

Company number: 05454676

Charity Number: 1111106

The Royal Artillery Centre for Personal Development

Report and financial statements
For the year ended 31 July 2020

The Royal Artillery Centre for Personal Development

Contents

For the year ended 31 July 2020

Reference and administrative information	1
Trustees' annual report	3
Independent auditor's report	18
Consolidated statement of financial activities	22
Balance sheets	23
Consolidated statement of cash flows	24
Notes to the financial statements	25

The Royal Artillery Centre for Personal Development

Reference and administrative information

For the year ended 31 July 2020

Company number	05454676 – incorporated in the United Kingdom	
Charity number	1111106 – registered in England & Wales	
Registered address	Old Fire Station Salt Lane Salisbury Wiltshire SP1 1DU	
Operational address	Royal Artillery Barracks Larkhill Wiltshire SP4 8QT	
Trustees	Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows: Major General W J F Bramble CBE Mr O Adams Colonel S Ellison Brigadier C Hewitt (Appointed 4 September 2020) Mr N A Hopkins OBE Colonel M J Kelly (Resigned 16 November 2019) Mr J B Knowles Colonel A B Phillips Colonel C Palmer (Appointed 15 November 2019) Brigadier M Pullan (Resigned 10 July 2020) Mrs A J Storey	
Key management personnel	Claire Foxley Simon Upton	Chief Executive Operations Director
Secretary	Brunswick Company Secretaries Limited	
Bankers	Lloyds Bank 1st Floor 3 Town Quay Southampton SO14 2AQ	

The Royal Artillery Centre for Personal Development

Reference and administrative information

For the year ended 31 July 2020

Bankers (continued)	CAF Bank Limited 25 Kings Hill Avenue Kings Hill West Malling ME19 4JQ
	Nationwide Building Society Kings Park Road Moulton Park Northampton NN3 6NW
Solicitors	Blake Morgan New Kings Court Tollgate Chandler's Ford Eastleigh Hampshire S053 3LG
Auditor	Sayer Vincent LLP Chartered Accountants and Statutory Auditor Invicta House 108-114 Golden Lane LONDON EC1Y 0TL

Trustees' annual report

For the year ended 31 July 2020

The trustees present their report and the audited financial statements for the year ended 31 July 2020.

Reference and administrative information set out on pages 1 and 2 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Objectives and Activities

Purposes and aims

The Royal Artillery Centre for Personal Development operates as RACPD.

RACPD's Charitable Object is:

'To promote the efficiency of the Armed Forces of the Crown and in particular the Royal Artillery by improving the competencies, performance, morale and retention of serving military personnel, MOD Civil Servants and support to veterans through involvement in nationally recognised education, training and vocational schemes.'

RACPD's Mission is:

'We provide outstanding personal and professional educational support to RA soldiers, dependants and veterans whether they are in early recruit or trade training, mid-career, undergoing resettlement or developing a second career.'

The long term Vision, recently updated, is that:

'RACPD will be the RA provider of choice. We will deliver relevant programmes of learning, aligning military skills with recognised civilian qualifications. We will increase our use of online technology to 40% to enable staff and learners to work remotely at a time/location that results in success. Income will be maximised by excellent learner and staff management whilst retaining a grade one experience and achievement. We will inspire, encourage, challenge and fully support learners and staff to achieve their best.'

Through our work, we will:

- Provide soldiers with a 'second chance' in their education and thereby enhance their self-confidence, skills, knowledge and life chances.
- Remove financial barriers to soldiers who wish to undertake personal development.
- Support the Royal Artillery in developing the professional skills, motivation and welfare of its soldiers, thereby improving performance and increasing retention.

Principal Activities

We provide vocational education and training programmes to soldiers and officers in the Royal Artillery. This enables them to:

- Develop their literacy, numeracy, IT and communication skills and thus increase self-confidence and widen aspirations.
- Increase their employability in the Armed Forces and subsequent career, thereby making a more positive contribution to the British labour market.
- Gain transferable and recognisable civilian qualifications and improve their professional skills, thereby increasing the effectiveness and efficiency of the Royal Artillery.

The trustees review the aims, objectives and activities of the Charity each year. This report looks at what the Charity has achieved and the outcomes of its work in the reporting period. The trustees report the success of each key activity and the benefits the Charity has brought to those groups of people that it is set up to help. This review also helps the trustees ensure the Charity's aims, objectives and activities remain focused on its stated purposes.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set.

This report will include references to Covid-19, which affected business in terms of delivery and income. Many learners were suspended from their apprenticeship programmes due to lockdown, Functional Skills delivery reduced significantly and almost 50% of staff were furloughed, however, a reasonable level of business continued. Where Covid-19 had a specific effect, it has been included in the narrative and data set out below.

Our Core Activities

Delivering Qualifications

One of the Charity's priorities is to increase the number of soldiers who achieve nationally recognised, transferable qualifications. These qualifications improve soldiers' promotion prospects within the Army and increase their chances of employment when they leave the Army.

The range and level of civilian qualifications we offer is broad and meets the needs of soldiers throughout their military careers. These include qualifications from Level 1 to Level 5, which are listed on the Regulated Qualification Framework (RQF), in the following areas:

- Logistics
- Telecommunications
- Engineering
- Horse Care and Management
- Information Communication Technologies (ICT)

The Royal Artillery Centre for Personal Development

Trustees' annual report

For the year ended 31 July 2020

- Leadership and Management
- English, Maths and ICT Functional Skills (FS)
- Teacher Education

The key income generating programmes that the Charity delivers are apprenticeships in Logistics, Telecommunications and Engineering (Aviation on the Ground). These are funded by the Education and Skills Funding Agency (ESFA) and through the employer Levy, both of which are administered by the Army apprenticeships team.

Delivering Educational Support, Information, Advice and Guidance

RACPD employs staff to provide apprenticeship and educational support and information, advice and guidance to soldiers and their dependants. These members of staff, known as Personal Development Advisors and Mentors (PDA/M), are embedded within the Royal Artillery regiments and they are uniquely placed to offer an accessible and flexible service to soldiers. The majority of our programmes and advice are delivered within the workplace in regiments based in UK. This removes the geographical barriers that exist for many remotely located soldiers who are unable to attend a Further Education College or travel to Larkhill to attend courses.

The Regimental Learning Centres, managed by qualified Functional Skills teachers, provide a unique and vital service to soldiers and their families. A range of courses, qualifications and Information, Advice and Guidance (IAG) are offered at flexible times to fit around soldiers' operational commitments. During the lockdown, caused by Covid-19, many of the Learning Centres were closed if regiments were deployed or soldiers sent home. In these instances, staff were furloughed as they were unable to work from home or deliver courses to learners.

The majority of our employees are former servicemen/women, or dependants of serving soldiers, who understand the culture and challenges that soldiers (our learners) face. This understanding of our beneficiaries' needs is vital to the success of the programmes.

Achievements and performance

The Charity's activities and beneficiaries are described below. All its charitable activities focus on soldiers and their dependants and are undertaken to further The Royal Artillery Centre for Personal Development's charitable purposes for public benefit.

Performance Statistics

Registrations

Up until 31 July 2020, every soldier joining the Royal Artillery (RA) was offered the opportunity to gain an apprenticeship in Driving Goods Vehicles (DGV). From 1 August 2020, this changed, in line with apprenticeship reform and a transition from frameworks to standards and they were offered an opportunity to start on the Express Delivery standard apprenticeship. This offer, of a first apprenticeship, is important to the recruiting effort and ensures that young soldiers, who may

Trustees' annual report

For the year ended 31 July 2020

not have had a positive school experience, have the opportunity to achieve a Level 2 (GCSE equivalent) qualification.

Registrations have been affected this year by a number of factors. In late March 2020 we went into the national lockdown and the Army were either deployed to support the NHS or testing, or soldiers were told to remain at home. This resulted in 260 additional suspensions and a drop in Initial Trade Training (ITT) attendance and inductions. Overall apprenticeship registrations have reduced by 4%, due to Covid-19 but also as a result of the continuation of two years where the inflow of RA soldiers has been less than normal. This is due to the difficulty the Army has experienced in recruiting over the past two years and whilst the RA has high retention, allocations have remained lower than other cap badges. This reduction in the number of recruits entering the initial training pipeline also accounts for the 11% decrease in logistics registrations¹. The ITT school delivered more telecommunications elements on the course last year and this resulted in a 40% increase in level 2 inductions. Once regiments also increase their own course delivery, we expect telecommunications registrations at level 3 to start to escalate². Aviation Operations registrations have decreased once again. We believe this is due to the move to a standard which requires end point assessment and that has put off some soldiers from participating in this elective apprenticeship, even at level 2. The lack of uptake overall has been further aggravated by a continued delay in the Army's Watchkeeper course delivery. Horse care registrations have decreased by 27% as the new Equine Groom standard was not available for delivery until 1 August 2020. The next induction opportunity will be in March 2021.

Functional Skills (FS) registrations have reduced by 28% due to the decrease in overall apprenticeship registrations, the increase in the number of proxy qualifications now eligible as exemptions and the reduction in new learners into the training pipeline during lockdown. The downward trend in apprenticeship registrations should reverse through AY 2020/21 as the RA recruiting/allocation is increased but should then plateau in 2022/23. A new progression apprenticeship at level 3 (Transporting Freight by Road) was introduced in June 2019 which has supported those soldiers who are in the 'strike trade' of the RA (those who work with/on guns); registrations reached 61. However, this qualification will no longer be offered as a framework in line with apprenticeship reform and there is not yet any suitable alternative standard. Other changes which may come to fruition in the next academic year as a result of the change to apprenticeship standards include a new level 3 telecommunications apprenticeship (Digital Support Technician) and logistics pathway.

Learning and Development course registrations reduced this year by 28%. Changes within the Royal School of Artillery (RSA) mean that RACPD is no longer being called upon to deliver the level 3 and level 4 teacher education courses. This has significantly reduced registrations for these courses and, whilst we continue to market the courses, we anticipate lower numbers to continue

¹ The level 2 Driving Goods Vehicle apprenticeship accounts for over half of all logistics registrations.

² The level 2 Telecommunications apprenticeship framework has not been replaced. After 1 August 2020 there will not be any more registrations on this programme.

Trustees' annual report

For the year ended 31 July 2020

going forwards. The level 2 and level 3 supporting teaching courses are however proving to be popular (mainly with dependants) and registrations for these increased in AY 2019/20.

There has been a decrease in IT (ITQ) registrations (51%) due to the change of staff and movement of regiments through AY 2019/20 and also an increase in support to the FS part of the apprenticeship programme. The level 2 Information, Advice or Guidance (IAG) course, which is underpinned by college funding, accounts for over 90% of registrations on other courses. We have also maintained our partnerships with other training providers and for a small fee we refer learners to them; the most popular of these courses continue to be Door Supervisor and the Institution of Occupational Safety and Health (IOSH) qualification.

PROGRAMME	2019 – 2020	2018 – 2019	2017 – 2018	2016 – 2017	2015 – 2016	2014 – 2015
Aviation Operations on the Ground	7	14	3	32	44	53
Telecommunications	301	178	229	245	294	368
Logistics (Includes Forklift truck and driver CPC (10))	380	427	536	756	777	654
Horse care	19	26	3	13	7	11
Leadership & Management	373	275	380	326	343	366
Learning Centres Literacy & Numeracy	5	15	19	6	N/A	N/A
Assessor & Verifier Awards	15	17	21	24	28	36
Learning and Development	42	58	106	20	76	104
ICT	54	111	98	182	194	217
Key/Functional Skills	354	490	655	788	893	1383
<u>Other courses [1]</u>	<u>39</u>	126	181	44	N/A	N/A
Referrals to other training providers	80	104	N/A	N/A	N/A	N/A
TOTALS	1669	1841	2231	2436	2656	3192

[1] Courses include Business Admin, Project Management, IAG and First Aid at Work.

Achievement rates³

Achievement rates for qualifications are a key performance indicator (KPI) since they demonstrate both the quality of delivery and the support for soldiers. RACPD monitors quality of delivery closely and on a quarterly basis through performance management reviews. Improvements in

³ Achievement. Once the learning has been completed the qualification is classed as 'achieved.' There are two categories of achievement: Overall achievement - the total number of learners that have finished through completion of all the learning activities; Timely achievement – the number of learners that are achieved on or before their planned end date or no more than 90 days after it.

Trustees' annual report

For the year ended 31 July 2020

programme planning and overall quality assurance remain an integral part of the Self-Assessment Report and Quality Improvement Plan. Additionally, the PDA/M role remains critical to support the soldiers, regiments and apprenticeship programme managers in delivering qualifications and providing advice and guidance to learners.

We continue to have some of the highest achievement rates, not only within the Army, but also nationally⁴, in all our programmes. This year, the overall achievement rate for our apprenticeship programme was 88% and the timely achievement was 80%. Although this was a timely decrease from last year, these results are still outstanding in comparison to Army and National averages and given the local and global environment. The overall achievement rate for the Telecommunications programme was 93% and the Logistics programmes was 86%. Aviation apprentices are already on standards for which there is currently no KPI and agreed method of measurement. Five apprentices have reached the gateway, completed their studies, and await End Point Assessment (EPA) which is contracted by the employer.

Achievement rates for Functional Skills have reduced to 74% (from an average of 84%) due to the increasing difficulty of the assessments and government requirements to test progression candidates even if we do not consider they have a chance of passing.

RACPD takes equality, diversity and inclusion (ED&I) very seriously and works hard to promote positive working practices to ensure that no discrimination is experienced by staff or learners in any of our locations. For AY 2019/20, data provided by the Army HQ performance management team shows that for RACPD there were no differences in performance between white Caucasian learners and ethnic minority learners. Female learners showed slightly higher achievement rates compared to their male counterparts which is entirely consistent with national data.

The analysis and use of data continue to be very good. Maintaining success rates and other KPIs over a sustained period demonstrates our effective data and management information systems (MIS). MIS reports identify action areas that are highlighted at quarterly performance reviews. The focus in the last year has been to maintain overall and timely achievement rates as well as possible. This has been a challenge given the increased tempo of the Army and therefore the difficulty of tracking, locating and supporting learners.

The average achievement rate for all other RACPD programmes and courses was 82%.

Achievements and Wider Benefits

It is important to recognise that we do not measure the success of our delivery by achievement statistics alone; the impact of these achievements on individuals' lives is equally important. The effort and commitment soldiers put in to gain qualifications and thereby enhance their life chances is acknowledged through the Personal Development Awards programme every year. Learners are

⁴ National achievement rates (2017/18): Overall - 67%.

Trustees' annual report

For the year ended 31 July 2020

nominated by their regiment and overall winners announced at an awards ceremony which has been cancelled this year, due to Covid-19 restrictions. Normally, prizes which include certificates and cash awards (totalling over £8,000) are presented.

The *matrix* standard became a mandatory requirement for FE delivery for RACPD in 2014. The assessment is completed over three years with an initial visit and two follow up interim assessments. This year we were due for a full inspection which was carried out remotely at the end of July. We achieved full accreditation although due to Covid-19 insufficient learners were available for interview and so they will be asked to contribute next year. The apprenticeship programmes are accredited by Awarding Organisations and their quality assurance checks include Standard Verifier visits. A number of these took place throughout the year, in person and latterly, virtually, and all were complimentary on the standard of delivery, the outcomes for learners and the quality of the administration.

The employment of PDA/Ms remains a significant investment for the Charity. Their role continues to develop and whilst regimental support to soldiers' education and personal development is still important, their focus has increasingly moved to the apprenticeship programme. The tangible benefit of that realignment of tasks is evident in the number of soldiers achieving their apprenticeships and the ability to maintain timely success rates despite the challenges faced.

Many of the regiments are in fairly remote locations, with limited access to Further Education Colleges. Every Learning Centre's primary focus is delivery of Functional Skills for apprenticeships however, they also deliver the supplementary and elective IT qualification (known as ITQ). ITQ overall achievement rates remain high; there have been over 38 tests taken at level 2 with a 95% pass rate. At level 3, there have been limited numbers with only 8 learners testing with a pass rate of 75%. The British Computing Society (BCS) recognised that the centre's performance and quality has been maintained at the highest level (awarded Green status at audit).

Over the year, and despite Covid-19, the Charity continued to provide wider support and services which help to improve the life chances of individuals and the efficiency of the Royal Artillery, including:

- Courses in Driver Certificate in Professional Competence and Forklift Truck, Door Security and Health & Safety which enabled soldiers to gain qualifications in sectors known to be employer friendly and relevant to Army service. We delivered First Aid at Work and qualifications in Business Admin, Project Management and IAG.
- Policy advice provided to the Royal Artillery on all personal development matters ensuring that subject matter expertise and knowledge of the civilian education and labour market were made available to policy-makers.
- Personal development and Information, Advice and Guidance (IAG) given to soldiers and officers enabling them to make informed decisions about which courses to attend and which qualifications would support them both in-career and when they leave the Army.
- Roadshows to regiments to brief all officers and soldiers on the Army apprenticeship programme, the RA offer and the other support available from RAPCD.

Trustees' annual report

For the year ended 31 July 2020

- The personal development funds normally awarded directly to regiments to support their Personal Development Programme (eg the purchase of equipment, improvement of educational facilities) were temporarily ceased. This was in part a financial (expenditure) decision but also we found many regiments have not spent their own PD funds and did not require additional support from the charity. We expect to reinvigorate this fund later in AY 2020/21 but could support individual requests if regiments have a specific need.

Beneficiaries of our services

In total, during the academic year 2019–20, RACPD registered 1669 learners onto educational programmes, compared to 1841 last year. The overall pass rate across all programmes is 71%. Those who did not achieve either withdrew themselves voluntarily, were posted away from the role that required the training or they left the Army; however, some will have returned for a second attempt. Whenever possible RACPD staff encourage learners to complete their qualifications before disengaging from a programme but this is not always possible. Learners completing formal qualifications make up the majority of the beneficiaries but there is still a significant number who request advice and guidance without being formally registered on a course with RACPD. While they may later enrol on a course, it is just as likely that the PDA/M, Learning Centre Manager (LCM) or another member of staff will signpost them to an alternative training provider if that is the right pathway for the learner.

Performance is measured in a variety of ways. The Royal Artillery sets Key Performance Indicators for the apprenticeship programme based on the number of learners starting a programme, completing a programme and the time within which completion is achieved. Quality of delivery is also measured and an audit programme, run by the Army, takes place biennially. Programme managers set specific targets for their teams based on knowledge of courses taking place either in the RSA or externally in the regiments and these are reported internally to the Operations Director. Impact is measured in a similar fashion, through the number of soldiers engaging with education and when available through destination data if a soldier leaves the Army and is successfully employed as a direct result of having engaged with RACPD.

Financial review

The overall deficit of £43,360, is much lower than planned and this is due to a significant reduction in staff and income support from the Coronavirus Job Retention Scheme when staff were furloughed during lockdown (£101,622).

The Charity receives most of its earned income for apprenticeship delivery, which is funded in part by the ESFA, with the majority now being paid by the employer (Army) through the employer levy. The Charity is heavily dependent upon this income to support the many other programmes and services that RACPD offers the Royal Artillery.

Army apprenticeship funding in this period was 78% of the Charity's overall income of £1,663,231. The total apprenticeship funding received was £1,297,625 which is £67,759 less than last year.

Trustees' annual report

For the year ended 31 July 2020

This reduction is due to the decreased number of recruits coming through ITT and the effect of Covid-19 on new starts, suspensions and achievements. A small amount of trading income was generated through Sheldrake Training Ltd.

Expenditure was tightly controlled and decreased from £2,235,858 last year to £1,649,517; a reduction of £586,341. The salary bill represents 77% of overall spending which is slightly higher than last year (73%) and has reduced by a total of £352,735 as a result of a redundancy programme in the first quarter of the year and robust expenditure control throughout the year.

Future financial planning is predicated on maintaining the current apprenticeship programme income and being supported by additional educational activities and courses. The apprenticeship contract was won in May 2018 and will run for four years (from 1 August 2018 until 31 July 2022). There have been and will continue to be significant changes to apprenticeships and funding in those intervening years. Apprenticeship Reform has resulted in most learners being funded by the Employer Levy, with only a very small number being ESFA funded. Our forecasting shows that a move to standards across all programmes, and an increase in Army recruiting and RA allocations should result in increased income from 2020/21 onwards.

Investment powers and policy

Investment powers are governed by the memorandum and articles of association and permit the Charity's funds to be invested in any way the trustees wish. The Board keeps its investment strategy under constant review, in accordance with the Charity Commission's guidelines for best practice. The key features are:

- A return on investments which allows the Charity to continue to deliver services over a period of time.
- Maintaining and, if possible, enhancing the value of funds whilst they are invested.
- Managing risk.

Based on this framework the trustees have agreed the following principles:

- Capital investment periods should be linked to the financial risks identified on the Risk Register. Given the volatility of government policy, two of the three main operational risks require immediate funds if they come to fruition.
- Investments should be divided into:
 - Short term, easy access funds, up to one year.
 - Longer term investments which could be invested for periods from two to five years and provide capital appreciation and an income.

The trustees, having considered the liquidity requirements of operating RACPD and the Reserves Policy, have generally adopted a policy of keeping available funds in short term easy access accounts until the economic conditions are more certain. However, an alternative medium term investment was approved on the grounds that the sum agreed should be invested for a minimum of 4 years and should be easily accessible. £1,300,000 was invested in a CAF Defence Capital Growth Fund in 2016. Due to Covid-19, capital loss on that investment for this year was £42,044

bringing the investment total over the past three years to £1,467,143. Interest from other investments (bank interest) reduced slightly and was £1,606 compared to £4,239 last year. Specific performance objectives were not set for investments this year, outside of the budgetary expectations. Trustees invested a further £500K in a different investment fund⁵ (Quilter Cheviot) in May of FY 18–19. Capital loss on that investment for this year was £15,031 bringing the investment total to £518,882. Performance targets for both investments will be set and monitored at quarterly Finance Committee meetings and reported to the Board on the same timeframe.

Principal risks and uncertainties

The significant risks to which the Charity is exposed fall into two categories – those macro risks which are largely outside its control and those micro risks which are, at least to some extent, within its operational control. The main external macro risks are derived from the potential for changes in government and Army apprenticeship policy and funding, including the lower RA recruiting/allocation figures, and the consequent changes in income; Covid-19 second wave must also now be added to the macro risks. The micro-risks include increasing requirement for Functional Skills in a Covid-restricted environment, and implementation of new standards.

All risks are reviewed regularly by the SMT and wherever possible risks are mitigated or managed within routine business. A risk register is maintained for scrutiny by the Board of Trustees every six months, albeit the senior management team review it more regularly. There is little by way of mitigation for the macro risks until the full implications of apprenticeship reform become clearer, the Army migrates all their apprenticeship delivery to apprenticeship standards and RA recruiting returns to 'normal' levels. Covid-19 protection regulations are adhered to and regular briefings given to staff. Micro risks are mitigated against through normal routine procedures such as monitoring and regular audits.

The Charity's principal financial instrument, other than investments, is cash and bank deposits. The credit risk associated with cash is limited as the counterparties have reasonable credit ratings. The Charity has maintained a positive cash position throughout the year and the exposure to liquidity risk is considered to be minimal.

Fundraising Practice

RACPD does not engage in public fundraising and does not use professional fundraisers or commercial participators. RACPD nevertheless observes the relevant fundraising regulations and codes. During the year RACPD received no complaints relating to its fundraising practice.

⁵ A selection process was put in place and 4 fund managers were interviewed by the Finance Committee. Quilter Cheviot was then invited to manage the investment.

Reserves Policy and Going Concern

The trustees' Reserves Policy takes into account the following factors:

- The Charity is very heavily dependent on funds from Government departments and now employers. Government policy on post-16 education and training is dynamic.
- The level of reserves must allow for any radical shift in Government and Army policy which may reduce the Charity's income significantly.
- The trustees have a long term commitment to delivering the Charity's Objects and wish to maintain sufficient funds to allow the Charity to continue to operate if external funding were to be removed completely. In the event that funding ceases, the Charity will retain sufficient funds to provide for the learners registered on its programmes to complete their personal development plan.
- The strategic plan requires the expansion of the RACPD's programmes. Specific initiatives have been identified which extend the Charity's scope to provide additional public benefit and better fulfil its objectives.
- The strategy also recognises the need for the Charity to adapt its operating model in response to changes in the environment in which it operates, and sufficient funds must be maintained for transformation of the operating model should this be required.

The trustees have assessed the level of reserves needed to meet specific requirements and have agreed a plan to drive current reserves down to the target level. They endorsed the strategic plan that recognises that in the financial years 2016/17 up to 2019/20 the Charity would have to adjust to lower soldier numbers, re-configuration and rebasing of regiments. During this time, the trustees agreed to use reserves to fund charitable activity and to take care of the interests of the beneficiaries. Trustees have designated a strategic fund £2M, of which £100K will be held in a facility designated fund to relocate the Charity to a suitable long term location if required. These (unrestricted) Designated funds have been allocated to cover 50% of the cost of the Personal Development Advisors/Mentors and the Learning Centre Managers from FY 15/16 for four years. The intention was to return to a balanced budget in 2019/20 when Army 2020 will be complete and Apprenticeship Reform will be firmly in place. However, the poor recruiting/allocation figures were not factored into this planning and given that the deficit still remains, trustees have agreed to run the Charity at a deficit for an additional year. It is expected that the break-even point could be at the end of FY 2020/21 if RA recruiting increases. Current (unrestricted) General funds total £964,559.

There are no material uncertainties regarding the Charity's ability to continue as a going concern.

Plans for the Future

The Government's decision to reduce the size of the Army had an impact on the Charity's operations and that was further exacerbated by the reduction in recruiting/allocation to the Royal Artillery. In order to mitigate the loss of funding due to reduced numbers coming through initial training, the Charity continues to develop new programmes and standards at levels 2 and 3 and is

Trustees' annual report

For the year ended 31 July 2020

registered to carry out end point assessment through its trading subsidiary, Sheldrake Training Limited (currently registered for aviation, horse care and express delivery). The Board of Trustees remains committed to delivering its existing three-year strategic plan and to enhance delivery of a wider range of opportunities to Service personnel and their families. Work continues to further develop the Virtual Learning Environment so that it can be utilised more for Functional Skills and other courses, as well as teacher education. Sheldrake Training Limited, is slowly building up its reputation, range of delivery and consequent turnover. It will take time to deliver an independent funding stream and until that happens, cash reserves are being retained. This decision is reflected in the Charity's reserves policy.

Structure, Governance and Management

The Charity is governed by up to ten trustees, who are also the members. This is an appropriately sized forum to ensure a good range of relevant expertise and to enable timely decision-making. The trustees hold three Board meetings each year which is sufficient to review operational business as well as an AGM which reviews performance over the whole year. In addition, in a normal year they meet in May for development and appraisal, and to discuss strategy in an unrestricted forum. The number of meetings, their format and timings provide sufficient opportunity to review and update the strategy and to oversee and assure performance on a quarterly basis. The trustees delegate operational control, including full management of staff, to the Chief Executive (Claire Foxley) who is directly supported by the director of operations (Simon Upton). They are supported by two Heads of department (MIS and Teaching & Learning) and together they constitute the Senior Management Team.

The Board postponed the March meeting due to lockdown but it then took place virtually in June. The strategy meeting was postponed from May until October and ran successfully as a mixed face to face and virtual meeting.

The Board nominates individual trustees to hold responsibility for key regulatory matters: Health & Safety; Safeguarding; Data Protection; Equality & Diversity and Security. The Board has three committees: Audit; Finance and Remuneration. The Chair of each committee holds Board responsibility for those specific matters.

The Board decides the Charity's three-year strategy, which is reviewed each year in May (held in October this year due to Covid-19). Additionally, in Q3, Trustees endorse the Chief Executive's annual Business Plan, which sets out the forthcoming income and expenditure budgets for the next academic year. The Board has endorsed a scheme of delegation in which the trustees delegate limited spending authority to the Chief Executive, while retaining authority to spend single amounts not exceeding £60,000. The trustees also retain authority to appoint (executive) directors.

The organisation is a charitable company limited by guarantee, incorporated on 17 May 2005 and registered as a charity on 31 August 2005 with articles amended on 24 February 2014. The company was established under a memorandum of association, which established the Objects and

Trustees' annual report

For the year ended 31 July 2020

powers of the charitable company and is governed under its articles of association. All trustees give their time voluntarily and receive no benefits from the Charity. Any expenses reclaimed from the Charity are set out in the notes to the accounts.

Appointment of Trustees

The memorandum provides for ten trustees, up to five of whom are serving in the Royal Artillery (RA). The serving RA trustees are directly linked to their military roles, which is on the basis that those roles command or train the Charity's beneficiaries. These 'military' trustees are only appointed as trustees for the duration of their specific military role, normally two years. One third of the trustees resign each year, on the occasion of the AGM. They may be re-appointed for up to three terms in office.

A skills scan is conducted periodically to identify the skills gap among trustees so that new trustees may be recruited to provide the missing skills and experience. Such trustees are found either through recruitment via charity trustee organisations, or local networking. The Board conducts a biannual analysis of their effectiveness and this was last conducted in May 2019 using the Cobseo Governance Tool. This gave an overall green rating with some consideration for improvement in the areas of trustee responsibilities, capabilities and board effectiveness. These were acted upon. Another self-assessment was undertaken on 7 October 2020 but results had not been analysed at time of writing this report.

Trustee Induction and Training

All trustees attend an induction briefing lasting up to three hours before their first Board meeting. The briefing, which is preceded by receipt of a comprehensive information pack, is led by the Chief Executive, who with the Operations Director, briefs the new trustee on the organisational structure, three-year strategic plan, current business plan, operations and forthcoming initiatives. This is followed by a governance briefing by the Board Secretary on the trustee's responsibilities as a company director and trustee. The briefing includes details of when and how the Board meetings are held. New trustees are apprised of their specific Board responsibilities viz committee membership (Audit / Finance / Remuneration) and /or Board lead on regulatory matters such as Health & Safety, Safeguarding, Data Protection, Security, or Equality & Diversity. During this induction, and at subsequent events, the trustees meet key RACPD staff.

Subsequently, but preferably within three months of induction, the trustee will attend a formal, professional charity governance training course delivered by Civil Society.

Related Parties and Relationships with other Organisations

RACPD is a member of Cobseo (The Confederation of Service Charities). RACPD has a wholly-owned trading subsidiary, Sheldrake Training Limited, which was incorporated on 17 March 2016.

Remuneration Policy for Key Management Personnel

The Remuneration Committee endorses the pay policy and takes advice from the Chief Executive on any cost of living increases in salary. These are then recommended to the Board for endorsement, once the Finance Committee has agreed affordability. Changes in salary are normally effective from the start of the Financial Year on 1 August and salaries are benchmarked against the Charity, Further Education and public sectors.

Statement of Responsibilities of the Trustees

The trustees (who are also directors of The Royal Artillery Centre for Personal Development for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law 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 charitable company and group and of the incoming resources and application of resources, including the income and expenditure, of the group for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and statements of recommended practice 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 operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware.
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Royal Artillery Centre for Personal Development

Trustees' annual report

For the year ended 31 July 2020

Members of the Charity guarantee to contribute an amount not exceeding £1 to the assets of the Charity in the event of winding up. The total number of such guarantees at 31 July 2020 was 8 (2019: 8). The trustees are members of the Charity but this entitles them only to voting rights. The trustees have no beneficial interest in the Charity.

The trustees' annual report has been approved by the trustees on 10 December 2020 and signed on their behalf by

Maj Gen W J F Bramble CBE
Chairman

Independent auditor's report

To the members of

The Royal Artillery Centre for Personal Development

Opinion

We have audited the financial statements of The Royal Artillery Centre for Personal Development (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 July 2020 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and the 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 July 2020 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006 and 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 Auditor's responsibilities for the audit of the group financial statements section of our report. We are independent of the group and parent 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The trustees' use of the going concern basis of accounting in the preparation of the group financial statements is not appropriate; or
- The trustees have not disclosed in the group financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report other than the group financial statements and our auditor's report thereon. Our opinion on the group 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 group financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group 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 there is a material misstatement in the group financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and Charities Act 2011 require us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent charitable company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of responsibilities of the trustees set out in the trustees' annual report, the trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's or the parent charity's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent

Independent auditor's report

To the members of

The Royal Artillery Centre for Personal Development

charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent charitable company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Helen Elliott (Senior statutory auditor)

10 December 2020

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

The Royal Artillery Centre for Personal Development

Consolidated statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 July 2020

	Note	Unrestricted General £	Unrestricted Designated £	2020 Total £	Unrestricted General £	Unrestricted Designated £	2019 Total £
Income from:							
Charitable activities							
Army Apprenticeships		1,297,625	–	1,297,625	1,365,384	–	1,365,384
Educational Training		184,251	–	184,251	252,072	–	252,072
Trading activities		34,630	–	34,630	29,480	–	29,480
Bad Debt		–	–	–	5,933	–	5,933
Other		101,622	–	101,622	–	–	–
Investments		45,103	–	45,103	4,239	–	4,239
Total income		1,663,231	–	1,663,231	1,657,108	–	1,657,108
Expenditure on:							
Investment management fees		5,666	–	5,666			
Charitable activities							
Army Apprenticeships		1,543,465	–	1,543,465	1,747,552	336,960	2,084,512
Educational Training		97,927	–	97,927	116,657	14,040	130,697
Trading activities		2,459	–	2,459	20,649	–	20,649
Total expenditure	2	1,649,517	–	1,649,517	1,884,858	351,000	2,235,858
Net income/(expenditure) before net gains on investments		13,715	–	13,715	(227,750)	(351,000)	(578,750)
Net (losses) / gains on investments	9	(57,075)	–	(57,075)	70,503	–	70,503
Net income / (expenditure) for the year and net movement in funds	3	(43,360)	–	(43,360)	(157,247)	(351,000)	(508,247)
Reconciliation of funds:							
Total funds brought forward		1,007,919	2,000,000	3,007,919	1,165,166	2,351,000	3,516,166
Total funds carried forward		964,559	2,000,000	2,964,559	1,007,919	2,000,000	3,007,919

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 16 to the financial statements.

The Royal Artillery Centre for Personal Development

Balance sheet

Company no. 05454676

As at 31 July 2020

	Note	The group 2020 £	2019 £	The charity 2020 £	2019 £
Fixed assets:					
Tangible assets	8	79,346	133,552	79,346	133,552
Investments	9	1,986,024	2,005,268	1,986,025	2,005,269
		<u>2,065,370</u>	<u>2,138,820</u>	<u>2,065,371</u>	<u>2,138,821</u>
Current assets:					
Debtors	12	271,060	293,747	274,820	302,546
Cash at bank and in hand		721,408	851,723	679,460	830,338
		<u>992,468</u>	<u>1,145,470</u>	<u>954,280</u>	<u>1,132,884</u>
Liabilities:					
Creditors: amounts falling due within one year	13	(93,279)	(276,371)	(87,262)	(263,786)
		<u>899,189</u>	<u>869,099</u>	<u>867,017</u>	<u>869,098</u>
Net current assets		<u>899,189</u>	<u>869,099</u>	<u>867,017</u>	<u>869,098</u>
Total net assets	15	<u>2,964,559</u>	<u>3,007,919</u>	<u>2,932,388</u>	<u>3,007,919</u>
The funds of the charity:	16				
Unrestricted income funds:					
Designated funds		2,000,000	2,000,000	2,000,000	2,000,000
General funds		964,559	1,007,919	932,388	1,007,919
		<u>2,964,559</u>	<u>3,007,919</u>	<u>2,932,388</u>	<u>3,007,919</u>
Total unrestricted funds		<u>2,964,559</u>	<u>3,007,919</u>	<u>2,932,388</u>	<u>3,007,919</u>
Total charity funds		<u>2,964,559</u>	<u>3,007,919</u>	<u>2,932,388</u>	<u>3,007,919</u>

Approved by the trustees on 10 December 2020 and signed on their behalf by

Major General W J F Bramble CBE
Trustee

Consolidated statement of cash flows

For the year ended 31 July 2020

Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2020 £	2019 £
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	(43,360)	(508,247)
Depreciation charges	49,708	80,099
Loss on disposal of fixed assets	19,200	–
Losses / (Gains) on investments	57,075	(70,503)
Dividends, interest and rent from investments	(45,103)	(4,239)
Decrease / (Increase) in debtors	22,687	67,547
Increase / (Decrease) in creditors	(183,092)	92,425
Net cash (used in)/provided by operating activities	(122,886)	(342,918)

	Note	2020 £	£	2019 £	£
Cash flows from operating activities					
Net cash used in operating activities			(122,886)		(342,918)
Cash flows from investing activities:					
Dividends and interest from investments		45,103		4,239	
Purchase of fixed assets		(14,702)		(120,478)	
Proceeds from the sale of investments		230,465		32,643	
Purchase of investments		(341,514)		(530,088)	
Cash movement in investments		73,218		–	
Net cash used in investing activities			(7,430)		(613,684)
Change in cash and cash equivalents in the year			(130,316)		(956,602)
Cash and cash equivalents at the beginning of the year			851,723		1,808,325
Cash and cash equivalents at the end of the year			721,407		851,723

1 Accounting policies

a) Statutory information

The Royal Artillery Centre for Personal Development is a charitable company limited by guarantee and is incorporated in the United Kingdom.

The registered office address is Old Fire Station, Salt Lane, Salisbury, Wiltshire, SP1 1DU. The principal place of business is Royal Artillery Barracks, Larkhill, Wiltshire, SP4 8QT.

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP FRS 102), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

These financial statements consolidate the results of the charity and its wholly-owned subsidiary Sheldrake Training Limited on a line by line basis. Transactions and balances between the charity and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two entities are disclosed in the notes of the charity's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charity itself is not presented as a summary of the result for the year is disclosed in the notes to the accounts.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

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

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

1 Accounting policies (continued)

f) Interest receivable

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

g) Fund accounting

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

h) Expenditure and irrecoverable VAT

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

- Investment management fees relate to fees incurred in the management of the charity's investments
- Trading activities relate to the costs incurred by the group of delivering educational activities outside of its charitable objects.
- Expenditure on charitable activities includes the costs of delivering services and other educational activities undertaken to further the purposes of the charity and their associated support costs

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

i) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

- | | |
|-----------------------|-----|
| ● Army Apprenticeship | 80% |
| ● Education Training | 5% |
| ● Support costs | 14% |
| ● Governance costs | 1% |

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity

- | | |
|-----------------------|-----|
| ● Army Apprenticeship | 94% |
| ● Education Training | 6% |

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

j) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

1 Accounting policies (continued)

k) **Tangible fixed assets**

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The useful lives are as follows:

● Portacabin	4 years
● Computers	3 years
● Fixtures & Fittings	5 years
● Motor Vehicles	4 years
● Online Learning Portal	3 years

l) **Listed investments and common investment funds**

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities and any excess of fair value over the historic cost of the investments will be shown as a fair value reserve in the balance sheet. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading “Net gains/(losses) on investments” in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

Investments in subsidiaries

Investments in the subsidiary are at cost.

m) **Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

n) **Cash at bank and in hand**

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

o) **Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

p) **Financial instruments**

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

q) **Pensions**

The charity operates a defined contribution scheme for employees. The assets of the scheme are held separately from those of the charity. The annual contributions payable are charged to the statement of financial activity.

The Royal Artillery Centre for Personal Development

Notes to the financial statements

For the year ended 31 July 2020

2a Analysis of expenditure (current year)

	Charitable activities					
	Army Apprenticeship £	Educational Training £	Trading activities £	Governance costs £	Support costs £	2020 Total £
Staff costs (Note 4)	984,376	61,524	–	12,305	172,266	1,230,471
Registration fees	75,466	4,717	(539)	943	13,207	93,794
External trainers	13,822	864	1,727	173	2,419	19,004
Other direct course fees	4,731	296	–	59	828	5,914
PD Grants	6,124	383	–	77	1,072	7,655
Marketing & PD Promotion	6,742	421	–	84	1,180	8,427
Other	12,675	792	72	158	2,218	15,916
Motor Expenses	10,184	637	–	127	1,782	12,730
Insurance	11,534	721	–	144	2,019	14,418
Depreciation	10,019	626	–	125	1,753	12,524
Professional Fees	9,971	1,188	1,175	14,946	3,327	30,607
Trustees' meetings and expenses	–	210	–	3,399	587	4,196
Travel and Subsistence	10,231	639	24	128	1,790	12,813
Resources	20,550	1,284	–	257	3,596	25,687
IT Support	52,683	3,293	–	659	9,220	65,854
Development Projects	41,231	2,577	–	515	7,215	51,539
Redundancy	30,374	1,898	–	380	5,315	37,967
	1,300,713	82,070	2,459	34,480	229,795	1,649,517
Support costs	216,007	13,788	–	–	(229,795)	–
Governance costs	32,411	2,069	–	(34,480)	–	–
Total expenditure 2020	1,549,131	97,927	2,459	–	–	1,649,517

The Royal Artillery Centre for Personal Development

Notes to the financial statements

For the year ended 31 July 2020

2b Analysis of expenditure (prior year)

	Charitable activities						
	Army Apprenticeship £	Army Apprenticeship Providers (AAP) £	Educational Training £	Trading activities £	Governance costs £	Support costs £	2019 Total £
Staff costs (Note 4)	1,295,881	–	80,993	1,320	16,199	226,779	1,621,172
Registration fees	101,862	–	6,366	5,586	1,273	17,826	132,913
External trainers	30,688	–	1,918	10,879	384	5,370	49,239
Other direct course fees	11,993	–	750	121	150	2,099	15,113
PD Grants	40,204	–	2,513	–	503	7,036	50,256
Marketing & PD Promotion	20,114	–	1,257	79	251	3,520	25,221
Other	30,294	–	1,893	–	379	5,302	37,868
Motor Expenses	13,418	–	839	–	168	2,348	16,773
Insurance	13,378	–	836	313	167	2,341	17,035
Depreciation	12,637	–	790	–	158	2,212	15,797
Professional Fees	–	–	–	1,643	17,956	2,923	22,522
Trustees' meetings and expenses	2,671	–	167	–	33	467	3,338
Travel and Subsistence	19,064	–	1,191	18	238	3,336	23,847
Resources	21,896	–	1,369	690	274	3,832	28,061
IT Support	33,676	–	2,105	–	421	5,893	42,095
Development Projects	62,223	–	3,888	–	778	10,889	77,778
Redundancy	45,464	–	2,841	–	568	7,957	56,830
	1,755,463	–	109,716	20,649	39,900	310,130	2,235,858
Support costs	291,522	–	18,608	–	–	(310,130)	–
Governance costs	37,527	–	2,373	–	(39,900)	–	–
Total expenditure 2019	2,084,512	–	130,697	20,649	–	–	2,235,858

Notes to the financial statements

For the year ended 31 July 2020

3 Net income / (expenditure) for the year

This is stated after charging:

	2020 £	2019 £
Depreciation	49,708	80,099
Auditor's remuneration (excluding VAT):		
Audit	9,900	9,700
Other services	–	850
	<u> </u>	<u> </u>

4 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2020 £	2019 £
Salaries and wages	1,088,029	1,383,605
Redundancy and termination costs	37,967	56,830
Social security costs	99,127	127,813
Employer's contribution to defined contribution pension schemes	43,313	52,924
	<u> </u>	<u> </u>
	<u>1,268,437</u>	<u>1,621,172</u>

The following number of employees received employee benefits in excess of £60,000 (excluding employer national insurance and employer pension contributions) during the year between:

	2020 No.	2019 No.
£70,000 – £79,999	<u>1</u>	<u>1</u>

The total employee benefits (including employer national insurance and employer pension contributions) of the key management personnel were £156,853 (2019: £152,394).

The Charity trustees were not paid or received any other benefits from employment with the Charity in the year (2019: £nil). No Charity trustee received payment for professional or other services supplied to the Charity (2019: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £771 (2019: £702) incurred by 4 (2019: 5) members relating to attendance at meetings of the trustees.

5 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2020 No.	2019 No.
Army Apprenticeships	38	42
Training Courses	3	3
Support	4	7
	<u> </u>	<u> </u>
	<u>45</u>	<u>52</u>

6 Related party transactions

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties. (2019: £nil).

Notes to the financial statements

For the year ended 31 July 2020

7 Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary Sheldrake Training Limited distributes available profits under gift aid to the parent charity. There was no charge to corporation tax in the year.

8 Tangible fixed assets

Group and charity	Online Learning Portal £	Portacabin £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost						
At the start of the year	192,907	79,236	20,550	281,932	46,730	621,355
Additions in year	11,683	–	–	3,019	–	14,702
Adjustment in year	102,712	–	–	(121,912)	–	(19,200)
At the end of the year	307,302	79,236	20,550	163,039	46,730	616,857
Depreciation						
At the start of the year	192,907	79,236	20,373	154,421	40,866	487,803
Charge for the year	37,183	–	177	6,484	5,864	49,708
At the end of the year	230,090	79,236	20,550	160,905	46,730	537,511
Net book value						
At the end of the year	77,212	–	–	2,134	–	79,346
At the start of the year	–	–	177	127,511	5,864	133,552

All of the above assets are used for charitable purposes.

9 Listed investments

	The group		The charity	
	2020 £	2019 £	2020 £	2019 £
Fair value at the start of the year	2,005,268	1,437,320	2,005,269	1,437,321
Additions at cost	341,514	530,088	341,514	530,088
Disposal proceeds	(230,465)	(32,643)	(230,465)	(32,643)
Change in cash held	(73,218)	–	(73,218)	–
Net gain on change in fair value	(57,075)	70,503	(57,075)	70,503
Fair value at the end of the year	1,986,024	2,005,268	1,986,025	2,005,269

Investments comprise:

	The group		The charity	
	2020 £	2019 £	2020 £	2019 £
UK Common investment funds	1,466,506	1,480,306	1,466,506	1,480,306
Listed investments	510,061	442,287	510,061	442,287
Cash	9,457	82,675	9,457	82,675
Investment in subsidiary company	–	–	1	1
	1,986,024	2,005,268	1,986,025	2,005,269

Notes to the financial statements

For the year ended 31 July 2020

10 Subsidiary undertaking

The charitable company owns the whole of the issued ordinary share capital of Sheldrake Training Limited, a company registered in England (Company Number 10070090). The subsidiary is used for non-primary purpose trading activities. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are distributed under Gift Aid to the charitable company. The trustee Stephen Ellison together with the Chief Executive are also directors of the subsidiary. A summary of the results of the subsidiary is shown below:

	2020 £	2019 £
Turnover	34,630	29,480
Cost of sales	(1,212)	(17,985)
Gross profit	33,418	11,495
Administrative expenses	(1,247)	(2,664)
Operating profit and profit on ordinary activities	32,171	8,831
Retained earnings		
Brought forward	–	–
Profit for the year	32,171	8,831
Distribution to parent under gift aid	–	(8,831)
Carried forward	32,171	–
The aggregate of the assets, liabilities and funds was:		
Assets	43,881	12,586
Liabilities	(11,709)	(12,585)
Funds	32,172	1

Included within administrative expenses above is a management charge of £nil (2019: £500) from the parent entity.

11 Parent charity

The parent charity's gross income and the results for the year are disclosed as follows:

	2020 £	2019 £
Gross income	1,628,601	1,636,458
Result for the year	(75,531)	(508,247)

12 Debtors

	The group		The charity	
	2020 £	2019 £	2020 £	2019 £
Trade debtors	74,285	121,783	72,385	121,751
Amounts due from trading subsidiary	–	–	5,692	8,831
Prepayments	46,973	43,774	46,940	43,774
Accrued income	149,803	128,190	149,803	128,190
	271,060	293,747	274,820	302,546

Notes to the financial statements

For the year ended 31 July 2020

13 Creditors: amounts falling due within one year

	The group		The charity	
	2020	2019	2020	2019
	£	£	£	£
Trade creditors	24,742	143,888	20,274	131,303
Taxation and social security	23,927	44,611	23,927	44,611
Other creditors	15,494	4,639	15,496	4,639
Accruals	27,566	82,714	27,566	82,714
Deferred income	1,550	519	–	519
	93,279	276,371	87,262	263,786

14 Pension scheme

The group operates a defined contribution scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge of £43,313 (2019: £52,924) represents contributions payable by the group into the fund. At the year end there were contributions outstanding of £16,314 (2019: £10,997).

15a Analysis of group net assets between funds (current year)

	Unrestricted General £	Unrestricted Designated £	Total funds £
Tangible fixed assets	79,346	–	79,346
Investments	–	1,986,024	1,986,024
Net current assets	885,213	13,976	899,189
Net assets at the end of the year	964,559	2,000,000	2,964,559

15b Analysis of group net assets between funds (prior year)

	Unrestricted General £	Unrestricted Designated £	Total funds £
Tangible fixed assets	133,552	–	133,552
Investments	5,268	2,000,000	2,005,268
Net current assets	869,099	–	869,099
Net assets at the end of the year	1,007,919	2,000,000	3,007,919

16a Movements in funds (current year)

	At 1 August 2019 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 July 2020 £
Unrestricted funds:					
Designated funds:					
Strategic Funds	1,900,000	–	–	–	1,900,000
Facilities Funds	100,000	–	–	–	100,000
Total designated funds	2,000,000	–	–	–	2,000,000
General funds	1,007,919	1,663,231	(1,706,591)	–	964,559
Total unrestricted funds	3,007,919	1,663,231	(1,706,591)	–	2,964,559
Total funds	3,007,919	1,663,231	(1,706,591)	–	2,964,559

Notes to the financial statements

For the year ended 31 July 2020

16b Movements in funds (prior year)

	At 1 August 2018 £	Income & gains £	Expenditure & losses £	Transfers £	At 1 August 2019 £
Unrestricted funds:					
Designated funds:					
Strategic Funds	1,900,000	–	–	–	1,900,000
Strategic Funds – PDA/LC	351,000	–	(351,000)	–	–
Facilities Funds	100,000	–	–	–	100,000
Total designated funds	2,351,000	–	(351,000)	–	2,000,000
General funds	1,165,166	1,727,611	(1,884,858)	–	1,007,919
Total unrestricted funds	3,516,166	1,727,611	(2,235,858)	–	3,007,919
Total funds	3,516,166	1,727,611	(2,235,858)	–	3,007,919

Purposes of designated funds

The Strategic fund was kept at £1,900,000 to meet the level of reserves that the trustees agreed were required for contingency.

Strategic funds – PDA/LC, has been allocated a fund of £1,400,000 over 5 years to fund 50% of the PDA (Personal Development Advisors)/LC (Learning Centres) expenditure as agreed by the trustees and the remainder was used in the year.

The Facilities Funds represents monies set aside to relocate the charity to a suitable long term location.

17 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.