

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
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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.

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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
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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%).

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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	2018		2019		2020		Combined	
	Growth	Yield	Growth	Yield	Growth	Yield	Total growth	Average yield
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

	Notes	2020 Unrestricted fund £	2019 Total funds £
INCOME AND ENDOWMENTS FROM			
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 21 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	<u>(36,794)</u>	<u>(1,420,851)</u>

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
	<hr/>	<hr/>
	<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
	<hr/>	<hr/>
	<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
	<hr/>	<hr/>
	<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	<u>1,754,000</u>	<u>1,640,000</u>

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

	2020 £	2019 £
ABF The Soldiers' Charity	<u>929,000</u>	<u>800,000</u>

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

	2020 £	2019 £
Beneficiaries of deceased members	<u>825,000</u>	<u>840,000</u>

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)
	<hr/>
At 31 December 2020	25,699,005
	<hr/>
NET BOOK VALUE	
At 31 December 2020	25,699,005
	<hr/>
At 31 December 2019	25,820,916
	<hr/>

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
	<hr/>	<hr/>
	5,699,005	5,820,916
	<hr/>	<hr/>

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
	<hr/>	<hr/>
	1,006	1,333
	<hr/>	<hr/>

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
	<hr/> 884,919	<hr/> 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
	<hr/> 956,965	<hr/> 1,004,000
Other income		
Employers N.I. allowance	3,999	3,000
	<hr/> 1,845,883	<hr/> 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
	<hr/> 23,309	<hr/> 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
	<hr/> 1,787,484	<hr/> 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
	<hr/> 14,109	<hr/> 12,800
Total resources expended	<hr/> 1,824,902	<hr/> 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	<hr/> <hr/> (100,929)	<hr/> <hr/> 3,409,931

This page does not form part of the statutory financial statements