It is difficult to mitigate this risk as there are few investments that can be made in Nepal and the NPR 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 and Indian Rupee (the Nepal Rupee is pegged to the Indian Rupee at a rate of NPR 1.60/1 INR) 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 the 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:

- **Withdrawal of Government of Nepal support for GWT activities.** Potentially as a result of an adverse change in inter-Governmental relationship between UK and Nepal that affects or inhibits activities in Nepal or a breakdown in relationship at Ministerial level with failure to gain approval for GWT projects or activities. This is mitigated at a strategic level with continuous review by the Defence Attaché (also Director GWTN) with the Government of Nepal (GoN). At an operational level close liaison is maintained through our Welfare Officers with Chief District Officers (CDO) to ensure compliance with GoN requirements via the BGWCC. In September 2020 the UK Government bilaterally submitted its proposal for a renegotiation of the Dharan Understanding (DU) to GoN. The DU forms the authority for the in-country presence of the MOD as well as GWT's ability to operate. GoN's response is now awaited.
- **Natural disasters.** Nepal suffers from a high level of seismic activity as evidenced by the earthquakes in 2015. The Trust has a decentralised structure with Area Welfare Centres spread across the country which provide a local base for emergency response. If one area is affected severely then neighbouring centres can immediately move in to provide support. This national footprint forms the cornerstone of our future disaster management plan as part of the RWEPP Phase VI in collaboration with FCDO.
- **Activities that jeopardise the Trust's reputation.** The Trust operates in a country that has a relatively high risk of fraud and corruption. To minimise this risk Audit and Governance committees monitor recruitment and adherence to procedures. An internal audit function carries out risk related checks. In addition, GWT(N) senior management are recruited from former Gurkha officers who have a proven track record of financial probity in the British Army. The Trust is committed to ensuring the safeguarding of our beneficiaries and our employees. Clear policies are in place that are both accessible and understood by all staff as well as guidance on whistleblowing. These are enhanced by regular training and increased awareness among staff particularly during the induction process for new employees.
- **Safeguarding.** The Trust works with a diverse and often vulnerable demographic both in UK and Nepal, whether they are beneficiaries or supporters. We are committed to their protection and that of our staff by developing and maintaining an environment that is free from harassment, abuse and



exploitation which applies to all our work with individuals and communities. The same principles apply in both UK and Nepal. This is supported by a robust safeguarding policy and supported by regular training for all staff, including the Board of Trustees.

- **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. The Trust has appropriate IT and Information Security policies which are regularly reviewed. Cyber security and data protection are incorporated in to staff training and induction. Further investment in our IT

structure is being implemented both in UK and Nepal to ensure that our framework remains current and effective.

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. However, in 2007 the financial collapse severely affected the value of the Pound and again in June 2016, following the EU referendum. Over the past 25 years the Pound has gained by an average of 3% per annum but this includes swings of plus 16% or minus 14%. During 2020/21 the average rate of exchange for

the year gained 9% over the average rate for the previous financial year. At present, a 1% change to the average rate creates an increase or reduction in costs of £180,000 but it also changes the value of our liabilities on the balance sheet by £400,000 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 of COVID-19 and its impact on the ability of the Trust to operate as a Going Concern.

The two main areas of financial risk have been identified as:

- **Reduction in fundraising income; and**
- **Reduction in valuation of the investment portfolio**

When agreeing the budget for 2021/22, Trustees have been able to draw on the evidence of fundraising performance during 2020/21 in which fundraising income exceeded projections and maintain levels of charitable activity. When assessing the required level of reserves, Trustees have increased the optimal level of free reserves from 12 to 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 2020/21 was £22,046,000 (2019/20 restated: £24,717,000).

Donations from individuals, companies, trusts and other organisations totalled £8,230,000 (2019/20: £6,534,000). We continue to be supported by the MOD who provided a grant of £3,355,000 (2019/20: £2,966,000) towards the cost of the means of delivery of our aid and a grant towards the provisions of medical

services £2,525,000 (2019/20: £2,500,000). Our RWSP Phase V agreement with the FCDO was extended to 30 June 2021 and during the year we received £970,000 (2019/20: £4,040,000).

Notable donations include £141,500 (2019/20: £131,600) contributed by all ranks of the Brigade of Gurkhas under the Service Day's Pay Giving scheme. Legacy income totalled £5,004,000 (2019/20 restated: £5,863,000). The use of Gift Aid generated additional income of £1,021,000 (2019/20: £879,000).

An anonymous donor provided items for GWT(N) to distribute to the community during COVID-19, including PPE, oximeters and oxygen concentrator included as a Gift in Kind of £431,700.

EXPENDITURE

Charitable expenditure totalled £18,088,000 (2019/20: £20,025,000). This represents 88% of a total expenditure (prior to movement in the constructive obligation) of £20,554,000 (2019/20: £22,504,000). The average rate of exchange for the year has increased by 9% reducing the cost of GWT(N) expenditure by ~£1.5M when reported in GBP, without reduction in actual activity. Our cost of raising funds including investment management is £2,466,000 (2019/20: £2,479,000) of which 72% is covered by our investment income of £1,780,000. Fundraising expenditure of £2,119,000 (2019/20: £2,162,000) continues to be effective raising income of £13,416,000 (2019/20 restated: £12,915,000). This represents a Return on Investment of £6.33 for every £1 spent (2019/20 restated: £5.97). 2020/21 is the third 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.

Trustees have agreed a further increase of £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 (£6,000,000) to allow an immediate response to natural disaster. Funds were agreed for the replacement of four beneficiaries' home destroyed during the 2020 monsoon season and two further homes destroyed by fire during the year. Trustees agreed to increase Disaster Response funds to £7,500,00 to reflect the effects of inflation since 2015.

GWT is committed to contribute £4,500,000 to RWEPP over the next five years. Trustees agreed to create a designated fund to cover this commitment.

Designated funds total £21,037,000 (2019/20: £14,768,000) as at 30 June 2021.

Restricted Funds

As a result of the COVID-19 lockdown in March/April 2020, projects were initially paused,

resulting in slippage in the completion of a number of school and water projects to early 2020/21. At 30 June 2020, there was an opening restricted balance of £1,353,000. The restricted balance at 30 June 2021 is £1,838,000; of which £826,000 follows an extremely successful appeal and is for 100 homes and hardship grants in 2021/22, £164,000 is for planned school projects spanning two years, £81,000 is for medical camps following COVID-19 cancellations and £565,000 is for support costs as a result of COVID-19 procurement delays and the 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 2021 and key assumptions including: 50 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 2021 ROE is £37.6M; a reduction of £2.009M from June 2020.

Financial Policies – Change in Accounting Policy

In 2020/21 the Trust changed its accounting policy regarding legacies. Legacies are now recognised and accounted for based on the earlier of receipt of payment or issue of Estate

Accounts. The revised policy provides the Trust with a better understanding of both short-term funding flows and associated financial risk.

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, Trustees consider that the Trust ideally requires free reserves equivalent to 18 months of standard expenditure not covered by other provisions (an increase from 12 months at June 2020), currently around £24,279,000. 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 £56,967,000 (2019/20 Restated: £43,634,000), however, the free reserves which are available to meet contingencies and exclude tangible fixed assets, designated and restricted funds amount to £33,019,000 (2019/20 Restated: £26,546,000). This represents 136% of the minimum level of reserves deemed appropriate by the Trustees. With financial uncertainty anticipated for at least 12 – 24 months, this level of free reserves has enabled Trustees to agree a budget for 2021/22 and early planning for 2022/23 and maintain current levels of charitable activity. Trustees have also agreed to an additional investment of £625,000 in the GWT(N) IT network which is currently sub-optimal and a key risk.

Given the continued effects of the COVID-19 pandemic, 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 08 December 2021 and signed on its behalf by:

Original signed
Lieutenant General R Wardlaw
OBE
Chairman
08 December 2021





STATEMENT OF TRUSTEES' RESPONSIBILITIES

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.

TRUSTEES

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

Vice Patrons

Field Marshal Sir John Chapple
GCB CBE DL
Miss Joanna Lumley OBE

TRUSTEES, OFFICIALS AND ADVISORS

Trustee Directors

Lieutenant General (Retd)
Sir Nick Pope KCB CBE (Chairman)
(to 2 November 2020)*
Lieutenant General R Wardlaw OBE
(Chairman from 2 November 2020)*
J J Brade Esq MBE
(to 16 September 2020)
Major General J J Cole OBE
(to 27 May 2021)****
S J Cooper Esq
J G R David
(from 9 December 2020)
Colonel J P Davies MBE
(to 11 November)**
Major General A J S Fay CB
(to 1 August 2020)****
P M A Grant
(from 9 December 2020)
Major (Retd) Krishnabhadur
Gurung MVO MBE
(to 8 December 2020)
D G Hayes Esq CBE
(to 18 May 2021)**
D J Hitchcock Esq OBE
(to 11 May 2021)
Dr J D Keeling MBA, MB BS,
FRCGP, DRCOG
Mrs A Levin
Major (Retd) Hemchandrai Rai
MBE BEM (from 9 December 2020)

Colonel D Rex MVO
(from 15 September 2021)***
Colonel D J Robinson
(from 12 November 2021)**
Major General G M Strickland
DSO MBE (to 27 May 2021)****
Ms C L Turner

Audit and Finance Committees

S J Cooper Esq (Chairman)
Colonel J P Davies MBE
(to 4 October 2020)**
Dr J D Keeling MBA, MB BS,
FRCGP, DRCOG
Ms C L Turner

Investment Committee

D J Hitchcock Esq OBE
(Chairman) (to 11 May 2021)
J J Brade Esq MBE
(to 16 September 2020)
Major General J J Cole OBE ****
J G R David
(from 9 December 2020)
P M A Grant
(Chairman from 12 May 2021)
(from 9 December 2020)
P M Rigg Esq
A Brown
(from 8 February 2021)
C Gate Esq
(to 8 December 2020)

Governance Committee

Mrs A Levin (Chair)
J J Brade Esq MBE
(to 16 September 2020)
Colonel J P Davies MBE
(from 4 October 2020
to 11 November 2021)**

Major General A J S Fay CB
(to 1 August 2020)****
D G Hayes Esq CBE
(to 18 May 2021)**
Colonel D J Robinson
(from 12 November 2021)**

Members

Major General J J Cole OBE
(from 28 May 2021)****
Brigadier J L Clark CBE
(from 26 May 2021)****
Brigadier P S Reehal MBE
(from 23 June 2021)****
Major General G M Strickland
DSO MBE (from 28 May 2021)****

THE GURKHA WELFARE TRUST

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

**Director The Gurkha
Welfare Trust (Nepal)**
Colonel R Goodman
(to 01 June 2021)

Colonel P T Smith
(from 01 June 2021)

**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

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P.O Box 2170,
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Salisbury SP2 2EX

**Company Limited by
Guarantee Number**
05098581

Registered Charity Number
1103669

* 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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GURKHA WELFARE TRUST

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 2021 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 2021 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 35, 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. 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.

Original signed

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

21st December 2021

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2021

(incorporates the consolidated income and expenditure account)

	Notes	Unrestricted General £000	Designated £000	Restricted £000	2020-21 Total £000	Restated 2019-20 Total £000
Income from:	3					
Donations and legacies						
Donations	3a	4,808	0	3,422	8,230	6,534
Legacies	3b	5,004	0	0	5,004	5,863
Grants						
Ministry of Defence	3c	0	0	3,355	3,355	2,966
Charitable activities	3d					
Ministry of Defence		0	0	2,525	2,525	2,500
Foreign, Commonwealth and Development Office		0	0	970	970	4,040
KAAA		0	0	0	0	95
Other trading activities						
Fundraising Events	3e	167	0	1	168	518
Retail		14	0	0	14	0
Investments	3f	1,774	0	6	1,780	2,201
Total		11,767	0	10,279	22,046	24,717
Expenditure on:	4					
Raising funds						
Fundraising	4f	2,119	0	0	2,119	2,162
Investment management costs	4f	347	0	0	347	317
Charitable activities						
Individual aid	4a	3,929	30	3,996	7,955	8,367
Medical Aid	4b	3,303	0	2,945	6,248	6,443
Disaster response	4d	0	30	0	30	0
Residential Homes	4c	0	492	0	492	502
Community aid	4e	510	0	2,853	3,363	4,713
Sub Total Expenditure		10,208	552	9,794	20,554	22,504
Movement in constructive obligation	4g/14	(2,009)	0	0	(2,009)	(4,088)
Total		8,199	552	9,794	18,545	18,416
Net income/(expenditure) before other gains and losses		3,568	(552)	485	3,501	6,301
Other gains and losses						
Net gains on investments	9	9,841	0	0	9,841	2,483
Net income/(expenditure)		13,409	(552)	485	13,342	8,784
Transfers between funds	16 & 17	(6,821)	6,821	0	0	0
		6,588	6,269	485	13,342	8,784
Other recognised gains/(losses)						
Profit & loss revaluation (loss)/gain		(9)	0	0	(9)	(101)
Net Movement in Funds		6,579	6,269	485	13,333	8,683
Reconciliation of funds						
Funds brought forward		27,513	14,768	1,353	43,634	34,951
Total Funds Carried Forward		34,092	21,037	1,838	56,967	43,634

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: £3,581,000 including movement in constructive obligation (2019/20 restated: £5,081,000).

Net Income/(expenditure) before movement in constructive obligation: £1,493,000 (2019/20 restated: £2,213,000).

The prior year is restated for comparator purposes following the change in accounting policy for the recognition of legacies.

See Note 20 for a comparative statement of financial activities for year ended 30th June 2020.

The notes on pages 49 to 73 form part of these accounts.



CONSOLIDATED AND CHARITY BALANCE SHEET

AT 30 JUNE 2021

The Gurkha Welfare Trust Company registration number 05098581

	Notes	Group		Charity	
		2021	Restated 2020	2021	Restated 2020
		£000	£000	£000	£000
Fixed assets:					
Intangible assets	7	80	10	72	10
Tangible assets	8	1,995	2,026	1,430	2,026
Investments	9	86,128	69,183	86,128	69,183
Total fixed assets		<u>88,203</u>	<u>71,219</u>	<u>87,630</u>	<u>71,219</u>
Current assets					
Medication, project & trading stock		411	332	405	332
Debtors	10	736	682	737	682
Cash at bank and in hand		6,011	11,871	5,997	11,855
Total current assets		<u>7,158</u>	<u>12,885</u>	<u>7,139</u>	<u>12,869</u>
Liabilities					
Creditors: amounts falling due within one year	11	(756)	(822)	(744)	(819)
Provisions for liabilities falling due within one year					
Constructive Obligation	14	(4,026)	(4,470)	(4,026)	(4,470)
Net current assets or liabilities		<u>2,376</u>	<u>7,593</u>	<u>2,369</u>	<u>7,580</u>
Provisions for liabilities falling due after more than one year					
Constructive Obligation	14	(33,612)	(35,178)	(33,612)	(35,178)
Total net assets or liabilities		<u>56,967</u>	<u>43,634</u>	<u>56,387</u>	<u>43,621</u>
Funds:					
Restricted funds	18	1,838	1,353	1,838	1,353
Unrestricted funds					
General		71,730	67,161	71,151	67,148
Welfare pension reserve		(37,638)	(39,648)	(37,638)	(39,648)
Net General funds	17	34,092	27,513	33,513	27,500
Designated	17	21,037	14,768	21,037	14,768
Unrestricted funds after provision for liabilities and charges		<u>55,129</u>	<u>42,281</u>	<u>54,550</u>	<u>42,268</u>
Total funds		<u>56,967</u>	<u>43,634</u>	<u>56,388</u>	<u>43,621</u>

NOTES:

The net income in funds for the Trust for the year ended 30 June 2021 was £13,342,000 (2020 restated: £8,784,000). 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.

The prior year is restated for comparator purposes following the change in accounting policy for the recognition of legacies.

Approved and authorised for issue by the Board of Trustees on 08 December 2021 and signed on their behalf by:

Original signed

Lieutenant General
R Wardlaw OBE
Chairman
08 December 2021

The notes on pages 49 to 73 form part of these accounts.



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Notes below	2020/21 £000	Restated 2019/20 £000
Cash flows from operating activities:			
<i>Net cash (used in)/provided by operating activities</i>	Note A	(106)	871
Cash flows from investing activities:			
Dividends and interest from investments		1,780	2,201
Purchase of Intangibles		(15)	(8)
Purchase of property, plant and equipment		(415)	(555)
Proceeds from sale of investments		4,748	21,026
Purchase of investments		(11,621)	(20,758)
<i>Net cash provided by (used in) investing activities</i>		(5,523)	1,906
Operating activities			
<i>Change in cash and cash equivalents in the reporting period</i>		(5,629)	2,777
Cash and cash equivalents at the beginning of the reporting period	Note B	14,639	11,862
Cash and cash equivalents at the end of the reporting period	Note B	9,010	14,639

NOTES

A. Reconciliation of net income to net cashflow from

Net income for the reporting period (as per SOFA)

Adjustments for:

Depreciation	391	369
Fixed Asset Impairment/Write-off	0	37
Gains on investments	(9,841)	(2,48)
Investments donated	0	(28)
Dividends and interest from investments	(1,780)	(2,201)
Losses on foreign exchange	(9)	(101)
(Increase) in stocks	(79)	(124)
(Increase)/decrease in debtors	(54)	905
Decrease in creditors	(67)	(198)
Decrease in constructive obligation	(2,009)	(4,088)
<i>Net Cash provided by (used in) operating activities</i>	(106)	871

B. Analysis of cash and cash equivalents

	2020/21 £000	2019/20 £000	Cash flow in year £000
Cash in hand and at bank	6,011	11,871	(5,860)
Notice deposits (less than 3 months)	2,999	2,768	231
Total cash and cash equivalents	9,010	14,639	(5,629)





NOTES TO THE ACCOUNTS

FOR THE YEAR ENDING 30 JUNE 2021

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 surplus of £13,342,000 (2019/20 restated: £8,784,000).

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 two main areas of financial risk have been identified as:

- Reduction in fundraising income; 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.

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 50 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 23 anticipated new Disability Support Grant beneficiaries in 2021/22.
- There are a further 85 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. This represents a change in accounting policy where previously entitlement had been recognised at the point of Grant in Probate and income had been recognised when there was sufficient evidence to value the legacy (measurement) and there was probability of receipt. The 2019-20 numbers have been restated to reflect the change. The effects of which are shown at Note 19.

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

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 of Nepal with contributions at a rate of 31% of staff salary being 20% employer contribution and 11% employee contribution.

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:

- 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.

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:

- *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 £000	Restated 2020 £000
a. Donations		
Donations from individuals	6,878	5,697
Donations from companies, trusts, clubs and organisations	1,352	837
	8,230	6,534
b. Legacies	5,004	5,863
c. Grants		
Ministry of Defence – to support operating costs in Nepal	3,355	2,966
d. Charitable Activities		
Ministry of Defence – for medical services	2,525	2,500
FCDO – for water and sanitation projects in remote locations	970	4,040
KAAA – for medical camps	0	95
e. Other trading activities		
Fundraising events	168	518
Retail	14	0
f. Investments		
Investment dividends and interest	1,575	1,713
Bank interest	205	488

Donations from individuals include part of the contributions made by all ranks of the Brigade of Gurkhas under Service Day’s Pay Giving of £141,500 (2019/20: £131,032) and donations from the Gurkha Contingent of the Singapore Police of £93,850 (due to COVID-19 the 2019/20 donation was not received until 2020/21).

Donations from companies and organisations includes gifts in kind of £77,000 representing 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. An anonymous donation of Personal Protective Equipment, oximeters and oxygen concentrator for distribution by GWT(N) to local communities is included within donations for companies and organisations at a value of £431,700.

Future legacy income of £5,876,000 is expected in respect of legacies due which have been notified to the GWT.

4. EXPENDITURE

	Grants	Direct Costs	Support Costs		2020/21 Totals	2019/20 Totals
	£000	£000	Support £000	Governance £000	£000	£000
a. Individual Aid						
Welfare pension	3,759	0	1,770	48	5,577	5,859
Care for the elderly	106	0	1	1	108	129
Disability support	176	0	104	2	282	285
Winter allowance	47	0	47	1	95	138
Welfare Grants & Support	738	95	439	11	1,283	1,330
UK welfare	250	334	4	22	610	626
Total individual aid	5,076	429	2,365	85	7,955	8,367
b. Medical aid	1,471	3,596	1,119	62	6,248	6,443
c. Residential Homes	25	392	70	5	492	502
d. Disaster Response	0	30	0	0	30	0
e. Community aid						
School projects	101	557	411	9	1,078	1,069
COVID support	0	389	3	5	397	0
Water projects	0	1,507	378	3	1,888	3,644
Total community aid	101	2,453	792	17	3,363	4,713
Sub Total Charitable activities	6,673	6,900	4,346	169	18,088	20,025
f. Cost of generating funds						
Fundraising	0	1,618	447	54	2,119	2,162
Investments	0	328	17	2	347	317
Total costs of generating funds	0	1,946	464	56	2,466	2,479
Total Expenditure prior to movement in Constructive Obligation	6,673	8,846	4,810	225	20,554	22,504
g. Movement in Constructive Obligation	0	(2,009)	0	0	(2,009)	(4,088)
Total Expenditure	6,673	6,837	4,810	225	18,545	18,416

UK Welfare includes a grant of £250,000 (2019/20: £250,000) paid to ABF The Soldiers' Charity for the support of former Gurkhas who have retired in the UK. All other grants totalling £6,423,000 (2019/20: £6,405,000) were to individuals or small community groups.

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

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

Activity	Beneficiaries	Notes
Welfare pensions:	4,153	There were 4,119 recipients at the start of the year and 34 new recipients. 25 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 3,812 recipients at 30 June 2021.
Home Care:	405	We provided grants to 405 carers in support of the most vulnerable beneficiaries. Carers are provided with training in support of their responsibilities.
Disability Support:	225	The number of recipients is 225 at 30 June 2021. This data is held on the same database as the welfare pensioners and is subject to both proof of identity and medical requirement.
Winter allowance:	~4,500	All welfare pensioners, wives, DSG recipients and residential home residents supported last December received a GWT thermos-type flask purchased through the winter allowance.
Welfare (Hardship) grants:	1,261	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 20-21 this included the third phase of the 300 Homes project in which 101 earthquake resilient houses were provided. A further 6 replacement homes were funded from the Disaster Reserve following severe damage from fires and monsoon landslips.
Residential care:	43	Our 2 Residential Homes have a capacity of 48. There were 33 permanent residents at the 30 June 2021. 2 rooms in each home have become rehabilitation and respite rooms providing short - medium term care for pensioners prior to returning to their homes. The Residential Homes have been locked down for a significant proportion of the year due to COVID-19 restricting opportunities for new residents during this period.
School projects:	68 (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. Despite COVID-19, 3 major, 11 minor and 54 refurbishment projects were completed in-year and one further major school project to be completed in 21-22.

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

The Trust has benefitted from a favourable Rate of Exchange which has increased from NPR146.69/£ at 30 June 2020 to NPR162.64/£ at 30 June 2021. As a consequence the cost (in GBP) of delivering charitable activity has decreased, whilst maintaining (and in some areas increasing) the actual level of support provided to our beneficiaries and the wider community.

The total charitable activity expenditure of £18,088,000 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	1,382	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
Total	2,902	654	506	45	703	4,810	225	5,035
Basis of allocation	Time spent	Space & time	Time spent	Direct	Pro rata with cost	Attribution & time		

5. GOVERNANCE COSTS

Apportioned governance costs were:

	2020/21 Total £000	2019/20 Total £000
Staff employment costs	113	101
Staff & trustee other costs	18	55
Premises costs	25	21
Office services	24	18
Legal & professional	45	49
	225	244

6. STAFF, TRUSTEE AND GOVERNANCE COSTS

a. Staff numbers

		2020/21	2019/20
The trust employed the following average number of staff:			
UK:	Administration & fundraising	17	18
	Welfare	8	9
Nepal:	Individual aid inc welfare and general staff	239	234
	Medical services	130	110
	Water projects	114	114
	Schools projects	7	7

b. Staff costs

		2020/21 £000	2019/20 £000
UK:	Salaries	935	958
	Benefits	11	9
	Social security costs	95	101
	Pension	80	85
		1,121	1,153
Nepal:	Salaries	4,195	4,252
	Benefits	56	57
	Pension (see Note 13)	296	367
	Gratuity (see Note 13)	285	271
	Ex Gratia	6	0
	Severance	0	3
		4,838	4,950
		5,599	6,103

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

	2020/21 Number	2019/20 Number
£60,001 - £70,000	1	1
£70,001 - £80,000	-	1
£80,001 - £90,000	-	1
£90,001 - £100,000	1	1
£100,001 - £110,000	1	-

Employer’s pension contributions for the higher paid employees were £9,000 (2019/20: £16,000).

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 £287,000 (2019/20: £333,000).

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.

The Trust approved an ex gratia payment of £6,128 to the widow of a member of staff in Nepal who sadly died having contracted COVID-19.

There were no redundancy payments during the year (2019/20: £3,150).

Trustees’ expenses, remuneration and donations

In 2020/21 no Trustee received any remuneration or pension but three Trustees were either reimbursed or expenses were paid on their behalf of £2,920; principally on travel to Nepal but also in respect of attendance at meetings at in London (2019/20: seven Trustees were either reimbursed or expenses were paid on their behalf of £17,300). Trustees donated a total of £1,320 (2019/20: £2,315).

Related party transactions

Colonel Jody Davies is a Trustee of The Gurkha Museum Trust. Transactions between The Gurkha Welfare Trust and The Gurkha Museum Trust during 2020/21 totalled:

Payments to The Gurkha Museum Trust: £479.00 Payment for the provision of goods and services received.

Payments from The Gurkha Museum Trust: Nil

David Hayes is Chairman of the Gurkha Brigade Association (GBA). A payment of £592 was made to the GBA in respect of a Legacy which had been incorrectly paid to The Gurkha Welfare Trust.

There are no other related party transactions.

Net expenditure

Net expenditure for the period is stated after charging:

			2020/21	2019/20
			£000	£000
Audit Fees	UK excluding VAT Nepal:	Crowe U.K. LLP UK	26	25
		CSC & Co	10	14
		Joshi and Bhandari	3	5
Tax Advisory Services		Crowe U.K. LLP UK	3	2
Actuarial fees		M/s K A Pandit (India)	2	2

7. INTANGIBLE ASSETS

a. Group				b. Charity			
	Computer Software £000	Assets Under Construction £000	Total £000		Computer Software £000	Assets Under Construction £000	Total £000
Cost				Cost			
At 1 July 2020	15	0	15	At 1 July 2020	15	0	15
Additions	12	3	15	Additions	0	3	3
Asset transfers	96	0	96	Asset transfers	96	0	96
At 30 June 2021	123	3	126	At 30 June 2021	111	3	114
Amortisation				Amortisation			
At 1 July 2020	(5)	0	(5)	At 1 July 2020	(5)	0	(5)
Amortisation	(41)	0	(41)	Amortisation	(37)	0	(37)
At 30 June 2021	(46)	0	(46)	At 30 June 2021	(42)	0	(42)
Net Book Value				Net Book Value			
At 1 July 2020	10	0	10	At 1 July 2020	10	0	10
At 30 June 2021	77	3	80	At 30 June 2021	69	3	72

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
Cost						
At 1 July 2020	2,182	617	906	330	297	4,332
Additions	32	-	-	-	383	415
Asset transfers	174	350	7	-	(531)	0
Reclassifications	-	-	-	-	(96)	(96)
Disposals	-	-	(44)	(10)	-	(54)
At 30 June 2021	2,388	967	869	320	53	4,597
Depreciation						
At 1 July 2020	(1,062)	(218)	(797)	(201)	(28)*	(2,306)
Depreciation	(109)	(97)	(59)	(85)	-	(350)
Disposals	-	-	44	10	-	54
At 30 June 2021	(1,171)	(315)	(812)	(276)	(28)	(2,602)
Net Book Value						
At 1 July 2020	1,120	399	109	129	269	2,026
At 30 June 2021	1,217	652	57	44	25	1,995

Reclassification: IT software reclassified from Tangible Fixed Assets (Assets in Construction) to Intangible Fixed Assets.
* Impairment

b. Charity	Freehold Land & Buildings £000	Leasehold Property £000	Vehicles & Equipment £000	IT £000	Assets in Construction £000	Total £000
Cost						
At 1 July 2020	2,182	617	906	330	297	4,332
Additions	0	-	-	-	383	383
Asset transfers	(359)	350	7	-	(531)	(533)
Reclassifications	-	-	-	-	(96)	(96)
Disposals	-	-	(44)	(10)	-	(54)
At 30 June 2021	1,823	967	869	320	53	4,032
Depreciation						
At 1 July 2020	(1,062)	(218)	(797)	(201)	(28)*	(2,306)
Depreciation	(109)	(97)	(59)	(85)	-	(350)
Disposals	-	-	44	10	-	54
At 30 June 2021	(1,171)	(315)	(812)	(276)	(28)	(2,602)
Net Book Value						
At 1 July 2020	1,120	399	109	129	269	2,026
At 30 June 2021	652	652	57	44	25	1,430

9. INVESTMENTS

The historical cost of investments at 30 June 2021 (including investment cash) was £67,317,248 (2020: £59,702,265). 89% of the investment assets are placed in a mixed portfolio of thematic funds.

Listed investments		2020/21 £000	2019/20 £000
Fixed interest			
	UK	9,856	9,967
Equities			
	UK	316	526
	Americas	365	285
	Emerging markets	2,278	2,201
	Alternative investments	14,445	13,281
	Other overseas/Non-specific region	52,144	38,449
	Property	3,725	1,706
		<u>83,129</u>	<u>66,415</u>
	Cash held as part of investment portfolio	2,999	2,768
		<u>86,128</u>	<u>69,183</u>

Major movements in investments during the year were:

	2020/21 £000	2019/20 £000
Opening market value (excl. Cash)	66,415	64,171
Purchases	11,621	20,758
Disposal proceeds	(4,748)	(21,026)
Gains on investments	9,841	2,484
Investments donated	0	28
Closing market value (excl cash)	<u>83,129</u>	<u>66,415</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 2021

	2020/21 £	2019/20 £
Turnover	55,465	31,113
Cost of sales	(36,456)	(11,881)
Gross profit	<u>19,009</u>	<u>19,232</u>
Administrative expenses	(4,541)	(4,446)
Operating profit	<u>14,468</u>	<u>14,786</u>
Profit for the financial year before taxation	14,468	14,786
Tax on profit on ordinary activities	0	0
Profit for the financial year after taxation	<u>14,468</u>	<u>14,786</u>

GWT Trading Ltd Statement of Changes in Equity

	2020/21		2019/20	
	£ P&L	£ Share Capital	£ P&L	£ Share Capital
Total funds brought forward	14,786	2	36,899	2
Profit for the year	14,468	0	14,786	0
Gift Aid payment	(14,786)	0	(36,899)	0
Retained earnings at year end	<u>14,468</u>	<u>2</u>	<u>14,786</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 2021

	2021 £	2020 £
Fixed Assets		
Intangibles	7,923	0
Total Fixed Assets	<u>7,923</u>	<u>0</u>
Current Assets		
Stock	4,922	0
Debtors	1,035	908
Cash at bank and in hand	14,671	16,162
	<u>20,628</u>	<u>17,070</u>
Creditors - amounts falling due within one year	(14,081)	(2,282)
Net Current Assets	<u>6,547</u>	<u>14,788</u>
Net Assets	<u>14,470</u>	<u>14,788</u>
Share Capital	2	2
Retained Profit	14,468	14,786
	<u>14,470</u>	<u>14,788</u>

As a result of COVID-19 a number of physical fundraising activities were either cancelled or postponed during the year, with the first events (Doko Challenge and GWT Golf Day) re-starting in June 2021. Fundraising adapted to the constraints of COVID-19 with a successful on-line auction followed by an on-line raffle. GWT Trading launched a limited branded merchandise range during the year, which will be expanded during 2021/22.

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 has been transferred to the company during 2020/21 and the remaining land assets in Dharan, Damak and Gulmi (£228k) are scheduled for transfer during 2021/22.

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 • 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 31 June 2021, as extracted from the financial statements are summarised below:

Ex Servicemen and Families Support Society Income and Expenditure for the Year ended 30 June 2021

	2020/21	2019/20
	£	£
Income and Expenditure		
Income	0	0
Administrative expenses	152	0
Operating loss	(152)	0
Loss for the financial year	(152)	0

Ex Servicemen and Families Support Society Balance Sheet at 30 June 2021

	2020/21	2019/20
	£	£
Fixed Assets		
Tangible Fixed Asset	565,129	0
Total Fixed Assets	565,129	0
Current Assets		
Cash at Bank	390	0
Creditors falling due within 1 year	(138)	0
Net Current Assets	252	0
Net Assets	565,381	0
Share Capital	614	0
Reserves	564,767	0
	565,381	0

10. DEBTORS

	Group		Charity	
	2021	2020	2021	2020
	£000	£000	£000	£000
Trade Debtors	11	12	10	12
Amounts owed by intercompany	0	0	2	0
Prepayments and Accrued Income	172	148	172	148
Legacies	280	127	280	127
Other Debtors	273	395	273	395
	736	682	737	682

11. CREDITORS

	Group		Charity	
	2021	2020	2021	2020
	£000	£000	£000	£000
Trade Creditors	278	373	276	373
Amounts owed to group and associated undertakings	0	0	(8)	0
Accruals	182	159	180	157
Taxation & social security	29	37	29	37
Other Creditors	267	253	267	252
	756	822	744	819

12. FINANCIAL INSTRUMENTS

	Group		Charity	
	2020/21	2019/20	2020/21	2019/20
	£000	£000	£000	£000
Financial assets measured at fair value				
Investments in shares	83,129	66,415	83,129	66,415
Other liabilities measured at fair value				
Constructive obligations (see Note 14)	37,639	39,648	37,639	39,648
Net financial instruments	45,490	26,767	45,490	26,767

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 2020/21 were £79,850 (2019/20: £97,900). 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, 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.

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 three months in 2020 through a direct payment on behalf of employees into the SSF. A similar commitment was announced for 2021 although the Trust maintains a year-end liability for the contributions until confirmation of actual payment by the Government of Nepal.

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 2021, has been obtained using the following long-term assumptions:

- The level of benefit agreed for welfare pensions for 2021/22, NPR 157,200 per annum (NPR 151,200 in 2020/21) and DSG of NPR 126,000 (NPR 120,840 in 2020/21) will increase with inflation at 7.0% over the long term (7.0% in 2019/20).
- A new annual festival allowance of NPR2,000 is payable to beneficiaries in September 2021.
- An estimated number of 3,812 welfare pensioners (2019/20: 4,119) with an average age of 81.15.
- Trustees approved the increase in recipients of the DSG from July 2021, to include new disabled orphans of ex Gurkhas and disabled siblings of existing beneficiaries. Including the new recipients eligible from 1 July 2021, there are 278 DSG beneficiaries (2019/20: 232) with an average age of 55.07.

- 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 50 new entrants for each of the next five years with an average joining age of 73.
- Provision has been included for an estimated 85 future DSG beneficiaries.
- Future payments have been discounted at 6.5% pa (2019/20: 6.5%), which represents an 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 NPR146.69/£ in July 2020, a high of NPR165.76/£ in April 2021 and an average for the year at NPR 156.88/£.

Based on the exchange rate of NPR162.64/£, (2019/20: NPR146.69/£) that applied on 30th June 2021, the value of the obligation for the welfare pension was £37,638,000. This is a reduction of £2,009,000 on the figure for 2019/20 of £39,647,500. Due to the increase in authorised beneficiaries, the liability to cover DSG has increased by £2,419,000 to £6,350,000, (2019/20: £3,931,000). The combined total constructive obligation is £37,638,000.

	Balance at 1 July 2020 £000	Movement in Actuarial Valuation £000	Movement in Rate of Exchange £000	Balance at 30 June 2021 £000
Welfare Pension	35,716	(1,069)	(3,359)	31,288
Disability Support Grant	3,931	3,099	(680)	6,350
Total Constructive Obligation	<u>39,647</u>	<u>2,030</u>	<u>(4,039)</u>	<u>37,638</u>

15. OPERATING LEASES AND OTHER COMMITMENTS

At 30 June 2021 the group’s future minimum operating lease payments are as follows:

		2020/21 £000	2019/20 £000
UK Property lease	Within 1 year	75	83
	Between 1 to 5 years	234	283
	Over 5 years	90	160
Nepal Property	Within 1 year	19	29
	Between 1 to 5 years	13	1
	Over 5 years	0	0

Lease payments for the year which are recognised as expenses within the SOFA totalled £120,992 (2019/20: £143,746).

Capital commitments at the balance sheet date:

The Trust has capital commitments which are not provided for elsewhere in the accounts of £66,000 (buildings and related infrastructure) and £142,000 (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	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

17. UNRESTRICTED FUNDS OF THE GROUP AND CHARITY

	Restated 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
Designated funds						
<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
Total designated funds	14,768	0	(552)	6,821	0	21,037
General funds	27,513	11,767	(10,208)	3,011	2,009	34,092
Total unrestricted funds	42,281	11,767	(10,760)	9,832	2,009	55,129

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 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 Jun 2021.

18. RESTRICTED FUNDS OF THE CHARITY

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

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.

19. CHANGE IN ACCOUNTING POLICIES

In 2020/21 the Trust has changed its accounting policy for the recognition of legacies. Previously the GWT had recognised income when there was legal entitlement through the Grant of Probate, there was sufficient evidence to value the legacy (measurement) and there was probability of receipt.

Legacies are now recognised on the earlier of the receipt of income or entitlement through the issue of approved Estate Accounts.

The 2019/20 comparatives have been restated to take account of the change in accounting policy. The impact of the adjustment means that total reserves at 30 June 2020 have decreased by £0.542M.

The effects of the change are detailed below:

	Balance at 30 Jun 20 £M		2019/20 £M
Reconciliation of Reserves		Reconciliation of 2019/20 surplus for the year	
Total Reserves as previously stated	44.176	2019/20 surplus as previously stated	9.326
Legacy accrual – change in basis	(0.542)	Legacy accrual movement – change in policy	(0.542)
Total Reserves as restated	43.634	2019/20 surplus as restated	8.784

The following notes, numbers 20 to 25, refer to financial year 2019/20 and are included for comparative purposes only. The restatement follows the change in accounting policy for the recognition of legacy income.

**20. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES
FOR YEAR ENDED 30TH JUNE 2020 - RESTATED**

	Notes	Unrestricted General £000	Designated £000	Restricted £000	2019-20 Total £000
Income from:	3				
Donations and legacies					
Donations	3a	4,432	0	2,102	6,534
Legacies	3b	5,863	0	0	5,863
Grants					
Ministry of Defence	3c	0	0	2,966	2,966
Charitable activities	3d				
Ministry of Defence		0	0	2,500	2,500
Department for International Development		0	0	4,040	4,040
KAAA		0	0	95	95
Other trading activities					
Fundraising Events	3e	385	0	133	518
Investments	3f	2,191	0	10	2,201
Total		12,871	0	11,846	24,717
Expenditure on:	4				
Raising funds					
Fundraising	4f	2,162	0	0	2,162
Investment management costs	4f	317	0	0	317
Charitable activities					
Individual aid	4a	4,535	10	3,822	8,367
Medical Aid	4b	3,965	0	2,478	6,443
Disaster response	4d	0	0	0	0
Residential Homes	4c	0	487	15	502
Community aid	4e	585	0	4,128	4,713
Sub Total Expenditure		11,564	497	10,443	22,504
Movement in constructive Obligation	4g/14	(4,088)	0	0	(4,088)
Total		7,476	497	10,443	18,416
Net (expenditure)/income before other gains and losses		5,395	(497)	1,403	6,301
Other gains and losses					
Net gains/(losses) on Investments	9	2,483	0	0	2,483
Net (expenditure)/income		7,878	(497)	1,403	8,784
Transfers between funds	16 & 17	(356)	356	0	0
		7,522	(141)	1,403	8,784
Other recognised gains/(losses)					
Profit & loss revaluation gain/(loss)		(101)	0	0	(101)
Net Movement in Funds		7,421	(141)	1,403	8,683
Reconciliation of funds					
Funds brought forward		20,092	14,909	(50)	34,951
Total Funds Carried Forward		27,513	14,768	1,353	43,634

21. COMPARATIVE STATEMENT OF EXPENDITURE 2019-20

	Grants	Direct costs	Support costs		2019/20
	£000	£000	Support	Governance	Totals
			£000	£000	£000
Charitable activities					
a. Individual aid					
Welfare pensions	4,039	0	1,762	58	5,859
Care for the elderly	124	2	1	2	129
Disability support	183	0	99	3	285
Winter allowance	91	0	46	1	138
Welfare grants	776	108	433	13	1,330
UK welfare	250	348	4	24	626
Total	5,463	458	2,345	101	8,367
b. Medical aid	1,107	4,163	1,102	71	6,443
c. Residential homes	28	398	70	6	502
d. Disaster Response	0	0	0	0	0
e. Community aid					
School projects	57	597	405	10	1,069
Water projects	0	3,136	503	5	3,644
Total Community Aid	57	3,733	908	15	4,713
Sub Total Charitable activities	6,655	8,752	4,425	193	20,025
f. Cost of generating funds					
Fundraising	0	1,619	494	49	2,162
Investments	0	298	17	2	317
Total costs of generating funds	0	1,917	511	51	2,479
Total Expenditure prior to movement in Constructive Obligation	6,655	10,669	4,936	244	22,504
g. Movement in Constructive Obligation	0	(4,088)	0	0	(4,088)
Total	6,655	6,581	4,936	244	18,416

22. COMPARATIVE ANALYSIS OF SUPPORT COSTS 2019-20

	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	1,589	359	196	6	195	2,345	101	2,446
b. Medical Aid	745	168	94	5	90	1,102	71	1,173
d. Residential Homes	46	11	6	1	6	70	6	76
e. Community Aid	564	99	210	1	34	908	15	923
f. Fundraising	279	60	93	62	0	494	49	543
f. Investment management	10	2	3	2	0	17	2	19
Total	3,233	699	602	77	325	4,936	244	5,180
Basis of allocation	Time spent	Space & time	Time spent	Direct	Pro rata with cost	Attribution & time		

23. COMPARATIVE ANALYSIS OF NET ASSETS BETWEEN FUNDS, GROUP AND CHARITY 2019-20 - RESTATED

	Unrestricted General	Unrestricted Designated	Restricted	Total
	£000	£000	£000	£000
Intangible assets	6	0	4	10
Tangible assets	961	1,048	17	2,026
Investments	55,463	13,720	0	69,183
Current assets	11,553	0	1,332	12,885
Current liabilities	(822)	0	0	(822)
Constructive obligation	(39,648)	0	0	(39,648)
	<u>27,513</u>	<u>14,768</u>	<u>1,353</u>	<u>43,634</u>

The unrestricted designated fund provides for 20 year running costs of the two Residential Homes and a Disaster Response fund.

23. COMPARATIVE UNRESTRICTED FUNDS OF THE GROUP AND CHARITY 2018-19

	Balance at 1 July 2019	Incoming resources in the year	Outgoing resources in the year	Gains and Transfers	Movement in obligation	Balance at 30 June 2020
	£000	£000	£000	£000	£000	£000
Designated funds						
<i>Disaster Response</i>	6,000	0	(10)	0	0	5,990
<i>Residential homes</i>	8,909	0	(487)	356	0	8,778
Total designated funds	14,909	0	(497)	356	0	14,768
General funds	20,092	12,871	(11,564)	2,026	4,088	27,513
Total unrestricted funds	35,001	12,871	(12,061)	2,382	4,088	42,281

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.

The transfer-in to the designated fund (residential home) of £356,000 represents the increase in valuation of designated funds within the investment portfolio.

Trustees took the prudent precaution in 2011-12 of creating a designated fund to cover the running costs of the residential homes for the next twenty years so that the homes would not be a drain on other activities. This fund is currently valued at £8,778,000 assuming inflation in Nepal over the period 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 disaster. This fund was used to provide a replacement earthquake resistant home for a vulnerable pensioner whose home was destroyed in a major landslide at Gulmi during the monsoon. The Disaster Response fund is £5,990,000 at 30 June 2020.

25. COMPARATIVE RESTRICTED FUNDS OF THE CHARITY 2019-20

	Balance at 01 Jul 19	Income	Expenditure	Transfers	Balance at 30 Jun 20
	£000	£000	£000	£000	£000
a. Grants to individuals:					
Welfare pensions & DSG	0	650	(650)	0	0
Welfare grants	17	1,117	(639)	0	495
	17	1,767	(1,289)	0	495
b. Medical:					
MOD Grant in Aid Medical	0	2,500	(2,374)	0	126
Medical	0	44	(44)	0	0
Medical camps	0	95	(60)	0	35
	0	2,639	(2,478)	0	161
c. Residential Homes:	0	15	(15)	0	0
d. Water projects:					
Water projects - DfID	(85)	4,049	(3,364)	0	600
Water projects - other	0	87	(87)	0	0
	(85)	4,136	(3,451)	0	600
e. Schools projects:					
Neal Turkington Fund	18	0	0	0	18
Schools	0	319	(240)	0	79
	18	319	(240)	0	97
f. Other grants:					
Vehicles & equipment	0	3	(3)	0	0
MOD Grant in Aid	0	2,966	(2,966)	0	0
Support & infrastructure	0	1	(1)	0	0
	(50)	11,846	(10,443)	0	1,353

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 2 of the 300 Homes programmes; delivering 110 earthquake resistant homes. The 100 Home fundraising campaign in 2020 was the most successful run by the Trust and exceeded the programme budget, providing restricted funds towards Tranche 3 to be delivered in 2020/21.

b. Medical

The MOD Medical grant-in-aid is provided in support of medical services to our beneficiaries. Kadoorie Agricultural Aid Association (KAAA) continued to fund the medical camps for the final year. Due to COVID-19 two camps were cancelled and KAAA agreed that funds could be carried forward to 2020/21.

c. Water projects

DfID funding is provided through an accountable grant agreement for the rural water and sanitation programme with additional funding coming from charitable trusts and individuals. Due to COVID-19,

completion of seven projects was delayed with restricted funds carried forward to 2020/21 to enable completion. In September 2020, DfID merged with the FCO to become the Foreign, Commonwealth and Development Office (FCDO).

d. Schools projects

Several individuals and charitable trusts have sponsored the rebuilding of schools. Due to COVID-19 the completion three major projects were delayed with restricted funds carried forward to 2020/21 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. Funds continue to be raised for this cause although there was no expenditure incurred in support of the two schools during 2019/20.

e. Other grants

The MOD grant-in-aid is provided to support the administration and infrastructure costs of the GWT(N) while several individuals have sponsored the maintenance of our motorbikes used to assist our field staff in reaching remote locations.



Registered Charity Number: 1103669
Company Limited by Guarantee Number: 05098581
Registered in England

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