

THE ARMY DEPENDANTS' TRUST

England & Wales · Charity number 1064522

Details

Other names	THE SOLDIERS' DEPENDANTS FUND, ADT, The Army Bereavement Trust
Status	Registered
Legal form	Other
Registered	1997-09-22
Register	View on the Charity Commission register

Contact

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Website	https://www.armydependantstrust.org

Activities

Objects: THE OBJECT OF THE CHARITY IS THE PROMOTION OF THE EFFICIENCY OF THE ARMY THROUGH THE RELIEF OF DEPENDANTS OF DECEASED SOLDIERS OR OFFICERS IN THE FOLLOWING ORDER OF PRIORITY:(A) THE DEPENDANTS OF DECEASED MEMBERS OF THE CHARITY;(B) THE DEPENDANTS OF DECEASED SOLDIERS OR OFFICERS.(2) THE TRUSTEES MAY ASSIST DEPENDANTS BY:(A) THE PROVISION OF IMMEDIATE GRANTS; AND(B) THE RELIEF OF DEPENDANTS WHO ARE IN NEED BY VIRTUE OF FINANCIAL HARDSHIP, SICKNESS, DISABILITY OR THE EFFECTS OF OLD AGE THROUGH THE PROVISION OF GRANTS, LOANS, GIFTS, PENSIONS OR OTHERWISE.(3) IF AND IN SO FAR AS THE INCOME IS NOT REQUIRED FOR THE OBJECT IN SUB CLAUSE (1) ABOVE, THE TRUSTEES MAY APPLY IT:(A) IN MAKING GRANTS TO THE ARMY BENEVOLENT FUND (211645) FOR ITS GENERAL PURPOSES; OR(B) FOR THE BENEFIT OF PERSONS WHO ARE SERVING OR WHO HAVE SERVED IN THE BRITISH ARMY, OR THEIR DEPENDANTS, IN ANY CHARITABLE WAYS.

Activities: 1. To promote the efficiency of the Army by providing immediate financial relief of persons who are in a condition of need, hardship or distress and are the dependants or next of kin of a deceased soldier or

officer.2. If and insofar as trustees cannot apply the income for the object above, they will apply it in making grants to the ABF The Soldiers' Charity for their general purposes.

Classification

- **How:** Makes Grants To Individuals, Makes Grants To Organisations
- **What:** The Prevention Or Relief Of Poverty, Armed Forces/emergency Service Efficiency
- **Who:** Other Charities Or Voluntary Bodies, Other Defined Groups

Geography

- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£2,103,389	£2,025,386	£28,846,070	2
2023-12-31	£2,053,793	£1,840,717	£27,813,590	2
2022-12-31	£1,959,935	£2,018,524	£27,695,109	2
2021-12-31	£1,909,639	£1,092,888	£31,263,421	2
2020-12-31	£1,845,883	£1,824,902	£27,755,723	2

Trustees

Name	Role	Appointed
Maj Gen Jonathan Chestnutt CBE	Chair	2026-01-05
BRIGADIER CHRISTOPHER COLES CBE		2017-01-19
Brian Alvin		2017-10-26
Brigadier Melissa Emmett MBE		2024-12-13
Christopher Palmer OBE		2024-12-13
Colonel Michael SYKES OBE		2017-03-31
Colonel Newton Astbury		2016-09-29
Nikki Peterson		2024-12-13

THE ARMY DEPENDANTS' TRUST

England & Wales - Charity number 1064522

Accounts

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
FOR
THE ARMY DEPENDANTS' TRUST

Hysons Audit Services Ltd, Statutory Auditor
14 London Street
Andover
Hampshire
SP10 2PA

THE ARMY DEPENDANTS' TRUST

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FOR THE YEAR ENDED 31 DECEMBER 2024

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THE ARMY DEPENDANTS' TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2024

The trustees present their report with the financial statements of the charity for the year ended 31 December 2024. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The main object of the Charity is the promotion of the efficiency of the Army through the relief of persons who are in a condition of immediate financial need, hardship or distress and who are the dependants or next of kin of a deceased soldier or officer. In so far as the trustees cannot apply the income for this main object, they apply it in making grants to ABF The Soldiers' Charity (registered Charity number 211645) for its general purposes.

Significant activities

Since 2013, the Charity has met its objects through 2 mechanisms: The making of grants to beneficiaries of members; and, the making of a major grant to the ABF (2024: £916,968), to fulfill all other objects of the Charity, on the Charity's behalf. Trustees review this approach on an annual basis and continue the practice of granting to ABF in the Spring following the end of an accounting year. This practice allows Trustees to determine the appropriate value of the grant that can be made and to fully consider other options for the disbursement of funds.

Public benefit

In considering the activities that have been undertaken in the past year, the trustees have paid due regard to the guidance on public benefit published by the Charity Commission. Trustees continue to look at whether there are other groups of potential beneficiaries that could be reached by extending eligibility criteria in line with the Charity's objectives. It is the opinion of the trustees that the Charity satisfies the criteria for public benefit.

Grantmaking

The object of the charity is the promotion of the efficiency of the Army through the relief of dependants of deceased soldiers or officers in the following order of priority: The dependants of deceased members of the charity; the dependants of deceased soldiers or officers.

The trust may assist dependants through the provision of immediate grants or, for the relief of dependants in financial hardship, sickness or disability, the trust may provide grants, loans, gifts, pensions or otherwise.

If and in so far as the trust's income is not required to meet the above objects, trustees may apply it to: Make grants to the ABF for its general purposes; or for the benefit of persons who are serving or have served in the British Army, or their dependants, in any charitable ways.

THE ARMY DEPENDANTS' TRUST

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 DECEMBER 2024**

ACHIEVEMENT AND PERFORMANCE

Charitable activities

The Charity's key effort throughout the year continued to be grant making to the dependants of soldiers, officers and some retired members, who died during the year. Since its primary activity is dependent upon deaths, which are of course unforeseen, the objective is not to maximise grant making but instead to react evenhandedly, efficiently and effectively to dependants' needs when a death does occur. The trustees consider that they have achieved this objective as best as practically possible.

Whether in times of peace or conflict, the precise future demand on the Trust's resources is something largely beyond the trustees' control. Liquidity planning is based on the expected level of discretionary grants which is, in turn, based on a statistical average number of fatalities. However, in times of conflict or a mass casualty event, the number of deaths will often be beyond the statistical average and planning is thus made more difficult than normal. For this reason trustees maintain significant liquidity, to the approximate value of 3 times the typical annual average expenditure of individual grants. This enables the Trust to respond rapidly if required in an emergency situation.

During the year the trust was notified of 52 deaths (2023: 54). The trust awarded 62 (2023: 50) grants to dependants of 49 (2023: 48) personnel. In 3 cases no award was made (2023: 6). 39 awards were made to regular or full time reservist soldiers, officers and retired members in 2024. 10 awards were made to members of the Army Reserve in 2024, none on the Regular Reserve liability basis. None of these awards were made to non-members. The 5 year average number of deaths where a benefit was paid is 55 (2023: 56).

Grants were made, according to needs, to the beneficiary nominated by the deceased, usually being the spouse or a parent, or sometimes to other family dependants where the trustees considered there was need. Grants made to individuals during the year totalled £985,786 compared to £963,038 in 2023.

Individual Grantmaking

As far as is possible the trustees aim to make any grant within 4 working days of the date of a death being made known to them. Where a beneficiary requests payment by cheque, the trustees aim to post such correspondence within 4 working days of the date of death. In practice, individual grants are usually received by beneficiaries well within these time frames, sometimes in a matter of hours. The Secretary will make suitable enquiries into the circumstances and follows a system of practice and precedent to make grants on behalf of trustees. In exceptional circumstances the Secretary seeks advice from trustees before making a grant.

Cooperation with ABF The Soldiers' Charity

In 2024, Trustees continued to rely heavily upon ABF, The Soldiers Charity, in dispersing the funds of the Trust in accordance with its objects and aims. Whilst recognising the coherence this provides to the sector, Trustees equally remain vigilant to the governance and risk management implications of such a methodology for grant making. With this in mind trustees annually review this approach to working with The Soldiers Charity, to ensure the objects of the trust are both best met and properly overseen.

THE ARMY DEPENDANTS' TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2024

ACHIEVEMENT AND PERFORMANCE

Fundraising activities

The Charity's principal fund raising objective is to raise sufficient funds to meet the average grant need, based on normal expectations of members' mortality rates, and this is achieved through a combination of subscriptions from members and investment income. Subscriptions are paid at a rate of £8.75 per year - this has remained the same for the past 15 years. Where possible, subscriptions are collected through payroll giving to enable tax efficiency for members, but cheque payments and bank transfers are also accepted. Eligible retired officers continue to pay their subscription of £10 per year through standing orders.

The trustees encourage all Regular and Reserve soldiers and officers to become members of the scheme. Judged by any practical measure, the membership of eligible Regular personnel continues to be as high as achievable. The only gaps in this occur when individuals may re-join the Regular component, or transfer into it from the Reserve. This is a negligible figure but the trust is pursuing methods to eliminate these gaps nonetheless. In the event of a death, care is taken to ensure that where there has been an administrative error, this does not disadvantage the dependants of eligible personnel. Take-up of membership amongst Reservists remains more challenging. In 2021, Trustees approved the acquisition of new MIS that will much better enable membership payments for reserve personnel and reduce the impact on members and units accordingly.

Trustees agreed in December 2017 to extend eligibility, at no cost, to all ex-Regulars with a Regular Reserve (RR) liability for the period of their RR liability; thus increasing potential beneficiaries by approximately 25,000. The practicalities of effecting this change were addressed in 2019, as the first beneficiaries under this category were supported. Trustees continue to monitor the broader implications for awareness, potential liabilities and the parity of offer to all eligible personnel across the scope of the charity.

As in previous years, the Trust did not experience significant impact as a result of Covid 19.

FINANCIAL REVIEW

Incoming resources

Subscription income from members totalled £847,646 (2023: £869,637), investment income was £1,249,958 (2023: £1,164,254) and £785 (2023: £14,902) was received in donations. The reduction in member subscriptions is within tolerance for fluctuating membership numbers, especially in terms of regular or full time reserve personnel. The fluctuation in investment income is within tolerance for the market conditions prevailing in 2024.

Resources expended

Grants awarded totalled £985,786 (2023: £963,038). The cost of fundraising was £44,211 (2023: £40,150), the cost of making grants and carrying on other charitable activities, but excepting the grants themselves, was £56,260 (2023: £49,566), and governance costs totalled £22,161 (2023: £22,723).

The method of allocating costs is explained in note 1 of the financial statements. Excluding grants, the total costs of the Charity were £122,632 (2023: £112,439). The ratio of annual running costs as a proportion of total income for 2023 was 5.83% (2023: 5.47%).

THE ARMY DEPENDANTS' TRUST

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 DECEMBER 2024**

FINANCIAL REVIEW

Investment policy and objectives

The majority of the Charity's funds are invested in the Armed Forces Charities Growth & Income Fund (AFCGIF) (formerly the Armed Forces Common Investment Fund). This fund is shared with other Armed Forces charities and is currently managed by BlackRock Investment Management (UK) Limited. The investment is unitised and may be held in Income Units in which the income is distributed or in Accumulation Units where the gross income is automatically reinvested. The lead Investment Manager is BlackRock Investment Management (UK) Limited who are appointed by the Advisory Board of AFCGIF, which comprises senior City individuals and representatives of the major investing charities.

The investment in AFCGIF is currently held in income units as this best meets the objective of generating income to cover grants and costs and, at the same time, allow the opportunity for capital growth. The asset allocation of AFCGIF is against a composite benchmark and, as at 31 December 2024, was made up of UK Equities, Global Equities, Fixed Income Bonds, Property, Alternatives, and Cash. The primary performance objective of AFCGIF is to seek to outperform the composite benchmark set by the Advisory Board by 1% per annum. The income paid during 2024 amounted to 8.90 pence per unit (2023: 8.50p). During the year under review the actual yield of the investment, based on the market value of the investment at the year end, was 3.94% (2023: 3.93%). The investment in AFCGIF increased in value by 4.29% (2023: 0.29%) giving rise to an unrealised gain of £825,226 (2023: £56,373). In addition, income of £792,100 was paid in 2024 (2023: £756,500).

In addition to this primary investment, and on the basis of advice taken by the Trustees, the Charity has other investments consisting of the Mayfair Property Income Trust for Charities and The M&G Equities Investment Fund for Charities (M&G Charifund).

The Property Income Trust for Charities (PITCH) is managed by Mayfair Capital Investment Management Limited and the fund administrator is Saltgate (UK) Limited. In October 2016 the Mayfair Capital was acquired by Swiss Life Asset Managers; however, day to day management of the PITCH has remained with the current team. This investment was made to diversify the portfolio and increase the yield whilst maintaining the potential for some capital growth in real terms. The PITCH objective is to invest in commercial property throughout the UK. It aims to deliver an income yield of around 6% p.a., whilst at least growing the capital value in real terms. Income is now distributed, gross, monthly. The Fund operates both ethical and environmental policies and seeks to be a socially responsible investor. The value of the Charity's holding in this fund decreased by 1.05% during the year giving rise to an unrealised loss of £4,281 (2023: £27,716). Income of £24,036 was received which is equivalent to an annual 12 month rolling yield of 5.97% (2023: 6.32%).

THE ARMY DEPENDANTS' TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL REVIEW

The M&G Charifund is designed to provide a high and growing income, while at the same time protecting its capital from the erosive effects of inflation. The Charifund portfolio comprises approximately 100 stocks. The fund invests in a well-diversified portfolio of mainly high yielding UK stocks with the objective of generating a high income and increasing the annual distribution. The aim is to provide a level of income that is significantly higher than that of the FTSE All-Share Index. Over the year the value of this holding has increased by 2.61% (2023: 2.35% decrease) giving rise to unrealised gain of £133,532 (2023: £123,252 loss). In addition, income of £321,247 (2023: £305,185) was received which is equivalent to a yield at 31 December 2024 of 6.11% (2023: 5.96%).

3 year % performance comparison of the equity investments

<u>Fund</u>	<u>2022</u>		<u>2023</u>		<u>2024</u>		<u>Combined</u>	
	<u>Growth</u>	<u>Yield</u>	<u>Growth</u>	<u>Yield</u>	<u>Growth</u>	<u>Yield</u>	<u>Total growth</u>	<u>Average yield</u>
AFCGIF	-13.95%	3.78%	0.29%	3.93%	4.29%	3.94%	-3.12%	3.88%
PITCH	-16.89%	5.38%	-6.38%	6.32%	-1.05%	5.97%	-8.11%	5.89%
M&G	-5.57%	5.65%	-2.35%	5.96%	2.61%	6.11%	-1.77%	5.91%

As well as these investments, and in order to maintain a necessary amount of cash reserves to meet unpredictable demands, the Trust has funds on deposit with clearing banks and with the COIF Charities Deposit Fund administered by CCLA Investment Management Limited.

Reserves policy

The policy of the Charity continues to be to generate sufficient funds through subscriptions and investment income to meet its primary object - the granting of awards to dependants or next of kin of deceased soldiers or officers. This is the core object of the Charity and is the primary requirement for operational reserves. It is impossible to predict with accuracy the number of fatalities that will occur in the year ahead, but use of historical data was agreed as the most appropriate guide. Following a study of historical data, it was agreed that the most appropriate figure for future planning was the 20 year average fatality data. Using this figure for annual fatalities, and assuming a 3.5% return on investments as previously, would give rise to an Operational Reserve requirement of approximately £15m.

In addition, trustees have felt the Trust should hold reserves available to meet both the commitment against a single major accident, such as a plane crash or ship sinking, and also against casualties from a short-term, major conflict. Trustees agreed that a separate reserve fund - a Mass Casualty Reserve - of £5m should be established for this.

To meet its normal operational need and have cover for the unexpected events above, the trustees deem that an appropriate level of reserves to cover both requirements is £20m. Noting that current investments continue to exceed this, Trustees have decided to pursue a total returns approach from 2022 onwards, treating the investment as a virtual endowment.

THE ARMY DEPENDANTS' TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2024

FUTURE PLANS

Following the investment review conducted in 2024, Trustees held a study day to consider future plans. At this it was recognised that, given the nature of conflict being observed in Ukraine, ADT needs to consider options to build or gain access to more substantial financial reserves. At the same meeting, Trustees noted the work being conducted by the Armed Forces Covenant Fund Trust, in identifying how support to the Armed Forces bereaved community needs to develop. Trustees intend in 2025 to adjust the ADT in order to meet these new needs.

As ever, this work is driven by the core object of the Trust: The promotion of the efficiency of the Army through the relief of persons who are in a condition of immediate financial need, hardship or distress and who are the dependants or next of kin of a deceased soldier or officer.

Trustees confirmed that the purpose of ADT is to be the Army's death in service charity. It will continue to prioritise support for families and partners surrounding bereavement whilst in service.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The Charity is governed by a Charity Commission Scheme dated 19th February 2009 and this replaced the previous scheme dated 1st September 1999. The new scheme comprises the present constitution of the Charity.

Management

Of our eight trustees, seven are appointed because of their particular knowledge of personnel and welfare issues in the Army; in addition, the trustees have appointed one co-opted trustee. The co-opted trustee, who serves for a term normally not exceeding five years, is chosen for their expertise in specialised areas pertinent to the Charity's operations, or as a representative of member groups eg Army Reservists. The trustees meet at least once, but usually twice, each year in order to manage and monitor the Charity's affairs. The trustees delegate the day to day responsibility for operating the Charity to the Secretary/Treasurer, who is assisted by a part time member of staff. However, trustees are on hand at all times to sanction important decisions particularly concerning the assessment of needs of beneficiaries of discretionary grants.

The trustees are chosen so as to bring to the executive function persons whose roles in the British Army are most relevant and appropriate to the aims and objectives of the Charity. Primarily these involve matters of welfare and family support, but the individuals chosen have a wide range of experience as well as multiple skills and very significant academic, military and other qualifications making them most suited to the position.

The trustees are conscious of their significant responsibilities and undertake training where appropriate, including attendance on at least one training day every two years. They have also appointed a legal adviser with specific expertise in charities to assist them in meeting their responsibilities. The trustees believe that these procedures ensure that they are properly equipped to fulfil their role efficiently and effectively.

Risk management

The trustees have examined the major governance, business, financial and operational risks that the Charity faces. Due to the nature of the Charity and modus operandi of the Charity, the risks are fairly consistent, and are listed on a Risk Register which identifies impact, likely-hood of occurrence, and any mitigating action taken. This is monitored regularly by the CE and at least once a year formally by the trustees who ensure that control actions and procedures are in place wherever possible to minimise these risks.

THE ARMY DEPENDANTS' TRUST

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2024

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Charity number

1064522

Principal address

PO Box 5545
Westbury
Wiltshire
BA13 9BZ

Trustees

Mr B Alvin MBE	
Brigadier C M B Coles CBE	
Brigadier M Emmett MBE	- Appointed 13.12.24
Major General S Humphris MBE	
Brigadier C Palmer OBE	- Appointed 13.12.24
Mrs N Peterson	- Appointed 13.12.24
Colonel M P Sykes OBE	

Co-opted trustees

Colonel N R W Astbury

CE/Secretary and treasurer

Mr D G Middleton

Auditors

Hysons Audit Services Ltd, Statutory Auditor
14 London Street
Andover
Hampshire
SP10 2PA

Bankers

Lloyds Bank plc
7 Pall Mall
London
SW1Y 5NA

Solicitors

Wilsons Solicitors LLP
Steynings House
Summerlock Approach
Salisbury
Wiltshire
SP2 7RJ

THE ARMY DEPENDANTS' TRUST

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 DECEMBER 2024**

REFERENCE AND ADMINISTRATIVE DETAILS

Investment managers

BlackRock Investment Management (UK)
Limited
12 Throgmorton Avenue
London, EC2N 2DL

CCLA Investment Management Limited
Senator House
85 Queen Victoria Street
London, EC4V 4ET

M&G Securities Limited
Laurence Pountney Hill
London, EC4R 0HH

Swiss Life Asset Managers UK Limited
55 Wells Street
London, W1T 3PT

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales, the Charities Act 2011, Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing those financial statements, the trustees are required to

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by order of the board of trustees on and signed on its behalf by:

.....
Major General S Humphris MBE - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE ARMY DEPENDANTS' TRUST

Opinion

We have audited the financial statements of The Army Dependants' Trust (the 'charity') for the year ended 31 December 2024 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2024 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' 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 charity'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. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
THE ARMY DEPENDANTS' TRUST**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements which 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 charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE ARMY DEPENDANTS' TRUST

Our responsibilities for the audit of the financial statements

We have been appointed as auditors under Section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 a Report of the Independent Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the charity sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charity, including the Charities Act 2011, Charities SORP (FRS 102) and Financial Reporting Standard 102;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the charity's legal advisors.

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
THE ARMY DEPENDANTS' TRUST

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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 Report of the Independent Auditors.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Hysons Audit Services Ltd, Statutory Auditor
14 London Street
Andover
Hampshire
SP10 2PA

Date:

THE ARMY DEPENDANTS' TRUST

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2024

		2024 Unrestricted fund £	2023 Total funds £
INCOME AND ENDOWMENTS FROM	Notes		
Donations and legacies	3	848,431	884,539
Investment income	4	1,249,958	1,164,254
Other income		5,000	5,000
Total		<u>2,103,389</u>	<u>2,053,793</u>
 EXPENDITURE ON			
Raising funds	5	44,211	40,150
Charitable activities	6		
Grants to dependants and ABF The Soldiers' Charity		1,981,175	1,800,567
Total		<u>2,025,386</u>	<u>1,840,717</u>
 Net gains/(losses) on investments		<u>954,477</u>	<u>(94,595)</u>
 NET INCOME		1,032,480	118,481
 RECONCILIATION OF FUNDS			
Total funds brought forward		27,813,590	27,695,109
 TOTAL FUNDS CARRIED FORWARD		<u><u>28,846,070</u></u>	<u><u>27,813,590</u></u>

The notes form part of these financial statements

THE ARMY DEPENDANTS' TRUST

BALANCE SHEET
31 DECEMBER 2024

		2024 Unrestricted fund £	2023 Total funds £
	Notes		
FIXED ASSETS			
Intangible assets	14	13,900	18,533
Tangible assets	15	415	620
Investments	16	25,740,111	24,785,634
		25,754,426	24,804,787
 CURRENT ASSETS			
Debtors	17	2,575	1,961
Cash at bank	18	3,123,244	3,030,671
		3,125,819	3,032,632
 CREDITORS			
Amounts falling due within one year	19	(34,175)	(23,829)
 NET CURRENT ASSETS		3,091,644	3,008,803
 TOTAL ASSETS LESS CURRENT LIABILITIES		28,846,070	27,813,590
 NET ASSETS		28,846,070	27,813,590
 FUNDS	20		
Unrestricted funds		28,846,070	27,813,590
 TOTAL FUNDS		28,846,070	27,813,590

The financial statements were approved by the Board of Trustees and authorised for issue on and were signed on its behalf by:

.....
Major General S Humphris MBE - Trustee

.....
Brigadier C M B Coles CBE - Trustee

The notes form part of these financial statements

THE ARMY DEPENDANTS' TRUST

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

Notes	2024 £	2023 £
Cash flows from operating activities		
Cash generated from operations 1	(1,157,385)	(948,639)
Net cash used in operating activities	(1,157,385)	(948,639)
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(23,166)
Purchase of tangible fixed assets	-	(921)
Interest received	112,575	76,845
Dividends received	1,113,347	1,061,685
Property investment income	24,036	25,724
Net cash provided by investing activities	1,249,958	1,140,167
Change in cash and cash equivalents in the reporting period	92,573	191,528
Cash and cash equivalents at the beginning of the reporting period	3,030,671	2,839,143
Cash and cash equivalents at the end of the reporting period	3,123,244	3,030,671

The notes form part of these financial statements

THE ARMY DEPENDANTS' TRUST

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2024 £	2023 £
Net income for the reporting period (as per the Statement of Financial Activities)	1,032,480	118,481
Adjustments for:		
Depreciation charges	4,838	4,934
(Gain)/losses on investments	(954,477)	94,595
Loss on disposal of fixed assets	-	108
Interest received	(112,575)	(76,845)
Dividends received	(1,113,347)	(1,061,685)
Property investment income	(24,036)	(25,724)
(Increase)/decrease in debtors	(614)	115
Increase/(decrease) in creditors	10,346	(2,618)
Net cash used in operations	<u>(1,157,385)</u>	<u>(948,639)</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.24 £	Cash flow £	At 31.12.24 £
Net cash			
Cash at bank	3,030,671	92,573	3,123,244
	<u>3,030,671</u>	<u>92,573</u>	<u>3,123,244</u>
Total	<u>3,030,671</u>	<u>92,573</u>	<u>3,123,244</u>

The notes form part of these financial statements

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2024**

1. STATUTORY INFORMATION

The Army Dependants' Trust is an unincorporated charity registered with the Charity Commission for England and Wales (no.1064522). The principal address is PO Box 5545, Westbury, Wiltshire, BA13 9BZ.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities Act 2011. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, as modified by the revaluation of certain assets.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the Trust. The grants are accounted for where the trustees have agreed to pay the grant without condition and the recipient has a reasonable expectation that they will receive a grant.

Raising funds

The cost of raising funds are set out in note 5 and consist of those costs relating to collecting subscriptions. The charities investments are comprised primarily in the Armed Forces Charities Growth & Income Fund (AFCGIF), a charity in its own right managed by BlackRock Investment Managers (UK) Limited and in the M&G Charifund. The costs for these Funds are taken from the Fund itself and are reflected in the price of the Fund's units. These costs constitute approximately 0.48% (AFCGIF) and 0.47% (M&G Charifund) of the average value of the Fund over the year.

Charitable activities

Costs of charitable activities include grants made and an apportionment of other costs as shown in notes 7 to 10 and on the basis of the apportionment referred to above.

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31 DECEMBER 2024**

2. ACCOUNTING POLICIES - continued

Governance costs

Governance costs are set out in note 9 and comprise all costs involving the public accountability of the Charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of other costs as referred to above.

Taxation

The charity is exempt from tax on its charitable activities.

Pension costs and other post-retirement benefits

The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Allocation and apportionment of costs

Costs are allocated specifically to the activity to which they relate wherever possible. Some costs, mostly staff costs but including some administrative, establishment and finance costs relate to all three main activities of the Charity and these costs have been allocated as to 35 per cent to the cost of generating funds, 50 per cent to charitable activities and 15 per cent to governance. Other costs relate to generating funds and charitable activities only and these costs are split 41 per cent and 59 per cent respectively.

The cost allocation has always been determined by considering the time spent on each activity by the Charity's staff and calculating the resulting percentage of total staff costs that is attributable to each of those activities. This is reviewed annually and was last changed with effect from 1 January 2010 following changes in the method of collecting subscriptions which led to a significant reduction in the time spent on generating funds.

Tangible fixed assets

All assets costing more than £250 are capitalised and all assets are valued at cost less depreciation. Depreciation is charged on office equipment which is written off on a reducing balance basis at the rate of 33 per cent per annum which reflects their estimated useful life.

Fixed asset investments

Investments are stated at market value as at the balance sheet date.

All gains and losses are taken to the statement of financial activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and either the market value at the start of the year or the purchase date if purchased during the year. Unrealised gains and losses are calculated as the difference between the market value at the year end and either the market value at the start of the year or the purchase date if purchased during the year.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2024

3. DONATIONS AND LEGACIES

	2024	2023
	£	£
Members' subscriptions	847,646	869,637
Donations	785	14,902
	848,431	884,539

4. INVESTMENT INCOME

	2024	2023
	£	£
Property based investment income	24,036	25,724
Dividend income	1,113,347	1,061,685
Interest on cash deposits	112,575	76,845
	1,249,958	1,164,254

5. RAISING FUNDS

Raising donations and legacies

	2024	2023
	£	£
Staff costs	37,582	33,629
General insurance	546	443
Printing, postage, stationery, telephone and internet	302	378
Sundries	381	389
Travelling	54	133
Repairs and renewals of equipment	508	136
Depreciation	4,838	4,934
Loss on sale of assets	-	108
	44,211	40,150

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2024

6. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 7) £	Grant funding of activities (see note 8) £	Support costs (see note 9) £	Totals £
Grants to dependants and ABF The Soldiers' Charity	56,260	1,902,754	22,161	1,981,175

7. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2024 £	2023 £
Staff costs	53,688	48,042
General insurance	780	633
Printing, postage, stationery, telephone and internet	434	396
Sundries	549	251
Travelling	77	163
Repairs, renewals and office equipment	732	81
	<u>56,260</u>	<u>49,566</u>

8. GRANTS PAYABLE

	2024 £	2023 £
Grants to dependants and ABF The Soldiers' Charity	1,902,754	1,728,278

The total grants paid to institutions during the year was as follows:

	2024 £	2023 £
ABF The Soldiers' Charity	916,968	765,240

The total grants paid to individuals during the year was as follows:

	2024 £	2023 £
Beneficiaries of deceased members	985,786	963,038

The total grants paid to individuals during the year was £985,786 (2023: £963,038).

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2024

9. SUPPORT COSTS

	Governance costs £
Grants to dependants and ABF The Soldiers' Charity	22,161

Support costs, included in the above, are as follows:

	2024	2023
	Grants to dependants and ABF The Soldiers' Charity £	Total activities £
Wages	14,395	12,915
Social security	1,597	1,393
Pensions	115	105
Auditors' remuneration	3,960	3,600
Audit under provided last year	-	672
Insurance	234	190
Legal fees	765	2,767
Subscriptions	1,095	1,081
	<u>22,161</u>	<u>22,723</u>

10. AUDITORS' REMUNERATION

	2024	2023
	£	£
Fees payable to the charity's auditors for the audit of the charity's financial statements	<u>3,960</u>	<u>3,600</u>

11. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2024 nor for the year ended 31 December 2023.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 December 2024 nor for the year ended 31 December 2023.

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2024

12. STAFF COSTS

	2024	2023
	£	£
Secretary's salary	63,929	56,272
Other staff salaries	32,037	29,828
Social security	10,646	9,286
Secretary's pension contributions	-	-
Other staff pension contributions	765	698
	<u>07,377</u>	<u>96,084</u>

The number of employees whose total employee benefits (excluding employer pension costs) for the year fell between £60,000 and £70,000 was 1 (2023: nil).

The average monthly number of employees during the year calculated on a full time equivalent basis was 2 (2023: 2).

13. TOTAL RUNNING COSTS

The total running costs of the Charity for the year were £122,632 (2023: £112,439).

14. INTANGIBLE FIXED ASSETS

	Computer software £
COST	
At 1 January 2024 and 31 December 2024	<u>23,166</u>
AMORTISATION	
At 1 January 2024	4,633
Charge for year	<u>4,633</u>
At 31 December 2024	<u>9,266</u>
NET BOOK VALUE	
At 31 December 2024	<u><u>13,900</u></u>
At 31 December 2023	<u><u>18,533</u></u>

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2024

15. TANGIBLE FIXED ASSETS

	Office equipment £
COST	
At 1 January 2024 and 31 December 2024	921
DEPRECIATION	
At 1 January 2024	301
Charge for year	205
At 31 December 2024	506
NET BOOK VALUE	
At 31 December 2024	415
At 31 December 2023	620

16. FIXED ASSET INVESTMENTS

	Unlisted investments £
MARKET VALUE	
At 1 January 2024	24,785,634
Revaluations	954,477
At 31 December 2024	25,740,111
NET BOOK VALUE	
At 31 December 2024	25,740,111
At 31 December 2023	24,785,634

The investments comprised holdings in a common investment fund, and unit trusts, with market values at the end of the year as follows:

	2024 £	2023 £
The Armed Forces Charities Growth & Income Fund	20,081,880	19,256,654
Mayfair Property Income Trust for Charities	402,625	406,906
M&G Equities Investment Fund for Charities	5,255,606	5,122,074
	25,740,111	24,785,634

The investments are held primarily to provide an investment return for the Charity and were held in the UK.

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2024

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024	2023
	£	£
Members subscriptions due	1,164	832
Other debtors	-	11
Prepayments	1,411	1,118
	<u>2,575</u>	<u>1,961</u>

18. CASH AT BANK

	2024	2023
	Total	Total
	funds	funds
	£	£
Lloyds current account	452,787	472,789
Lloyds deposit account	509,664	502,402
Charities deposit account	2,160,793	2,055,480
	<u>3,123,244</u>	<u>3,030,671</u>

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024	2023
	£	£
Grants payable	30,000	20,000
Other creditors	215	229
Accrued expenses	3,960	3,600
	<u>34,175</u>	<u>23,829</u>

20. MOVEMENT IN FUNDS

	At 1.1.24	Net	At
	£	movement	31.12.24
		in funds	£
		£	
Unrestricted funds			
General fund	27,813,590	1,032,480	28,846,070
	<u>27,813,590</u>	<u>1,032,480</u>	<u>28,846,070</u>
TOTAL FUNDS	<u>27,813,590</u>	<u>1,032,480</u>	<u>28,846,070</u>

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2024

20. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	2,103,389	(2,025,386)	954,477	1,032,480
TOTAL FUNDS	<u>2,103,389</u>	<u>(2,025,386)</u>	<u>954,477</u>	<u>1,032,480</u>

Comparatives for movement in funds

	At 1.1.23 £	Net movement in funds £	At 31.12.23 £
Unrestricted funds			
General fund	27,695,109	118,481	27,813,590
TOTAL FUNDS	<u>27,695,109</u>	<u>118,481</u>	<u>27,813,590</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	2,053,793	(1,840,717)	(94,595)	118,481
TOTAL FUNDS	<u>2,053,793</u>	<u>(1,840,717)</u>	<u>(94,595)</u>	<u>118,481</u>

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2024

21. RELATED PARTY DISCLOSURES

Major General S Humphris MBE was a trustee of ABF The Soldiers' Charity at some point during the year. The Charity has power, in its Scheme, to make grants to ABF The Soldiers' Charity. A grant of £916,968 (2023: £765,240) was made to ABF The Soldiers' Charity during the year.

22. ULTIMATE CONTROLLING PARTY

The Charity was controlled throughout the year by the Trustees.

THE ARMY DEPENDANTS' TRUST

DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 £	2023 £
INCOME AND ENDOWMENTS		
Donations and legacies		
Members' subscriptions	847,646	869,637
Donations	785	14,902
	848,431	884,539
Investment income		
Property based investment income	24,036	25,724
Dividend income	1,113,347	1,061,685
Interest on cash deposits	112,575	76,845
	1,249,958	1,164,254
Other income		
Employers N.I. allowance	5,000	5,000
Total incoming resources	2,103,389	2,053,793
EXPENDITURE		
Raising donations and legacies		
Wages	33,588	30,135
Social security	3,726	3,250
Pensions	268	244
General insurance	546	443
Printing, postage, stationery, telephone and internet	302	378
Sundries	381	389
Travelling	54	133
Repairs and renewals of equipment	508	136
Computer software amortisation	4,633	4,633
Office equipment depreciation	205	301
Loss on sale of tangible fixed assets	-	108
	44,211	40,150
Charitable activities		
Wages	47,983	43,050
Social security	5,323	4,643
Pensions	382	349
General insurance	780	633
Carried forward	54,468	48,675

This page does not form part of the statutory financial statements

THE ARMY DEPENDANTS' TRUST

DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 £	2023 £
Charitable activities		
Brought forward	54,468	48,675
Printing, postage, stationery, telephone and internet	434	396
Sundries	549	251
Travelling	77	163
Repairs, renewals and office equipment	732	81
Grant to ABF The Soldiers' Charity	916,968	765,240
Grants awarded to dependants	985,786	963,038
	1,959,014	1,777,844
 Support costs		
Governance costs		
Wages	14,395	12,915
Social security	1,597	1,393
Pensions	115	105
Auditors' remuneration	3,960	3,600
Audit under provided last year	-	672
Insurance	234	190
Legal fees	765	2,767
Subscriptions	1,095	1,081
	22,161	22,723
Total resources expended	2,025,386	1,840,717
Net income before gains and losses	78,003	213,076
Unrealised gains and losses		
Gains/(losses) on investments	954,477	(94,595)
Net income	1,032,480	118,481

This page does not form part of the statutory financial statements

THE ARMY DEPENDANTS' TRUST

England & Wales - Charity number 1064522

Accounts

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
FOR
THE ARMY DEPENDANTS' TRUST

Hysons Audit Services Ltd, Statutory Auditor
14 London Street
Andover
Hampshire
SP10 2PA

THE ARMY DEPENDANTS' TRUST

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FOR THE YEAR ENDED 31 DECEMBER 2023

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THE ARMY DEPENDANTS' TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2023

The trustees present their report with the financial statements of the charity for the year ended 31 December 2023. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The main object of the Charity is the promotion of the efficiency of the Army through the relief of persons who are in a condition of immediate financial need, hardship or distress and who are the dependants or next of kin of a deceased soldier or officer. In so far as the trustees cannot apply the income for this main object, they apply it in making grants to ABF The Soldiers' Charity (registered Charity number 211645) for its general purposes.

Significant activities

Since 2013, the Charity has met its objects through 2 mechanisms: The making of grants to beneficiaries of members; and, the making of a major grant to the ABF (2023: £765,240), to fulfill all other objects of the Charity, on the Charity's behalf. Trustees review this approach on an annual basis and continue the practice of granting to ABF in the Spring following the end of an accounting year. This practice allows Trustees to determine the appropriate value of the grant that can be made and to fully consider other options for the disbursement of funds.

Public benefit

In considering the activities that have been undertaken in the past year, the trustees have paid due regard to the guidance on public benefit published by the Charity Commission. Trustees continue to look at whether there are other groups of potential beneficiaries that could be reached by extending eligibility criteria in line with the Charity's objectives. It is the opinion of the trustees that the Charity satisfies the criteria for public benefit.

Grantmaking

The object of the charity is the promotion of the efficiency of the Army through the relief of dependants of deceased soldiers or officers in the following order of priority: The dependants of deceased members of the charity; the dependants of deceased soldiers or officers.

The trust may assist dependants through the provision of immediate grants or, for the relief of dependants in financial hardship, sickness or disability, the trust may provide grants, loans, gifts, pensions or otherwise.

If and in so far as the trust's income is not required to meet the above objects, trustees may apply it to: Make grants to the ABF for its general purposes; or for the benefit of persons who are serving or have served in the British Army, or their dependants, in any charitable ways.

THE ARMY DEPENDANTS' TRUST

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 DECEMBER 2023**

ACHIEVEMENT AND PERFORMANCE

Charitable activities

The Charity's key effort throughout the year continued to be grant making to the dependants of soldiers, officers and some retired members, who died during the year. Since its primary activity is dependent upon deaths, which are of course unforeseen, the objective is not to maximise grant making but instead to react evenhandedly, efficiently and effectively to dependants' needs when a death does occur. The trustees consider that they have achieved this objective as best as practically possible.

Whether in times of peace or conflict, the precise future demand on the Trust's resources is something largely beyond the trustees' control. Liquidity planning is based on the expected level of discretionary grants which is, in turn, based on a statistical average number of fatalities. However, in times of conflict or a mass casualty event, the number of deaths will often be beyond the statistical average and planning is thus made more difficult than normal. For this reason trustees maintain significant liquidity, to the approximate value of 3 times the typical annual average expenditure of individual grants. This enables the Trust to respond rapidly if required in an emergency situation.

During the year the trust was notified of 54 deaths (2022: 60). The trust awarded 50 (2022: 55) grants to dependants of 48 (2022: 55) personnel. In 6 cases no award was made (2022: 5). 42 awards were made to regular or full time reservist soldiers, officers and retired members in 2023. 6 awards were made to members of the Army Reserve in 2023, none on the Regular Reserve liability basis. None of these awards were made to non-members. The 5 year average number of deaths where a benefit was paid is 56 (2022: 58).

Grants were made, according to needs, to the beneficiary nominated by the deceased, usually being the spouse or a parent, or sometimes to other family dependants where the trustees considered there was need. Grants made to individuals during the year totalled £963,038 compared to £1,100,000 in 2022.

Individual Grantmaking

As far as is possible the trustees aim to make any grant within 4 working days of the date of a death being made known to them. Where a beneficiary requests payment by cheque, the trustees aim to post such correspondence within 4 working days of the date of death. In practice, individual grants are usually received by beneficiaries well within these time frames, sometimes in a matter of hours. The Secretary will make suitable enquiries into the circumstances and follows a system of practice and precedent to make grants on behalf of trustees. In exceptional circumstances the Secretary seeks advice from trustees before making a grant.

Cooperation with ABF The Soldiers' Charity

In 2023, Trustees continued to rely heavily upon ABF, The Soldiers Charity, in dispersing the funds of the Trust in accordance with its objects and aims. Whilst recognising the coherence this provides to the sector, Trustees equally remain vigilant to the governance and risk management implications of such a methodology for grant making. With this in mind trustees annually review this approach to working with The Soldiers Charity, to ensure the objects of the trust are both best met and properly overseen.

THE ARMY DEPENDANTS' TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2023

ACHIEVEMENT AND PERFORMANCE

Fundraising activities

The Charity's principal fund raising objective is to raise sufficient funds to meet the average grant need, based on normal expectations of members' mortality rates, and this is achieved through a combination of subscriptions from members and investment income. Subscriptions are paid at a rate of £8.75 per year - this has remained the same for the past 15 years. Where possible, subscriptions are collected through payroll giving to enable tax efficiency for members, but cheque payments and bank transfers are also accepted. Eligible retired officers continue to pay their subscription of £10 per year through standing orders.

The trustees encourage all Regular and Reserve soldiers and officers to become members of the scheme. Judged by any practical measure, the membership of eligible Regular personnel continues to be as high as achievable. The only gaps in this occur when individuals may re-join the Regular component, or transfer into it from the Reserve. This is a negligible figure but the trust is pursuing methods to eliminate these gaps nonetheless. In the event of a death, care is taken to ensure that where there has been an administrative error, this does not disadvantage the dependants of eligible personnel. Take-up of membership amongst Reservists remains more challenging. In 2023, Reservist membership was approximately 55% (2022: 55%). Of reservist members, approximately 30% experienced membership payment difficulties (2022 30%). In 2021, Trustees approved the acquisition of new MIS that will much better enable membership payments for reserve personnel and reduce the impact on members and units accordingly. However, the integration of the new system with Defence security protocols is still ongoing and the new MIS had not achieved operating capability by the end of 2022. Work still continued into 2023 to achieve this.

Trustees agreed in December 2017 to extend eligibility, at no cost, to all ex-Regulars with a Regular Reserve (RR) liability for the period of their RR liability; thus increasing potential beneficiaries by approximately 25,000. The practicalities of effecting this change were addressed in 2019, as the first beneficiaries under this category were supported. Trustees continue to monitor the broader implications for awareness, potential liabilities and the parity of offer to all eligible personnel across the scope of the charity.

As in previous years, the Trust did not experience significant impact as a result of Covid 19.

FINANCIAL REVIEW

Incoming resources

Subscription income from members totalled £869,637 (2022: £899,357), investment income was £1,164,254 (2022: £1,053,497) and £14,902 (2022: £2,081) was received in donations. The reduction in member subscriptions is within tolerance for fluctuating membership numbers, especially in terms of regular or full time reserve personnel. The fluctuation in investment income is within tolerance for the market conditions prevailing in 2023.

Resources expended

Grants awarded totalled £963,038 (2022: £1,100,000). The cost of fundraising was £40,150 (2022: £28,176), the cost of making grants and carrying on other charitable activities, but excepting the grants themselves, was £49,566 (2022: £40,230), and governance costs totalled £22,723 (2022: £19,118).

The method of allocating costs is explained in note 1 of the financial statements. Excluding grants, the total costs of the Charity were £112,439 (2022: £87,524). The ratio of annual running costs as a proportion of total income for 2023 was 5.47% (2022: 4.47%).

THE ARMY DEPENDANTS' TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL REVIEW

Investment policy and objectives

The majority of the Charity's funds are invested in the Armed Forces Charities Growth & Income Fund (AFCGIF) (formerly the Armed Forces Common Investment Fund). This fund is shared with other Armed Forces charities and is currently managed by BlackRock Investment Management (UK) Limited. The investment is unitised and may be held in Income Units in which the income is distributed or in Accumulation Units where the gross income is automatically reinvested. The lead Investment Manager is BlackRock Investment Management (UK) Limited who are appointed by the Advisory Board of AFCGIF, which comprises senior City individuals and representatives of the major investing charities.

The investment in AFCGIF is currently held in income units as this best meets the objective of generating income to cover grants and costs and, at the same time, allow the opportunity for capital growth. The asset allocation of AFCGIF is against a composite benchmark and, as at 31 December 2023, was made up of UK Equities, Global Equities, Fixed Income Bonds, Property, Alternatives, and Cash. The primary performance objective of AFCGIF is to seek to outperform the composite benchmark set by the Advisory Board by 1% per annum. The income paid during 2023 amounted to 8.50 pence per unit (2022: 8.15p). During the year under review the actual yield of the investment, based on the market value of the investment at the year end, was 3.93% (2022: 3.78%). The investment in AFCGIF increased in value by 0.29% (2022: 13.95% decrease) giving rise to an unrealised gain of £56,373 (2022: £3,112,019 loss). In addition, income of £756,500 was paid in 2023 (2022: £725,300).

In addition to this primary investment, and on the basis of advice taken by the Trustees, the Charity has other investments consisting of the Mayfair Property Income Trust for Charities and The M&G Equities Investment Fund for Charities (M&G Charifund).

The Property Income Trust for Charities (PITCH) is managed by Mayfair Capital Investment Management Limited and the fund administrator is Saltgate (UK) Limited. In October 2016 the Mayfair Capital was acquired by Swiss Life Asset Managers; however, day to day management of the PITCH has remained with the current team. This investment was made to diversify the portfolio and increase the yield whilst maintaining the potential for some capital growth in real terms. The PITCH objective is to invest in commercial property throughout the UK. It aims to deliver an income yield of around 6% p.a., whilst at least growing the capital value in real terms. Income is now distributed, gross, monthly. The Fund operates both ethical and environmental policies and seeks to be a socially responsible investor. The value of the Charity's holding in this fund decreased by 6.38% during the year giving rise to an unrealised loss of £27,716 (2022: £88,307). Income of £25,724 was received which is equivalent to an annual 12 month rolling yield of 6.32% (2022: 5.38%).

THE ARMY DEPENDANTS' TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL REVIEW

The M&G Charifund is designed to provide a high and growing income, while at the same time protecting its capital from the erosive effects of inflation. The Charifund portfolio comprises approximately 100 stocks. The fund invests in a well-diversified portfolio of mainly high yielding UK stocks with the objective of generating a high income and increasing the annual distribution. The aim is to provide a level of income that is significantly higher than that of the FTSE All-Share Index. Over the year the value of this holding has decreased by 2.35% (2022: 5.57%) giving rise to unrealised loss of £123,252 (2022: £309,397). In addition, income of £305,185 (2022: £296,261) was received which is equivalent to a yield at 31 December 2023 of 5.96% (2022: 5.65%).

3 year % performance comparison of the equity investments

	<u>2021</u>		<u>2022</u>		<u>2023</u>		<u>Combined</u>	
<u>Fund</u>	<u>Growth</u>	<u>Yield</u>	<u>Growth</u>	<u>Yield</u>	<u>Growth</u>	<u>Yield</u>	<u>Total growth</u>	<u>Average yield</u>
AFCGIF	9.62%	3.15%	-13.95%	3.78%	0.29%	3.93%	-1.35%	3.62%
PITCH	17.40%	4.93%	-16.89%	5.38%	-6.38%	6.32%	-1.96%	5.54%
M&G	13.40%	5.39%	-5.57%	5.65%	-2.35%	5.96%	1.83%	5.67%

As well as these investments, and in order to maintain a necessary amount of cash reserves to meet unpredictable demands, the Trust has funds on deposit with clearing banks and with the COIF Charities Deposit Fund administered by CCLA Investment Management Limited.

Reserves policy

The policy of the Charity continues to be to generate sufficient funds through subscriptions and investment income to meet its primary object - the granting of awards to dependants or next of kin of deceased soldiers or officers. This is the core object of the Charity and is the primary requirement for operational reserves. It is impossible to predict with accuracy the number of fatalities that will occur in the year ahead, but use of historical data was agreed as the most appropriate guide. Following a study of historical data, it was agreed that the most appropriate figure for future planning was the 20 year average fatality data. Using this figure for annual fatalities, and assuming a 3.5% return on investments as previously, would give rise to an Operational Reserve requirement of approximately £15m.

In addition, trustees have felt the Trust should hold reserves available to meet both the commitment against a single major accident, such as a plane crash or ship sinking, and also against casualties from a short-term, major conflict. Trustees agreed that a separate reserve fund - a Mass Casualty Reserve - of £5m should be established for this.

To meet its normal operational need and have cover for the unexpected events above, the trustees deem that an appropriate level of reserves to cover both requirements is £20m. Noting that current investments continue to exceed this, Trustees have decided to pursue a total returns approach from 2022 onwards, treating the investment as a virtual endowment.

THE ARMY DEPENDANTS' TRUST

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 DECEMBER 2023**

FUTURE PLANS

Trustees intend to conduct an investment review, considered in conjunction with the revision of the reserves policy. Trustees will develop a revised investment policy aligned to both risk management and investment thinking, as well as making clear the Trust's responsible investment position. Trustees also intend that further work is conducted with ABF, The Soldier's Charity, and others, to ensure that ADT grant making is achieving the objects of the Trust's revised scheme. This will include working with HQ Army to identify potential areas of need currently unfunded by Defence and not met by ADT. As ever, this work is driven by the core object of the Trust: The promotion of the efficiency of the Army through the relief of persons who are in a condition of immediate financial need, hardship or distress and who are the dependants or next of kin of a deceased soldier or officer.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The Charity is governed by a Charity Commission Scheme dated 19th February 2009 and this replaced the previous scheme dated 1st September 1999. The new scheme comprises the present constitution of the Charity.

Management

Of our five trustees, four are appointed because of their particular knowledge of personnel and welfare issues in the Army; in addition, the trustees have appointed one co-opted trustee. The co-opted trustee, who serves for a term normally not exceeding five years, is chosen for their expertise in specialised areas pertinent to the Charity's operations, or as a representative of member groups eg Army Reservists. The trustees meet at least once, but usually twice, each year in order to manage and monitor the Charity's affairs. The trustees delegate the day to day responsibility for operating the Charity to the Secretary/Treasurer, who is assisted by a part time member of staff. However, trustees are on hand at all times to sanction important decisions particularly concerning the assessment of needs of beneficiaries of discretionary grants.

The trustees are chosen so as to bring to the executive function persons whose roles in the British Army are most relevant and appropriate to the aims and objectives of the Charity. Primarily these involve matters of welfare and family support, but the individuals chosen have a wide range of experience as well as multiple skills and very significant academic, military and other qualifications making them most suited to the position.

The trustees are conscious of their significant responsibilities and undertake training where appropriate, including attendance on at least one training day every two years. They have also appointed a legal adviser with specific expertise in charities to assist them in meeting their responsibilities. The trustees believe that these procedures ensure that they are properly equipped to fulfil their role efficiently and effectively.

Risk management

The trustees have examined the major governance, business, financial and operational risks that the Charity faces. Due to the nature of the Charity and modus operandi of the Charity the risks are fairly consistent, and are listed on a Risk Register which identifies impact, likely-hood of occurrence, and any mitigating action taken. This is monitored regularly by the CE and at least once a year formally by the trustees who ensure that control actions and procedures are in place wherever possible to minimise these risks.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Charity number

1064522

THE ARMY DEPENDANTS' TRUST

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2023

Principal address

PO Box 5545
Westbury
Wiltshire
BA13 9BZ

Trustees

Mr B Alvin	
Brigadier C M B Coles	
Major General P Griffiths	- Resigned 30.10.23
Major General S Humphris MBE	- Appointed 24.11.23
Colonel M P Sykes	

Co-opted trustees

Colonel N R W Astbury

CE/Secretary and treasurer

Mr D G Middleton

Auditors

Hysons Audit Services Ltd, Statutory Auditor
14 London Street
Andover
Hampshire
SP10 2PA

Bankers

Lloyds Bank plc
7 Pall Mall
London
SW1Y 5NA

Solicitors

Wilsons Solicitors LLP
Steynings House
Summerlock Approach
Salisbury
Wiltshire
SP2 7RJ

Investment managers

BlackRock Investment Management (UK)
Limited
12 Throgmorton Avenue
London, EC2N 2DL

CCLA Investment Management Limited
Senator House
85 Queen Victoria Street
London, EC4V 4ET

M&G Securities Limited
Laurence Pountney Hill
London, EC4R 0HH

Mayfair Capital Investment Management Ltd
2 Cavendish Square
London, W1G 0PU

THE ARMY DEPENDANTS' TRUST

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 DECEMBER 2023**

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales, the Charities Act 2011, Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing those financial statements, the trustees are required to

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by order of the board of trustees on and signed on its behalf by:

.....
Major General S Humphris MBE - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE ARMY DEPENDANTS' TRUST

Opinion

We have audited the financial statements of The Army Dependants' Trust (the 'charity') for the year ended 31 December 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2023 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' 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 charity'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. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
THE ARMY DEPENDANTS' TRUST

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements which 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 charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE ARMY DEPENDANTS' TRUST

Our responsibilities for the audit of the financial statements

We have been appointed as auditors under Section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 a Report of the Independent Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the charity sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charity, including the Charities Act 2011, Charities SORP (FRS 102) and Financial Reporting Standard 102;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the charity's legal advisors.

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
THE ARMY DEPENDANTS' TRUST

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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 Report of the Independent Auditors.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Hysons Audit Services Ltd, Statutory Auditor
14 London Street
Andover
Hampshire
SP10 2PA

Date:

THE ARMY DEPENDANTS' TRUST

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2023

		2023 Unrestricted fund £	2022 Total funds £
	Notes		
INCOME AND ENDOWMENTS FROM			
Donations and legacies	3	884,539	901,438
Investment income	4	1,164,254	1,053,497
Other income		5,000	5,000
Total		<u>2,053,793</u>	<u>1,959,935</u>
 EXPENDITURE ON			
Raising funds	5	40,150	28,176
Charitable activities	6		
Grants to dependants and ABF The Soldiers' Charity		<u>1,800,567</u>	<u>1,990,348</u>
Total		<u>1,840,717</u>	<u>2,018,524</u>
 Net gains/(losses) on investments		<u>(94,595)</u>	<u>(3,509,723)</u>
 NET INCOME/(EXPENDITURE)		118,481	(3,568,312)
 RECONCILIATION OF FUNDS			
Total funds brought forward		27,695,109	31,263,421
 TOTAL FUNDS CARRIED FORWARD		<u><u>27,813,590</u></u>	<u><u>27,695,109</u></u>

The notes form part of these financial statements

THE ARMY DEPENDANTS' TRUST

BALANCE SHEET
31 DECEMBER 2023

	Notes	2023 Unrestricted fund £	2022 Total funds £
FIXED ASSETS			
Intangible assets	14	18,533	-
Tangible assets	15	620	108
Investments	16	24,785,634	24,880,230
		24,804,787	24,880,338
CURRENT ASSETS			
Debtors	17	1,961	2,076
Cash at bank	18	3,030,671	2,839,143
		3,032,632	2,841,219
CREDITORS			
Amounts falling due within one year	19	(23,829)	(26,448)
NET CURRENT ASSETS		3,008,803	2,814,771
TOTAL ASSETS LESS CURRENT LIABILITIES		27,813,590	27,695,109
NET ASSETS		27,813,590	27,695,109
FUNDS	20		
Unrestricted funds		27,813,590	27,695,109
TOTAL FUNDS		27,813,590	27,695,109

The financial statements were approved by the Board of Trustees and authorised for issue on and were signed on its behalf by:

.....
Major General S Humphris MBE - Trustee

.....
Brigadier C M B Coles - Trustee

The notes form part of these financial statements

THE ARMY DEPENDANTS' TRUST

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

Notes	2023 £	2022 £
Cash flows from operating activities		
Cash generated from operations 1	(948,639)	(387,637)
Net cash used in operating activities	(948,639)	(387,637)
Cash flows from investing activities		
Purchase of intangible fixed assets	(23,166)	-
Purchase of tangible fixed assets	(921)	-
Interest received	76,845	8,517
Dividends received	1,061,685	1,021,611
Property investment income	25,724	23,369
Net cash provided by investing activities	1,140,167	1,053,497
Change in cash and cash equivalents in the reporting period	191,528	665,860
Cash and cash equivalents at the beginning of the reporting period	2,839,143	2,173,283
Cash and cash equivalents at the end of the reporting period	3,030,671	2,839,143

The notes form part of these financial statements

THE ARMY DEPENDANTS' TRUST

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2023 £	2022 £
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)	118,481	(3,568,312)
Adjustments for:		
Depreciation charges	4,934	22
Losses on investments	94,595	3,509,723
Loss on disposal of fixed assets	108	-
Interest received	(76,845)	(8,517)
Dividends received	(1,061,685)	(1,021,611)
Property investment income	(25,724)	(23,369)
Decrease in debtors	115	703,082
(Decrease)/increase in creditors	(2,618)	21,345
Net cash used in operations	<u>(948,639)</u>	<u>(387,637)</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.23 £	Cash flow £	At 31.12.23 £
Net cash			
Cash at bank	2,839,143	191,528	3,030,671
	<u>2,839,143</u>	<u>191,528</u>	<u>3,030,671</u>
Total	<u>2,839,143</u>	<u>191,528</u>	<u>3,030,671</u>

The notes form part of these financial statements

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2023**

1. STATUTORY INFORMATION

The Army Dependants' Trust is an unincorporated charity registered with the Charity Commission for England and Wales (no.1064522). The principal address is PO Box 5545, Westbury, Wiltshire, BA13 9BZ.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities Act 2011. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, as modified by the revaluation of certain assets.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the Trust. The grants are accounted for where the trustees have agreed to pay the grant without condition and the recipient has a reasonable expectation that they will receive a grant.

Raising funds

The cost of raising funds are set out in note 5 and consist of those costs relating to collecting subscriptions. The charities investments are comprised primarily in the Armed Forces Charities Growth & Income Fund (AFCGIF), a charity in its own right managed by BlackRock Investment Managers (UK) Limited and in the M&G Charifund. The costs for these Funds are taken from the Fund itself and are reflected in the price of the Fund's units. These costs constitute approximately 0.48% (AFCGIF) and 0.47% (M&G Charifund) of the average value of the Fund over the year.

Charitable activities

Costs of charitable activities include grants made and an apportionment of other costs as shown in notes 7 to 10 and on the basis of the apportionment referred to above.

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31 DECEMBER 2023**

2. ACCOUNTING POLICIES - continued

Governance costs

Governance costs are set out in note 9 and comprise all costs involving the public accountability of the Charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of other costs as referred to above.

Taxation

The charity is exempt from tax on its charitable activities.

Pension costs and other post-retirement benefits

The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Allocation and apportionment of costs

Costs are allocated specifically to the activity to which they relate wherever possible. Some costs, mostly staff costs but including some administrative, establishment and finance costs relate to all three main activities of the Charity and these costs have been allocated as to 35 per cent to the cost of generating funds, 50 per cent to charitable activities and 15 per cent to governance. Other costs relate to generating funds and charitable activities only and these costs are split 41 per cent and 59 per cent respectively.

The cost allocation has always been determined by considering the time spent on each activity by the Charity's staff and calculating the resulting percentage of total staff costs that is attributable to each of those activities. This is reviewed annually and was last changed with effect from 1 January 2010 following changes in the method of collecting subscriptions which led to a significant reduction in the time spent on generating funds.

Tangible fixed assets

All assets costing more than £250 are capitalised and all assets are valued at cost less depreciation. Depreciation is charged on office equipment which is written off on a reducing balance basis at the rate of 33 per cent per annum which reflects their estimated useful life.

Fixed asset investments

Investments are stated at market value as at the balance sheet date.

All gains and losses are taken to the statement of financial activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and either the market value at the start of the year or the purchase date if purchased during the year. Unrealised gains and losses are calculated as the difference between the market value at the year end and either the market value at the start of the year or the purchase date if purchased during the year.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023

3. DONATIONS AND LEGACIES

	2023	2022
	£	£
Members' subscriptions	869,637	899,357
Donations	14,902	2,081
	<u>884,539</u>	<u>901,438</u>

4. INVESTMENT INCOME

	2023	2022
	£	£
Property based investment income	25,724	23,369
Dividend income	1,061,685	1,021,611
Interest on cash deposits	76,845	8,517
	<u>1,164,254</u>	<u>1,053,497</u>

5. RAISING FUNDS

Raising donations and legacies

	2023	2022
	£	£
Staff costs	33,629	27,052
General insurance	443	241
Printing, postage, stationery, telephone and internet	378	508
Sundries	389	82
Travelling	133	171
Books and software	-	83
Repairs and renewals of equipment	136	17
Depreciation	4,934	22
Loss on sale of assets	108	-
	<u>40,150</u>	<u>28,176</u>

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023

6. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 7) £	Grant funding of activities (see note 8) £	Support costs (see note 9) £	Totals £
Grants to dependants and ABF The Soldiers' Charity	49,566	1,728,278	22,723	1,800,567

7. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2023 £	2022 £
Staff costs	48,042	38,646
General insurance	633	345
Printing, postage, stationery, telephone and internet	396	732
Sundries	251	117
Travelling	163	246
Books and software	-	119
Repairs, renewals and office equipment	81	25
	<u>49,566</u>	<u>40,230</u>

8. GRANTS PAYABLE

	2023 £	2022 £
Grants to dependants and ABF The Soldiers' Charity	<u>1,728,278</u>	<u>1,931,000</u>

The total grants paid to institutions during the year was as follows:

	2023 £	2022 £
ABF The Soldiers' Charity	<u>765,240</u>	<u>831,000</u>

The total grants paid to individuals during the year was as follows:

	2023 £	2022 £
Beneficiaries of deceased members	<u>963,038</u>	<u>1,100,000</u>

The total grants paid to individuals during the year was £963,038 (2021: £1,100,000).

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023

9. SUPPORT COSTS

	Governance costs £
Grants to dependants and ABF The Soldiers' Charity	22,723

Support costs, included in the above, are as follows:

	2023 Grants to dependants and ABF The Soldiers' Charity £	2022 Total activities £
Wages	12,915	10,400
Social security	1,393	1,104
Pensions	105	90
Auditors' remuneration	3,600	3,360
Audit under provided last year	672	-
Insurance	190	699
Legal fees	2,767	2,400
Subscriptions	1,081	1,029
Books and software	-	36
	<u>22,723</u>	<u>19,118</u>

10. AUDITORS' REMUNERATION

	2023 £	2022 £
Fees payable to the charity's auditors for the audit of the charity's financial statements	<u>3,600</u>	<u>3,360</u>

11. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2023 nor for the year ended 31 December 2022.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 December 2023 nor for the year ended 31 December 2022.

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023

12. STAFF COSTS

	2023	2022
	£	£
Secretary's salary	56,272	44,279
Other staff salaries	29,828	25,054
Social security	9,286	7,360
Secretary's pension contributions	-	-
Other staff pension contributions	698	599
	<u>96,084</u>	<u>77,292</u>

No employees received emoluments in excess of £60,000.

The average monthly number of employees during the year calculated on a full time equivalent basis was 2 (2022: 2).

13. TOTAL RUNNING COSTS

The total running costs of the Charity for the year were £112,439 (2022: £87,524).

14. INTANGIBLE FIXED ASSETS

	Computer software £
COST	
Additions	<u>23,166</u>
AMORTISATION	
Charge for year	<u>4,633</u>
NET BOOK VALUE	
At 31 December 2023	<u>18,533</u>
At 31 December 2022	<u>-</u>

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023

15. TANGIBLE FIXED ASSETS

	Office equipment £
COST	
At 1 January 2023	1,470
Additions	921
Disposals	(1,470)
At 31 December 2023	921
DEPRECIATION	
At 1 January 2023	1,362
Charge for year	301
Eliminated on disposal	(1,362)
At 31 December 2023	301
NET BOOK VALUE	
At 31 December 2023	620
At 31 December 2022	108

16. FIXED ASSET INVESTMENTS

	Unlisted investments £
MARKET VALUE	
At 1 January 2023	24,880,230
Revaluations	(94,596)
At 31 December 2023	24,785,634
NET BOOK VALUE	
At 31 December 2023	24,785,634
At 31 December 2022	24,880,230

The investments comprised holdings in a common investment fund, and unit trusts, with market values at the end of the year as follows:

	2023 £	2022 £
The Armed Forces Charities Growth & Income Fund	19,256,654	19,200,282
Mayfair Property Income Trust for Charities	406,906	434,622
M&G Equities Investment Fund for Charities	5,122,074	5,245,326
	24,785,634	24,880,230

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023

16. FIXED ASSET INVESTMENTS - continued

The investments are held primarily to provide an investment return for the Charity and were held in the UK.

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Members subscriptions due	832	972
Other debtors	11	-
Prepayments	1,118	1,104
	<u>1,961</u>	<u>2,076</u>

18. CASH AT BANK

	2023	2022
	Total funds	Total funds
	£	£
Lloyds current account	472,789	1,957,633
Lloyds deposit account	502,402	-
Charities deposit account	2,055,480	881,510
	<u>3,030,671</u>	<u>2,839,143</u>

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Grants payable	20,000	20,000
Other creditors	229	208
Accrued expenses	3,600	6,240
	<u>23,829</u>	<u>26,448</u>

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023

20. MOVEMENT IN FUNDS

	At 1.1.23 £	Net movement in funds £	At 31.12.23 £
Unrestricted funds			
General fund	27,695,109	118,481	27,813,590
TOTAL FUNDS	<u>27,695,109</u>	<u>118,481</u>	<u>27,813,590</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	2,053,793	(1,840,717)	(94,595)	118,481
TOTAL FUNDS	<u>2,053,793</u>	<u>(1,840,717)</u>	<u>(94,595)</u>	<u>118,481</u>

Comparatives for movement in funds

	At 1.1.22 £	Net movement in funds £	At 31.12.22 £
Unrestricted funds			
General fund	31,263,421	(3,568,312)	27,695,109
TOTAL FUNDS	<u>31,263,421</u>	<u>(3,568,312)</u>	<u>27,695,109</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	1,959,935	(2,018,524)	(3,509,723)	(3,568,312)
TOTAL FUNDS	<u>1,959,935</u>	<u>(2,018,524)</u>	<u>(3,509,723)</u>	<u>(3,568,312)</u>

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023

21. RELATED PARTY DISCLOSURES

Major General P Griffiths and Major General S Humphris MBE were both trustees of ABF The Soldiers' Charity at some point during the year. The Charity has power, in its Scheme, to make grants to ABF The Soldiers' Charity. A grant of £765,240 (2022: £831,000) was made to ABF The Soldiers' Charity during the year.

22. ULTIMATE CONTROLLING PARTY

The Charity was controlled throughout the year by the Trustees.

THE ARMY DEPENDANTS' TRUST

DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 £	2022 £
INCOME AND ENDOWMENTS		
Donations and legacies		
Members' subscriptions	869,637	899,357
Donations	14,902	2,081
	884,539	901,438
Investment income		
Property based investment income	25,724	23,369
Dividend income	1,061,685	1,021,611
Interest on cash deposits	76,845	8,517
	1,164,254	1,053,497
Other income		
Employers N.I. allowance	5,000	5,000
Total incoming resources	2,053,793	1,959,935
 EXPENDITURE		
Raising donations and legacies		
Wages	30,135	24,266
Social security	3,250	2,576
Pensions	244	210
General insurance	443	241
Printing, postage, stationery, telephone and internet	378	508
Sundries	389	82
Travelling	133	171
Books and software	-	83
Repairs and renewals of equipment	136	17
Computer software amortisation	4,633	-
Office equipment depreciation	301	22
Loss on sale of tangible fixed assets	108	-
	40,150	28,176
Charitable activities		
Wages	43,050	34,667
Social security	4,643	3,680
Pensions	349	299
Carried forward	48,042	38,646

This page does not form part of the statutory financial statements

THE ARMY DEPENDANTS' TRUST

DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 £	2022 £
Charitable activities		
Brought forward	48,042	38,646
General insurance	633	345
Printing, postage, stationery, telephone and internet	396	732
Sundries	251	117
Travelling	163	246
Books and software	-	119
Repairs, renewals and office equipment	81	25
Grant to ABF The Soldiers' Charity	765,240	831,000
Grants awarded to dependants	963,038	1,100,000
	1,777,844	1,971,230
Support costs		
Governance costs		
Wages	12,915	10,400
Social security	1,393	1,104
Pensions	105	90
Auditors' remuneration	3,600	3,360
Audit under provided last year	672	-
Insurance	190	699
Legal fees	2,767	2,400
Subscriptions	1,081	1,029
Books and software	-	36
	22,723	19,118
Total resources expended	1,840,717	2,018,524
Net income/(expenditure) before gains and losses	213,076	(58,589)
Unrealised gains and losses		
Gains/(losses) on investments	(94,595)	(3,509,723)
Net income/(expenditure)	118,481	(3,568,312)

This page does not form part of the statutory financial statements

THE ARMY DEPENDANTS' TRUST

England & Wales - Charity number 1064522

Accounts

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
FOR
THE ARMY DEPENDANTS' TRUST

Hysons Accountants LLP, Statutory Auditor
14 London Street
Andover
Hampshire
SP10 2PA

THE ARMY DEPENDANTS' TRUST

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FOR THE YEAR ENDED 31 DECEMBER 2022

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THE ARMY DEPENDANTS' TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2022

The trustees present their report with the financial statements of the charity for the year ended 31 December 2022. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The main object of the Charity is the promotion of the efficiency of the Army through the relief of persons who are in a condition of immediate financial need, hardship or distress and who are the dependants or next of kin of a deceased soldier or officer. In so far as the trustees cannot apply the income for this main object, they apply it in making grants to ABF The Soldiers' Charity (registered Charity number 211645) for its general purposes.

Significant activities

Since 2013, the Charity has met its objects through 2 mechanisms: The making of grants to beneficiaries of members (from January 2022, up to £20,000 per death, increased from up to £15,000 per death); and, the making of a major grant to the ABF (2022: £831,000), to fulfill all other objects of the Charity, on the Charity's behalf. Trustees review this approach on an annual basis and decided in December 2021 to revert to the practice of granting to ABF in the spring following the end of an accounting year, instead of in the December of each accounting year. This practice better allows Trustees to determine the appropriate value of the grant that can be made and to fully consider other options for the disbursement of funds.

Public benefit

In considering the activities that have been undertaken in the past year, the trustees have paid due regard to the guidance on public benefit published by the Charity Commission. Trustees continue to look at whether there are other groups of potential beneficiaries that could be reached by extending eligibility criteria in line with the Charity's objectives. It is the opinion of the trustees that the Charity satisfies the criteria for public benefit.

Grantmaking

The object of the charity is the promotion of the efficiency of the Army through the relief of dependants of deceased soldiers or officers in the following order of priority: The dependants of deceased members of the charity; the dependants of deceased soldiers or officers.

The trust may assist dependants through the provision of immediate grants or, for the relief of dependants in financial hardship, sickness or disability, the trust may provide grants, loans, gifts, pensions or otherwise.

If and in so far as the trust's income is not required to meet the above objects, trustees may apply it to: Make grants to the ABF for its general purposes; or for the benefit of persons who are serving or have served in the British Army, or their dependants, in any charitable ways.

THE ARMY DEPENDANTS' TRUST

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 DECEMBER 2022**

ACHIEVEMENT AND PERFORMANCE

Charitable activities

The Charity's key effort throughout the year continued to be grant making to the dependants of soldiers, officers and some retired members, who died during the year. Since its primary activity is dependent upon deaths, which are of course unforeseen, the objective is not to maximise grant making but instead to react evenhandedly, efficiently and effectively to dependants' needs when a death does occur. The trustees consider that they have achieved this objective as best as practically possible.

Whether in times of peace or conflict, the precise future demand on the Trust's resources is something largely beyond the trustees' control. Liquidity planning is based on the expected level of discretionary grants which is, in turn, based on a statistical average number of fatalities. However, in times of conflict or a mass casualty event, the number of deaths will often be beyond the statistical average and planning is thus made more difficult than normal. For this reason trustees maintain significant liquidity, to the approximate value of 3 times the typical annual average expenditure of individual grants. This enables the Trust to respond rapidly if required in an emergency situation.

During the year the trust was notified of 60 deaths (2021: 74). The trust awarded 55 (2021: 68) grants to dependants of 55 (2021: 67) personnel. In 5 cases no award was made (2021: 7). 44 awards were made to regular or full time reservist soldiers, officers and retired members in 2022. 11 awards were made to members of the Army Reserve in 2022, none on the basis Regular Reserve liability. None of these awards were made to non-members. The 5 year average number of deaths where a benefit was paid is 58 (2021: 58).

Grants were made, according to needs, to the beneficiary nominated by the deceased, usually being the spouse or a parent, or sometimes to other family dependants where the trustees considered there was need. Grants made to individuals during the year totalled £1,100,000 compared to £1,020,000 in 2021.

Individual Grantmaking

As far as is possible the trustees aim to make any grant within 4 working days of the date of a death being made known to them. Where a beneficiary requests payment by cheque, the trustees aim to post such correspondence within 4 working days of the date of death. In practice, individual grants are usually received by beneficiaries well within these time frames, sometimes in a matter of hours. The Secretary will make suitable enquiries into the circumstances and follows a system of practice and precedent to make grants on behalf of trustees. In exceptional circumstances the Secretary seeks advice from trustees before making a grant.

Cooperation with ABF The Soldiers' Charity

In 2022, Trustees continued to rely heavily upon ABF, The Soldiers Charity, in dispersing the funds of the Trust in accordance with its objects and aims. Whilst recognising the coherence this provides to the sector, Trustees equally remain vigilant to the governance and risk management implications of such a methodology for grant making. With this in mind trustees annually review this approach to working with The Soldiers Charity, to ensure the objects of the trust are both best met and properly overseen.

THE ARMY DEPENDANTS' TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2022

ACHIEVEMENT AND PERFORMANCE

Fundraising activities

The Charity's principal fund raising objective is to raise sufficient funds to meet the average grant need, based on normal expectations of members' mortality rates, and this is achieved through a combination of subscriptions from members and investment income. Subscriptions are paid at a rate of £8.75 per year - this has remained the same for the past 14 years. Where possible, subscriptions are collected through payroll giving to enable tax efficiency for members, but cheque payments and bank transfers are also accepted. Eligible retired officers continue to pay their subscription of £10 per year through standing orders.

The trustees encourage all Regular and Reserve soldiers and officers to become members of the scheme. Judged by any practical measure, the membership of eligible Regular personnel continues to be as high as achievable. The only gaps in this occur when individuals may re-join the Regular component, or transfer into it from the Reserve. This is a negligible figure but the trust is pursuing methods to eliminate these gaps nonetheless. In the event of a death, care is taken to ensure that where there has been an administrative error, this does not disadvantage the dependants of eligible personnel. Take-up of membership amongst Reservists remains more challenging. In 2022, Reservist membership was approximately 55% (2021: 50%). Of reservist members, approximately 30% experienced membership payment difficulties (2021 30%). In 2021, Trustees approved the acquisition of new MIS that will much better enable membership payments for reserve personnel and reduce the impact on members and units accordingly. However, the integration of the new system with Defence security protocols is still ongoing and the new MIS had not achieved operating capability by the end of 2022. Work still continues into 2023 to achieve this.

Trustees agreed in December 2017 to extend eligibility, at no cost, to all ex-Regulars with a Regular Reserve (RR) liability for the period of their RR liability; thus increasing potential beneficiaries by approximately 25,000. The practicalities of effecting this change were addressed in 2019, as the first beneficiaries under this category were supported. Trustees continue to monitor the broader implications for awareness, potential liabilities and the parity of offer to all eligible personnel across the scope of the charity.

As in previous years, the Trust did not experience significant impact as a result of Covid 19.

FINANCIAL REVIEW

Incoming resources

Subscription income from members totalled £899,357 (2021: £915,748), investment income was £1,053,611 (2021: £989,289) and £2,081 (2021: £602) was received in donations. The reduction in member donations is within tolerance for fluctuating membership numbers, especially in terms of regular or full time reserve personnel. The fluctuation in investment income is within tolerance for the market conditions prevailing in 2022.

Resources expended

Grants awarded totalled £1,100,000 (2021: £1,020,000). The cost of fundraising was £28,176 (2021: £24,777), the cost of making grants and carrying on other charitable activities, but excepting the grants themselves, was £40,230 (2021: £34,596), and governance costs totalled £19,118 (2021: £14,015).

The method of allocating costs is explained in note 1 of the financial statements. Excluding grants, the total costs of the Charity were £87,524 (2021: £72,888). The ratio of annual running costs as a proportion of total income for 2021 was 4.47% (2021: 3.82%).

THE ARMY DEPENDANTS' TRUST

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 DECEMBER 2022**

FINANCIAL REVIEW

Investment policy and objectives

The majority of the Charity's funds are invested in the Armed Forces Charities Growth & Income Fund (AFCGIF) (formerly the Armed Forces Common Investment Fund). This fund is shared with other Armed Forces charities and is currently managed by BlackRock Investment Management (UK) Limited. The investment is unitised and may be held in Income Units in which the income is distributed or in Accumulation Units where the gross income is automatically reinvested. The lead Investment Manager is BlackRock Investment Management (UK) Limited who are appointed by the Advisory Board of AFCGIF, which comprises senior City individuals and representatives of the major investing charities.

The investment in AFCGIF is currently held in income units as this best meets the objective of generating income to cover grants and costs and, at the same time, allow the opportunity for capital growth. The asset allocation of AFCGIF is against a composite benchmark and, as at 31 December 2022, was made up of UK Equities, Global Equities, Fixed Income Bonds, Property, Alternatives, and Cash. The primary performance objective of AFCGIF is to seek to outperform the composite benchmark set by the Advisory Board by 1% per annum. The income paid during 2022 amounted to 8.15 pence per unit (2021: 7.90p). During the year under review the actual yield of the investment, based on the market value of the investment at the year end, was 3.78% (2021: 3.15%). The investment in AFCGIF decreased in value by 13.95% (2021: 9.62% increase) giving rise to an unrealised loss of £3,112,019 (2021: £1,958,000 gain). In addition, income of £725,300 was paid in 2022 (2021: £703,100).

In addition to this primary investment, and on the basis of advice taken by the Trustees, the Charity has other investments consisting of the Mayfair Property Income Trust for Charities and The M&G Equities Investment Fund for Charities (M&G Charifund).

The Property Income Trust for Charities (PITCH) is managed by Mayfair Capital Investment Management Limited and the fund administrator is Saltgate (UK) Limited. In October 2016 the Mayfair Capital was acquired by Swiss Life Asset Managers; however, day to day management of the PITCH has remained with the current team. This investment was made to diversify the portfolio and increase the yield whilst maintaining the potential for some capital growth in real terms. The PITCH objective is to invest in commercial property throughout the UK. It aims to deliver an income yield of around 6% p.a., whilst at least growing the capital value in real terms. Income is now distributed, gross, monthly. The Fund operates both ethical and environmental policies and seeks to be a socially responsible investor. The value of the Charity's holding in this fund decreased by 16.89% during the year giving rise to an unrealised loss of £88,307 (2021: £77,495 gain). Income of £23,369 was received which is equivalent to an annual 12 month rolling yield of 5.38% (2021: 4.93%).

THE ARMY DEPENDANTS' TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL REVIEW

The M&G Charifund is designed to provide a high and growing income, while at the same time protecting its capital from the erosive effects of inflation. The Charifund portfolio comprises approximately 100 stocks. The fund invests in a well-diversified portfolio of mainly high yielding UK stocks with the objective of generating a high income and increasing the annual distribution. The aim is to provide a level of income that is significantly higher than that of the FTSE All-Share Index. Over the year the value of this holding has decreased by 5.57% (2021: 13.4% increase) giving rise to unrealised loss of £309,397 (2021: £655,452 gain). In addition, income of £296,261 (2021: £264,137) was received which is equivalent to a yield at 31 December 2022 of 5.65% (2021: 5.39%).

3 year % performance comparison of the equity investments

Fund	<u>2020</u>		<u>2021</u>		<u>2022</u>		<u>Combined</u>	
	<u>Growth</u>	<u>Yield</u>	<u>Growth</u>	<u>Yield</u>	<u>Growth</u>	<u>Yield</u>	<u>Total growth</u>	<u>Average yield</u>
AFCGIF	4.81%	3.41%	9.62%	3.15%	-13.95%	3.78%	0.16%	3.45%
PITCH	-5.91%	4.61%	17.40%	4.93%	-16.89%	5.38%	-1.80%	4.97%
M&G	-17.30%	4.88%	13.40%	5.39%	-5.57%	5.65%	-3.16%	5.31%

As well as these investments, and in order to maintain a necessary amount of cash reserves to meet unpredictable demands, the Trust has funds on deposit with clearing banks and with the COIF Charities Deposit Fund administered by CCLA Investment Management Limited.

Reserves policy

The policy of the Charity continues to be to generate sufficient funds through subscriptions and investment income to meet its primary object - the granting of awards to dependants or next of kin of deceased soldiers or officers. This is the core object of the Charity and is the primary requirement for operational reserves. It is impossible to predict with accuracy the number of fatalities that will occur in the year ahead, but use of historical data was agreed as the most appropriate guide. Following a study of historical data, it was agreed that the most appropriate figure for future planning was the 20 year average fatality data. Using this figure for annual fatalities, and assuming a 3.5% return on investments as previously, would give rise to an Operational Reserve requirement of approximately £15m.

In addition, trustees have felt the Trust should hold reserves available to meet both the commitment against a single major accident, such as a plane crash or ship sinking, and also against casualties from a short-term, major conflict. Trustees agreed that a separate reserve fund - a Mass Casualty Reserve - of £5m should be established for this.

To meet its normal operational need and have cover for the unexpected events above, the trustees deem that an appropriate level of reserves to cover both requirements is £20m. Noting that current investments continue to exceed this, Trustees have decided to pursue a total returns approach from 2022 onwards, treating the investment as a virtual endowment. Trustees envisage this will better enable the Trust to meet its objectives. The Reserves policy was due to be re-written in 2022 but this has been deferred until 2023.

THE ARMY DEPENDANTS' TRUST

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 DECEMBER 2022**

FUTURE PLANS

In 2021, Trustees commissioned an external review of the Trust's scheme, in order to reflect changing charity law, practice and precedent. This was conducted by Wilson's Solicitors, in the spring and summer of 2022. Following the review, the ADT scheme will be slightly amended. This amendment will remove the specific reference to ABF within the current articles as well as increasing the the number of independent, co-opted trustee roles, vice a reduction in ex-officio trustees . The revised articles will be submitted for Charity Commission approval in 2023.

Trustees also intend to conduct an investment review in 2023, considered in conjunction with the revision of the reserves policy. Trustees will develop a revised investment policy aligned to both risk management and investment thinking, as well as making clear the Trust's responsible investment position. Trustees also intend that further work is conducted with ABF, The Soldier's Charity, and others, to ensure that ADT grant making is achieving the objects of the Trust's revised scheme. This will include working with HQ Army to identify potential areas of need currently unfunded by Defence and not met by ADT. As ever, this work is driven by the core object of the Trust: The promotion of the efficiency of the Army through the relief of persons who are in a condition of immediate financial need, hardship or distress and who are the dependants or next of kin of a deceased soldier or officer.

On an operational level, the Trust will integrate a new MIS system in 2023, that will significantly improve the Trust's ability to work with members and with Defence Business Services and Charities Trust, in the management of donations and beneficiary nominations. The system will also offer alternative donation methods for Reserves, who often are unable to donate through the core payroll giving scheme.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The Charity is governed by a Charity Commission Scheme dated 19th February 2009 and this replaced the previous scheme dated 1st September 1999. The new scheme comprises the present constitution of the Charity.

Management

Of our six trustees, five are appointed because of their particular knowledge of personnel and welfare issues in the Army; in addition, the trustees have appointed one co-opted trustee. The co-opted trustee, who serves for a term normally not exceeding five years, is chosen for their expertise in specialised areas pertinent to the Charity's operations, or as a representative of member groups eg Army Reservists. The trustees meet at least once, but usually twice, each year in order to manage and monitor the Charity's affairs. The trustees delegate the day to day responsibility for operating the Charity to the Secretary/Treasurer, who is assisted by a part time member of staff. However, trustees are on hand at all times to sanction important decisions particularly concerning the assessment of needs of beneficiaries of discretionary grants.

The trustees are chosen so as to bring to the executive function persons whose roles in the British Army are most relevant and appropriate to the aims and objectives of the Charity. Primarily these involve matters of welfare and family support, but the individuals chosen have a wide range of experience as well as multiple skills and very significant academic, military and other qualifications making them most suited to the position.

The trustees are conscious of their significant responsibilities and undertake training where appropriate, including attendance on at least one training day every two years. They have also appointed a legal adviser with specific expertise in charities to assist them in meeting their responsibilities. The trustees believe that these procedures ensure that they are properly equipped to fulfil their role efficiently and effectively.

THE ARMY DEPENDANTS' TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2022

STRUCTURE, GOVERNANCE AND MANAGEMENT

Risk management

The trustees have examined the major governance, business, financial and operational risks that the Charity faces. Due to the nature of the Charity and modus operandi of the Charity the risks are fairly consistent, and are listed on a Risk Register which identifies impact, likely-hood of occurrence, and any mitigating action taken. This is monitored regularly by the CE and at least once a year formally by the trustees who ensure that control actions and procedures are in place wherever possible to minimise these risks.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Charity number

1064522

Principal address

PO Box 5545
Westbury
Wiltshire
BA13 9BZ

Trustees

Mr B Alvin
Brigadier C M B Coles
Major General P Griffiths
Colonel M P Sykes

Co-opted trustees

Colonel N R W Astbury

CE/Secretary and treasurer

Mr D G Middleton

Auditors

Hysons Accountants LLP, Statutory Auditor
14 London Street
Andover
Hampshire
SP10 2PA

Bankers

Lloyds Bank plc
7 Pall Mall
London
SW1Y 5NA

Solicitors

Wilson's Solicitors LLP
Steynings House
Summerlock Approach
Salisbury
Wiltshire
SP2 7RJ

THE ARMY DEPENDANTS' TRUST

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 DECEMBER 2022**

REFERENCE AND ADMINISTRATIVE DETAILS

Investment managers

BlackRock Investment Management (UK)
Limited
12 Throgmorton Avenue
London, EC2N 2DL

CCLA Investment Management Limited
Senator House
85 Queen Victoria Street
London, EC4V 4ET

M&G Securities Limited
Laurence Pountney Hill
London, EC4R 0HH

Mayfair Capital Investment Management Ltd
2 Cavendish Square
London, W1G 0PU

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales, the Charities Act 2011, Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing those financial statements, the trustees are required to

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by order of the board of trustees on and signed on its behalf by:

.....
Major General P Griffiths - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE ARMY DEPENDANTS' TRUST

Opinion

We have audited the financial statements of The Army Dependants' Trust (the 'charity') for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2022 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' 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 charity'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. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
THE ARMY DEPENDANTS' TRUST**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements which 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 charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE ARMY DEPENDANTS' TRUST

Our responsibilities for the audit of the financial statements

We have been appointed as auditors under Section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 a Report of the Independent Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the charity sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charity, including the Charities Act 2011, Charities SORP (FRS 102) and Financial Reporting Standard 102;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the charity's legal advisors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
THE ARMY DEPENDANTS' TRUST**

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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 Report of the Independent Auditors.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Hysons Accountants LLP, Statutory Auditor
14 London Street
Andover
Hampshire
SP10 2PA

Date:

THE ARMY DEPENDANTS' TRUST

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 Unrestricted fund £	2021 Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	3	901,438	916,350
Investment income	4	1,053,497	989,289
Other income		5,000	4,000
Total		<u>1,959,935</u>	<u>1,909,639</u>
 EXPENDITURE ON			
Raising funds	5	28,176	24,277
Charitable activities	6		
Grants to dependants and ABF The Soldiers' Charity		1,990,348	1,068,611
Total		<u>2,018,524</u>	<u>1,092,888</u>
 Net gains/(losses) on investments		<u>(3,509,723)</u>	<u>2,690,947</u>
 NET INCOME/(EXPENDITURE)		<u>(3,568,312)</u>	<u>3,507,698</u>
 RECONCILIATION OF FUNDS			
Total funds brought forward		31,263,421	27,755,723
 TOTAL FUNDS CARRIED FORWARD		<u><u>27,695,109</u></u>	<u><u>31,263,421</u></u>

The notes form part of these financial statements

THE ARMY DEPENDANTS' TRUST

BALANCE SHEET
31 DECEMBER 2022

	Notes	2022 Unrestricted fund £	2021 Total funds £
FIXED ASSETS			
Tangible assets	14	108	130
Investments	15	24,880,230	28,389,953
		<u>24,880,338</u>	<u>28,390,083</u>
CURRENT ASSETS			
Debtors	16	2,076	705,158
Cash at bank	17	2,839,143	2,173,283
		<u>2,841,219</u>	<u>2,878,441</u>
CREDITORS			
Amounts falling due within one year	18	(26,448)	(5,103)
NET CURRENT ASSETS		<u>2,814,771</u>	<u>2,873,338</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		27,695,109	31,263,421
NET ASSETS		<u>27,695,109</u>	<u>31,263,421</u>
FUNDS	19		
Unrestricted funds		27,695,109	31,263,421
TOTAL FUNDS		<u>27,695,109</u>	<u>31,263,421</u>

The financial statements were approved by the Board of Trustees and authorised for issue on and were signed on its behalf by:

.....
Major General P Griffiths - Trustee

.....
Brigadier C M B Coles - Trustee

The notes form part of these financial statements

THE ARMY DEPENDANTS' TRUST

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

Notes	2022 £	2021 £
Cash flows from operating activities		
Cash generated from operations 1	(387,637)	(1,820,011)
Net cash used in operating activities	(387,637)	(1,820,011)
Cash flows from investing activities		
Interest received	8,517	104
Dividends received	1,021,611	967,237
Property investment income	23,369	21,948
Net cash provided by investing activities	1,053,497	989,289
Change in cash and cash equivalents in the reporting period	665,860	(830,722)
Cash and cash equivalents at the beginning of the reporting period	2,173,283	3,004,005
Cash and cash equivalents at the end of the reporting period	2,839,143	2,173,283

The notes form part of these financial statements

THE ARMY DEPENDANTS' TRUST

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

1. RECONCILIATION OF NET (EXPENDITURE)/INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2022 £	2021 £
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(3,568,312)	3,507,698
Adjustments for:		
Depreciation charges	22	64
Losses/(gain) on investments	3,509,723	(2,690,948)
Interest received	(8,517)	(104)
Dividends received	(1,021,611)	(967,237)
Property investment income	(23,369)	(21,948)
Decrease/(increase) in debtors	703,082	(704,152)
Increase/(decrease) in creditors	21,345	(943,384)
Net cash used in operations	<u>(387,637)</u>	<u>(1,820,011)</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.22 £	Cash flow £	At 31.12.22 £
Net cash			
Cash at bank	2,173,283	665,860	2,839,143
	<u>2,173,283</u>	<u>665,860</u>	<u>2,839,143</u>
Total	<u>2,173,283</u>	<u>665,860</u>	<u>2,839,143</u>

The notes form part of these financial statements

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2022**

1. STATUTORY INFORMATION

The Army Dependants' Trust is an unincorporated charity registered with the Charity Commission for England and Wales (no.1064522). The principal address is PO Box 5545, Westbury, Wiltshire, BA13 9BZ.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities Act 2011. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, as modified by the revaluation of certain assets.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the Trust. The grants are accounted for where the trustees have agreed to pay the grant without condition and the recipient has a reasonable expectation that they will receive a grant.

Raising funds

The cost of raising funds are set out in note 5 and consist of those costs relating to collecting subscriptions. The charities investments are comprised primarily in the Armed Forces Charities Growth & Income Fund (AFCGIF), a charity in its own right managed by BlackRock Investment Managers (UK) Limited and in the M&G Charifund. The costs for these Funds are taken from the Fund itself and are reflected in the price of the Fund's units. These costs constitute approximately 0.48% (AFCGIF) and 0.47% (M&G Charifund) of the average value of the Fund over the year.

Charitable activities

Costs of charitable activities include grants made and an apportionment of other costs as shown in notes 7 to 10 and on the basis of the apportionment referred to above.

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31 DECEMBER 2022**

2. ACCOUNTING POLICIES - continued

Governance costs

Governance costs are set out in note 9 and comprise all costs involving the public accountability of the Charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of other costs as referred to above.

Taxation

The charity is exempt from tax on its charitable activities.

Pension costs and other post-retirement benefits

The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Allocation and apportionment of costs

Costs are allocated specifically to the activity to which they relate wherever possible. Some costs, mostly staff costs but including some administrative, establishment and finance costs relate to all three main activities of the Charity and these costs have been allocated as to 35 per cent to the cost of generating funds, 50 per cent to charitable activities and 15 per cent to governance. Other costs relate to generating funds and charitable activities only and these costs are split 41 per cent and 59 per cent respectively.

The cost allocation has always been determined by considering the time spent on each activity by the Charity's staff and calculating the resulting percentage of total staff costs that is attributable to each of those activities. This is reviewed annually and was last changed with effect from 1 January 2010 following changes in the method of collecting subscriptions which led to a significant reduction in the time spent on generating funds.

Tangible fixed assets

All assets costing more than £250 are capitalised and all assets are valued at cost less depreciation. Depreciation is charged on office equipment which is written off on a reducing balance basis at the rate of 33 per cent per annum which reflects their estimated useful life.

Fixed asset investments

Investments are stated at market value as at the balance sheet date.

All gains and losses are taken to the statement of financial activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and either the market value at the start of the year or the purchase date if purchased during the year. Unrealised gains and losses are calculated as the difference between the market value at the year end and either the market value at the start of the year or the purchase date if purchased during the year.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

3. DONATIONS AND LEGACIES

	2022	2021
	£	£
Members' subscriptions	899,357	915,748
Donations	2,081	602
	<u>901,438</u>	<u>916,350</u>

4. INVESTMENT INCOME

	2022	2021
	£	£
Property based investment income	23,369	21,948
Dividend income	1,021,611	967,237
Interest on cash deposits	8,517	104
	<u>1,053,497</u>	<u>989,289</u>

5. RAISING FUNDS

Raising donations and legacies

	2022	2021
	£	£
Staff costs	27,052	23,034
General insurance	241	448
Printing, postage, stationery, telephone and internet	508	559
Sundries	82	39
Travelling	171	-
Books and software	83	133
Repairs and renewals of equipment	17	-
Depreciation	22	64
	<u>28,176</u>	<u>24,277</u>

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

6. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 7) £	Grant funding of activities (see note 8) £	Support costs (see note 9) £	Totals £
Grants to dependants and ABF The Soldiers' Charity	40,230	1,931,000	19,118	1,990,348

7. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2022 £	2021 £
Staff costs	38,646	32,905
General insurance	345	640
Printing, postage, stationery, telephone and internet	732	805
Sundries	117	56
Travelling	246	-
Books and software	119	190
Repairs, renewals and office equipment	25	-
	<u>40,230</u>	<u>34,596</u>

8. GRANTS PAYABLE

	2022 £	2021 £
Grants to dependants and ABF The Soldiers' Charity	<u>1,931,000</u>	<u>1,020,000</u>

The total grants paid to institutions during the year was as follows:

	2022 £	2021 £
ABF The Soldiers' Charity	<u>831,000</u>	<u>-</u>

The total grants paid to individuals during the year was as follows:

	2022 £	2021 £
Beneficiaries of deceased members	<u>1,100,000</u>	<u>1,020,000</u>

The total grants paid to individuals during the year was £1,100,000 (2021: £1,020,000).

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

9. SUPPORT COSTS

	Governanc costs £
Grants to dependants and ABF The Soldiers' Charity	19,118
	<u>19,118</u>

Support costs, included in the above, are as follows:

	2022 Grants to dependants and ABF The Soldiers' Charity £	2021 Total activities £
Wages	10,400	8,927
Social security	1,104	854
Pensions	90	91
Auditors' remuneration	3,360	2,880
Insurance	699	211
Legal fees	2,400	-
Subscriptions	1,029	995
Books and software	36	57
	<u>19,118</u>	<u>14,015</u>

10. AUDITORS' REMUNERATION

	2022 £	2021 £
Fees payable to the charity's auditors for the audit of the charity's financial statements	3,360	2,880
	<u>3,360</u>	<u>2,880</u>

11. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2022 nor for the year ended 31 December 2021.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 December 2022 nor for the year ended 31 December 2021.

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

12. STAFF COSTS

	2022	2021
	£	£
Secretary's salary	44,279	37,784
Other staff salaries	25,054	21,731
Social security	7,360	5,691
Secretary's pension contributions	-	-
Other staff pension contributions	599	605
	77,292	65,811

No employees received emoluments in excess of £60,000.

The average monthly number of employees during the year calculated on a full time equivalent basis was 2 (2021: 2).

13. TOTAL RUNNING COSTS

The total running costs of the Charity for the year were £87,524 (2021: £72,888).

14. TANGIBLE FIXED ASSETS

	Office equipment £
COST	
At 1 January 2022 and 31 December 2022	1,470
DEPRECIATION	
At 1 January 2022	1,340
Charge for year	22
At 31 December 2022	1,362
NET BOOK VALUE	
At 31 December 2022	108
At 31 December 2021	130

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

15. FIXED ASSET INVESTMENTS

	Unlisted investment £
MARKET VALUE	
At 1 January 2022	28,389,953
Revaluations	(3,509,723)
At 31 December 2022	24,880,230
NET BOOK VALUE	
At 31 December 2022	24,880,230
At 31 December 2021	28,389,953

The investments comprised holdings in a common investment fund, and unit trusts, with market values at the end of the year as follows:

	2022 £	2021 £
The Armed Forces Charities Growth & Income Fund	19,200,282	22,312,300
Mayfair Property Income Trust for Charities	434,622	522,930
M&G Equities Investment Fund for Charities	5,245,326	5,554,723
	24,880,230	28,389,953

The investments are held primarily to provide an investment return for the Charity and were held in the UK.

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Members subscriptions due	972	947
Other debtors	-	703,100
Prepayments	1,104	1,111
	2,076	705,158

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

17. CASH AT BANK

	2022 Total funds £	2021 Total funds £
Clearing bank account	1,957,633	1,300,290
Charities deposit account	881,510	872,993
Total	<u>2,839,143</u>	<u>2,173,283</u>

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Grants payable	20,000	-
Social security and other taxes	-	2,223
Other creditors	208	-
Accrued expenses	6,240	2,880
	<u>26,448</u>	<u>5,103</u>

19. MOVEMENT IN FUNDS

	At 1.1.22 £	Net movement in funds £	At 31.12.22 £
Unrestricted funds			
General fund	31,263,421	(3,568,312)	27,695,109
TOTAL FUNDS	<u>31,263,421</u>	<u>(3,568,312)</u>	<u>27,695,109</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	1,959,935	(2,018,524)	(3,509,723)	(3,568,312)
TOTAL FUNDS	<u>1,959,935</u>	<u>(2,018,524)</u>	<u>(3,509,723)</u>	<u>(3,568,312)</u>

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

19. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.1.21 £	Net movement in funds £	At 31.12.21 £
Unrestricted funds			
General fund	27,755,723	3,507,698	31,263,421
TOTAL FUNDS	<u>27,755,723</u>	<u>3,507,698</u>	<u>31,263,421</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	1,909,639	(1,092,888)	2,690,947	3,507,698
TOTAL FUNDS	<u>1,909,639</u>	<u>(1,092,888)</u>	<u>2,690,947</u>	<u>3,507,698</u>

20. RELATED PARTY DISCLOSURES

Major General P Griffiths is a trustee of ABF The Soldiers' Charity. The Charity has power, in its Scheme, to make grants to ABF The Soldiers' Charity. A grant of £831,000 (2021: £Nil) was made to ABF The Soldiers' Charity during the year.

21. ULTIMATE CONTROLLING PARTY

The Charity was controlled throughout the year by the Trustees.

THE ARMY DEPENDANTS' TRUST

DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
INCOME AND ENDOWMENTS		
Donations and legacies		
Members' subscriptions	899,357	915,748
Donations	2,081	602
	901,438	916,350
Investment income		
Property based investment income	23,369	21,948
Dividend income	1,021,611	967,237
Interest on cash deposits	8,517	104
	1,053,497	989,289
Other income		
Employers N.I. allowance	5,000	4,000
Total incoming resources	1,959,935	1,909,639
 EXPENDITURE		
Raising donations and legacies		
Wages	24,266	20,830
Social security	2,576	1,992
Pensions	210	212
General insurance	241	448
Printing, postage, stationery, telephone and internet	508	559
Sundries	82	39
Travelling	171	-
Books and software	83	133
Repairs and renewals of equipment	17	-
Office equipment depreciation	22	64
	28,176	24,277
Charitable activities		
Wages	34,667	29,758
Social security	3,680	2,845
Pensions	299	302
General insurance	345	640
Printing, postage, stationery, telephone and internet	732	805
Carried forward	39,723	34,350

This page does not form part of the statutory financial statements

THE ARMY DEPENDANTS' TRUST

DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
Charitable activities		
Brought forward	39,723	34,350
Sundries	117	56
Travelling	246	-
Books and software	119	190
Repairs, renewals and office equipment	25	-
Grant to ABF The Soldiers' Charity	831,000	-
Grants awarded to dependants	1,100,000	1,020,000
	1,971,230	1,054,596
 Support costs		
Governance costs		
Wages	10,400	8,927
Social security	1,104	854
Pensions	90	91
Auditors' remuneration	3,360	2,880
Insurance	699	211
Legal fees	2,400	-
Subscriptions	1,029	995
Books and software	36	57
	19,118	14,015
Total resources expended	2,018,524	1,092,888
 Net (expenditure)/income before gains and losses	 (58,589)	 816,751
 Unrealised gains and losses		
Gains/(losses) on investments	(3,509,723)	2,690,947
 Net (expenditure)/income	 (3,568,312)	 3,507,698

This page does not form part of the statutory financial statements

THE ARMY DEPENDANTS' TRUST

England & Wales - Charity number 1064522

Accounts

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
FOR
THE ARMY DEPENDANTS' TRUST

Hysons Accountants LLP, Statutory Auditor
14 London Street
Andover
Hampshire
SP10 2PA

THE ARMY DEPENDANTS' TRUST

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FOR THE YEAR ENDED 31 DECEMBER 2021

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THE ARMY DEPENDANTS' TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2021

The trustees present their report with the financial statements of the charity for the year ended 31 December 2021. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The main object of the Charity is the promotion of the efficiency of the Army through the relief of persons who are in a condition of immediate financial need, hardship or distress and who are the dependants or next of kin of a deceased soldier or officer. In so far as the trustees cannot apply the income for this main object, they apply it in making grants to ABF The Soldiers' Charity (registered Charity number 211645) for its general purposes.

Significant activities

Since 2013, the Charity has met its objects through 2 mechanisms: The making of grants (up to £15,000 per death) to nominated beneficiaries of members; and, the making of a major grant to the ABF (2021: £nil), to fulfil all other objects of the Charity, on the Charity's behalf. Trustees review this approach on an annual basis and decided in December 2021 to revert to the practice of granting to ABF in the spring following the end of an accounting year, instead of in the December of each accounting year. For this reason, no grant was made to ABF in 2021. This practice better allows Trustees to determine the appropriate value of the grant that can be made.

Public benefit

In considering the activities that have been undertaken in the past year, the trustees have paid due regard to the guidance on public benefit published by the Charity Commission. Trustees continue to look at whether there are other groups of potential beneficiaries that could be reached by extending eligibility criteria in line with the Charity's objectives. It is the opinion of the trustees that the Charity satisfies the criteria for public benefit.

Grantmaking

The object of the charity is the promotion of the efficiency of the Army through the relief of dependants of deceased soldiers or officers in the following order of priority: The dependants of deceased members of the charity; the dependants of deceased soldiers or officers.

The trust may assist dependants through the provision of immediate grants or, for the relief of dependants in financial hardship, sickness or disability, the trust may provide grants, loans, gifts, pensions or otherwise.

If and in so far as the trust's income is not required to meet the above objects, trustees may apply it to: Make grants to the ABF for its general purposes; or for the benefit of persons who are serving or have served in the British Army, or their dependants, in any charitable ways.

THE ARMY DEPENDANTS' TRUST

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 DECEMBER 2021**

ACHIEVEMENT AND PERFORMANCE

Charitable activities

The Charity's key effort throughout the year continued to be grant making to the dependants of soldiers, officers and some retired members, who died during the year. Since its primary activity is dependent upon deaths, which are of course unforeseen, the objective is not to maximise grant making but instead to react evenhandedly, efficiently and effectively to dependants' needs when a death does occur. In 2021 all but 1 case was dealt with in the target time frame. In this one exceptional case, delays were caused by the Trust's inability to legally confirm the identity of beneficiaries, which was beyond the control of trustees. The trustees therefore consider that they have achieved this objective as best as practically possible.

Whether in times of peace or conflict, the precise future demand on the Trust's resources is something largely beyond the trustees' control. Liquidity planning is based on the expected level of discretionary grants which is, in turn, based on a statistical average number of fatalities. However, in times of conflict or a mass casualty event, the number of deaths will often be beyond the statistical average and planning is thus made more difficult than normal. For this reason trustees maintain significant liquidity, to the approximate value of 3 times the typical annual average expenditure of individual grants. This enables the Trust to respond rapidly if required in an emergency situation.

During the year the trust was notified of 74 deaths (2020: 59). The trust awarded 68 (2020: 59) grants to dependants of 67 (2020: 56) personnel. In 7 cases no award was made. 62 awards were made to regular or full time reservist soldiers, officers and retired members in 2021. 5 awards were made to members of the Army Reserve in 2020, all on the basis Regular Reserve liability. 5 of these awards were made to non-members. The 5 year average number of deaths where a benefit was paid is 58 (2020: 57).

Grants were made, according to needs, to the beneficiary nominated by the deceased, usually being the spouse or a parent, or sometimes to other family dependants where the trustees considered there was need. Grants made to individuals during the year totalled £1,020,000 compared to £825,000 in 2020. The trustees review at each Board meeting a sample of the many letters of appreciation received from next of kin and units.

Individual Grantmaking

As far as is possible the trustees aim to make any grant within 4 working days of the date of a death being made known to them. Where a beneficiary requests payment by cheque, the trustees aim to post such correspondence within 4 working days of the date of death. In practice, individual grants are usually received by beneficiaries well within these time frames, sometimes in a matter of hours. The Secretary will make suitable enquiries into the circumstances and follows a system of practice and precedent to make grants on behalf of trustees. In exceptional circumstances the Secretary seeks advice from trustees before making a grant.

Cooperation with ABF The Soldiers' Charity

Trustees continue to rely heavily upon ABF, The Soldiers Charity, in dispersing the funds of the Trust. Whilst recognising the coherence this provides to the sector, Trustees equally remain vigilant to the governance and risk management implications of such a methodology for grant making. With this in mind trustees annually review this approach to working with The Soldiers Charity, to ensure the objects of the trust are both best met and properly overseen.

THE ARMY DEPENDANTS' TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2021

ACHIEVEMENT AND PERFORMANCE

Fundraising activities

The Charity's principal fund raising objective is to raise sufficient funds to meet the average grant need, based on normal expectations of members' mortality rates, and this is achieved through a combination of subscriptions from members and investment income. Subscriptions are paid at a rate of £8.75 per year - this has remained the same for the past 13 years. Where possible, subscriptions are collected through payroll giving to enable tax efficiency for members, but cheque payments and bank transfers are also accepted. Eligible retired officers continue to pay their subscription of £10 per year through standing orders.

The trustees encourage all Regular and Reserve soldiers and officers to become members of the scheme. Judged by any practical measure, the membership of eligible Regular personnel continues to be as high as achievable. The only gaps in this occur when individuals may re-join the Regular component, or transfer into it from the Reserve. This is a negligible figure but the trust is pursuing methods to eliminate these gaps nonetheless. In the event of a death, care is taken to ensure that where there has been an administrative error, this does not disadvantage the dependants of eligible personnel. Take-up of membership amongst Reservists remains more challenging. In 2021, Reservist membership was approximately 55% (2019: 50%). In 2020 this was misreported as having risen to 60% due to a database error. Numerically, there was a small increase from 2020 of c500. Of reservist members, approximately 30% experienced membership payment difficulties (2020 38%). This fall reflects a disproportionate amount of ADT and unit staff effort in chasing payments - an unsustainable surge. Trustees have approved the acquisition of new MIS that will much better enable membership payments for reserve personnel and reduce the impact on members and units accordingly.

Trustees agreed in December 2017 to extend eligibility, at no cost, to all ex-Regulars with a Regular Reserve (RR) liability for the period of their RR liability; thus increasing potential beneficiaries by approximately 25,000. The practicalities of effecting this change were addressed in 2019, as the first beneficiaries under this category were supported. Trustees continue to monitor the broader implications for awareness, potential liabilities and the parity of offer to all eligible personnel across the scope of the charity.

As in previous years, the Trust did not experience significant impact as a result of Covid 19.

FINANCIAL REVIEW

Incoming resources

Subscription income from members totalled £915,748 (2020: £884,078), investment income was £989,289 (2020: £956,965) and £602 (2020: £841) was received in donations.

Resources expended

Grants awarded totalled £1,020,000 (2020: £825,000). The cost of fundraising was £24,277 (2020: £23,309), the cost of making grants and carrying on other charitable activities, but excepting the grants themselves, was £34,596 (2020: £33,484), and governance costs totalled £14,015 (2020: £14,109).

The method of allocating costs is explained in note 1 of the financial statements. Excluding grants, the total costs of the Charity were £72,888 (2020: £70,902). The ratio of annual running costs as a proportion of total income for 2021 was 3.82% (2020: 3.84%).

THE ARMY DEPENDANTS' TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL REVIEW

Investment policy and objectives

The majority of the Charity's funds are invested in the Armed Forces Charities Growth & Income Fund (AFCGIF) (formerly the Armed Forces Common Investment Fund). This fund is shared with other Armed Forces charities and is currently managed by BlackRock Investment Management (UK) Limited. The investment is unitised and may be held in Income Units in which the income is distributed or in Accumulation Units where the gross income is automatically reinvested. The lead Investment Manager is BlackRock Investment Management (UK) Limited who are appointed by the Advisory Board of AFCGIF, which comprises senior City individuals and representatives of the major investing charities.

The investment in AFCGIF is currently held in income units as this best meets the objective of generating income to cover grants and costs and, at the same time, allow the opportunity for capital growth. The asset allocation of AFCGIF is against a composite benchmark and, as at 31 December 2021, was made up of UK Equities, Global Equities, Fixed Income Bonds, Property, Alternatives, and Cash. The primary performance objective of AFCGIF is to seek to outperform the composite benchmark set by the Advisory Board by 1% per annum. The income paid during 2021 amounted to 7.90 pence per unit (2020: 7.80p). During the year under review the actual yield of the investment, based on the market value of the investment at the year end, was 3.15% (2020: 3.41%). The investment in AFCGIF increased in value by 9.62% (2020: 4.81%) giving rise to an unrealised gain of £1,958,000 (2020: £934,500). In addition, income of £703,100 was paid in 2021 (2020: £694,200).

In addition to this primary investment, and on the basis of advice taken by the Trustees, the Charity has other investments consisting of the Mayfair Property Income Trust for Charities and The M&G Equities Investment Fund for Charities (M&G Charifund).

The Property Income Trust for Charities (PITCH) is managed by Mayfair Capital Investment Management Limited and the fund administrator is Saltgate (UK) Limited. In October 2016 the Mayfair Capital was acquired by Swiss Life Asset Managers; however, day to day management of the PITCH has remained with the current team. This investment was made to diversify the portfolio and increase the yield whilst maintaining the potential for some capital growth in real terms. The PITCH objective is to invest in commercial property throughout the UK. It aims to deliver an income yield of around 6% p.a., whilst at least growing the capital value in real terms. Income is now distributed, gross, monthly. The Fund operates both ethical and environmental policies and seeks to be a socially responsible investor. The value of the Charity's holding in this fund increased by 17.40% during the year giving rise to an unrealised gain of £77,495 (2020: £27,991 loss). Income of £21,948 was received which is equivalent to an annual 12 month rolling yield of 4.93% (2020: 4.61%).

THE ARMY DEPENDANTS' TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL REVIEW

The M&G Charifund is designed to provide a high and growing income, while at the same time protecting its capital from the erosive effects of inflation. The Charifund portfolio comprises approximately 100 stocks. The fund invests in a well-diversified portfolio of mainly high yielding UK stocks with the objective of generating a high income and increasing the annual distribution. The aim is to provide a level of income that is significantly higher than that of the FTSE All-Share Index. Over the year the value of this holding has increased by 13.4% (2020: decreased 17.3%) giving rise to unrealised gain of £655,452 (2020: £1,028,420 loss). In addition, income of £264,137 (2020: £239,151) was received which is equivalent to a yield at 31 December 2021 of 5.39% (2020: 4.88%).

3 year % performance comparison of the equity investments

Fund	<u>2019</u>		<u>2020</u>		<u>2021</u>		<u>Combined</u>	
	<u>Growth</u>	<u>Yield</u>	<u>Growth</u>	<u>Yield</u>	<u>Growth</u>	<u>Yield</u>	<u>Total growth</u>	<u>Average yield</u>
AFCGIF	14.00%	3.48%	4.81%	3.41%	9.62%	3.15%	9.48%	3.35%
PITCH	-2.72%	5.50%	-5.91%	4.61%	17.40%	4.93%	2.92%	5.01%
M&G	16.60%	5.00%	-17.30%	4.88%	13.40%	5.39%	-4.23%	5.09%

As well as these investments, and in order to maintain a necessary amount of cash reserves to meet unpredictable demands, the Trust has funds on deposit with clearing banks and with the COIF Charities Deposit Fund administered by CCLA Investment Management Limited.

Reserves policy

The policy of the Charity continues to be to generate sufficient funds through subscriptions and investment income to meet its primary object - the granting of awards to dependants or next of kin of deceased soldiers or officers. This is the core object of the Charity and is the primary requirement for operational reserves. It is impossible to predict with accuracy the number of fatalities that will occur in the year ahead, but use of historical data was agreed as the most appropriate guide. Following a study of historical data, it was agreed that the most appropriate figure for future planning was the 20 year average fatality data. Using this figure for annual fatalities, and assuming a 3.5% return on investments as previously, would give rise to an Operational Reserve requirement of approximately £15m.

In addition, trustees have felt the Trust should hold reserves available to meet both the commitment against a single major accident, such as a plane crash or ship sinking, and also against casualties from a short-term, major conflict. Trustees agreed that a separate reserve fund - a Mass Casualty Reserve - of £5m should be established for this.

To meet its normal operational need and have cover for the unexpected events above, the trustees deem that an appropriate level of reserves to cover both requirements is £20m. Noting that current investments continue to exceed this, Trustees have decided to pursue a total returns approach from 2022 onwards, treating the investment as a virtual endowment. Trustees envisage this will better enable the Trust to meet its objectives. The Reserves policy will be re-written in 2022 to reflect this.

FUTURE PLANS

Trustees have commissioned an external review of the Trust's scheme, in order to reflect changing charity law, practice and precedent. This will be conducted by Wilson's Solicitors, in the spring of 2022.

THE ARMY DEPENDANTS' TRUST

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 DECEMBER 2021**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The Charity is governed by a Charity Commission Scheme dated 19th February 2009 and this replaced the previous scheme dated 1st September 1999. The new scheme comprises the present constitution of the Charity.

Management

Of our six trustees, five are appointed because of their particular knowledge of personnel and welfare issues in the Army; in addition, the trustees have appointed one co-opted trustee. The co-opted trustee, who serves for a term normally not exceeding five years, is chosen for their expertise in specialised areas pertinent to the Charity's operations, or as a representative of member groups eg Army Reservists. The trustees meet at least once, but usually twice, each year in order to manage and monitor the Charity's affairs. The trustees delegate the day to day responsibility for operating the Charity to the Secretary/Treasurer, who is assisted by a part time member of staff. However, trustees are on hand at all times to sanction important decisions particularly concerning the assessment of needs of beneficiaries of discretionary grants.

The trustees are chosen so as to bring to the executive function persons whose roles in the British Army are most relevant and appropriate to the aims and objectives of the Charity. Primarily these involve matters of welfare and family support, but the individuals chosen have a wide range of experience as well as multiple skills and very significant academic, military and other qualifications making them most suited to the position.

The trustees are conscious of their significant responsibilities and undertake training where appropriate, including attendance on at least one training day every two years. They have also appointed a legal adviser with specific expertise in charities to assist them in meeting their responsibilities. The trustees believe that these procedures ensure that they are properly equipped to fulfil their role efficiently and effectively.

Risk management

The trustees have examined the major governance, business, financial and operational risks that the Charity faces. Due to the nature of the Charity and modus operandi of the Charity the risks are fairly consistent, and are listed on a Risk Register which identifies impact, likely-hood of occurrence, and any mitigating action taken. This is monitored regularly by the CE and at least once a year formally by the trustees who ensure that control actions and procedures are in place wherever possible to minimise these risks.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Charity number

1064522

Principal address

Trenchard Lines
Upavon
Pewsey
Wiltshire
SN9 6BE

THE ARMY DEPENDANTS' TRUST

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 DECEMBER 2021**

Trustees

Warrant Officer Class 1 B Alvin

Brigadier C M B Coles

Major General P Griffiths

- appointed 1.4.21

Major General S Nesmith

- resigned 1.4.21

Major General (Ret'd) M J R Rutledge CB OBE

MA

- resigned 11.11.21

Colonel M P Sykes

Co-opted trustees

Colonel N R W Astbury

Mrs S Baade

- resigned 30.6.20

CE/Secretary and treasurer

Mr D G Middleton

Auditors

Hysons Accountants LLP, Statutory Auditor

14 London Street

Andover

Hampshire

SP10 2PA

Bankers

Lloyds Bank plc

7 Pall Mall

London

SW1Y 5NA

Solicitors

Wilsons Solicitors LLP

Steynings House

Summerlock Approach

Salisbury

Wiltshire

SP2 7RJ

Investment managers

BlackRock Investment Management (UK)

Limited

12 Throgmorton Avenue

London, EC2N 2DL

CCLA Investment Management Limited

Senator House

85 Queen Victoria Street

London, EC4V 4ET

M&G Securities Limited

Laurence Pountney Hill

London, EC4R 0HH

Mayfair Capital Investment Management Ltd

2 Cavendish Square

London, W1G 0PU

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

THE ARMY DEPENDANTS' TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2021

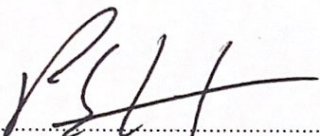
STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued

The law applicable to charities in England and Wales, the Charities Act 2011, Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing those financial statements, the trustees are required to

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by order of the board of trustees on 31 Oct 22 and signed on its behalf by:


.....
Major General P Griffiths - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE ARMY DEPENDANTS' TRUST

Opinion

We have audited the financial statements of The Army Dependants' Trust (the 'charity') for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2021 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' 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 charity'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. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
THE ARMY DEPENDANTS' TRUST**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements which 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 charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
THE ARMY DEPENDANTS' TRUST**

Our responsibilities for the audit of the financial statements

We have been appointed as auditors under Section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 a Report of the Independent Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the charity sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charity, including the Charities Act 2011, Charities SORP (FRS 102) and Financial Reporting Standard 102;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the charity's legal advisors.

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
THE ARMY DEPENDANTS' TRUST

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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 Report of the Independent Auditors.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Hysons Accountants LLP, Statutory Auditor
14 London Street
Andover
Hampshire
SP10 2PA

Date:

THE ARMY DEPENDANTS' TRUST

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 Unrestricted fund £	2020 Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	3	916,350	884,919
Investment income	4	989,289	956,965
Other income		4,000	3,999
Total		<u>1,909,639</u>	<u>1,845,883</u>
EXPENDITURE ON			
Raising funds	5	24,277	23,309
Charitable activities			
Grants to dependants and ABF The Soldiers' Charity	6	1,068,611	1,801,593
Total		<u>1,092,888</u>	<u>1,824,902</u>
Net gains/(losses) on investments		<u>2,690,947</u>	<u>(121,910)</u>
NET INCOME/(EXPENDITURE)		3,507,698	(100,929)
RECONCILIATION OF FUNDS			
Total funds brought forward		<u>27,755,723</u>	<u>27,856,652</u>
TOTAL FUNDS CARRIED FORWARD		<u><u>31,263,421</u></u>	<u><u>27,755,723</u></u>

The notes form part of these financial statements

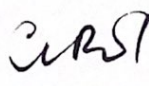
THE ARMY DEPENDANTS' TRUST

BALANCE SHEET
31 DECEMBER 2021

	Notes	2021 Unrestricted fund £	2020 Total funds £
FIXED ASSETS			
Tangible assets	14	130	194
Investments	15	28,389,953	25,699,005
		<u>28,390,083</u>	<u>25,699,199</u>
CURRENT ASSETS			
Debtors	16	705,158	1,006
Cash at bank	17	2,173,283	3,004,005
		<u>2,878,441</u>	<u>3,005,011</u>
CREDITORS			
Amounts falling due within one year	18	(5,103)	(948,487)
NET CURRENT ASSETS		<u>2,873,338</u>	<u>2,056,524</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>31,263,421</u>	<u>27,755,723</u>
NET ASSETS		<u>31,263,421</u>	<u>27,755,723</u>
FUNDS	19		
Unrestricted funds		31,263,421	27,755,723
TOTAL FUNDS		<u>31,263,421</u>	<u>27,755,723</u>

The financial statements were approved by the Board of Trustees and authorised for issue on and were signed on its behalf by:


.....
Major General P Griffiths - Trustee


.....
Brigadier C M B Coles - Trustee

The notes form part of these financial statements

THE ARMY DEPENDANTS' TRUST

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

Notes	2021 £	2020 £
Cash flows from operating activities		
Cash generated from operations 1	(1,820,011)	(36,794)
Net cash used in operating activities	(1,820,011)	(36,794)
Cash flows from investing activities		
Interest received	104	3,086
Dividends received	967,237	933,351
Property investment income	21,948	20,528
Net cash provided by investing activities	989,289	956,965
Change in cash and cash equivalents in the reporting period	(830,722)	920,171
Cash and cash equivalents at the beginning of the reporting period	3,004,005	2,083,834
Cash and cash equivalents at the end of the reporting period	2,173,283	3,004,005

The notes form part of these financial statements

THE ARMY DEPENDANTS' TRUST

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2021 £	2020 £
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)	3,507,698	(100,929)
Adjustments for:		
Depreciation charges	64	96
(Gain)/losses on investments	(2,690,948)	121,911
Interest received	(104)	(3,086)
Dividends received	(967,237)	(933,351)
Property investment income	(21,948)	(20,528)
(Increase)/decrease in debtors	(704,152)	327
(Decrease)/increase in creditors	(943,384)	898,766
Net cash used in operations	<u>(1,820,011)</u>	<u>(36,794)</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.21 £	Cash flow £	At 31.12.21 £
Net cash			
Cash at bank	3,004,005	(830,722)	2,173,283
	<u>3,004,005</u>	<u>(830,722)</u>	<u>2,173,283</u>
Total	<u>3,004,005</u>	<u>(830,722)</u>	<u>2,173,283</u>

The notes form part of these financial statements

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2021**

1. STATUTORY INFORMATION

The Army Dependants' Trust is an unincorporated charity registered with the Charity Commission for England and Wales (no.1064522). The principal address is Trenchard Lines, Upavon, Pewsey, Wiltshire, SN9 6BE.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities Act 2011. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, as modified by the revaluation of certain assets.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the Trust. The grants are accounted for where the trustees have agreed to pay the grant without condition and the recipient has a reasonable expectation that they will receive a grant.

Raising funds

The cost of raising funds are set out in note 5 and consist of those costs relating to collecting subscriptions. The charities investments are comprised primarily in the Armed Forces Charities Growth & Income Fund (AFCGIF), a charity in its own right managed by BlackRock Investment Managers (UK) Limited and in the M&G Charifund. The costs for these Funds are taken from the Fund itself and are reflected in the price of the Fund's units. These costs constitute approximately 0.48% (AFCGIF) and 0.47% (M&G Charifund) of the average value of the Fund over the year.

Charitable activities

Costs of charitable activities include grants made and an apportionment of other costs as shown in notes 7 to 10 and on the basis of the apportionment referred to above.

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31 DECEMBER 2021**

2. ACCOUNTING POLICIES - continued

Governance costs

Governance costs are set out in note 9 and comprise all costs involving the public accountability of the Charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of other costs as referred to above.

Taxation

The charity is exempt from tax on its charitable activities.

Pension costs and other post-retirement benefits

The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Allocation and apportionment of costs

Costs are allocated specifically to the activity to which they relate wherever possible. Some costs, mostly staff costs but including some administrative, establishment and finance costs relate to all three main activities of the Charity and these costs have been allocated as to 35 per cent to the cost of generating funds, 50 per cent to charitable activities and 15 per cent to governance. Other costs relate to generating funds and charitable activities only and these costs are split 41 per cent and 59 per cent respectively.

The cost allocation has always been determined by considering the time spent on each activity by the Charity's staff and calculating the resulting percentage of total staff costs that is attributable to each of those activities. This is reviewed annually and was last changed with effect from 1 January 2010 following changes in the method of collecting subscriptions which led to a significant reduction in the time spent on generating funds.

Tangible fixed assets

All assets costing more than £250 are capitalised and all assets are valued at cost less depreciation. Depreciation is charged on office equipment which is written off on a reducing balance basis at the rate of 33 per cent per annum which reflects their estimated useful life.

Fixed asset investments

Investments are stated at market value as at the balance sheet date.

All gains and losses are taken to the statement of financial activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and either the market value at the start of the year or the purchase date if purchased during the year. Unrealised gains and losses are calculated as the difference between the market value at the year end and either the market value at the start of the year or the purchase date if purchased during the year.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

3. DONATIONS AND LEGACIES

	2021	2020
	£	£
Members' subscriptions	915,748	884,078
Donations	602	841
	916,350	884,919

4. INVESTMENT INCOME

	2021	2020
	£	£
Property based investment income	21,948	20,528
Dividend income	967,237	933,351
Interest on cash deposits	104	2,289
Charities Trust Gainshare interest	-	797
	989,289	956,965

5. RAISING FUNDS

Raising donations and legacies

	2021	2020
	£	£
Staff costs	23,034	22,143
General insurance	448	195
Printing, postage, stationery, telephone and internet	559	323
Sundries	39	18
Books and software	133	93
Repairs and renewals of equipment	-	441
Depreciation	64	96
	24,277	23,309

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

6. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 7) £	Grant funding of activities (see note 8) £	Support costs (see note 9) £	Totals £
Grants to dependants and ABF The Soldiers' Charity	34,596	1,020,000	14,015	1,068,611

7. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2021 £	2020 £
Staff costs	32,905	31,633
General insurance	640	280
Printing, postage, stationery, telephone and internet	805	464
Sundries	56	27
Books and software	190	133
Repairs, renewals and office equipment	-	635
Foreign exchange	-	312
	<u>34,596</u>	<u>33,484</u>

8. GRANTS PAYABLE

	2021 £	2020 £
Grants to dependants and ABF The Soldiers' Charity	1,020,000	1,754,000

The total grants paid to institutions during the year was as follows:

	2021 £	2020 £
ABF The Soldiers' Charity	-	929,000

The total grants paid to individuals during the year was as follows:

	2021 £	2020 £
Beneficiaries of deceased members	1,020,000	825,000

The total grants paid to individuals during the year was £1,020,000 (2020: £825,000).

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

9. SUPPORT COSTS

	Governance costs £
Grants to dependants and ABF The Soldiers' Charity	14,015

Support costs, included in the above, are as follows:

	2021 Grants to dependants and ABF The Soldiers' Charity £	2020 Total activities £
Wages	8,927	8,587
Social security	854	813
Pensions	91	90
Auditors' remuneration	2,880	2,880
Indemnity insurance	211	953
Subscriptions	995	746
Books and software	57	40
	<u>14,015</u>	<u>14,109</u>

10. AUDITORS' REMUNERATION

	2021 £	2020 £
Fees payable to the charity's auditors for the audit of the charity's financial statements	<u>2,880</u>	<u>2,880</u>

11. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2021 nor for the year ended 31 December 2020.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 December 2021 nor for the year ended 31 December 2020.

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

12. STAFF COSTS

	2021	2020
	£	£
Secretary's salary	37,784	37,008
Other staff salaries	21,731	20,239
Social security	5,691	5,419
Secretary's pension contributions	-	-
Other staff pension contributions	605	600
	65,811	63,266

No employees received emoluments in excess of £60,000.

The average monthly number of employees during the year calculated on a full time equivalent basis was 2 (2020: 2).

13. TOTAL RUNNING COSTS

The total running costs of the Charity for the year were £72,888 (2020: £70,902).

14. TANGIBLE FIXED ASSETS

	Office equipment £
COST	
At 1 January 2021 and 31 December 2021	1,470
DEPRECIATION	
At 1 January 2021	1,276
Charge for year	64
At 31 December 2021	1,340
NET BOOK VALUE	
At 31 December 2021	130
At 31 December 2020	194

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

15. FIXED ASSET INVESTMENTS

	Unlisted investments £
MARKET VALUE	
At 1 January 2021	25,699,005
Revaluations	2,690,948
At 31 December 2021	28,389,953
NET BOOK VALUE	
At 31 December 2021	28,389,953
At 31 December 2020	25,699,005

The investments comprised holdings in a common investment fund, and unit trusts, with market values at the end of the year as follows:

	2021 £	2020 £
The Armed Forces Charities Growth & Income Fund	22,312,300	20,354,300
Mayfair Property Income Trust for Charities	522,930	445,434
M&G Equities Investment Fund for Charities	5,554,723	4,899,271
	28,389,953	25,699,005

The investments are held primarily to provide an investment return for the Charity and were held in the UK.

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Members subscriptions due	947	3
Other debtors	703,100	-
Prepayments	1,111	1,003
	705,158	1,006

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

17. CASH AT BANK

	2021 Total funds £	2020 Total funds £
Clearing bank account	1,300,290	2,131,116
Charities deposit account	872,993	872,889
Total	<u>2,173,283</u>	<u>3,004,005</u>

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Grants payable	-	944,000
Social security and other taxes	2,223	1,447
Other creditors	-	160
Accrued expenses	2,880	2,880
	<u>5,103</u>	<u>948,487</u>

19. MOVEMENT IN FUNDS

	At 1.1.21 £	Net movement in funds £	At 31.12.21 £
Unrestricted funds			
General fund	27,755,723	3,507,698	31,263,421
TOTAL FUNDS	<u>27,755,723</u>	<u>3,507,698</u>	<u>31,263,421</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	1,909,639	(1,092,888)	2,690,947	3,507,698
TOTAL FUNDS	<u>1,909,639</u>	<u>(1,092,888)</u>	<u>2,690,947</u>	<u>3,507,698</u>

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

19. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.1.20 £	Net movement in funds £	At 31.12.20 £
Unrestricted funds			
General fund	27,856,652	(100,929)	27,755,723
TOTAL FUNDS	<u>27,856,652</u>	<u>(100,929)</u>	<u>27,755,723</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	1,845,883	(1,824,902)	(121,910)	(100,929)
TOTAL FUNDS	<u>1,845,883</u>	<u>(1,824,902)</u>	<u>(121,910)</u>	<u>(100,929)</u>

20. RELATED PARTY DISCLOSURES

Major General (Ret'd) M J R Rutledge CB OBE MA was the Chief Executive of ABF The Soldiers' Charity. Major General P Griffiths is a trustee of ABF The Soldiers' Charity. The Charity has power, in its Scheme, to make grants to ABF The Soldiers' Charity. No Grant was made to ABF The Soldiers' Charity during the year (2020: £929,000).

21. ULTIMATE CONTROLLING PARTY

The Charity was controlled throughout the year by the Trustees.

THE ARMY DEPENDANTS' TRUST

DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
INCOME AND ENDOWMENTS		
Donations and legacies		
Members' subscriptions	915,748	884,078
Donations	602	841
	916,350	884,919
Investment income		
Property based investment income	21,948	20,528
Dividend income	967,237	933,351
Interest on cash deposits	104	2,289
Charities Trust Gainshare interest	-	797
	989,289	956,965
Other income		
Employers N.I. allowance	4,000	3,999
Total incoming resources	1,909,639	1,845,883
EXPENDITURE		
Raising donations and legacies		
Wages	20,830	20,036
Social security	1,992	1,897
Pensions	212	210
General insurance	448	195
Printing, postage, stationery, telephone and internet	559	323
Sundries	39	18
Books and software	133	93
Repairs and renewals of equipment	-	441
Office equipment depreciation	64	96
	24,277	23,309
Charitable activities		
Wages	29,758	28,624
Social security	2,845	2,709
Pensions	302	300
General insurance	640	280
Printing, postage, stationery, telephone and internet	805	464
Carried forward	34,350	32,377

This page does not form part of the statutory financial statements

THE ARMY DEPENDANTS' TRUST

DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Charitable activities		
Brought forward	34,350	32,377
Sundries	56	27
Books and software	190	133
Repairs, renewals and office equipment	-	635
Foreign exchange	-	312
Grant to ABF The Soldiers' Charity	-	929,000
Grants awarded to dependants	1,020,000	825,000
	1,054,596	1,787,484
Support costs		
Governance costs		
Wages	8,927	8,587
Social security	854	813
Pensions	91	90
Auditors' remuneration	2,880	2,880
Indemnity insurance	211	953
Subscriptions	995	746
Books and software	57	40
	14,015	14,109
Total resources expended	1,092,888	1,824,902
Net income before gains and losses	816,751	20,981
Unrealised gains and losses		
Gains/(losses) on investments	2,690,947	(121,910)
Net income/(expenditure)	3,507,698	(100,929)

This page does not form part of the statutory financial statements

THE ARMY DEPENDANTS' TRUST

England & Wales - Charity number 1064522

Accounts

REGISTERED CHARITY NUMBER: 1064522

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
FOR
THE ARMY DEPENDANTS' TRUST

Hysons Accountants LLP, Statutory Auditor
14 London Street
Andover
Hampshire
SP10 2PA

THE ARMY DEPENDANTS' TRUST

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FOR THE YEAR ENDED 31 DECEMBER 2020

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THE ARMY DEPENDANTS' TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2020

The trustees present their report with the financial statements of the charity for the year ended 31 December 2020. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The main object of the Charity is the promotion of the efficiency of the Army through the relief of persons who are in a condition of immediate financial need, hardship or distress and who are the dependants or next of kin of a deceased soldier or officer. In so far as the trustees cannot apply the income for this main object, they apply it in making grants to ABF The Soldiers' Charity (registered Charity number 211645) for its general purposes.

Significant activities

Since 2013, the Charity has met its objects through 2 mechanisms: The making of grants (up to £15,000 per death) to nominated beneficiaries of members; and, the making of a major grant to the ABF (2020: £929,000), to fulfil all other objects of the Charity, on the Charity's behalf. Trustees review this approach on an annual basis.

Public benefit

In considering the activities that have been undertaken in the past year, the trustees have paid due regard to the guidance on public benefit published by the Charity Commission. Trustees continue to look at whether there are other groups of potential beneficiaries that could be reached by extending eligibility criteria in line with the Charity's objectives. It is the opinion of the trustees that the Charity satisfies the criteria for public benefit.

Grantmaking

The object of the charity is the promotion of the efficiency of the Army through the relief of dependants of deceased soldiers or officers in the following order of priority: The dependants of deceased members of the charity; the dependants of deceased soldiers or officers.

The trust may assist dependants through the provision of immediate grants or, for the relief of dependants in financial hardship, sickness or disability, the trust may provide grants, loans, gifts, pensions or otherwise.

If and in so far as the trust's income is not required to meet the above objects, trustees may apply it to: Make grants to the ABF for its general purposes; or for the benefit of persons who are serving or have served in the British Army, or their dependants, in any charitable ways.

THE ARMY DEPENDANTS' TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2020

ACHIEVEMENT AND PERFORMANCE

Charitable activities

The Charity's key effort throughout the year continued to be grant making to the dependants of soldiers, officers and some retired members, who died during the year. Since its primary activity is dependent upon deaths, which are of course unforeseen, the objective is not to maximise grant making but instead to react evenhandedly, efficiently and effectively to dependants' needs when a death does occur. In 2020 all but 1 case was dealt with in the target time frame. In this one exceptional case, delays were caused by the Trust's inability to legally confirm the identity of beneficiaries, which was beyond the control of trustees. The trustees therefore consider that they have achieved this objective as best as practically possible.

Whether in times of peace or conflict, the precise future demand on the Trust's resources is something largely beyond the trustees' control. Liquidity planning is based on the expected level of discretionary grants which is, in turn, based on a statistical average number of fatalities. However, in times of conflict or a mass casualty event, the number of deaths will often be beyond the statistical average and planning is thus made more difficult than normal. For this reason trustees maintain significant liquidity, to the approximate value of 3 times the typical annual average expenditure of individual grants. This enables the Trust to respond rapidly if required in an emergency situation.

During the year the trust was notified of 59 deaths (2019: 67). The trust awarded 59 (2019: 61) grants to dependants of 56 (2019: 55) personnel. In 3 cases no award was made. 36 awards were made to regular or full time reservist soldiers, officers and retired members in 2020. 20 awards were made to members of the Army Reserve in 2020, none on the basis Regular Reserve liability. There were 2 operational death in 2020. None of these awards were made to non-members. The 5 year average number of deaths notified is 61 (2019: 63). The 5 year average number of deaths where a benefit was paid is 51 (2019: 53). Since the Trust was formed in 2000, the average number of notifications is 96 per year (2019: 97). The average number of deaths where a benefit was paid is 90 (2019: 93).

Grants were made, according to needs, to the beneficiary nominated by the deceased, usually being the spouse or a parent, or sometimes to other family dependants where the trustees considered there was need. Grants made to individuals during the year totalled £825,000 compared to £840,000 in 2019. The trustees review at each Board meeting a sample of the many letters of appreciation received from next of kin and units.

Individual Grantmaking

As far as is possible the trustees aim to make any grant within 4 working days of the date of a death being made known to them. Where a beneficiary requests payment by cheque, the trustees aim to post such correspondence within 4 working days of the date of death. In practice, individual grants are usually received by beneficiaries well within these time frames, sometimes in a matter of hours. The Secretary will make suitable enquiries into the circumstances and follows a system of practice and precedent to make grants on behalf of trustees. In exceptional circumstances the Secretary seeks advice from trustees before making a grant.

Cooperation with ABF The Soldiers' Charity

Trustees continue to rely heavily upon ABF, The Soldiers Charity, to meet the full extent of the Trust's objects. Trustees recognise the sector coherence that can be achieved by this joined up and collective approach. Trustees equally remain vigilant to the governance and risk management implications of such a methodology for grant making. With this in mind trustees annually review this approach to working with The Soldiers Charity, to ensure the objects of the trust are both best met and properly overseen.

THE ARMY DEPENDANTS' TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2020

ACHIEVEMENT AND PERFORMANCE

Fundraising activities

The Charity's principal fund raising objective is to raise sufficient funds to meet the average grant need, based on normal expectations of members' mortality rates, and this is achieved through a combination of subscriptions from members and investment income. Subscriptions are paid at a rate of £8.75 per year - this has remained the same for the past 13 years. Where possible, subscriptions are collected through payroll giving to enable tax efficiency for members, but cheque payments and bank transfers are also accepted. Eligible retired officers continue to pay their subscription of £10 per year through standing orders.

The trustees encourage all Regular and Reserve soldiers and officers to become members of the scheme. Judged by any practical measure, the membership of eligible Regular personnel continues to be as high as achievable. The only gaps in this occur when individuals may re-join the Regular component, or transfer into it from the Reserve. This is a negligible figure but the trust is pursuing methods to eliminate these gaps nonetheless. In the event of a death, care is taken to ensure that where there has been an administrative error, this does not disadvantage the dependants of eligible personnel. Take-up of membership amongst Reservists remains more challenging. Despite the impact of Covid on Reserve training, this acceleration was maintained in 2020, with approximately 60% (2019: 50%) of eligible personnel in membership. Trustees are determined to continue this improvement in the take-up of membership amongst Reservists and a number of new subscription and payment options are in development for consideration in due course. Payment challenges continue to be an issue to be addressed. In 2020 approximately 38% (2019: 35%) of those who seek membership subsequently experience payment difficulties. This backslide is potentially due to the Covid impact on Reserve training and the subsequent lack of funds in pay accounts to enable a deduction.

Trustees agreed in December 2017 to extend eligibility, at no cost, to all ex-Regulars with a Regular Reserve (RR) liability for the period of their RR liability; thus increasing potential beneficiaries by approximately 25,000. The practicalities of effecting this change were addressed in 2019, as the first beneficiaries under this category were supported. Trustees continue to monitor the broader implications for awareness, potential liabilities and the parity of offer to all eligible personnel across the scope of the charity.

It is worth noting that, in broad terms, Covid 19 has to date had a negligible impact on the Trust. Whilst early planning prepared for the worst in terms of potential death benefits, the biggest impact was felt in the value of the Trust's investments. The recovery of these investments was achieved largely in 2020 and continues in 2021.

FINANCIAL REVIEW

Incoming resources

Subscription income from members totalled £884,078 (2019: £893,302), investment income was £956,965 (2019: £1,004,000) and £841 (2019: £1,098) was received in donations.

Resources expended

Grants awarded totalled £825,000 (2019: £840,000). The cost of fundraising was £23,309 (2019: £22,885), the cost of making grants and carrying on other charitable activities, but excepting the grants themselves, was £33,484 (2019: £32,495), and governance costs totalled £14,109 (2019: £12,800).

The method of allocating costs is explained in note 1 of the financial statements. Excluding grants, the total costs of the Charity were £70,902 (2019: £68,180). The ratio of annual running costs as a proportion of total income for 2020 was 3.84% (2019: 3.59%).

THE ARMY DEPENDANTS' TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2020

FINANCIAL REVIEW

Investment policy and objectives

The majority of the Charity's funds are invested in the Armed Forces Charities Growth & Income Fund (AFCGIF) (formerly the Armed Forces Common Investment Fund). This fund is shared with other Armed Forces charities and is currently managed by BlackRock Investment Management (UK) Limited. The investment is unitised and may be held in Income Units in which the income is distributed or in Accumulation Units where the gross income is automatically reinvested. The lead Investment Manager is BlackRock Investment Management (UK) Limited who are appointed by the Advisory Board of AFCGIF, which comprises senior City individuals and representatives of the major investing charities.

The investment in AFCGIF is currently held in income units as this best meets the objective of generating income to cover grants and costs and, at the same time, allow the opportunity for capital growth. The asset allocation of AFCGIF is against a composite benchmark and, as at 31 December 2020, was made up of UK Equities, Global Equities, Fixed Income Bonds, Property, Alternatives, and Cash. The primary performance objective of AFCGIF is to seek to outperform the composite benchmark set by the Advisory Board by 1% per annum. The income paid during 2020 amounted to 7.80 pence per unit (2019: 7.60p). During the year under review the actual yield of the investment, based on the market value of the investment at the year end, was 3.41% (2019: 3.48%). The investment in AFCGIF increased in value by 4.81% (2019: 14.00%) giving rise to an unrealised gain of £934,500 (2019: £2,385,200). In addition, income of £694,200 was paid in 2020 (2019: £676,400).

In addition to this primary investment, and on the basis of advice taken by the Trustees, the Charity has other investments consisting of the Mayfair Property Income Trust for Charities and The M&G Equities Investment Fund for Charities (M&G Charifund).

The Property Income Trust for Charities (PITCH) is managed by Mayfair Capital Investment Management Limited and the fund administrator is Saltgate (UK) Limited. In October 2016 the Mayfair Capital was acquired by Swiss Life Asset Managers; however, day to day management of the PITCH has remained with the current team. This investment was made to diversify the portfolio and increase the yield whilst maintaining the potential for some capital growth in real terms. The PITCH objective is to invest in commercial property throughout the UK. It aims to deliver an income yield of around 6% p.a., whilst at least growing the capital value in real terms. Income is now distributed, gross, monthly. The Fund operates both ethical and environmental policies and seeks to be a socially responsible investor. The value of the Charity's holding in this fund decreased by 5.91% during the year giving rise to an unrealised loss of £27,991 (2019: £13,226). Income of £20,528 was received which is equivalent to an annual 12 month rolling yield of 4.61% (2019: 5.50%).

THE ARMY DEPENDANTS' TRUST
REPORT OF THE TRUSTEES
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FINANCIAL REVIEW

The M&G Charifund is designed to provide a high and growing income, while at the same time protecting its capital from the erosive effects of inflation. The Charifund portfolio comprises approximately 100 stocks. The fund invests in a well-diversified portfolio of mainly high yielding UK stocks with the objective of generating a high income and increasing the annual distribution. The aim is to provide a level of income that is significantly higher than that of the FTSE All-Share Index. Over the year the value of this holding has decreased by 17.3% (2019: increased 16.6%) giving rise to unrealised loss of £1,028,420 (2019: gain £844,737). In addition, income of £239,151 (2019: £296,261) was received which is equivalent to a yield at 31 December 2020 of 4.88% (2019: 5.00%).

3 year % performance comparison of the equity investments

Fund	<u>2018</u>		<u>2019</u>		<u>2020</u>		<u>Combined</u>	
	<u>Growth</u>	<u>Yield</u>	<u>Growth</u>	<u>Yield</u>	<u>Growth</u>	<u>Yield</u>	<u>Total growth</u>	<u>Average yield</u>
AFCGIF	-9.97%	3.97%	14.00%	3.48%	4.81%	3.41%	19.49%	3.62%
PITCH	2.69%	5.56%	-2.72%	5.50%	-5.91%	4.61%	-8.47%	5.22%
M&G	-13.30%	5.54%	16.60%	5.00%	-17.30%	4.88%	-3.61%	5.14%

As well as these investments, and in order to maintain a necessary amount of cash reserves to meet unpredictable demands, the Trust has funds on deposit with clearing banks and with the COIF Charities Deposit Fund administered by CCLA Investment Management Limited.

Reserves policy

The policy of the Charity continues to be to generate sufficient funds through subscriptions and investment income to meet its primary object - the granting of awards to dependants or next of kin of deceased soldiers or officers. This is the core object of the Charity and is the primary requirement for operational reserves. It is impossible to predict with accuracy the number of fatalities that will occur in the year ahead, but use of historical data was agreed as the most appropriate guide. Following a study of historical data, it was agreed that the most appropriate figure for future planning was the 20 year average fatality data. Using this figure for annual fatalities, and assuming a 3.5% return on investments as previously, would give rise to an Operational Reserve requirement of approximately £15m.

In addition, trustees have felt the Trust should hold reserves available to meet both the commitment against a single major accident, such as a plane crash or ship sinking, and also against casualties from a short-term, major conflict. Trustees agreed that a separate reserve fund - a Mass Casualty Reserve - of £5m should be established for this.

To meet its normal operational needs and have cover for the unexpected events above, the trustees deem that an appropriate level of reserves to cover both the above would be roughly £20m. The trustees note that the current reserves of over £27m are in excess of this requirement; though the value of reserves is, of course, subject to equity market fluctuations. However, the Trustees will re-calculate the reserve requirement at least every 5 years and adjust the level as necessary in line with the most up to date historical data.

FUTURE PLANS

There are no current plans to alter the aims and objectives of the Trust. However, trustees are continuing to work hard to ensure that the Charity provides the best support it can to as many as it can.

THE ARMY DEPENDANTS' TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The Charity is governed by a Charity Commission Scheme dated 19th February 2009 and this replaced the previous scheme dated 1st September 1999. The new scheme comprises the present constitution of the Charity.

Management

Of our six trustees, five are appointed because of their particular knowledge of personnel and welfare issues in the Army; in addition, the trustees have appointed one co-opted trustee. The co-opted trustee, who serves for a term normally not exceeding five years, is chosen for their expertise in specialised areas pertinent to the Charity's operations, or as a representative of member groups eg Army Reservists. The trustees meet at least once, but usually twice, each year in order to manage and monitor the Charity's affairs. The trustees delegate the day to day responsibility for operating the Charity to the Secretary/Treasurer, who is assisted by a part time member of staff. However, trustees are on hand at all times to sanction important decisions particularly concerning the assessment of needs of beneficiaries of discretionary grants.

The trustees are chosen so as to bring to the executive function persons whose roles in the British Army are most relevant and appropriate to the aims and objectives of the Charity. Primarily these involve matters of welfare and family support, but the individuals chosen have a wide range of experience as well as multiple skills and very significant academic, military and other qualifications making them most suited to the position.

The trustees are conscious of their significant responsibilities and undertake training where appropriate, including attendance on at least one training day every two years. They have also appointed a legal adviser with specific expertise in charities to assist them in meeting their responsibilities. The trustees believe that these procedures ensure that they are properly equipped to fulfil their role efficiently and effectively.

Risk management

The trustees have examined the major governance, business, financial and operational risks that the Charity faces. Due to the nature of the Charity and modus operandi of the Charity the risks are fairly consistent, and are listed on a Risk Register which identifies impact, likely-hood of occurrence, and any mitigating action taken. This is monitored regularly by the CE and at least once a year formally by the trustees who ensure that control actions and procedures are in place wherever possible to minimise these risks.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Charity number

1064522

Principal address

Trenchard Lines
Upavon
Pewsey
Wiltshire
SN9 6BE

THE ARMY DEPENDANTS' TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2020

Trustees

Warrant Officer Class 1 B Alvin

Brigadier C M B Coles

Brigadier M J Gamble

- resigned 7.1.19

Major General P Griffiths

- appointed 1.4.21

Major General I B L Jones

- resigned 15.3.19

Major General S Nesmith

- appointed 15.3.19, resigned 1.4.21

Major General (Ret'd) M J R Rutledge CB OBE

MA

Colonel M P Sykes

Co-opted trustees

Colonel N R W Astbury

Mrs S Baade

- resigned 30.6.20

CE/Secretary and treasurer

Mr D G Middleton

Auditors

Hysons Accountants LLP, Statutory Auditor

14 London Street

Andover

Hampshire

SP10 2PA

Bankers

Lloyds Bank plc

7 Pall Mall

London

SW1Y 5NA

Solicitors

Wilsons Solicitors LLP

Steynings House

Summerlock Approach

Salisbury

Wiltshire

SP2 7RJ

Investment managers

BlackRock Investment Management (UK)
Limited

12 Throgmorton Avenue

London, EC2N 2DL

CCLA Investment Management Limited

Senator House

85 Queen Victoria Street

London, EC4V 4ET

M&G Securities Limited

Laurence Pountney Hill

London, EC4R 0HH

Mayfair Capital Investment Management Ltd

2 Cavendish Square

London, W1G 0PU

THE ARMY DEPENDANTS' TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT OF TRUSTEES' RESPONSIBILITIES

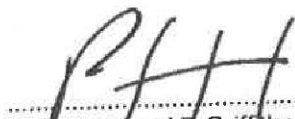
The trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales, the Charities Act 2011, Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing those financial statements, the trustees are required to

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by order of the board of trustees on 25th October 2021 and signed on its behalf by:


Major General F. Griffiths - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE ARMY DEPENDANTS' TRUST

Opinion

We have audited the financial statements of The Army Dependants' Trust (the 'charity') for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2020 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' 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 charity'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. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
THE ARMY DEPENDANTS' TRUST**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements which 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 charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE ARMY DEPENDANTS' TRUST

Our responsibilities for the audit of the financial statements

We have been appointed as auditors under Section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 a Report of the Independent Auditors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the charity sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charity, including the Charities Act 2011, Charities SORP (FRS 102) and Financial Reporting Standard 102;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the charity's legal advisors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
THE ARMY DEPENDANTS' TRUST**

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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 Report of the Independent Auditors.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Hysons Accountants LLP, Statutory Auditor
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
14 London Street
Andover
Hampshire
SP10 2PA

Date: 25/10/2021

THE ARMY DEPENDANTS' TRUST

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2020**

		2020 Unrestricted fund £	2019 Total funds £
INCOME AND ENDOWMENTS FROM	Notes		
Donations and legacies	3	884,919	894,400
Investment income	4	956,965	1,004,000
Other income		3,999	3,000
Total		1,845,883	1,901,400
 EXPENDITURE ON			
Raising funds	5	23,309	22,885
Charitable activities	6		
Grants to dependants and ABF The Soldiers' Charity		1,801,593	1,685,295
Total		1,824,902	1,708,180
Net gains/(losses) on investments		(121,910)	3,216,711
NET INCOME/(EXPENDITURE)		(100,929)	3,409,931
 RECONCILIATION OF FUNDS			
Total funds brought forward		27,856,652	24,446,721
 TOTAL FUNDS CARRIED FORWARD		27,755,723	27,856,652

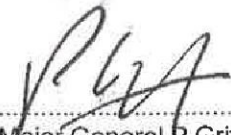
The notes form part of these financial statements

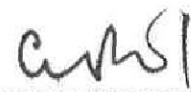
THE ARMY DEPENDANTS' TRUST

BALANCE SHEET
31 DECEMBER 2020

	Notes	2020 Unrestricted fund £	2019 Total funds £
FIXED ASSETS			
Tangible assets	14	194	290
Investments	15	25,699,005	25,820,916
		<u>25,699,199</u>	<u>25,821,206</u>
CURRENT ASSETS			
Debtors	16	1,006	1,333
Cash at bank	17	3,004,005	2,083,834
		<u>3,005,011</u>	<u>2,085,167</u>
CREDITORS			
Amounts falling due within one year	18	(948,487)	(49,721)
NET CURRENT ASSETS		<u>2,056,524</u>	<u>2,035,446</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>27,755,723</u>	<u>27,856,652</u>
NET ASSETS		<u>27,755,723</u>	<u>27,856,652</u>
FUNDS	19		
Unrestricted funds		<u>27,755,723</u>	<u>27,856,652</u>
TOTAL FUNDS		<u>27,755,723</u>	<u>27,856,652</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 28 January 2021 and were signed on its behalf by:


Major General P Griffiths - Trustee


Brigadier C M B Coles - Trustee

The notes form part of these financial statements

THE ARMY DEPENDANTS' TRUST

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

Notes	2020 £	2019 £
Cash flows from operating activities		
Cash generated from operations 1	(36,794)	(1,420,851)
Net cash used in operating activities	(36,794)	(1,420,851)
 Cash flows from investing activities		
Purchase of tangible fixed assets	-	(308)
Interest received	3,086	5,300
Dividends received	933,351	972,661
Property investment income	20,528	26,039
Net cash provided by investing activities	956,965	1,003,692
 Change in cash and cash equivalents in the reporting period	920,171	(417,159)
Cash and cash equivalents at the beginning of the reporting period	2,083,834	2,500,993
 Cash and cash equivalents at the end of the reporting period	3,004,005	2,083,834

The notes form part of these financial statements

THE ARMY DEPENDANTS' TRUST

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

1. RECONCILIATION OF NET (EXPENDITURE)/INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2020 £	2019 £
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(100,929)	3,409,931
Adjustments for:		
Depreciation charges	96	143
Losses/(gain) on investments	121,911	(3,216,711)
Interest received	(3,086)	(5,300)
Dividends received	(933,351)	(972,661)
Property investment income	(20,528)	(26,039)
Decrease/(increase) in debtors	327	(319)
Increase/(decrease) in creditors	898,766	(609,895)
Net cash used in operations	(36,794)	(1,420,851)

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.20 £	Cash flow £	At 31.12.20 £
Net cash			
Cash at bank	2,083,834	920,171	3,004,005
	<u>2,083,834</u>	<u>920,171</u>	<u>3,004,005</u>
Total	<u>2,083,834</u>	<u>920,171</u>	<u>3,004,005</u>

The notes form part of these financial statements

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2020**

1. STATUTORY INFORMATION

The Army Dependants' Trust is an unincorporated charity registered with the Charity Commission for England and Wales (no.1064522). The principal address is Trenchard Lines, Upavon, Pewsey, Wiltshire, SN9 6BE.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities Act 2011. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, as modified by the revaluation of certain assets.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the Trust. The grants are accounted for where the trustees have agreed to pay the grant without condition and the recipient has a reasonable expectation that they will receive a grant.

Raising funds

The cost of raising funds are set out in note 5 and consist of those costs relating to collecting subscriptions. The charities investments are comprised primarily in the Armed Forces Charities Growth & Income Fund (AFCGIF), a charity in its own right managed by BlackRock Investment Managers (UK) Limited and in the M&G Charifund. The costs for these Funds are taken from the Fund itself and are reflected in the price of the Fund's units. These costs constitute approximately 0.48% (AFCGIF) and 0.47% (M&G Charifund) of the average value of the Fund over the year.

Charitable activities

Costs of charitable activities include grants made and an apportionment of other costs as shown in notes 7 to 10 and on the basis of the apportionment referred to above.

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31 DECEMBER 2020**

2. ACCOUNTING POLICIES - continued

Governance costs

Governance costs are set out in note 9 and comprise all costs involving the public accountability of the Charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of other costs as referred to above.

Taxation

The charity is exempt from tax on its charitable activities.

Pension costs and other post-retirement benefits

The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Allocation and apportionment of costs

Costs are allocated specifically to the activity to which they relate wherever possible. Some costs, mostly staff costs but including some administrative, establishment and finance costs relate to all three main activities of the Charity and these costs have been allocated as to 35 per cent to the cost of generating funds, 50 per cent to charitable activities and 15 per cent to governance. Other costs relate to generating funds and charitable activities only and these costs are split 41 per cent and 59 per cent respectively.

The cost allocation has always been determined by considering the time spent on each activity by the Charity's staff and calculating the resulting percentage of total staff costs that is attributable to each of those activities. This is reviewed annually and was last changed with effect from 1 January 2010 following changes in the method of collecting subscriptions which led to a significant reduction in the time spent on generating funds.

Tangible fixed assets

All assets costing more than £250 are capitalised and all assets are valued at cost less depreciation. Depreciation is charged on office equipment which is written off on a reducing balance basis at the rate of 33 per cent per annum which reflects their estimated useful life.

Fixed asset investments

Investments are stated at market value as at the balance sheet date.

All gains and losses are taken to the statement of financial activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and either the market value at the start of the year or the purchase date if purchased during the year. Unrealised gains and losses are calculated as the difference between the market value at the year end and either the market value at the start of the year or the purchase date if purchased during the year.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

3. DONATIONS AND LEGACIES

	2020	2019
	£	£
Members' subscriptions	884,078	893,302
Donations	841	1,098
	<u>884,919</u>	<u>894,400</u>

4. INVESTMENT INCOME

	2020	2019
	£	£
Property based investment income	20,528	26,039
Dividend income	933,351	972,661
Interest on cash deposits	2,289	4,927
Charities Trust Gainshare interest	797	373
	<u>956,965</u>	<u>1,004,000</u>

5. RAISING FUNDS

Raising donations and legacies

	2020	2019
	£	£
Staff costs	22,143	21,940
General insurance	195	193
Printing, postage, stationery, telephone and internet	323	409
Sundries	18	98
Books and software	93	102
Repairs and renewals of equipment	441	-
Depreciation	96	143
	<u>23,309</u>	<u>22,885</u>

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

6. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 7) £	Grant funding of activities (see note 8) £	Support costs (see note 9) £	Totals £
Grants to dependants and ABF The Soldiers' Charity	33,484	1,754,000	14,109	1,801,593

7. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2020 £	2019 £
Staff costs	31,633	31,343
General insurance	280	277
Printing, postage, stationery, telephone and internet	464	589
Sundries	27	141
Books and software	133	145
Repairs, renewals and office equipment	635	-
Foreign exchange	312	-
	<u>33,484</u>	<u>32,495</u>

8. GRANTS PAYABLE

	2020 £	2019 £
Grants to dependants and ABF The Soldiers' Charity	1,754,000	1,640,000

The total grants paid to institutions during the year was as follows:

	2020 £	2019 £
ABF The Soldiers' Charity	929,000	800,000

The total grants paid to individuals during the year was as follows:

	2020 £	2019 £
Beneficiaries of deceased members	825,000	840,000

The total grants paid to individuals during the year was £825,000 (2019: £840,000).

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

9. SUPPORT COSTS

	Governance costs £
Grants to dependants and ABF The Soldiers' Charity	14,109

Support costs, included in the above, are as follows:

	2020 Grants to dependants and ABF The Soldiers' Charity £	2019 Total activities £
Wages	8,587	8,495
Social security	813	820
Pensions	90	88
Auditors' remuneration	2,880	2,880
Indemnity insurance	953	953
Auditors' remuneration over provision last year	-	(480)
Subscriptions	746	-
Books and software	40	44
	<u>14,109</u>	<u>12,800</u>

10. AUDITORS' REMUNERATION

	2020 £	2019 £
Fees payable to the charity's auditors for the audit of the charity's financial statements	<u>2,880</u>	<u>2,880</u>

11. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2020 nor for the year ended 31 December 2019.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 December 2020 nor for the year ended 31 December 2019.

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

12. STAFF COSTS

	2020	2019
	£	£
Secretary's salary	37,008	37,047
Other staff salaries	20,239	19,585
Social security	5,419	5,466
Secretary's pension contributions	-	-
Other staff pension contributions	600	588
	<u>63,266</u>	<u>62,686</u>

No employees received emoluments in excess of £60,000.

The average monthly number of employees during the year calculated on a full time equivalent basis was 2 (2019: 2).

13. TOTAL RUNNING COSTS

The total running costs of the Charity for the year were £70,902 (2019: £68,180).

14. TANGIBLE FIXED ASSETS

	Office equipment £
COST	
At 1 January 2020 and 31 December 2020	<u>1,470</u>
DEPRECIATION	
At 1 January 2020	1,180
Charge for year	<u>96</u>
At 31 December 2020	<u>1,276</u>
NET BOOK VALUE	
At 31 December 2020	<u>194</u>
At 31 December 2019	<u>290</u>

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

15. FIXED ASSET INVESTMENTS

	Unlisted investments £
MARKET VALUE	
At 1 January 2020	25,820,916
Revaluations	(121,911)
At 31 December 2020	<u>25,699,005</u>
NET BOOK VALUE	
At 31 December 2020	<u>25,699,005</u>
At 31 December 2019	<u>25,820,916</u>

The investments comprised holdings in a common investment fund, and unit trusts, with market values at the end of the year as follows:

	2020 £	2019 £
The Armed Forces Charities Growth & Income Fund	20,354,300	19,419,800
Mayfair Property Income Trust for Charities	445,434	473,425
M&G Equities Investment Fund for Charities	4,899,271	5,927,691
	<u>5,699,005</u>	<u>5,820,916</u>

The investments are held primarily to provide an investment return for the Charity and were held in the UK.

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Members subscriptions due	3	4
Other debtors	-	308
Prepayments	1,003	1,021
	<u>1,006</u>	<u>1,333</u>

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

17. CASH AT BANK

	2020 Total funds £	2019 Total funds £
Clearing bank account	2,131,116	1,213,234
Charities deposit account	872,889	870,600
Total	3,004,005	2,083,834

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade creditors	-	27
Grants payable	944,000	45,000
Social security and other taxes	1,447	1,814
Other creditors	160	-
Accrued expenses	2,880	2,880
	948,487	49,721

19. MOVEMENT IN FUNDS

	At 1.1.20 £	Net movement in funds £	At 31.12.20 £
Unrestricted funds			
General fund	27,856,652	(100,929)	27,755,723
TOTAL FUNDS	27,856,652	(100,929)	27,755,723

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	1,845,883	(1,824,902)	(121,910)	(100,929)
TOTAL FUNDS	1,845,883	(1,824,902)	(121,910)	(100,929)

THE ARMY DEPENDANTS' TRUST

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

19. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.1.19 £	Net movement in funds £	At 31.12.19 £
Unrestricted funds			
General fund	24,446,721	3,409,931	27,856,652
TOTAL FUNDS	<u>24,446,721</u>	<u>3,409,931</u>	<u>27,856,652</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	1,901,400	(1,708,180)	3,216,711	3,409,931
TOTAL FUNDS	<u>1,901,400</u>	<u>(1,708,180)</u>	<u>3,216,711</u>	<u>3,409,931</u>

20. RELATED PARTY DISCLOSURES

Major General (Ret'd) M J R Rutledge CB OBE MA is the Chief Executive of ABF The Soldiers' Charity. Major General S Nesmith was a trustee of ABF The Soldiers' Charity. The Charity has power, in its Scheme, to make grants to ABF The Soldiers' Charity. Grants of £929,000 (2019: £800,000) were made to ABF The Soldiers' Charity during the year.

21. ULTIMATE CONTROLLING PARTY

The Charity was controlled throughout the year by the Trustees.

THE ARMY DEPENDANTS' TRUST

DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
INCOME AND ENDOWMENTS		
Donations and legacies		
Members' subscriptions	884,078	893,302
Donations	841	1,098
	884,919	894,400
Investment income		
Property based investment income	20,528	26,039
Dividend income	933,351	972,661
Interest on cash deposits	2,289	4,927
Charities Trust Gainshare interest	797	373
	956,965	1,004,000
Other income		
Employers N.I. allowance	3,999	3,000
	1,845,883	1,901,400
Total incoming resources		
EXPENDITURE		
Raising donations and legacies		
Wages	20,036	19,821
Social security	1,897	1,913
Pensions	210	206
General insurance	195	193
Printing, postage, stationery, telephone and internet	323	409
Sundries	18	98
Books and software	93	102
Repairs and renewals of equipment	441	-
Office equipment depreciation	96	143
	23,309	22,885
Charitable activities		
Wages	28,624	28,316
Social security	2,709	2,733
Pensions	300	294
General insurance	280	277
Printing, postage, stationery, telephone and internet	464	589
Carried forward	32,377	32,209

This page does not form part of the statutory financial statements

THE ARMY DEPENDANTS' TRUST

DETAILED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Charitable activities		
Brought forward	32,377	32,209
Sundries	27	141
Books and software	133	145
Repairs, renewals and office equipment	635	-
Foreign exchange	312	-
Grant to ABF The Soldiers' Charity	929,000	800,000
Grants awarded to dependants	825,000	840,000
	1,787,484	1,672,495
Support costs		
Governance costs		
Wages	8,587	8,495
Social security	813	820
Pensions	90	88
Auditors' remuneration	2,880	2,880
Indemnity insurance	953	953
Auditors' remuneration over provision last year	-	(480)
Subscriptions	746	-
Books and software	40	44
	14,109	12,800
Total resources expended	1,824,902	1,708,180
Net income before gains and losses	20,981	193,220
Unrealised gains and losses		
Gains/(losses) on investments	(121,910)	3,216,711
Net (expenditure)/income	(100,929)	3,409,931

This page does not form part of the statutory financial statements