ARMED FORCES EDUCATION TRUST

England & Wales · Charity number 1167682

Details

Other names	FORCES CHILDREN EDUCATION TRUST
Status	Registered
Legal form	CIO
Registered	2016-06-16
Register	View on the Charity Commission register

Contact

Address	PO Box 684 Farnham Surrey GU9 1LP
Phone	07464732000
Email	admin@armedforceseducation.org
Website	www.armedforceseducation.org

Activities

Objects: FOR THE PUBLIC BENEFIT THE ADVANCEMENT OF EDUCATION (INCLUDING SOCIAL AND PHYSICAL TRAINING) OF PEOPLE UNDER THE AGE OF 25 YEARS WHO ARE OR WERE DEPENDENTS OF SERVING OR FORMER MEMBERS OF THE ARMED FORCES OF THE CROWN IN SUCH WAYS AS THE CHARITY TRUSTEES THINK FIT, INCLUDING BY:(A) AWARDING TO SUCH PERSONS SCHOLARSHIPS, MAINTENANCE ALLOWANCES OR GRANTS TENABLE AT ANY SCHOOL, UNIVERSITY, COLLEGE OR INSTITUTION OF HIGHER OR FURTHER EDUCATION; (B) PROVIDING THEIR EDUCATION (INCLUDING THE STUDY OF MUSIC, OTHER ARTS OR SPORTS), TO UNDERTAKE TRAVEL IN FURTHERANCE OF THAT EDUCATION OR TO PREPARE FOR ENTRY TO ANY OCCUPATION, TRADE OR PROFESSION ON LEAVING ANY EDUCATIONAL ESTABLISHMENT;(C) PROVIDING TO EDUCATIONAL AND TRAINING ESTABLISHMENTS SECONDARY FUNDING TO ENABLE ADDITIONAL RESOURCES (NOT OTHERWISE AVAILABLE) TO BE MADE AVAILABLE TO SUPPORT THE EDUCATION OF SUCH PERSONS.

Activities: To provide grants to support children and young people whose education has been effected by their parents service in the UK Armed Forces.

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Classification

- **How:** Makes Grants To Individuals, Makes Grants To Organisations
- **What:** Education/training
- **Who:** Children/young People, Other Defined Groups

Geography

- Scotland
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-08-31	£544,734	£676,664	£14,645,483	1
2024-08-31	£523,844	£965,252	£14,521,951	1
2023-08-31	£478,804	£141,430	-	-
2022-08-31	£425,540	£486,377	-	-
2021-08-31	£410,057	£291,164	-	-
2020-08-31	£403,266	£397,792	-	-

Trustees

Name	Role	Appointed
Simon Lesie Porter CBE	Chair	2023-06-08
Andrew David Malcolm		2023-12-09
Barry Thomas Burton		2023-02-23
Candice Chisholm		2023-12-09
Dr Lucy Grace Buckingham Robinson		2021-03-23
Iain Lawrence Buckle		2018-11-30
Joanna Elizabeth Besgrove Walker		2023-12-09
Martin Michael Arthur Davis		2024-02-23
Richard James Clements		2024-02-23

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ARMED FORCES EDUCATION TRUST

England & Wales - Charity number 1167682

Accounts

Charity Registration No. 1167682

ARMED FORCES EDUCATION TRUST

REPORT OF THE TRUSTEES AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2025

Waverley House
115-119 Holdenhurst Road
Bournemouth
Dorset
BH8 8DY

ARMED FORCES EDUCATION TRUST

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ARMED FORCES EDUCATION TRUST

COMPANY INFORMATION

Trustees	Mr S Porter Mr I Buckle Dr L G B Robinson Mr A Malcolm Mrs C Chisholm Mrs J Walker Mr R Clements Mr M Davis Mr B Burton
Charity number	1167682
Auditor	TC Group Waverley House 115-119 Holdenhurst Road Bournemouth Dorset BH8 8DY

The Trustees present their annual report and financial statements for the year ended 31 August 2025.

The Trustees are delighted to present this annual report, reflecting a year of growth, innovation, and impact for the Armed Forces Education Trust. Our mission remains clear: to support young people under 25 who are dependents of serving or former members of HM Armed Forces overcome any disadvantages to their education due to their parent's service. This year, we have broadened our reach, deepened our support, and strengthened our partnerships, ensuring that our beneficiaries get the opportunities they deserve.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements, the Charities Act 2011 and "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)" (as amended for accounting periods commencing from 1 January 2016).

Objectives and activities

Objectives and aims

The purpose of the Trust, as set out in its governing document, is the advancement of education of people under the age of 25 years who are or were dependents of serving or former members of HM Armed Forces.

Our Purpose and Impact

Vision

A future where every child from an Armed Forces family achieves their full educational potential, regardless of mobility or circumstance.

Mission

The Trust's mission is to award grants that improve educational experiences and outcomes of Service children whose education has been disrupted or disadvantaged because of the unique demands of Armed Forces life through targeted financial grants, partnerships and almonisation, supporting transitions, inclusion and wellbeing.

How We Make a Difference

• We identify individuals and institutions in need and provide financial support to overcome barriers to education.

• Our grants range from modest awards for books to substantial funding for organisations supporting Service children.

• Last year, we awarded £575,000 (which represents the most substantial amount yet awarded by the Trust in one year) in support of Service children. We also sponsored prizes for the Month of the Military Child, and continued our ongoing support to Neston Primary School for new arrivals from the Services Cotswold Centre.

Objectives for the Year

The Trust regularly reviews its strategic intent and ensures that its principal objectives for the year reflect the operation of the Trust as a grant giving body. These objectives are:

a) Encourage and support applications from currently serving personnel and veterans whose children or dependents have experienced educational disadvantage caused by Service life - including mobility, separation, deployment, and challenges accessing additional educational needs provision.

b) Support Service children with Additional Educational Needs by providing short-term, targeted interventions where mobility, delayed assessments, or disrupted provision have put their education at risk.

c) Strengthen the continuity of education, particularly during key transition points, to minimise the disruption associated with postings and deployments.

d) Support schools, colleges, and other organisations to provide additional resources and support that address the needs of Service children (e.g., mobility, separation, language and communication needs, emotional wellbeing, transition support).

The number of applicants, the breadth of their geographical location and the diversity of service personnel applying are all key indicators of the Trust's success in meeting its objectives.

Public benefit

The Trustees have carefully considered Charity Commission guidance on public benefit. Our activities—grant-making to individuals and institutions—are designed to maximise positive outcomes for Service children, ensuring our resources reach those most in need.

Grant making

There are many areas where service children need support that cannot be provided by the local authority either through a lack of funds or a failure to understand the nature of the mobile military society. In these cases, the Trust can step into the breech and provide this help to service children.

Grants can be awarded for children who have experienced disruptions or difficulties in their education due to Additional Educational Needs, parental deployments, mobility, injury or death. The Trust also give grants directly to schools to support larger numbers of service children to help them overcome these issues and achieve their potential.

Thus, the Trust is committed to maximising the impact of its grant funding by:

• Providing support to children and young adults whose education may have been disrupted or placed at risk as a result of a parent's current or previous military service.

• Assisting educational institutions in their efforts to mitigate the effects of service life on pupils.

Wherever possible, the Trust ensures that grants awarded do not substitute funding that is already available from public or private sources.

Achievements and performance

Charitable activities

Despite being a small charity with only one part-time employee the Trust is able to have a measurable impact by proactively seeking applications from Forces families most in need of support. It offers funding and advice for education support where this is beyond their financial means. It does this by actively taking part in social media group discussions for service personnel and veterans, as well as networking widely with Families Federations, Service Welfare organisations and schools.

The Trust's flexibility and adaptability demonstrates a commitment to meet continually the needs of the Armed Forces community in real time. Unlike many charities, the Trust recognises that need for funding does not come at distinct points during the year and it will respond to applications at the time of need.

Key Achievements

- **Wider Reach -** Our networking and marketing efforts have resulted in a significant increase in grant applications from across the UK, with a diverse range of recipients.
- **Supporting Schools -** We provided grants to 15 school directly, enabling targeted interventions as well as training for staff working with Armed Forces children.
- **Grants to organisations** - The Trust has continued with their grant to the SSCE Cymru Team so that they can continue to provide support to all schools in Wales who have Service children. The Trust has also supported the Forces Employment Charity with its Young Person's Programme.
- **Funding a Festival of Friends** - We funded a very successful Festival of Friends in Portsmouth and Gosport that reached 24 schools and 950 service children, mainly Royal Navy and Royal Marines.
- **Supporting Additional Need -** We continued to expand our support to Service children with additional needs by helping individual children who needed short term additional support and also through enabling schools to support children through their Nurture Hubs.
- **Collaborative Projects -** Our partnership with the Service Children's Progression Alliance (SCiP) continues, with a grant for partial funding engagement of schools with the Thriving Lives Toolkit, which has reached around 20,000 Service children.
- **Advocacy and Awareness -** The CEO engaged with County Councils, Families Federations, and attended the Royal British Legion SEND roundtables and the Cobseo Children's Cluster, ensuring our work is informed by the latest needs and best practice.
- **Signposting -** The Trust actively helps families find alternative support If they are unable to help and works hard to forge relationships with other charities, such as the Benevolent Trusts, to seek collaborative funding.
- **Sector Recognition**- The Trust was honoured to be shortlisted for the 2025 Celebrating Forces Family Awards Military Charity of the Year.

Impact Stories: Changing Lives

Kiwi Primary School (2024–2025)

A grant from the Trust enabled Kiwi Primary School to launch a weekly outdoor learning programme for Service children, replacing the previous single annual session. The new Kiwi Outdoor Learning Award (KOLA) gave every pupil in Years 1–6 a dedicated 45-minute session each week. Activities such as den building, gardening, and animal care helped children develop resilience, adaptability, and teamwork. Those struggling with behaviour or emotional regulation benefited from small group interventions and The Nest—a safe space for emotional support and restorative conversations. Outdoor calming spaces proved especially effective for pupils dealing with deployment-related stress. The result: reduced classroom disruption, increased engagement, and improved wellbeing. The project is now embedded in school culture and expanding to younger and additional needs pupils.

Portsmouth & Gosport Festival of Friends (2024–2025)

The Trust's grant to the University of Portsmouth's Festival of Friends project enabled 24 schools across Portsmouth and Gosport to strengthen their provision for Service children. Through a combination of commissioned project management, staff training, interactive theatre workshops, and a Pupil Voice conference, the project directly benefited over 956 Service children, including those from Army and Royal Navy families. Activities such as the Pupil Voice conference and celebration event fostered collaboration, raised aspirations, and gave Service children a platform to share their experiences and shape school support. Feedback from pupils and staff was overwhelmingly positive, with case studies evidencing improved pastoral care and sustainable changes in schools. The project's legacy is further secured through upskilling staff, sharing best practice nationally, and embedding the Thriving Lives Toolkit, ensuring continued support for Service children in the region.

Carnagill Primary School, Catterick (2024–2025)

Carnagill Primary School in Catterick received a grant from the Trust to enhance pastoral support for Service children, focusing on transitions and emotional wellbeing. The funding enabled the school to strengthen the role of a Service Pupil Advocate, improve family communication, and expand access to Learning Mentor-led wellbeing groups. Tailored transition resources, including videos and social stories, supported incoming pupils — particularly those with Additional Educational Needs — while a new Seesaw group facilitated ongoing family engagement. Group sessions on confidence, emotional regulation, and mental health benefited 60 pupils, and staff training in nurture approaches ensured sustained emotional support. Impact measures showed improved resilience and social skills, with practices now embedded to maintain a supportive, inclusive environment for military children.

Forces Employment Charity (2024–2025)

The Trust's grant to the Forces Employment Charity has supported its Young People Programme, which aims to improve educational and career outcomes for Service children aged 16–24. The funding enabled tailored 1:1 career guidance, Creative Forces Days, and employability workshops, reaching 89 young people with personalised support and engaging 111 students in skill-building sessions. The programme has strengthened outreach to five secondary schools serving 872 Service children, with targeted efforts to support Nepalese families. Outcome tools showed 86% of participants improved job skills and 100% reported increased stability.

Individual Successes

Quotes from feedback

"The grant from the Trust gave me continuity in my education during a time of significant change for me and my family. This gave my sister and me stability through our GCSE courses and examinations and allowed us to achieve the best grades possible". ***Joshua, Lucton School***

The Trust's assistance this year with the school fees allowed me to continue working as a full-time soldier, while allowing my children stability in their education and to be all at the same school. ***Sergeant James Black***

The funding provided through the support grant from the Armed Forces Education Trust has had a profound impact on Olly, a pupil with Autism Spectrum Disorder and severe speech delay. Moving from Scotland to England, Olly did not have an Education, Health and Care Plan. The grant enabled Olly to spend time in mainstream schooling while funding was sought to give him the support he needed long term. ***Mrs Phillips, Headteacher***

Tom arrived from a special school in another county mid year. He was out of school for some time while suitable provision was found. When he eventually was placed in our mainstream school we struggled to find the funding to support him. The Trust's grant, that has enabled Tom to attend school full time while we waited for funding, has made an incredible difference and has helped Tom to build communication and social skills. He is a very different young man compared to when he joined us! **Mr May, SENCO**

Financial review

Overview

Income:

Our principal source of funds remains rental income from our property asset, let to Cognita Schools Limited. In addition, the Trust received a grant from Greenwich Hospital to support schools with Royal Navy and Royal Marines children. We also receive donations, including an annual gift from the Privy Purse.

Expenditure:

Charitable activities expenditure has continued to rise this year, reflecting our commitment to supporting more beneficiaries and institutions.

Reserves Policy:
We maintain reserves equivalent to three years' grant expenditure, safeguarding our ability to support beneficiaries in the event of income disruption.

Investments:
Surplus funds are invested in a multi-asset fund, which delivered a satisfactory return in 2024-25. The Board regularly reviews performance against benchmarks.

Reserves Policy
The Trustees review the Trust's policy on reserves at least annually with reference to guidance published by the Charity Commission. The policy is also reviewed, when warranted, by changes in risk assessment or the business plan. During the year, reserves were held to minimise any disadvantage to beneficiaries should the Trust's income be stopped or severely reduced. Taking account of the main risks to the Trust, the Trust's policy is to hold reserves of around three times the level of total annual grants awarded based on forward estimates.

As of 31 August 2025, total unrestricted reserves amounted to £14,645,483 (2024: £14,521,951), of which £2,999,483 (2024: £2,536,951) were free reserves as the Trust's investment property cannot be quickly disposed of.

Financial Activities and Results
The results for the year and the financial position are set out in the Statement of Financial Activities on page 16 and the Statement of Financial Position on page 16. The Trust's principal source of funds was income from rent receivable on its principal property asset. The property asset is let on a 50 year lease to September 2061 to Cognita Schools Limited, a company which operates and invests in schools. The Trustees regularly meet with personnel from Cognita to ensure that the terms of the lease are being met. The Trust is not involved in direct fundraising although periodically donations and legacies are made to the Trust. In particular, the Trust receives an annual donation of £300 from the Privy Purse.

Expenditure on charitable activities was £676,664 (2024: £965,252). Grants are accrued as at the date they are approved by the Trustees. Grants payable can be seen on page 22 and 23.

Investment policy and objectives
The Trust has a long-term investment policy and a set of objectives for its surplus funds, both of which are regularly reviewed by the Board. The Trust's investment policy is to seek the best financial return from investing surplus funds balanced with an acceptable level of risk. Having considered the options available and reviewed a number of potential investment managers and funds, the Trustees determined that its surplus funds should be invested with a third party multi-asset fund ("the Fund"). The Fund seeks to maximise returns through income and capital growth. The Trust's investment in the Fund was valued at £3.2m as at 31 August 2025. During the financial year the Fund made a 8% gain, compared with a 13.8% gain in the previous year.

The Board regularly reviews the performance of the Fund in absolute terms and against a number of benchmarks. It considers that the overall performance of the Trust's investment has been satisfactory.

Future plans
We will continue to serve Service children worldwide, adapting to increasing challenges of support for additional needs in particular. Our focus remains on broadening awareness, deepening impact, and ensuring our grants make a real difference.

Risk Management
Principal risks include loss of rental income and depletion of investment reserves. The Board monitors these risks closely, maintaining strong relationships with tenants and investment managers, and reviews policies annually.

Structure, Governance and management
Governing document
The Armed Forces Education Trust was established to take forward the work of the Royal School Hampstead Trust (charity number 312286). On 7 December 2016 the Royal School Hampstead Trust transferred all of its assets (including cash and freehold property less liabilities) amounting to £13,070,677, to the Forces Children Education Trust (since renamed Armed Forces Education Trust).

The Trust is a Charitable Incorporated Organisation and governed by its written constitution dated 16 June 2016. The affairs of the Trust are managed by the Trustees, of which there must be a minimum of five. There is no maximum number of Trustees that may be appointed by the Trust.

The Trust recognises the Charity Governance Code as an important benchmark for best practice and applies its principles proportionately to our size and resources. We recognise the need to seek diversity of skills and experience on the board, introduce regular performance reviews, and commit to ongoing training for trustees. These steps reflect our commitment to continuous improvement and to ensuring that our governance arrangements remain robust, accountable, and aligned with sector standards.

- The Trust is governed by its constitution (dated 3 June 2016) and managed by a dedicated Board of Trustees, supported by the CEO and specialist advisers.
- Trustees are recruited through a transparent process, with induction and training provided.
- Day-to-day operations are delegated to the CEO, with regular Board meetings ensuring oversight and strategic direction.
- Safeguarding is a priority, with policies reviewed regularly and included on every Board agenda.

The Trustees who served during the year and up to the date of signature of the financial statements were:

Mr S Porter	
Mr A Behagg	(Resigned 31 December 2024)
Mrs M Clohessy	(Resigned 31 January 2025)
Mr I Buckle	
Dr L G B Robinson	
Mr A Malcolm	
Mrs C Chisholm	
Mrs J Walker	
Mr R Clements	
Mr M Davis	
Mr B Burton	

Recruitment and appointment of new trustees

The appointment of Trustees is a matter reserved for the Board of Trustees, based on vacancies occurring through the end of an allotted term, or a resignation, and an agreed succession plan based on a set of criteria. The Board may appoint a new Trustee at any properly convened meeting of the Trustees. The Chair is elected from and by the Trustees.

New Trustees are given a documented and personal induction programme. Trustees are able to attend a range of training courses and seminars, either at external institutions, or internally organised with external contributors as required.

Organisational structure

The Board meets four times a year, with additional meetings arranged if required.

Day to day management of the Trust's affairs is delegated to the Trust's Chief Executive Officer, Charmain Hickman. In addition, the Trust benefitted from the services of Derry Caleb, its estates adviser to facilitate oversight of its principal property investment. Mr Caleb stepped down as estates adviser in June 2025. The Trustees consider that they, together with the Chief Executive Officer, comprise the key management of the Trust in charge of directing, controlling, running and operating the Trust on a day-to-day basis. None of the Trustees receives any remuneration in respect of their services as Trustees. Staff pay is reviewed by the Trustees annually using external benchmarking and comparison data.

Risk management

The Trustees review and update the schedule of risks facing the Trust at least annually but monitor principal risks at every Board meeting. The Board considers a schedule of risks, their likelihood and potential damage together with preventative measures and mitigating actions. The Board considers that the principal risks facing the Trust are as follows:

a. The loss of regular rental income from the principal asset;
b. The depletion of investment reserves through for example adverse investment conditions.

The key strategies to manage these risks involve developing a closer relationship with the leaseholder of the Trust's principal asset and the regular monitoring of investment policy and performance.

Safeguarding

The Trust has a safeguarding policy which is regularly reviewed. Among other things, it covers measures to protect the Trustees and the Chief Executive Officer who is at the forefront of requests for grants. In addition, safeguarding is on the agenda of each Board meeting. The safeguarding lead is the CEO and a trustee, Dr L G B Robinson, is now the Trustee for Safeguarding. Both have undertaken the necessary training from SAFE CIC.

Events since the end of the year

Information relating to events since the end of the year is given in the notes to the financial statements.

The Trustees report was approved by the Board of Trustees.

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Mr S Porter
Trustee
Dated: 1 Apr 26

.....

Mrs C Chisholm
Trustee
Dated: 01 April 2026

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2025

The Trustees are responsible for preparing the Trustees' Report 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 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 Trust and of the incoming resources and application of resources of the Trust for that year.

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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- 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 sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the Trust and 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 Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF ARMED FORCES EDUCATION TRUST

Opinion

We have audited the financial statements of Armed Forces Education Trust (the 'Trust') for the year ended 31 August 2025 which comprise statement of financial activities, the statement of financial position, the statement of cash flows the statement of financial activities, the statement of financial position, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2025 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 *Auditor's 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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust'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 annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee report.

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

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement, the trustees 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 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.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and its management.

Our approach was as follows:

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the trustees and those charged with governance (as required by auditing standards), and discussed with the trustees and those charged with governance the policies and procedures regarding compliance with laws and regulations;
- We considered the legal and regulatory frameworks directly applicable to the financial statements reporting framework (FRS 102 and the Charities Act 2011) and the relevant charity regulations in the UK;
- We considered the nature of the industry, the control environment and the charity's performance, including the key drivers for management's remuneration;
- We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit;
- We considered the procedures and controls that the charity has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. These include the review of trustees' expenses, dual authentication for banking procedures and segregation of duties across key areas of the charity.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. These include Health and Safety and other charity legislative requirements. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included: testing manual journals; reviewing the financial statement disclosures and testing to supporting documentation; performing analytical procedures; and enquiring of management, and were designed to provide reasonable assurance that the financial statements were free from fraud or error.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with of Part 4 of the Charities Act 2011. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

TC Group

Lucy Filer FCA (Senior Statutory Auditor)
for and on behalf of TC Group

Statutory Auditor
Office: Christchurch

Date: 8/4/26

TC Group is eligible for appointment as auditor of the Trust by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006

ARMED FORCES EDUCATION TRUST

STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2025

	Notes	Unrestricted funds 2025 £	Unrestricted funds 2024 £
Income from:			
Donations and legacies	**3**	1,000	313
Charitable activities	**4**	543,734	523,531
Total income		544,734	523,844
Expenditure on:			
Charitable activities	**5**	676,664	965,252
Total expenditure		676,664	965,252
Net gains/(losses) on investments	**10**	255,462	528,937
Net income and movement in funds		123,532	87,529
Reconciliation of funds:			
Fund balances at 1 September 2024		14,521,951	14,434,422
Fund balances at 31 August 2025		14,645,483	14,521,951

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

ARMED FORCES EDUCATION TRUST

STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2025

	Notes	2025 £	2025 £	2024 £	2024 £
Fixed assets					
Tangible assets	**12**		578		1,140
Investment property	**13**		11,646,000		11,985,000
Investments	**14**		3,171,754		2,937,292
			14,818,332		14,923,432
Current assets					
Cash at bank and in hand		613,536		267,396	
Creditors: amounts falling due within one year	**15**	(763,120)		(565,546)	
Net current liabilities			(149,584)		(298,150)
Total assets less current liabilities			14,668,748		14,625,282
Creditors: amounts falling due after more than one year	**16**		(23,265)		(103,331)
Net assets			14,645,483		14,521,951
The funds of the Trust					
Unrestricted funds	**17**		14,645,483		14,521,951
			14,645,483		14,521,951

The financial statements were approved by the Trustees on 01/04/2026

Mr S Porter
Trustee

Mrs C Chisholm
Trustee

ARMED FORCES EDUCATION TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2025

	Notes	2025		2024	
		£	£	£	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations			(13,860)		4,854
Investing activities					
Proceeds from disposal of investment property		360,000		-	
Net cash generated from/(used in) investing activities			360,000		-
Net cash used in financing activities			-		-
Net increase in cash and cash equivalents			346,140		4,854
Cash and cash equivalents at beginning of year			267,396		262,542
Cash and cash equivalents at end of year			613,536		267,396

1 Accounting policies

Charity information

Armed Forces Education Trust is a charity registered in England and Wales and is a Charitable Incorporated Organisation. The address of the principal office is PO Box 684, Farnham, GU9 1LP.

1.1 Accounting convention

The financial statements have been prepared in accordance with the Charities Act 2011 and "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)" (as amended for accounting periods commencing from 1 January 2016). The Trust is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the Trust. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives.

1.4 Incoming resources

Income is recognised when the Trust is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the Trust has been notified of the donation, unless performance conditions require deferral of the amount.

Legacies are recognised on receipt or otherwise if the Trust has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

1 Accounting policies **(Continued)**

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Trust's contractual obligations expire or are discharged or cancelled.

1.11 Fund accounting

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

1.12 Taxation

The charity is exempt from tax on its charitable activities.

1 Accounting policies **(Continued)**

1.5 Resources expended

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 offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computers	33% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

1.8 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

1.9 Impairment of fixed assets

At each reporting end date, the Trust reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

2 Critical accounting estimates and judgements

In the application of the Trust's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Management review the judgements and estimates used to determine the fair values attributed to the charity's investment property on an annual basis. They consider the most recent revaluation disclosed in note 13 to be a true and fair reflection of the market value of the property at the reporting date.

Grants to be paid over multiple years are recognised in full in the year in which they are awarded. The Trustees believe there to be no performance related requirements on the part of the grant recipient and there is therefore a sufficient degree of probability the grant will be paid.

There were no other key sources of estimation uncertainty.

3 Donations and legacies

	Unrestricted funds	Total
	2025	2024
	£	£
Donations	1,000	313

4 Charitable activities

	Income 2025	Income 2024
	£	£
Rent received	539,443	520,928
Deposit account interest	4,291	2,603
	543,734	523,531

5 Charitable activities

	Charitable activities 2025	Support costs 2025	Governance costs 2025	Total 2025	Total 2024
	£	£	£	£	£
Depreciation and impairment	562	-	-	562	562
Grants to institutions	458,917	-	-	458,917	710,712
Grants to individuals	142,975	-	-	142,975	189,936
Salaries	-	43,567	-	43,567	40,854
Insurance	-	1,840	-	1,840	1,820
Admin and other costs	-	10,598	-	10,598	11,750
Advertising	-	1,469	-	1,469	1,159
Auditors' remuneration	-	-	5,422	5,422	5,216
Legal and other professional fees	-	-	9,193	9,193	1,811
Trustees' expenses and meeting costs	-	-	2,121	2,121	1,432
	602,454	57,474	16,736	676,664	965,252
	602,454	57,474	16,736	676,664	965,252

6 Grants payable

The total grants payable to institutions during the year were as follows:

	2025	2024
Alexander First School	-	42,000
Anglia Ruskin	33,150	-
Angus Council	-	(8,291)
Arden Forest	6,000	-
Carnagill Primary	25,267	9,800
Charlestown Primary	3,824	-
Colerne Primary	-	54,230
Cottesmore Primary	27,322	-
Danesfield School	16,135	-
East End Primary	-	(76)
Forces Employment	25,000	25,000
Gateway School	25,000	-
GAP - Catterick Garrison	39,000	-
Haveford West Secondary	-	30,000
Helston Community College	46,380	-
John Logie Baird Primary	11,665	-
King Richard's School, Cyprus	15,000	-
Kiwi Primary	-	43,436
Larkhill Primary	-	38,881
Leconfield Primary	-	250
Lincolnshire schools	-	17,999
Linkwood Primary	30,242	-
Lyneham Primary	-	95,335
MOTMC Shape	250	-
Neston Primary	-	2,283
Other	922	-
Park Eglos	2,885	-
Portsmouth Festival of Friends	-	24,000
RAF Benson Cluster	-	33,267
Raigmore Primary	20,000	-
Risedale Secondary	-	37,500
SCiP	50,000	-
SSCE Cymru	-	170,000
Seafield Primary	22,000	-
St Geraldine Primary	-	24,580
St Gerards	-	5,000

6 Grants payable **(Continued)**

St Peters Primary	-	800
St Peters Farnborough	-	7,995
Wallop Primary	18,084	-
Widewell Primary	15,670	-
Wiltshire CC FoF	25,120	-
Ysgol Colweg Pen y Fan	-	56,723
Total grants to institutions	**458,916**	**710,712**

Grants are accrued at the date they are approved by the trustees and communicated to recipients, based on the information available at the time of grant application. If circumstances change, the recipient is required to inform the charity. This can result in a change to the initial value of the grant previously agreed. The negatives balances above represent a change in the amounts accrued due to unforeseen circumstances.

The total grants payable to collaborative and individuals during the year was £143,350 (2024: £189,936).

7 Net movement in funds

	2025	2024
	£	£
The net movement in funds is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	562	562
Profit on disposal of investment property	(21,000)	-

8 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the Trust during the year.

During the year Trustee's had expenses for travel and subsistence reimbursed for a total of £2,121 (2024: £1,432).

9 Employees

There was 1 employee during the year (2023 - 1).

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

Staff costs represent the remuneration of key management personnel.

10 Gains and losses on investments

	Unrestricted funds 2025	Unrestricted funds 2024
Gains/(losses) arising on:	£	£
Revaluation of investments	234,462	328,937
Revaluation of investment properties	-	200,000
Sale of investment properties	21,000	-
	255,462	528,937

11 Taxation

The charity is exempt from taxation on its activities because all its income is applied for charitable purposes.

12 Tangible fixed assets

	Computers
	£
Cost	
At 1 September 2024	1,702
At 31 August 2025	1,702
Depreciation and impairment	
At 1 September 2024	562
Depreciation charged in the year	562
At 31 August 2025	1,124
Carrying amount	
At 31 August 2025	578
At 31 August 2024	1,140

13 Investment property

	2025
	£
Fair value	
At 1 September 2024	11,985,000
Disposals	(339,000)
At 31 August 2025	11,646,000

The fair value of the investment property has been arrived at on the basis of a valuation carried out in August 2024 by House & Son Chartered Surveyors, who are not connected with the Trust. The valuation was based on the estimated amounts a willing buyer would purchase the property for at arm's-length. The Trustees consider the valuation of the remaining properties to be appropriate at 31 August 2025. The cost of the investment property to the charity was £11,299,651 (2024: £11,589,735).

14 Fixed asset investments

	Listed investments
	£
Cost or valuation	
At 1 September 2024	2,937,292
Valuation changes	234,462
At 31 August 2025	3,171,754
Carrying amount	
At 31 August 2025	3,171,754
At 31 August 2024	2,937,292

15 Creditors: amounts falling due within one year

	2025	2024
	£	£
Grant creditors	46,948	6,134
Accruals and deferred income	716,172	559,412
	763,120	565,546

Included within accruals are grants agreed for future periods of £734,397 (2024 - £552,991).

16 Creditors: amounts falling due after more than one year

	2025	2024
	£	£
Accruals and deferred income	23,265	103,331

Included within accruals are grants agreed for future periods of £23,265 (2024 - £103,331).

17 Unrestricted funds

The unrestricted funds of the charity comprise the unexpended balances of donations and grants which are not subject to specific conditions by donors and grantors as to how they may be used. These include designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes.

	At 1 September 2024	Incoming resources	Resources expended	Gains and losses	At 31 August 2025
	£	£	£	£	£
General funds	14,521,951	544,734	(676,664)	255,462	14,645,483

Previous year:	At 1 September 2023	Incoming resources	Resources expended	Gains and losses	At 31 August 2024
	£	£	£	£	£
General funds	14,434,422	523,844	(965,252)	528,937	14,521,951

18 Related party transactions

There were no disclosable related party transactions during the year (2024 - none).

19 Operating lease

The charity is the lessor to a 50 year operating lease ending 1 September 2061. Investment income for future periods is based on rental fees payable for the previous year plus any changes in RPI.

ARMED FORCES EDUCATION TRUST

England & Wales - Charity number 1167682

Accounts

Charity Registration No. 1167682

ARMED FORCES EDUCATION TRUST

REPORT OF THE TRUSTEES AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2024

10 Bridge Street
Christchurch
Dorset
BH23 1EF

ARMED FORCES EDUCATION TRUST

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ARMED FORCES EDUCATION TRUST

COMPANY INFORMATION

Trustees	Mr S Porter	
	Mr A Behagg	
	Mrs M Clohessy	
	Mr I Buckle	
	Ms L G B Robinson	
	Mr A Malcolm	(Appointed 8 December 2023)
	Mrs C Chisholm	(Appointed 8 December 2023)
	Mrs J Walker	(Appointed 8 December 2023)
	Mr R Clements	(Appointed 23 February 2024)
	Mr M Davis	(Appointed 23 February 2024)
	Mr B Burton	(Appointed 23 February 2024)
Charity number	1167682	
Auditor	TC Group	
	10 Bridge Street	
	Christchurch	
	Dorset	
	BH23 1EF	

The Trustees present their annual report and financial statements for the year ended 31 August 2024.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements, the Charities Act 2011 and "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)" (as amended for accounting periods commencing from 1 January 2016).

Objectives and activities

Objectives and aims

The purpose of the Trust, as set out in its governing document, is the advancement of education of people under the age of 25 years who are or were dependents of serving or former members of HM Armed Forces.

Aim and Intended Impact

The Trust's aim is to improve opportunities and outcomes for children and young adults whose education has been adversely impacted by their parents' service in the Armed Forces. The Trust identifies individuals and institutions in need of its help and establishes a sustainable method of supporting them financially in education.

The key challenge facing the Trust continues to be the task of reaching out to as wide an audience as possible, so that the Trust can identify those individuals and institutions most in need of its help.

Objectives for the Year

The Trust regularly reviews its strategic intent and ensures that its principal objectives for the year reflect the operation of the Trust as a grant giving body. These objectives were:

a. To continue promoting the Trust in the context of its charitable objects, and to secure applications for grants on behalf of eligible potential beneficiaries;
b. To consider and decide on applications, and award grants accordingly; and
c. To investigate ways of further increasing the impact of the Trust's grant giving.

The number of applicants, the breadth of their geographical location and the diversity of service personnel applying are all key indicators of the Trust's success in meeting its objectives.

Public benefit

The Trustees have had regard to the guidance issued by the Charity Commission on public benefit and have taken care in agreeing the objects with the Charity Commission to reflect a focus on public benefit. The main activities in relation to its purpose for the public benefit include awarding:

a. Grants to individuals to assist with school, college or university fees or costs; and
b. Grants to institutions providing education to Armed Forces dependents.

Throughout the period the Trustees had due regard to public benefit guidance in determining the activities of the Trust.

Grant making

The Trust's policy on grant making is to seek to maximise the effect of grants given:
a) to counter instances where children or young adults may have had their education compromised or put at risk because of a parent's current or past military service, or
b) to support educational establishments to help minimise the effects of service life on pupils.

To the extent possible, the Trust aims to ensure that grant money awarded does not replace funding which is already available from public or private sources.

Achievements and performance

Charitable activities

The Trust is pleased to report significant growth in the grants awarded over the past year, reflecting in part its networking and marketing efforts of the recent past. Continuous review and challenge of its approach to grant giving has helped the Trust increase its engagement with those most in need of its help and broaden its reach. The size and type of grant awarded continued to expand this year, with a diverse group of recipients receiving grants ranging from just a few hundred pounds to over £100,000.

For example, this year the Trust awarded a grant of £170,000 spread over two years to SSCE (Supporting Service Children in Education) Cymru to enable the organisation to continue supporting Service children in Wales. Having worked with SSCE Cymru previously, the Trust is familiar with the organisation's track record and the impact it has when engaging with Welsh schools with Service children.

At the other end of the scale, the Trust sponsored prizes at an award ceremony in April 2024 for the Month of the Military Child (MOTMC), including a £250 prize to Leconfield Primary School in Yorkshire for books. The Trust's involvement in MOTMC events enabled it to work with the Ministry of Defence and Never Such Innocence charity to raise awareness of the issues facing Service children and to promote the Trust's work.

Neston Primary School in Wilshire was another school that benefitted this year. The Trust made an open ended grant to the school for a period of one year of £2,050 for each new child arriving at the nearby Services Cotswold Centre (a centre run by the Army Welfare Service providing short-term transit accommodation for Tri-Service personnel and their families) and attending the local school while there. The Trust has agreed to extend this award for the 2024/25 academic year. The grant helps the school to give Service children immediate support on arriving which can be at any time during the school year.

During the year, the Board considered ways that it could extend its service offering, particularly to students beyond school age and agreed some grants to students from Armed Forces families attending college and university. Whilst the outcomes of these awards have yet to be fully assessed, the Trust will continue to consider applications from beyond school age students, assessing each one on its merits.

The Trust is part way through a two-year funding of a project being undertaken by the Service Children's Progression Alliance (SCiP) to roll out a Thriving Lives Toolkit which helps schools support Service children to navigate some of the issues they face. SCiP are pleased with their progress to date in engaging schools with around 20,000 Service children.

The Trust is cognisant of the need to continuously promote its services and undertakes a vast array of networking initiatives each year. This year, the CEO held meetings or gave presentations to representatives from county councils across the country, including Kent, Lincolnshire, Wiltshire and the Scottish County Council, with a view to informing schools about the Trust's grants whilst increasing the Trust's understanding of local needs of Service children.

The Trust also took part in a Service Children Support Sector Development event in Leeds in September 2023 which provided an excellent opportunity to meet with a wide range of stakeholders, understand how each supports Service children and ascertain what more the Trust can do to help Service children in state schools.

The CEO's ongoing discussions with the Families Federations have continued to prove fruitful, with the Federations referring an increased number of cases to the Trust this year. The Trust has seen more enquiries than ever from schools or individuals seeking help for students with learning difficulties. The impact of providing such help can have far reaching consequences not only for the student concerned but also for fellow pupils. The CEO attended the Royal British Legion roundtable for special educational needs and disability children (SEND) in January 2024 focusing on the specific experiences of Service children with SEND. Following this round table, the Trust had a series of meetings with other interested parties that may result in future grant applications.

The Trust is delighted to be able to work with other charities wherever possible and a number of charities have shown an increasing appetite to work alongside the Trust to jointly fund awards. For example the Army Benevolent Fund, along with some Regimental Charities, has worked with the Trust to to jointly support Army children this year. The Trust hopes these relationships will continue and grow to include the other Services.

Financial review

Reserves Policy

The Trustees review the Trust's policy on reserves at least annually with reference to guidance published by the Charity Commission. The policy is also reviewed, when warranted, by changes in risk assessment or the business plan. During the year, reserves were held to minimise any disadvantage to beneficiaries should the Trust's income be stopped or severely reduced. Taking account of the main risks to the Trust, the Trust's policy is to hold reserves of around three times the level of total annual grants awarded based on forward estimates.

As of 31 August 2024, total unrestricted reserves amounted to £14,521,951 (2023: £14,434,423), of which £2,536,951 were free reserves as the Trust's investment property cannot be quickly disposed of. Free reserves as at 31 August 2024 of £2,536,951 (2023: £2,649,423) represent 3.8 years of total grants based on forward estimates.

Financial Activities and Results

The results for the year and the financial position are set out in the Statement of Financial Activities on page 13 and the Statement of Financial Position on page 14. The Trust's principal source of funds was income from rent receivable on its principal property asset. The property asset is let on a 50 year lease to September 2061 to Cognita Schools Limited, a company which operates and invests in schools. The Trustees regularly meet with personnel from Cognita to ensure that the terms of the lease are being met. The Trust is not involved in direct fundraising although periodically donations and legacies are made to the Trust. In particular, the Trust receives an annual donation of £300 from the Privy Purse. The Trustees have agreed to award this donation each year to the grantee(s) who they feel has best met the objectives of their grant.

Expenditure on charitable activities was £965,252 (2023: £141,430) reflecting significantly higher awards for grants in 2024, compared to 2023, particularly in relation to grants awarded to institutions. Grants are accrued as at the date they are approved by the Trustees. Individual grants were given to 32 children (2023: 32) and young people to assist with the provision, or to sustain an existing provision, of appropriate education.

In addition, grants were awarded to 20 institutions (2023: 7), including schools and Local Education Authorities, to enable educational support to be provided to Armed Forces children. The recipients have been able to provide individual and group interventions or arrange targeted training to teachers and staff working with Armed Forces children. The Trust invests surplus funds with a multi asset fund. Investment in funds is maintained for when future cash is required.

Investment policy and objectives

The Trust has a long-term investment policy and a set of objectives for its surplus funds, both of which are regularly reviewed by the Board. The Trust's investment policy is to seek the best financial return from investing surplus funds balanced with an acceptable level of risk. Having considered the options available and reviewed a number of potential investment managers and funds, the Trustees determined that its surplus funds should be invested with a third party multi-asset fund ("the Fund"). The Fund seeks to maximise returns through income and capital growth. The Trust's investment in the Fund was valued at £2.9m as at 31 August 2024. During the financial year the Fund made a 13.8% gain, compared with a 3.6% gain in the previous year.

The Board regularly reviews the performance of the Fund in absolute terms and against a number of benchmarks. It considers that the overall performance of the Trust's investment has been satisfactory.

Future plans

The key factors likely to affect the future financial performance of the Trust are the ongoing receipt of rental income from the Trust's principal asset and the performance of the Trust's investment in the Fund.

The Trust will continue to serve the needs of Service children throughout the world by the provision of grants that best meet their needs. The Trust will continue its marketing efforts to broaden awareness of its services and in so doing, reach out to a broad range of applicants across the Armed Services community. The Trust aims to keep abreast of matters impacting Service children. It is monitoring the potential impact of VAT on private school fees and on the ability of Armed Forces families to afford higher school fees, whilst noting that the monetary amount of grants previously awarded may no longer cover as much of school fees from January 2025.

Structure, Governance and management

Governing document

The Armed Forces Education Trust was established to take forward the work of the Royal School Hampstead Trust (charity number 312286). On 7 December 2016 the Royal School Hampstead Trust transferred all of its assets (including cash and freehold property less liabilities) amounting to £13,070,677, to the Armed Forces Children Education Trust.

The Trust is a Charitable Incorporated Organisation and governed by its written constitution dated 16 June 2016. The affairs of the Trust are managed by the Trustees, of which there must be a minimum of five. There is no maximum number of Trustees that may be appointed by the Trust.

The Trustees who served during the year and up to the date of signature of the financial statements were:

Mr S Porter	
Mr A Behagg	
Mrs M Clohessy	
Mr I Buckle	
Ms L G B Robinson	
Mr A Malcolm	(Appointed 8 December 2023)
Mrs C Chisholm	(Appointed 8 December 2023)
Mrs J Walker	(Appointed 8 December 2023)
Mr R Clements	(Appointed 23 February 2024)
Mr M Davis	(Appointed 23 February 2024)
Mr B Burton	(Appointed 23 February 2024)
Mrs J Lycett	(Resigned 8 December 2023)
Mr D J Toriati	(Resigned 8 December 2023)
Mr T Flesher	(Resigned 20 March 2024)
Mr M Willis	(Resigned 18 June 2024)

Recruitment and appointment of new trustees

The appointment of Trustees is a matter reserved for the Board of Trustees, based on vacancies occurring through the end of an allotted term, or a resignation, and an agreed succession plan based on a set of criteria. The Board may appoint a new Trustee at any properly convened meeting of the Trustees. The Chair is elected from and by the Trustees. On 18 June 2024, Alan Behagg stepped down as Chair of the Board but continued as a trustee. Simon Porter took over the role of Chair. Alan became Chair of the Trust in June 2016 and over the past eight years he worked tirelessly to promote the work of the Trust, develop its grant giving strategy and broaden its reach. He has been instrumental in achieving these goals and the Board is extremely grateful to Alan for his dedication to the Trust, his wisdom and his guidance. During the year, the Trust also undertook a recruitment drive to appoint new trustees to replace those stepping down at the end of their terms of office. The Board would like to thank those who served the Trust over the recent past and gave of their time so generously and effectively.

New Trustees are given a documented and personal induction programme. Trustees are able to attend a range of training courses and seminars, either at external institutions, or internally organised with external contributors as required.

Organisational structure

The Board meets five times a year, with additional meetings arranged if required.

Day to day management of the Trust's affairs is delegated to the Trust's Chief Executive Officer, Mrs C Hickman. In addition, the Trust benefitted from the services of Mrs L Abbott, its education adviser, to facilitate policy and decision-making with regard to individual and collective grants, and from Mr D Caleb, its property adviser to facilitate oversight of its principal property investment. Mrs L Abbott stepped down as education adviser in April 2024. The Trustees consider that they, together with the Chief Executive Officer, comprise the key management of the Trust in charge of directing, controlling, running and operating the Trust on a day-to-day basis. None of the Trustees receives any remuneration in respect of their services as Trustees. Staff pay is reviewed by the Trustees annually using external benchmarking and comparison data.

Risk management

The Trustees review and update the schedule of risks facing the Trust at least annually but monitor principal risks at every Board meeting. The Board considers a schedule of risks, their likelihood and potential damage together with preventative measures and mitigating actions. The Board considers that the principal risks facing the Trust are as follows:

a. The loss of regular rental income from the principal asset;
b. The depletion of investment reserves through for example adverse investment conditions.

The key strategies to manage these risks involve developing a closer relationship with the leaseholder of the Trust's principal asset and the regular monitoring of investment policy and performance.

Safeguarding

The Trust has a safeguarding policy which is regularly reviewed. Among other things, it covers measures to protect the Trustees and the Chief Executive Officer who is at the forefront of requests for grants. In addition, safeguarding is on the agenda of each Board meeting. The safeguarding lead is the CEO and a trustee, Ms L G B Robinson, is now the Trustee for Safeguarding. Both are undertaking the necessary training from SAFE CIC.

Events since the end of the year

Information relating to events since the end of the year is given in the notes to the financial statements.

The Trustees report was approved by the Board of Trustees.

Mr S Porter
Trustee
Dated: 13 December 2024

ARMED FORCES EDUCATION TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2024

The Trustees are responsible for preparing the Trustees' Report 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 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 Trust and of the incoming resources and application of resources of the Trust for that year.

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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- 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 sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the Trust and 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 Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF ARMED FORCES EDUCATION TRUST

Opinion

We have audited the financial statements of Armed Forces Education Trust (the 'charity') for the year ended 31 August 2024 which comprise the statement of financial activities, the statement of financial position, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 charity's affairs as at 31 August 2024 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's 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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust'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 annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee report.

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

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement, the trustees 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 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.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and its management.

Our approach was as follows:

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the trustees and those charged with governance (as required by auditing standards), and discussed with the trustees and those charged with governance the policies and procedures regarding compliance with laws and regulations;
- We considered the legal and regulatory frameworks directly applicable to the financial statements reporting framework (FRS 102 and the Charities Act 2011) and the relevant charity regulations in the UK;
- We considered the nature of the industry, the control environment and the charity's performance, including the key drivers for management's remuneration;
- We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit;
- We considered the procedures and controls that the charity has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. These include the review of trustees' expenses, dual authentication for banking procedures and segregation of duties across key areas of the charity.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. These include Health and Safety and other charity legislative requirements. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included: testing manual journals; reviewing the financial statement disclosures and testing to supporting documentation; performing analytical procedures; and enquiring of management, and were designed to provide reasonable assurance that the financial statements were free from fraud or error.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with of Part 4 of the Charities Act 2011. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Dean Pullen FCCA (Senior Statutory Auditor)
for and on behalf of TC Group

Statutory Auditor
Office: Christchurch

7 January 2025

ARMED FORCES EDUCATION TRUST

STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2024

	Notes	Unrestricted funds 2024 £	Unrestricted funds 2023 £
Income from:			
Donations and legacies	**3**	313	353
Charitable activities	**4**	523,531	478,451
Total income		523,844	478,804
Expenditure on:			
Charitable activities	**5**	965,252	141,430
Total expenditure		965,252	141,430
Net gains/(losses) on investments	**10**	528,937	121,229
Net income and movement in funds		87,529	458,603
Reconciliation of funds:			
Fund balances at 1 September 2023		14,434,422	13,975,820
Fund balances at 31 August 2024		14,521,951	14,434,423

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

ARMED FORCES EDUCATION TRUST

STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2024

	Notes	2024 £	2024 £	2023 £	2023 £
Fixed assets					
Tangible assets	**12**		1,140		1,702
Investment property	**13**		11,985,000		11,785,000
Investments	**14**		2,937,292		2,608,355
			14,923,432		14,395,057
Current assets					
Debtors	**15**	-		8,398	
Cash at bank and in hand		267,396		262,542	
		267,396		270,940	
Creditors: amounts falling due within one year	**16**	(565,546)		(208,074)	
Net current (liabilities)/assets			(298,150)		62,866
Total assets less current liabilities			14,625,282		14,457,923
Creditors: amounts falling due after more than one year	**17**		(103,331)		(23,500)
Net assets			14,521,951		14,434,423
The funds of the Trust					
Unrestricted funds	**18**		14,521,951		14,434,423
			14,521,951		14,434,423

The financial statements were approved by the Trustees on 13 December 2024

Mr S Porter
Trustee

Mrs M Clohessy
Trustee

ARMED FORCES EDUCATION TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2024

	Notes	2024 £	2024 £	2023 £	2023 £
Cash flows from operating activities					
Cash generated from operations	**21**		2,252		153,374
Investing activities					
Purchase of tangible fixed assets		-		(1,702)	
Purchase of investments		-		(200,000)	
Investment income received		2,603		678	
Net cash generated from/(used in) investing activities			2,603		(201,024)
Net cash used in financing activities			-		-
Net increase/(decrease) in cash and cash equivalents			4,854		(47,650)
Cash and cash equivalents at beginning of year			262,542		310,192
Cash and cash equivalents at end of year			267,396		262,542

1 Accounting policies

Charity information

Armed Forces Education Trust is a charity registered in England and Wales and is a Charitable Incorporated Organisation. The address of the principal office is PO Box 684, Farnham, GU9 1LP.

1.1 Accounting convention

The financial statements have been prepared in accordance with the Charities Act 2011 and "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)" (as amended for accounting periods commencing from 1 January 2016). The Trust is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the Trust. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives.

1.4 Incoming resources

Income is recognised when the Trust is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the Trust has been notified of the donation, unless performance conditions require deferral of the amount.

Legacies are recognised on receipt or otherwise if the Trust has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

1 Accounting policies **(Continued)**

1.5 Resources expended

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 offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computers	33% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

1.8 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

1.9 Impairment of fixed assets

At each reporting end date, the Trust reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies **(Continued)**

1.11 Financial instruments

The Trust has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Trust's statement of financial position when the Trust becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Trust's contractual obligations expire or are discharged or cancelled.

1.12 Fund accounting

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

1.13 Taxation

The charity is exempt from tax on its charitable activities.

2 Critical accounting estimates and judgements

In the application of the Trust's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Management review the judgements and estimates used to determine the fair values attributed to the charity's investment property on an annual basis. They consider the most recent revaluation disclosed in note 13 to be a true and fair reflection of the market value of the property at the reporting date.

Grants to be paid over multiple years are recognised in full in the year in which they are awarded. The Trustees believe there to be no performance related requirements on the part of the grant recipient and there is therefore a sufficient degree of probability the grant will be paid.

There were no other key sources of estimation uncertainty.

3 Donations and legacies

	Unrestricted funds	Total
	2024	2023
	£	£
Donations	313	353

4 Charitable activities

	Income 2024	Income 2023
	£	£
Rent received	520,928	477,773
Deposit account interest	2,603	678
	523,531	478,451

5 Charitable activities

	Charitable activities 2024	Support costs 2024	Governance costs 2024	Total 2024	Total 2023
	£	£	£	£	£
Depreciation and impairment	562	-	-	562	-
Grants to institutions	710,712	-	-	710,712	15,009
Grants to individuals	189,936	-	-	189,936	73,408
Salaries	-	40,854	-	40,854	37,932
Insurance	-	1,820	-	1,820	1,369
Other establishment	-	11,750	-	11,750	5,599
Advertising	-	1,159	-	1,159	-
Auditors' remuneration	-	-	5,216	5,216	5,040
Legal and other professional fees	-	-	1,811	1,811	1,992
Costs of Trustees' meetings	-	-	1,432	1,432	1,081
	901,210	55,583	8,459	965,252	141,430
	901,210	55,583	8,459	965,252	141,430

6 Grants payable

The total grants payable to institutions during the year were as follows:

	2024	2023
Alexander First School	42,000	(46)
Angus Council	(8,291)	8,291
Carnagill Primary	9,800	-
Carterton Community College	-	15,000
Colerne Primary	54,230	-
Credenhill Primary	-	(99)
East End Primary	(76)	280
Edit Moorhouse	-	540
Elson Infants	-	1,868
Forces Employment	25,000	-
Gateway School	-	9,720
Haveford West Secondary	30,000	-
Kiwi Primary	43,436	-
Knocknagoney Primary School	-	(1,000)
Larkhill Primary	38,881	-
Leconfield Primary	250	-
Lincolnshire schools	17,999	-
Lyneham Primary	95,335	-
Neston Primary	2,283	-
Peel primary	-	(550)
Portsmouth Festival of Friends	24,000	-
RAF Benson Cluster	33,267	-
Risedale Secondary	37,500	-
Salisbury Plain Academies	-	(12,628)
South Farnborough Junior School	-	(6,345)
SSCE Cymru	170,000	-
St Christopher's	-	1,198
St Geraldine Primary	24,580	-
St Gerards	5,000	-
St Peters Primary	800	-
St Peters Farnborough	7,995	-
Upton by Chester High	-	(1,220)
Ysgol Colweg Pen y Fan	56,723	-
Total grants to institutions	**710,712**	**15,009**

Grants are accrued at the date they are approved by the trustees and communicated to recipients, based on the information available at the time of grant application. If circumstances change, the recipient is required to inform the charity. This can result in a change to the initial value of the grant previously agreed. The negatives balances above represent a change in the amounts accrued due to unforeseen circumstances.

6 Grants payable (Continued)

The total grants payable to collaborative and individuals during the year was £196,106 (2023: £73,408).

7 Net movement in funds

	2024	2023
	£	£
The net movement in funds is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	562	-

8 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the Trust during the year.

During the year Trustee's had expenses for travel and subsistence reimbursed for a total of £1,432 (2023: £1,081).

9 Employees

There was 1 employee during the year (2023 - 1).

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

Staff costs represent the remuneration of key management personnel.

10 Gains and losses on investments

	Unrestricted funds 2024	Unrestricted funds 2023
Gains/(losses) arising on:	£	£
Revaluation of investments	328,937	121,229
Revaluation of investment properties	200,000	-
	528,937	121,229

11 Taxation

The charity is exempt from taxation on its activities because all its income is applied for charitable purposes.

12 Tangible fixed assets

	Computers
	£
Cost	
At 1 September 2023	1,702
At 31 August 2024	1,702
Depreciation and impairment	
Depreciation charged in the year	562
At 31 August 2024	562
Carrying amount	
At 31 August 2024	1,140
At 31 August 2023	1,702

13 Investment property

	2024
	£
Fair value	
At 1 September 2023	11,785,000
Net gains or losses through fair value adjustments	200,000
At 31 August 2024	11,985,000

The fair value of the investment property has been arrived at on the basis of a valuation carried out in August 2024 by House & Son Chartered Surveyors, who are not connected with the Trust. The valuation was based on the estimated amounts a willing buyer would purchase the property for at arm's-length. The Trustees consider the value to be appropriate at 31 August 2024. The cost of the investment property to the charity was £11,589,735.

14 Fixed asset investments

	Listed investments £
Cost or valuation	
At 1 September 2023	2,608,355
Valuation changes	328,937
At 31 August 2024	2,937,292
Carrying amount	
At 31 August 2024	2,937,292
At 31 August 2023	2,608,355

15 Debtors

	2024	2023
Amounts falling due within one year:	**£**	**£**
Trade debtors	-	8,398

16 Creditors: amounts falling due within one year

	2024	2023
	£	**£**
Grant creditors	6,134	23,175
Accruals and deferred income	559,412	184,899
	565,546	208,074

Included within accruals are grants agreed for future periods of £552,991 (2023 - £179,860).

17 Creditors: amounts falling due after more than one year

	2024	2023
	£	**£**
Accruals and deferred income	103,331	23,500

Included within accruals are grants agreed for future periods of £103,331 (2023 - £23,500).

18 Unrestricted funds

The unrestricted funds of the charity comprise the unexpended balances of donations and grants which are not subject to specific conditions by donors and grantors as to how they may be used. These include designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes.

	At 1 September 2023	Incoming resources	Resources expended	Gains and losses	At 31 August 2024
	£	£	£	£	£
General funds	14,434,423	523,844	(965,252)	528,937	14,521,951

Previous year:	At 1 September 2022	Incoming resources	Resources expended	Gains and losses	At 31 August 2023
	£	£	£	£	£
General funds	13,975,820	478,804	(141,430)	121,229	14,434,423

19 Related party transactions

There were no disclosable related party transactions during the year (2023 - none).

20 Operating lease

The charity is the lessor to a 50 year operating lease ending 1 September 2061. Investment income for future periods is based on rental fees payable for the previous year plus any changes in RPI.

21	Cash generated from operations	2024	2023
		£	£
	Surplus for the year	87,529	458,603
	Adjustments for:		
	Investment income recognised in statement of financial activities	(2,603)	(678)
	Fair value gains and losses on investment properties	(200,000)	-
	Fair value gains and losses on investments	(328,937)	(121,229)
	Depreciation and impairment of tangible fixed assets	562	-
	Movements in working capital:		
	Decrease/(increase) in debtors	8,398	(8,398)
	Increase/(decrease) in creditors	437,303	(174,924)
	Cash generated from operations	2,252	153,374

ARMED FORCES EDUCATION TRUST

England & Wales - Charity number 1167682

Accounts

Charity Registration No. 1167682

ARMED FORCES EDUCATION TRUST

REPORT OF THE TRUSTEES AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2023

tc accounts · tax · legal · financial planning

10 Bridge Street
Christchurch
Dorset
BH23 1EF

ARMED FORCES EDUCATION TRUST

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LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr A Behagg	
	Mr M Willis	
	Mrs J Lycett	
	Mrs M Clohessy	
	Mr T Flesher	
	Mr I Buckle	
	Ms L G B Robinson	
	Mr D J Toriati	
	Mr S Porter	(Appointed 8 June 2023)
Charity number	1167682	
Principal address	Armed Forces Education Trust PO Box 684 Farnham Surrey GU9 1LP	
Auditor	TC Group 10 Bridge Street Christchurch Dorset BH23 1EF	

The Trustees present their report and financial statements for the year ended 31 August 2023.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements, the Charities Act 2011 and "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)" (as amended for accounting periods commencing from 1 January 2016).

Objectives and activities

Objectives and aims

The purpose of the Trust, as set out in its governing document, is the advancement of education of people under the age of 25 years who are or were dependents of serving or former members of HM Armed Forces.

Aim and Intended Impact

The Trust's aim is to improve opportunities and outcomes for children and young adults whose education has been adversely impacted by their parents' service in the Armed Forces. The Trust identifies individuals and institutions in need of its help and establishes a sustainable method of supporting them financially in education.

The key challenge facing the Trust continues to be the task of reaching out to as wide an audience as possible, so that the Trust can identify those individuals and institutions most in need of its help.

Objectives for the Year

The Trust regularly reviews its strategic intent and ensures that its principal objectives for the year reflect the operation of the Trust as a grant giving body. These objectives were:

a. To continue promoting the Trust in the context of its charitable objects, and to secure applications for grants on behalf of eligible potential beneficiaries;
b. To consider and decide on applications, and award grants accordingly; and
c. To investigate ways of further increasing the impact of the Trust's grant giving.

The number of applicants, the breadth of their geographical location and the diversity of service personnel applying are all key indicators of the Trust's success in meeting its objectives.

Public benefit

The Trustees have had regard to the guidance issued by the Charity Commission on public benefit and have taken care in agreeing the objects with the Charity Commission to reflect a focus on public benefit. The main activities in relation to its purpose for the public benefit include awarding:

a. Grants to individuals to assist with school, college or university fees or costs; and
b. Grants to institutions providing education to Armed Forces dependents.

Throughout the period the Trustees had due regard to public benefit guidance in determining the activities of the Trust.

Grant making

The Trust's policy on grant making is to seek to maximise the effect of grants given:
a) to counter instances where children or young adults may have had their education compromised or put at risk because of a parent's current or past military service, or
b) to support educational establishments to help minimise the effects of service life on pupils.

To the extent possible, the Trust aims to ensure that grant money awarded does not replace funding which is already available from public or private sources.

Achievements and performance

Charitable activities

The Trust is pleased that the work and commitment it has put into broadening awareness of its services is paying off. The number of enquiries AFET receives for help has been increasing year-on-year, with the number of enquiries received in 2023 reaching an all time high of over 420 enquiries.

This has been achieved by making progress in a number of areas, including increasing the charity's profile on social media, building contacts with other charities who are able to refer cases, and by networking with schools and local authorities to ensure they are aware of the scope of Trust's services.

Referrals come from a variety of sources, including SSAFA. The Trust continues to develop its ties with other benevolent and charitable organisations. The Trust is delighted to report that after the CEO met with the Army Benevolent Fund (ABF) in May 2023, the ABF has agreed to work with the Trust on individual cases and make joint grant awards where appropriate. Work on building contacts with schools has also paid dividends, with schools now regularly approaching the Trust for help with individual service children, as well as their overall cohort of service children.

Whilst not all enquiries result in a formal application, when they do AFET examines each submission on a case-by-case basis, with the CEO discussing more complicated cases with the duty trustee and others, including the Trust's educational adviser, as required. The Trustees as a group then consider those cases that have merit before making their decision about an award. The Trust is delighted that it can help in a large number of cases, with over 70% of applications being successful. A grant can range in size from a few hundred pounds to over £100,000, and may be for one year or more.

Applications are categorised by the Trust as individual applications (typically from parents or guardians), but also include collaborative applications (those where the parent and an educational establishment jointly apply for an individual grant), and collective applications (from an educational establishment which can have a varying percentage of service children under its jurisdiction).

In terms of individual applicants, the most common reason for seeking the Trust's help, is the need for help with tuition or school fees because of educational or emotional difficulties the child is experiencing due to parental service.

The next largest area of help for individual grants is in relation to the withdrawal or loss of Continuing Education Allowance (CEA), typically when a child is at a critical stage of their education, such as approaching GCSE or A-level exams.

Whilst the Trust receives applications from the whole cohort of serving and retired service personnel, a significant number of applications are from Foreign and Commonwealth soldiers, reflecting some of the additional difficulties this group encounters.

Although the Trust tries to help whenever it can, when unable to do so it will look at other avenues for helping children of parents of the Armed Services, including approaching other charitable organisations.

In terms of applications from educational establishments, the Trust has seen a trend for joint applications by schools and parents/guardians (collaborative applications) requesting help for children with special educational needs and disabilities (SEND). Hence whilst the number of applications from schools alone has decreased slightly, the number of collaborative applications to the Trust has increased significantly. This increase is almost certainly due to the long waiting list for SEND assessments and delays in local authority funding.

To promote its services to schools, the Trust has distributed information about its offering to schools with the help of Service Children's Progressive Alliance (SCiP), the MOD, Little Troopers and through various county contacts in Oxfordshire, North Yorkshire, Rutland and Hampshire. The CEO has also visited individual schools, including Brize Norton school, a school with a relatively small number of service children to inform staff about the Trust's services.

The Trust is pleased to have awarded a significant grant to Lyneham Primary School in Wiltshire, taking effect from September 2023. This grant is unusual for the Trust in that it enables the school to create an additional class, keeping year one and year two class numbers below 30 and allowing for new Armed Services children coming into the area to attend the school. Whilst the Trust does not usually provide grants of this nature, in this case it felt it could help provide short-term funding whilst alternative funding sources are secured for future years.

Financial review

Reserves Policy

The Trustees review the Trust's policy on reserves at least annually with reference to guidance published by the Charity Commission. The policy is also reviewed, when warranted, by changes in risk assessment or the business plan. During the year, reserves were held to minimise any disadvantage to beneficiaries should the Trust's income be stopped or severely reduced. Taking account of the main risks to the Trust, the Trust's policy is to hold reserves of around three times the level of total annual grants awarded based on forward estimates.

As at 31 August 2023, total unrestricted reserves amounted to £14,434,423 (2022: £13,975,820), of which £2,647,721 were free reserves as the Trust's investment property cannot be quickly disposed of. Free reserves as at 31 August 2023 of £2,647,721 (2022: £2,190,820) represent 5.9 years of total grants based on forward estimates.

Financial Activities and Results

The results for the year and the financial position are set out in the Statement of Financial Activities on page 12 and the Statement of Financial Position on page 13. The Trust's principal source of funds was income from rent receivable on its principal property asset. The property asset is let on a 50 year lease to September 2061 to Cognita Schools Limited, a company which operates and invests in schools. The Trustees regularly meet with personnel from Cognita to ensure that the terms of the lease are being met. The Trust is not involved in direct fundraising although periodically donations and legacies are made to the Trust. In particular, the Trust receives an annual donation from the Privy Purse. The Trustees have agreed to award this donation each year to the grantee who they feel has best met the objectives of their grant.

Expenditure on charitable activities was £141,430 (2022: £486,377) reflecting significantly higher accruals for grants in 2022, compared to 2023. Grants are accrued as at the date they are approved by the Trustees. Grant activity in 2023 continued at similar levels to the previous year. Individual grants were awarded to 32 (2022: 26) children and young people to assist with the provision, or to sustain an existing provision, of appropriate education.

In addition, grants were given to 7 (2022: 13) institutions including schools and LEAs to enable educational support, not fundable from other public sources, to be provided to Armed Forces children. The recipients have been able to provide individual and group interventions, or arrange targeted training to teachers and staff working with Armed Forces children. The Trust invests surplus funds with a multi-asset fund ("the Fund"). Investment in funds is maintained for when future cash is required.

Investment policy and objectives

The Trust has a long-term investment policy and set of objectives for its surplus funds, both of which are regularly reviewed by the Board. The Trust's investment policy is to seek the best financial return from investing surplus funds balanced with an acceptable level of risk. Having considered the options available and reviewed a number of potential investment managers and funds, the Trustees determined that its surplus funds should be invested with a third party multi-asset fund ("the Fund"). The Fund seeks to maximise returns through income and capital growth. The Trust's investment in the Fund was valued at £2.6m as at 31 August 2023. During the financial year the Fund made a 3.6% gain, compared with a 2% loss in the previous year, reflecting the current volatility of the markets.

The Board regularly reviews the performance of the Fund in absolute terms and against a number of benchmarks. It considered that the overall performance of the Trust's investment has been reasonable in light of the current economic climate.

Future plans

The key factors likely to affect the future financial performance of the Trust are the on-going receipt of rental income from the Trust's principal asset and the performance of the Trust's investment in the Fund.

The Trust will continue to provide a range of individual, collective and collaborative grants, to address the needs of Service children wherever they are in the world. The Trust will seek to continue broadening awareness of its services so that it receives grant applications from across all of the Armed Services community. The Trust aims to maintain a high level of awareness of the factors impacting Service children and their families. It will seek to improve the allocation of its funds to address the educational and emotional issues of children and young adults arising from their parent's service, by learning from the feedback and outcome assessments of past recipients.

Structure, Governance and management

Governing document

The Forces Children Education Trust was established to take forward the work of the Royal School Hampstead Trust (charity number 312286). On 7 December 2016 the Royal School Hampstead Trust transferred all of its assets (including cash and freehold property less liabilities) amounting to £13,070,677, to the Forces Children Education Trust. On 6 July 2017 the Forces Children Education Trust changed its name to the Armed Forces Education Trust ("the Trust").

The Trust is governed by its written constitution dated 3 June 2016. The affairs of the Trust are managed by the Trustees, of which there must be a minimum of five. There is no maximum number of Trustees that may be appointed by the Trust.

The Trustees who served during the year and up to the date of signature of the financial statements were:

Mr A Behagg
Mr M Willis
Mrs J Lycett
Mrs M Clohessy
Mr T Flesher
Mr I Buckle
Ms L G B Robinson
Mr D J Toriati
Mr S Porter (Appointed 8 June 2023)

Recruitment and appointment of new trustees

The appointment of Trustees is a matter reserved for the Board of Trustees, based on vacancies occurring through the end of an allotted term, or a resignation, and an agreed succession plan based on a set of criteria. The Board may appoint a new Trustee at any properly convened meeting of the Trustees and the appointment is confirmed at the Annual General Meeting following the election of the new Trustee. The Chair is elected from and by the Trustees.

New Trustees are given a documented and personal induction programme. Trustees are able to attend a range of training courses and seminars, either at external institutions, or internally organised with external contributors as required.

Organisational structure

The Board meets five times a year, with additional meetings arranged if required.

Day to day management of the Trust's affairs is delegated to the Trust's Chief Executive Officer, Mrs C Hickman. In addition, the Trust benefitted from the services of Mrs L Abbott, its education adviser, to facilitate policy and decision-making with regard to individual and collective grants, and from Mr D Caleb, its property adviser to facilitate oversight of its principal property investment. The Trustees consider that they, together with the Chief Executive Officer, comprise the key management of the Trust in charge of directing, controlling, running and operating the Trust on a day-to-day basis. None of the Trustees receives any remuneration in respect of their services as Trustees. Staff pay is reviewed by the Trustees annually using external benchmarking and comparison data.

Risk management

The Trustees review and update the schedule of risks facing the Trust at least annually but monitor principal risks at every Board meeting. The Board considers a schedule of risks, their likelihood and potential damage together with preventative measures and mitigating actions. The Board considers that the principal risks facing the Trust are as follows:

a. The loss of regular rental income from the principal asset;
b. The depletion of investment reserves through for example adverse investment conditions.

The key strategies to manage these risks involve developing a closer relationship with the leaseholder of the Trust's principal asset and the regular monitoring of investment policy and performance.

Safeguarding

The Trust has a safeguarding policy which is regularly reviewed. Among other things, it covers measures to protect the Trustees and the Chief Executive Officer who is at the forefront of requests for grants. In addition, safeguarding is on the agenda of each Board meeting.

Events since the end of the year

Information relating to events since the end of the year is given in the notes to the financial statements.

The Trustees report was approved by the Board of Trustees.

A. Behagg

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Mr A Behagg

Trustee

Dated: 8-12-23

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2023

The Trustees are responsible for preparing the Trustees' Report 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 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 Trust and of the incoming resources and application of resources of the Trust for that year.

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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- 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 sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the Trust and 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 Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF ARMED FORCES EDUCATION TRUST

Opinion

We have audited the financial statements of Armed Forces Education Trust (the 'charity') for the year ended 31 August 2023 which comprise the statement of financial activities, the statement of financial position and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 charity's affairs as at 31 August 2023 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's 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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust'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 annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee report.

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

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement, the trustees 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 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.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and its management.

Our approach was as follows:

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the trustees and those charged with governance (as required by auditing standards), and discussed with the trustees and those charged with governance the policies and procedures regarding compliance with laws and regulations;
- We considered the legal and regulatory frameworks directly applicable to the financial statements reporting framework (FRS 102 and the Charities Act 2011) and the relevant charity regulations in the UK;
- We considered the nature of the industry, the control environment and the charity's performance, including the key drivers for management's remuneration;
- We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit;
- We considered the procedures and controls that the charity has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. These include the review of trustees' expenses, dual authentication for banking procedures and segregation of duties across key areas of the charity.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. These include Health and Safety and other charity legislative requirements. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included: testing manual journals; reviewing the financial statement disclosures and testing to supporting documentation; performing analytical procedures; and enquiring of management, and were designed to provide reasonable assurance that the financial statements were free from fraud or error.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-forauditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx .

This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with of Part 4 of the Charities Act 2011. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

TC Group

Dean Pullen ACCA (Senior Statutory Auditor)
For and on behalf of TC Group

Statutory Auditor
Office: Christchurch

Date: 14/12/23

ARMED FORCES EDUCATION TRUST

STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2023

	Notes	Unrestricted funds 2023 £	Total 2022 £
Income from:			
Donations and legacies	3	353	250
Charitable activities	4	478,451	425,290
Total income		478,804	425,540
Expenditure on:			
Charitable activities	5	141,430	486,377
Net gains/(losses) on investments	9	121,229	168,152
Net movement in funds		458,603	107,315
Fund balances at 1 September 2022		13,975,820	13,868,505
Fund balances at 31 August 2023		14,434,423	13,975,820

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

All income and expenditure derive from continuing activities.

ARMED FORCES EDUCATION TRUST

STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Tangible assets	10		1,702		-
Investment properties	11		11,785,000		11,785,000
Investments	12		2,608,355		2,287,126
			14,395,057		14,072,126
Current assets					
Debtors	13	8,398		-	
Cash at bank and in hand		262,542		310,192	
		270,940		310,192	
Creditors: amounts falling due within one year	14	(208,074)		(295,328)	
Net current assets			62,866		14,864
Total assets less current liabilities			14,457,923		14,086.990
Creditors: amounts falling due after more than one year	15		(23,500)		(111,170)
Net assets			14,434,423		13,975,820
Income funds					
Unrestricted funds			14,434,423		13,975,820
			14,434,423		13,975,820

The financial statements were approved by the Trustees on 8.12.23

A. Behagg
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Mr A Behagg
Trustee

M Clohessy
.....
Mrs M Clohessy
Trustee

1 Accounting policies

Charity information

Armed Forces Education Trust is a charity registered in England and Wales and is a Charitable Incorporated Organisation. The address of the principal office is PO Box 684, Farnham, GU9 1LP.

1.1 Accounting convention

The financial statements have been prepared in accordance with the Charities Act 2011 and "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)" (as amended for accounting periods commencing from 1 January 2016). The Trust is a Public Benefit Entity as defined by FRS 102.

The Trust has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

The financial statements are prepared in sterling, which is the functional currency of the Trust. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

1.4 Incoming resources

Income is recognised when the Trust is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the Trust has been notified of the donation, unless performance conditions require deferral of the amount.

Legacies are recognised on receipt or otherwise if the Trust has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

1 Accounting policies (Continued)

1.5 Resources expended

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 offered subject to conditions which not been met at the year end date are noted as a commitment but not accrued as expenditure.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computers	33% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

1.8 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

1.9 Impairment of fixed assets

At each reporting end date, the Trust reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies (Continued)

1.11 Financial instruments

The Trust has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Trust's statement of financial position when the Trust becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Trust's contractual obligations expire or are discharged or cancelled.

1.12 Fund accounting

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

1.13 Taxation

The charity is exempt from tax on its charitable activities.

2 Critical accounting estimates and judgements

In the application of the Trust's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Management review the judgements and estimates used to determine the fair values attributed to the charity's investment property on an annual basis.

Grants to be paid over multiple years are recognised in full in the year in which they are awarded. The Trustees believe there to be no performance related requirements on the part of the grant recipient and there is therefore a sufficient degree of probability the grant will be paid.

There were no other key sources of estimation uncertainty.

3 Donations and legacies

	Unrestricted funds	Total
	2023	2022
	£	£
Donations	353	250

4 Charitable activities

	Income **2023**	Income 2022
	£	£
Rent received	477,773	425,290
Deposit account interest	678	-
	478,451	425,290

5 Charitable activities

	Charitable activities 2023	Support costs 2023	Governance costs 2023	Total 2023	Total 2022
	£	£	£	£	£
Grants to institutions	15,009	-	-	15,009	186,934
Grants to individuals	73,408	-	-	73,408	256,579
Salaries	-	37,932	-	37,932	31,405
Insurance	-	1,369	-	1,369	1,426
Other establishment	-	5,566	-	5,566	4,007
Auditors' remuneration	-	-	5,040	5,040	4,580
Legal and other professional fees	-	-	1,992	1,992	1,023
Costs of Trustees' meetings	-	-	1,114	1,114	423
	88,417	44,867	8,146	141,430	486,377
	88,417	44,867	8,146	141,430	486,377

6 Grants payable

The total grants payable to institutions during the year were as follows:

	2023	2022
Alexander First School	(46)	15,484
Angus Council	8,291	-
Buntingsdale Primary School	-	(7,179)
Carterton Primary School	-	(1,750)
Carterton Community College	15,000	-
Clarendon	-	11,453
Credenhill Primary	(99)	7,500
Curridge Primary	-	(2,282)
East End Primary	280	-
Edit Moorhouse	540	-
Elson Infants	1,868	-
Firhill	-	20,000
Forres	-	29,000
Gateway School	9,720	1,500
Knocknagoney Primary School	(1,000)	(1,090)
Little Troopers	-	6,000
Oxfordshire CC	-	13,200
Peel primary	(550)	4,000
Salisbury Plain Academies	(12,628)	-
SCiP	-	48,000
Shrivenham Primary School	-	(2)
South Farnborough Junior School	(6,345)	6,995
SSCE Cymru	-	34,246
St Christopher's	1,198	-
Upton by Chester High	(1,220)	-
Wellington Academy	-	2,220
Zouch Academy	-	(361)
Total grants to institutions	**15,009**	**186,934**

Grants are accrued at the date they are approved by the trustees and communicated to recipients, based on the information available at the time of grant application. If circumstances change, the recipient is required to inform the charity. This can result in a change to the initial value of the grant previously agreed. The negatives balances above represent a change in the amounts accrued due to unforeseen circumstances.

The total grants payable to collaborative and individuals during the year was £73,408 (2022 £256,579).

7 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the Trust during the year.

During the year Trustee's had expenses for travel and subsistence reimbursed for a total of £2,815 (2022: £436).

8 Employees

There was 1 employee during the year (2022 - 1).

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

Staff costs represent the remuneration of key management personnel.

9 Net gains/(losses) on investments

	Unrestricted funds	Total
	2023	2022
	£	£
Revaluation of investments	121,229	(56,848)
Revaluation of investment properties	-	225,000
	121,229	168,152

10 Tangible fixed assets

	Computers
	£
Cost	
Additions	1,702
At 31 August 2023	1,702
Carrying amount	
At 31 August 2023	1,702

11 Investment property

	2023 £
Fair value	
At 1 September 2022 and 31 August 2023	11,785,000

The fair value of the investment property has been arrived at on the basis of a valuation carried out in October 2022 by House & Son Chartered Surveyors, who are not connected with the Trust. The valuation was based on the estimated amounts a willing buyer would purchase the property for at arm's-length. The Trustees consider the value to be appropriate at 31 August 2023. The cost of the investment property to the charity was £11,589,735.

12 Fixed asset investments

	Listed investments £
Cost or valuation	
At 1 September 2022	2,287,126
Additions	200,000
Valuation changes	121,229
At 31 August 2023	2,608,355
Carrying amount	
At 31 August 2023	2,608,355
At 31 August 2022	2,287,126

There were no investment assets outside the UK.

All investments were listed on a UK Stock Exchange or incorporated in the UK and therefore all investments are treated as investment assets in the UK.

The fair value of listed investments is that quoted per the Stock Exchange or as quoted for an identical asset in an active market. Income generated from the investment fund is retained by the fund manager and reinvested in stocks and shares. Their value is reflected in the value of the fund.

13 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	8,398	-

14 Creditors: amounts falling due within one year

	2023	2022
	£	£
Grant creditors	23,175	1,625
Accruals and deferred income	184,899	293,703
	208,074	295,328

Included within accruals are grants agreed for future periods of £179,860 (2022 - £289,123).

15 Creditors: amounts falling due after more than one year

	2023	2022
	£	£
Accruals and deferred income	23,500	111,170

Included within accruals are grants agreed for future periods of £23,500 (2022 - £111,170).

16 Related party transactions

There were no disclosable related party transactions during the year (2022 - none).

17 Operating lease

The charity is the lessor to a 50 year operating lease ending 1 September 2061. Investment income for future periods is based on rental fees payable for the previous year plus any changes in RPI.

ARMED FORCES EDUCATION TRUST

England & Wales - Charity number 1167682

Accounts

Charity Registration No. 1167682

ARMED FORCES EDUCATION TRUST

REPORT OF THE TRUSTEES AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

tc accounts · tax · legal · financial planning

10 Bridge Street
Christchurch
Dorset
BH23 1EF

ARMED FORCES EDUCATION TRUST

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ARMED FORCES EDUCATION TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr A Behagg	Chair
	Mr M Willis	
	Mrs J Lycett	
	Mrs M Clohessy	Treasurer
	Mr T Flesher	
	Mr I Buckle	
	Ms L G Buckingham Robinson	
	Mr D J Toriati	
Charity number	1167682	
Principal address	Armed Forces Education Trust PO Box 684 Farnham Surrey GU9 1LP	
Auditor	TC Group 10 Bridge Street Christchurch Dorset BH23 1EF	

The Trustees present their report and financial statements for the year ended 31 August 2022.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements, the Charities Act 2011 and "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)" (as amended for accounting periods commencing from 1 January 2016).

Objectives and activities

Objectives and aims

The purpose of the Trust, as set out in its governing document, is the advancement of education of people under the age of 25 years who are or were dependents of serving or former members of HM Armed Forces.

Aim and Intended Impact

The Trust's aim is to improve opportunities and outcomes for children and young adults whose education has been adversely impacted by their parents' service in the Armed Forces. The Trust identifies individuals and institutions in need of its help and establishes a sustainable method of supporting them financially in education.

The key challenge facing the Trust continues to be the task of reaching out to as wide an audience as possible, so that the Trust can identify those individuals and institutions most in need of its help.

Objectives for the Year

The Trust regularly reviews its strategic intent and ensures that its principal objectives for the year reflect the operation of the Trust as a grant giving body. These objectives were:

a. To continue promoting the Trust in the context of its charitable objects, and to secure applications for grants on behalf of eligible potential beneficiaries;
b. To consider and decide on applications, and award grants accordingly; and
c. To investigate ways of further increasing the impact of the Trust's grant giving.

The number of applicants, the breadth of their geographical location and the diversity of service personnel applying are all key indicators of the Trust's success in meeting its objectives.

Public benefit

The Trustees have had regard to the guidance issued by the Charity Commission on public benefit and have taken care in agreeing the objects with the Charity Commission to reflect a focus on public benefit. The main activities in relation to its purpose for the public benefit include awarding:

a. Grants to individuals to assist with school, college or university fees or costs; and
b. Grants to institutions providing education to Armed Forces dependents.

Throughout the period the Trustees had due regard to public benefit guidance in determining the activities of the Trust.

Grant making

The Trust's policy on grant making is to seek to maximise the effect of grants given:
a) to counter instances where children or young adults may have had their education compromised or put at risk because of a parent's current or past military service, or
b) to support educational establishments to help minimise the effects of service life on pupils.

To the extent possible, the Trust aims to ensure that grant money awarded does not replace funding which is already available from public or private sources.

Achievements and performance

Charitable activities

The Trust seeks to make awards to educational establishments and individuals across all of the Armed Services, most in need of its help, wherever they are based in the world. To raise awareness and promote its services, the Trust uses social media, including Twitter, Facebook and Instagram. The CEO and members of the Board regularly attend conferences and networking events. The CEO liaises with a number of charities, including for example the Thornton-Smith and Plevins Trust and the Buttle Trust, who can make referrals to the Trust and in some instances help jointly fund grants. The Educational Trusts Forum (ETF) is another organisation that provides beneficial networking opportunities and regularly signposts parents in need to help to the Trust.

To help broaden the reach of the Trust, the CEO met with representatives of the various Families Federations during the year to exchange information and promote the Trust through articles in the Families Federations' magazines. The Trust is proactive in staying abreast of issues facing services personnel. In September 2021, the CEO attended the Forces Additional Needs and Disability Forum (FANDF) conference to further the Trust's understanding of the issues encountered by children and young adults with special educational needs or disabilities (SEND). In March 2022, the CEO attended a virtual SEND conference which highlighted the disadvantage to service children with SEND which can arise from their parents' mobility. At a Forces Pension Society event in May 2022, the Trust received insight over the challenges service personnel face when they retire or are discharged while they still have children in education.

During the year, the CEO carried out an in-depth analysis of the nature of enquiries received by the Trust. The analysis showed that over a third of all individual enquiries led to an application for a grant. Those that did not progress were typically due to the request not meeting the Trust's criteria for an award or because individuals had secured alternative funding. In the past, the majority of individual applications have been from current or ex-Army personnel, however the Trust has been able to build on its recent success in promoting its offering to all of the Armed Services and is now receiving many RAF referrals through SSAFA.

Following its analysis, the Trust also reviewed and revised its application forms to streamline the application process. It is hoped that this will ease the burden on applicants, particularly when completing the forms on mobile devices and encourage schools and Local Education Authorities to progress their enquiries to formal grant applications. The analysis also showed that the Trust has seen a geographical broadening of its awards to schools compared to prior years. To help broaden its reach further, the CEO has worked closely with the MOD Local Authority Partnership (MODLAP) to encourage applications from areas throughout the UK.

In October 2021, the CEO attended the Service Children's Progression Alliance (SCiP) conference which provided a networking opportunity with schools and organisations that provide grants to service personnel. Following rigorous academic research, SCiP launched the Thriving Lives Toolkit (TLT) which provides schools with a framework to support service children and encourages schools to review their practices against this framework. The Trust has agreed to fund SCiP for up to two years to engage with schools with service children. In agreeing to fund SCiP, the Trust hopes that the online version of the TLT reaches schools with both large and small numbers of service children, across all areas of the UK.

The Board reviews all “End of Grant” reports from collective grant recipients to ensure that the objectives of the grant were met. In comparing the original purpose of the grant with actual outcomes, the End of Grant reports help inform and improve the Trust’s future decision-making.

Financial review

Reserves policy

The Trustees review the Trust's policy on reserves at least annually with reference to guidance published by the Charity Commission. The policy is also reviewed, when warranted, by changes in risk assessment or the business plan. During the year, reserves were held to minimise any disadvantage to beneficiaries should the Trust's income be stopped or severely reduced. Taking account of the main risks to the Trust, the Trust's policy is to hold reserves of around three times the level of total annual grants awarded based on forward estimates.

As at 31 August 2022, total unrestricted reserves amounted to £13,975,820 (2021: £13,868,505), of which £2,190,820 were free reserves as the Trust's investment property cannot be quickly disposed of. Free reserves as at 31 August 2022 of £2,190,820 (2021: £2,308,505) represent 4.8 years of total grants based on forward estimates.

Financial Activities and Results

The results for the year and the financial position are set out in the Statement of Financial Activities on page 12 and the Statement of Financial Position on page 13. The Trust's principal source of funds was income from rent receivable on its principal property asset. The property asset is let on a 50 year lease to September 2061 to Cognita Schools Limited, a company which operates and invests in schools. The Trustees regularly meet with personnel from Cognita to ensure that the terms of the lease are being met. The Trust is not involved in direct fundraising although periodically donations and legacies are made to the Trust. In particular, the Trust receives an annual donation from the Privy Purse. The Trustees have agreed to award this donation each year to the grantee who they feel has best met the objectives of their grant.

During the year, individual grants totalling £256,579 (2021: £102,387) were awarded. Grants were awarded to 26 (2021: 18) children and young people to assist with the provision, or to sustain an existing provision, of appropriate education. These have enabled the beneficiaries to have greater stability or receive individual support to counter the educational and emotional disruptions caused by parental service in the Armed Forces.

In addition, grants totalling £186,934 (2021: £150,082) were given to 13 (2021: 21) institutions including schools and LEAs to enable educational support, not fundable from other public sources, to be provided to Armed Forces children. The recipients have been able to provide individual and group interventions, or arrange targeted training to teachers and staff working with Armed Forces children. Grants payable to institutions of £186,934 (2021: £150,082) included in note 6, includes £12,664 (2021: £42,304) of grants released from accruals no longer payable, due to changes in circumstances of recipients. The Trust invests surplus funds with the Newton Income and Growth Fund for Charities (''the Newton Fund''). Investment in funds is maintained for when future cash is required.

Investment policy and objectives

The Trust has a long-term investment policy and set of objectives for its surplus funds, both of which are regularly reviewed by the Board. The Trust's investment policy is to seek the best financial return from investing surplus funds balanced with an acceptable level of risk. Having considered the options available and reviewed a number of potential investment managers and funds, the Trustees determined that its surplus funds should be invested in the Newton Income and Growth Fund for Charities (''the Newton Fund''). The Newton Fund is a multi-asset fund that seeks to maximise returns through income and capital growth. The Trust's investment in the Newton Fund was valued at £2.29m as at 31 August 2022. During the financial year the Newton Fund made a 2% loss, compared with a 24% gain in the previous year, reflecting the current volatility of the markets.

The Board regularly reviews the performance of the Newton Fund in absolute terms and against a number of benchmarks. It considered that the overall performance of the Trust's investment has been reasonable in light of the current economic climate.

Future plans

The key factors likely to affect the future financial performance of the Trust are the on-going receipt of rental income from the Trust's principal asset and the performance of the Trust's investment in the Newton Fund.

The Trust will continue to provide a range of individual, collective and collaborative grants, tailored to the needs of Service children wherever they are in the world. Looking ahead, the Trust aims to ensure its funds are allocated to those cases that will benefit most in terms of improving the outcomes of children and young adults. This requires a high level of awareness by the Trust of the factors impacting Service children and their families. In addition, the Trust aims to continue improving the allocation of its funds by learning from the feedback and outcome assessments of past recipients of funding. The Trust will seek to continue broadening awareness of its services so that grant applications are received from across all of the Armed Services community.

Structure, governance and management

Governing document

The Forces Children Education Trust was established to take forward the work of the Royal School Hampstead Trust (charity number 312286). On 7 December 2016 the Royal School Hampstead Trust transferred all of its assets (including cash and freehold property less liabilities) amounting to £13,070,677, to the Forces Children Education Trust. On 6 July 2017 the Forces Children Education Trust changed its name to the Armed Forces Education Trust (''the Trust'').

The Trust is governed by its written constitution dated 3 June 2016. The affairs of the Trust are managed by the Trustees, of which there must be a minimum of five. There is no maximum number of Trustees that may be appointed by the Trust.

The Trustees who served during the year and up to the date of signature of the financial statements were:

Mr A Behagg	Chair
Mr M Willis	
Mrs J Lycett	
Mrs M Clohessy	Treasurer
Mr T Flesher	
Mr I Buckle	
Ms L G Buckingham Robinson	
Mr D J Toriati	

Recruitment and appointment of new trustees
The appointment of Trustees is a matter reserved for the Board of Trustees, based on vacancies occurring through the end of an allotted term, or a resignation, and an agreed succession plan based on a set of criteria. The Board may appoint a new Trustee at any properly convened meeting of the Trustees and the appointment is confirmed at the Annual General Meeting following the election of the new Trustee. The Chair is elected from and by the Trustees.

New Trustees are given a documented and personal induction programme. Trustees are able to attend a range of training courses and seminars, either at external institutions, or internally organised with external contributors as required.

Organisational structure
The Board meets five times a year, with additional meetings arranged if required.

Day to day management of the Trust's affairs is delegated to the Trust's Chief Executive Officer, Mrs C Hickman. In addition, the Trust benefitted from the services of Mrs L Abbott, its education adviser, to facilitate policy and decision-making with regard to individual and collective grants, and from Mr D Caleb, its property adviser to facilitate oversight of its principal property investment. The Trustees consider that they, together with the Chief Executive Officer, comprise the key management of the Trust in charge of directing, controlling, running and operating the Trust on a day-to-day basis. None of the Trustees receives any remuneration in respect of their services as Trustees. Staff pay is reviewed by the Trustees annually using external benchmarking and comparison data.

Risk management
The Trustees review and update the schedule of risks facing the Trust at least annually but monitor principal risks at every Board meeting. The Board considers a schedule of risks, their likelihood and potential damage together with preventative measures and mitigating actions. The Board considers that the principal risks facing the Trust are as follows:

a. The loss of regular rental income from the principal asset;
b. The depletion of investment reserves through for example adverse investment conditions.

The key strategies to manage these risks involve developing a closer relationship with the leaseholder of the Trust's principal asset and the regular monitoring of investment policy and performance.

Safeguarding
The Trust has a safeguarding policy which is regularly reviewed. Among other things, it covers measures to protect the Trustees and the Chief Executive Officer who is at the forefront of requests for grants. In addition, safeguarding is on the agenda of each Board meeting.

Events since the end of the year
Information relating to events since the end of the year is given in the notes to the financial statements.

The Trustees report was approved by the Board of Trustees.

Alan Behagg

Mr A Behagg
Alan Behagg (Dec 16, 2022, 2:42pm)
Trustee
Dated: 12 December 2022

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2022

The Trustees are responsible for preparing the Trustees' Report 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 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 Trust and of the incoming resources and application of resources of the Trust for that year.

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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- 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 sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the Trust and 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 Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF ARMED FORCES EDUCATION TRUST

Opinion

We have audited the financial statements of Armed Forces Education Trust (the 'charity') for the year ended 31 August 2022 which comprise the statement of financial activities, the statement of financial position and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 charity's affairs as at 31 August 2022 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's 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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust'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 annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee report.

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

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement, the trustees 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 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.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and its management.

Our approach was as follows:

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the trustees and those charged with governance (as required by auditing standards), and discussed with the trustees and those charged with governance the policies and procedures regarding compliance with laws and regulations;
- We considered the legal and regulatory frameworks directly applicable to the financial statements reporting framework (FRS 102 and the Charities Act 2011) and the relevant charity regulations in the UK;
- We considered the nature of the industry, the control environment and the charity's performance, including the key drivers for management's remuneration;
- We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit;
- We considered the procedures and controls that the charity has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. These include the review of trustees' expenses, dual authentication for banking procedures and segregation of duties across key areas of the charity.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. These include Health and Safety and other charity legislative requirements. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included: testing manual journals; reviewing the financial statement disclosures and testing to supporting documentation; performing analytical procedures; and enquiring of management, and were designed to provide reasonable assurance that the financial statements were free from fraud or error.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-forauditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx .

This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with of Part 4 of the Charities Act 2011. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

TC Group

Lucy Filer FCA (Senior Statutory Auditor)
for and on behalf of TC Group

Statutory Auditor
Office: Christchurch

21 December 2022

ARMED FORCES EDUCATION TRUST

STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	Unrestricted funds 2022 £	Total 2021 £
Income from:			
Donations and legacies	**3**	250	500
Investment income	**4**	425,290	409,557
Total income		425,540	410,057
Expenditure on:			
Charitable activities	**5**	486,377	291,164
Net gains/(losses) on investments	**9**	168,152	391,174
Net movement in funds		107,315	510,067
Fund balances at 1 September 2021		13,868,505	13,358,438
Fund balances at 31 August 2022		13,975,820	13,868,505

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

All income and expenditure derive from continuing activities.

ARMED FORCES EDUCATION TRUST

STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Investment properties	**10**		11,785,000		11,560,000
Investments	**11**		2,287,126		2,343,974
			14,072,126		13,903,974
Current assets					
Debtors	**12**	-		1,171	
Cash at bank and in hand		310,192		250,258	
		310,192		251,429	
Creditors: amounts falling due within one year	**13**	(295,328)		(236,863)	
Net current assets			14,864		14,566
Total assets less current liabilities			14,086,990		13,918,540
Creditors: amounts falling due after more than one year	**14**		(111,170)		(50,035)
Net assets			13,975,820		13,868,505
Income funds					
Unrestricted funds			13,975,820		13,868,505
			13,975,820		13,868,505

The financial statements were approved by the Trustees on .....

Alan Behagg

.....

Alan Behagg (Dec 16, 2022, 2:42pm)

Mr A Behagg

Trustee

Maria Clohessy (Dec 16, 2022, 12:15pm)

Mrs M Clohessy

Trustee

1 Accounting policies

Charity information

Armed Forces Education Trust is a charity registered in England and Wales and is a Charitable Incorporated Organisation. The address of the principal office is PO Box 684, Farnham, GU9 1LP.

1.1 Accounting convention

The financial statements have been prepared in accordance with the Charities Act 2011 and "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)" (as amended for accounting periods commencing from 1 January 2016). The Trust is a Public Benefit Entity as defined by FRS 102.

The Trust has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

The financial statements are prepared in sterling, which is the functional currency of the Trust. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

1.4 Incoming resources

Income is recognised when the Trust is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the Trust has been notified of the donation, unless performance conditions require deferral of the amount.

Legacies are recognised on receipt or otherwise if the Trust has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

1 Accounting policies **(Continued)**

1.5 Resources expended

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 offered subject to conditions which not been met at the year end date are noted as a commitment but not accrued as expenditure.

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The Trust has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Trust's statement of financial position when the Trust becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

1 Accounting policies (Continued)

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Trust's contractual obligations expire or are discharged or cancelled.

1.10 Fund accounting

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

1.11 Taxation

The charity is exempt from tax on its charitable activities.

1.12 Judgements and key sources of estimation uncertainty

The value of investment property is re-assessed annually by the trustees. Changes to fair value are applied accordingly.

2 Critical accounting estimates and judgements

In the application of the Trust's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Donations and legacies

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
Donations	250	500

4 Investment income

	Investment income	Investment income
	2022	2021
	£	£
Rent received	425,290	409,557

5 Charitable activities

	Charitable activities 2022	**Support costs 2022**	**Governance costs 2022**	**Total 2022**	**Total 2021**
	£	**£**	**£**	**£**	**£**
Grants to institutions	186,934	-	-	186,934	150,082
Grants to individuals	256,579	-	-	256,579	102,387
Salaries	-	31,405	-	31,405	27,102
Insurance	-	1,426	-	1,426	1,033
Other establishment	-	4,007	-	4,007	5,077
Auditors' remuneration	-	-	4,580	4,580	4,320
Legal and other professional fees	-	-	1,023	1,023	1,119
Costs of Trustees' meetings	-	-	423	423	44
	443,513	36,838	6,026	486,377	291,164

6 Grants payable

The total grants payable to institutions during the year were as follows:

	2022	2021
Alexander First School	15,484	-
Buntingsdale Primary School	(7,179)	10,500
Carswell Primary School	-	(648)
Carterton Primary School	(1,750)	-
Clarendon	11,453	13,363
Credenhill Primary	7,500	-
Curridge Primary	(2,282)	4,564
Firhill	20,000	-
Forres	29,000	-
Gateway School	1,500	-
Hermitage Primary School	-	1,500
Knocknagoney Primary School	(1,090)	9,600
Little Troopers	6,000	-
Newton Tony Primary	-	(1,818)
Oxfordshire CC	13,200	-
Peel primary	4,000	-
Raigmore Primary School	-	18,444
Reading Force	-	10,000
Salisbury Plain Academies	-	(39,838)
SCiP	48,000	-
Shrivenham Primary School	(2)	13,277
South Farnborough Junior School	6,995	6,480
SSCE Cymru	34,246	-
St Mary's Hadleigh	-	6,500
St Michaels Primary School	-	13,890
Stamfordham Primary	-	6,594
Stoke on Tern Primary School	-	6,480
Talavera Infants	-	7,342
Talavera Juniors	-	18,720
Upton by Chester High	-	14,640
Wellington Academy	2,220	15,540
Zouch Academy	(361)	14,952
Total grants to institutions	**186,934**	**150,082**

Grants are accrued at the date they are approved by the trustees and communicated to recipients, based on the information available at the time of grant application. If circumstances change, the recipient is required to inform the charity. This can result in a change to the initial value of the grant previously agreed. The negatives balances above represent a change in the amounts accrued due to unforeseen circumstances.

The total grants payable to collaborative and individuals during the year was £256,579 (2021 £102,387).

7 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the Trust during the year.

During the year Trustee's had expenses for travel and subsistence reimbursed for a total of £436 (2021: £44).

8 Employees

There was 1 employee during the year (2021 - 1).

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

Staff costs represent the remuneration of key management personnel.

9 Net gains/(losses) on investments

	Unrestricted funds	Total
	2022	2021
	£	£
Net gain on investments	(56,848)	391,174
Revaluation of investment properties	225,000	-
	168,152	391,174

10 Investment property

	2022
	£
Fair value	
At 1 September 2021	11,560,000
Net gains or losses through fair value adjustments	225,000
At 31 August 2022	11,785,000

The fair value of the investment property has been arrived at on the basis of a valuation carried out in October 2022 by House & Son Chartered Surveyors, who are not connected with the Trust. The valuation was based on the estimated amounts a willing buyer would purchase the property for at arm's-length. The Trustees consider the value to be appropriate at 31 August 2022. The cost of the investment property to the charity was £11,589,735.

11 Fixed asset investments

	Listed investments £
Cost or valuation	
At 1 September 2021	2,343,974
Valuation changes	(56,848)
At 31 August 2022	2,287,126
Carrying amount	
At 31 August 2022	2,287,126
At 31 August 2021	2,343,974

There were no investment assets outside the UK.

All investments were listed on a UK Stock Exchange or incorporated in the UK and therefore all investments are treated as investment assets in the UK.

The fair value of listed investments is that quoted per the Stock Exchange or as quoted for an identical asset in an active market. Income generated from the investment fund is retained by the fund manager and reinvested in stocks and shares. Their value is reflected in the value of the fund.

12 Debtors

	2022	2021
Amounts falling due within one year:	**£**	**£**
Other debtors	-	1,171

13 Creditors: amounts falling due within one year

	2022	2021
	£	**£**
Grant creditors	1,625	6,637
Accruals and deferred income	293,703	230,226
	295,328	236,863

Included within accruals are grants agreed for future periods of £289,123 (2021 - £225,905).

14 Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Accruals and deferred income	111,170	50,035

Included within accruals are grants agreed for future periods of £111,170 (2021 - £50,035).

15 Related party transactions

There were no disclosable related party transactions during the year (2021 - none).

16 Operating lease

The charity is the lessor to a 50 year operating lease ending 1 September 2061. Investment income for future periods is based on rental fees payable for the previous year plus any changes in RPI.

ARMED FORCES EDUCATION TRUST

England & Wales - Charity number 1167682

Accounts

Charity Registration No. 1167682
CHARITY COMMISSION

ARMED FORCES EDUCATION TRUST

REPORT OF THE TRUSTEES AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

tc accounts · tax · legal · financial planning

10 Bridge Street
Christchurch
Dorset
BH23 1EF

ARMED FORCES EDUCATION TRUST

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ARMED FORCES EDUCATION TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr A Behagg	Chair
	Mr M Willis	
	Mrs J Lycett	
	Mrs M Clohessy	Treasurer
	Mr T Flesher	
	Mr I Buckle	
	Ms L G Buckingham Robinson	Appointed 15 March 2021
	Mr D J Toriati	Appointed 15 March 2021
	Mrs J Melson	Resigned 8 June 2021
Charity number	1167682	
Principal address	Armed Forces Education Trust PO Box 684 Farnham GU 9 1LP	
Auditor	TC Group 10 Bridge Street Christchurch Dorset BH23 1EF	

TRUSTEES REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

The Trustees present their report and financial statements for the year ended 31 August 2021.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements, the Charities Act 2011 and "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)" (as amended for accounting periods commencing from 1 January 2016)

Objectives and activities

Objectives and aims

The purpose of the Trust, as set out in its governing document, is the advancement of education of people under the age of 25 years who are or were dependents of serving or former members of HM Armed Forces.

Aim and Intended Impact

The Trust's aim is to improve opportunities and outcomes for children and young adults whose education has been adversely impacted by their parents' service in the Armed Forces. The Trust identifies individuals and institutions in need of its help and establishes a sustainable method of supporting them financially in education.

The key challenge facing the Trust continues to be the task of reaching out to as wide an audience as possible, so that the Trust can identify those individuals and institutions most in need of its help.

Objectives for the Year

The Trust regularly reviews its strategic intent and ensures that its principal objectives for the year reflect the operation of the Trust as a grant giving body. These objectives were:

a.		To continue promoting the role of the Trust, properly meeting its charitable objects, in order to secure applications for grants on behalf of eligible potential beneficiaries;
b.		To receive, consider and decide on applications, and make grants accordingly; and
c.		To investigate ways of further increasing the impact of the Trust's grant giving.

The number of applicants in a given period, the breadth of their geographical location and the diversity of service personnel applying are all key indicators of the Trust's success in meeting its objectives.

Public benefit

The Trustees have had regard to the guidance issued by the Charity Commission on public benefit and have taken care in agreeing the objects with the Charity Commission to reflect a focus on public benefit. The main activities in relation to its purpose for the public benefit include awarding:

a.		Grants to individuals to assist with school, college or university fees or costs; and
b.		Grants to institutions providing education to Armed Forces dependents.

Throughout the period the Trustees had due regard to public benefit guidance in determining the activities of the Trust.

Grant making

The Trust's policy on grant making is to seek to maximise the effect of grants given to counter instances where children or young adults may have had their education compromised or put at risk because of a parent's current or past military service, or to support educational establishments to help minimise the effects of service life on pupils. To the extent possible, the Trust aims to ensure that grant money awarded does not replace funding which is already available from public or private sources.

Achievements and performance

Charitable activities

The Trust seeks to reach a wide audience base across all of the Armed Services. It uses a variety of marketing mediums such as social media, conferences and networking to achieve this.

The Chair, CEO and other members of the Board regularly attend meetings and conferences to promote the Trust. This year those activities were undertaken largely via virtual meetings and conferences due to Covid-19. The CEO attended the Service Children's Progression Alliance (SCiP) online conference in March 2021 which provided an opportunity to generate awareness of the Trust's activities and encourage grant applications. The CEO also had virtual meetings with the new Welsh School Service Liaison Officers to help proactively identify the needs of service children in Wales, has been consulted on research relating to the Impact of Service Life on the Military child and attended the Army Families Federation Service Child Special Needs and Disabilities conference. In January 2021 the Directory for Social Change published a case study on the work of the Trust as part of a focus on how the Trust and other charities can help Armed Services families, which the Trust believes will help raise awareness further.

The Trust saw a reduction in enquiries from schools and institutions in the early part of the academic year which the Trust attributed to schools focussing their efforts on managing the impact of Covid-19. However, by the latter part of the academic year, institutional grant applications had returned to more normal levels. Around that same time, information about the Trust's activities was distributed to a number of schools throughout the UK that had previously applied to the MOD Educational Support Fund programme but had been wholly or partially unsuccessful in their application. Those schools that felt they met the Trust's criteria for a grant were encouraged to apply, resulting in an increase in grant applications and a number of successful recipients of Trust funding. In more general terms, the Trust has encouraged schools in clusters to collaborate in applying for a grant wherever possible or practicable. The Trust has also discussed ways of bringing together like-minded charities to support joint grant giving to schools.

The Trust awards grants for a finite period, typically twelve months but on occasion extending over two or three years, and asks the school or institution to consider how it can continue to support service children once the grant period is over. The Trust also requests that those schools successful in their grant application promote the Trust's activities to help broaden recognition of the Trust and its potential to help other school or individuals. Further, as a condition of awarding a grant the Trust requires an "End of Grant" report from each institutional grant recipient. These reports have helped the Trust assess the impact of the grant award and allow it to direct its efforts to those who can benefit most from its help.

The Trust has continued to keep abreast of the factors affecting service personnel and their children, liaising closely with other organisations that work with service personnel. While the Trust's support of Armed Services families is wide ranging, a large number of requests for individual grants comes from families who have had their requests for Continuing Education Allowance (CEA) refused, often after appeal. The Trust has encouraged the Ministry of Defence to ensure that there is a detailed understanding of the complex CEA rules at unit level so that the rules can be clearly and accurately relayed to Armed Service personnel on a timely basis. With an increase in enquiries from parents citing internet searches or social networking platforms such as Instagram and Facebook as the source of their information about the Trust's work, the Trust will continue to use these platforms to promote its activities.

Financial review

Reserves policy

The Trustees review the Trust's policy on reserves at least once per annum with reference to guidance published by the Charity Commission. The policy is also reviewed, when warranted, by changes in risk assessment or business plans. During the year, reserves were held to minimise any disadvantage to beneficiaries should the Trust's income be stopped or severely reduced. Taking account of the main risks to the Trust, the Trust's policy is to hold reserves of around three times the level of total annual grants awarded based on forward estimates.

As at 31 August 2021, total unrestricted reserves amounted to £13,868,505 of which £2,308,505 were free reserves as the Trust's investment property cannot be quickly disposed of. Free reserves as at 31 August 2021 of £2,308,505 represent 5 years of total grants based on forward estimates.

Financial Activities and Results

The results for the year and the financial position are set out in the Statement of Financial Activities on page 13 and the Statement of Financial Position on page 14. The Trust's principal source of funds was income from rent receivable on its principal property asset. The property asset is let on a 50 year lease to September 2061 to Cognita Schools Limited, a company which operates and invests in schools. The Trustees regularly meet with personnel from Cognita to ensure that the terms of the lease are being met. The Trust is not involved in direct fundraising although periodically donations and legacies are made to the Trust. In particular, the Trust receives an annual donation from the Privy Purse. The Trustees have agreed to award this donation each year to the grantee who they feel has best met the objectives of their grant.

During the year, individual grants totalling £102,387 were awarded. Grants were awarded to 18 children and young people to assist with the new provision, or to sustain the existing provision, of appropriate education. These have enabled the beneficiaries to have greater stability or receive individual support to counter the educational and emotional disruptions caused by parental service in the Armed Forces.

In addition, grants totalling £150,082 were given to 21 institutions (schools and LEAs) to enable educational support, not fundable from other public sources, to be provided to Armed Forces children. The recipients have been able to provide individual and group interventions, or arrange targeted training, for example in emotional support, to teachers and staff working with Armed Forces children.

Grants payable to institutions of £150,082 included in note 6, includes £42,304 of grants released from accruals no longer payable, due to changes in circumstances of recipients.

The Trust invests its surplus funds in the Newton Income and Growth Fund for Charities ("the Newton Fund"). The Newton Fund has performed satisfactorily during the year. Funds are maintained for when future cash is required.

Investment policy and objectives

The Trust's long-term investment policy and objectives are regularly reviewed by the Board. The Trust's investment policy is to seek the best financial return from investing surplus funds within an acceptable level of risk. Having considered the options available and reviewed a number of potential investment managers and funds, the Trustees determined that its surplus funds should be invested in the Newton Income and Growth Fund for Charities ("the Newton Fund"). The Newton Fund is a multi-asset fund that seeks to maximise returns through income and capital growth. In the summer of 2021 the Trust invested a further £300k of its assets into the Newton Fund. The Trust's investment in the Newton Fund was valued at £2.3m as at 31 August 2021. During the financial year the Trust received an overall return on its investment of 24%, compared with -3% in the previous year.

The Board regularly reviews the performance of the Newton Fund in absolute terms and against a number of benchmarks. It considered that the overall performance of the Trust's investment has been reasonable in light of the current economic climate.

Coronavirus

In the light of Covid-19, a number of grant recipients for 2019/20 and 2020/21 approached the Trust to request the deferral of their awards. The Trust has been amenable to these requests. Although grant applications had previously declined due to Covid, the Trust saw a return to more normal levels of applications from institutions and individuals in the later part of the academic year. The Trust's major source of income, rental income, could potentially be at risk as a consequence of Covid-19. However the majority of grants awarded by the Trust are for twelve months only and the Trust has a policy of holding reserves of around three times the level of total annual grants awarded, and as such the Trustees are of the opinion this will allow the Trust to continue to operate in the current pandemic environment.

Future plans

The key factors likely to affect the future financial performance of the Trust are the on-going receipt of rental income from the Trust's principal asset and the performance of the Trust's investment in the Newton Fund.

The Trust will continue to provide a range of individual, collective and collaborative grants, tailored to the needs of Service children. It will ensure it remains informed of the factors impacting Service children and their families.

Looking ahead, the Trust aims to ensure its funds are allocated to the most deserving of cases. This requires a high level of awareness of the Trust and its activities across all of the Armed Services community so that grant applications are received from the most deserving of cases. In addition the Trust aims to continue improving the allocation of its funds by learning from the feedback and outcome assessments of past recipients of funding.

Structure, governance and management

Governing document

The Forces Children Education Trust was established to take forward the work of the Royal School Hampstead Trust (charity number 312286). On 7 December 2016 the Royal School Hampstead Trust transferred all of its assets (including cash and freehold property less liabilities) amounting to £13,070,677, to the Forces Children Education Trust. On 6 July 2017 the Forces Children Education Trust changed its name to the Armed Forces Education Trust ("the Trust").

The Trust is governed by its written constitution dated 3 June 2016. The affairs of the Trust are managed by the Trustees, of which there must be a minimum of five. There is no maximum number of Trustees that may be appointed by the Trust.

The Trustees who served during the year and up to the date of signature of the financial statements were:

Mr A Behagg	Chair
Mr M Willis	
Mrs J Lycett	
Mrs M Clohessy	Treasurer
Mr T Flesher	
Mr I Buckle	
Mrs J Melson	Resigned 8 June 2021
Ms L G Buckingham Robinson	Appointed 15 March 2021
Mr D J Toriati	Appointed 15 March 2021

Recruitment and appointment of new trustees

The appointment of Trustees is a matter reserved for the Board of Trustees, based on vacancies occurring through the end of an allotted term, or a resignation, and an agreed succession plan based on a set of criteria. The Board may appoint a new Trustee at any properly convened meeting of the Trustees and the appointment is confirmed at the Annual General Meeting following the election of the new Trustee. The Chair is elected from and by the Trustees.

During the Spring of 2021, the Trustees conducted a Board recruitment exercise and recruited two new trustees to the Board. New Trustees are given a documented and personal induction programme. Trustees are able to attend a range of training courses and seminars, either at external institutions, or internally organised with external contributors as required.

Organisational structure

The Board meets five times a year, with additional meetings arranged if required.

Day to day management of the Trust's affairs is delegated to the Trust's Chief Executive Officer, Mrs C Hickman. In addition, the Trust benefitted from the services of Mrs L Abbott, its education adviser, to facilitate policy and decision-making with regard to individual and collective grants, and from Mr D Caleb, its property adviser to facilitate oversight of its principal property investment. The Trustees consider that they, together with the Chief Executive Officer, comprise the key management of the Trust in charge of directing, controlling, running and operating the Trust on a day-to-day basis. None of the Trustees receives any remuneration in respect of their services as Trustees. Staff pay is reviewed by the Trustees annually using external benchmarking and comparison data.

Risk management

The Trustees review and update the schedule of risks facing the Trust at least annually but monitor principle risks at every Board meeting. The Board considers in detail a schedule of risks, their likelihood and potential damage together with preventative measures and mitigating actions. The Board considers that the principal risks facing the Trust are as follows:

a.		The loss of regular rental income from the principal asset;
b.		The depletion of investment reserves through for example adverse investment conditions.

The key strategies to manage these risks involve developing a closer relationship with the leaseholder of the Trust's principal asset and the regular monitoring of investment policy and performance.

Events since the end of the year

Information relating to events since the end of the year is given in the notes to the financial statements.

The Trustees report was approved by the Board of Trustees.

A. Behagg

.....

Mr A Behagg

Trustee

Dated: 16/12/21

STATEMENT OF TRUSTEES RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2021

The Trustees are responsible for preparing the Trustees Report 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 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 Trust and of the incoming resources and application of resources of the Trust for that year.

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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- 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 sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the Trust and 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 Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO ARMED FORCES EDUCATION TRUST

UNDER SECTION 449 OF THE COMPANIES ACT 2006

Opinion

We have audited the financial statements of Armed Forces Education Trust (the 'charity') for the year ended 31 August 2021 which comprise the statement of financial activities, the statement of financial position and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 charity's affairs as at 31 August 2021 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's 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 directors' 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

- the Trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust'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 annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee report.

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

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement, the trustees 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 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.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matter

Extent to which the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and its management.

Our approach was as follows:

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the trustees and those charged with governance (as required by auditing standards), and discussed with the trustees and those charged with governance the policies and procedures regarding compliance with laws and regulations;
- We considered the legal and regulatory frameworks directly applicable to the financial statements reporting framework (FRS 102 and the Charities Act 2011) and the relevant charity regulations in the UK;
- We considered the nature of the industry, the control environment and the charity's performance, including the key drivers for management's remuneration;
- We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit;
- We considered the procedures and controls that the charity has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. These include the review of trustees' expenses, dual authentication for banking procedures and segregation of duties across key areas of the charity.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. These include Health and Safety and other charity legislative requirements. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included: testing manual journals; reviewing the financial statement disclosures and testing to supporting documentation; performing analytical procedures; and enquiring of management, and were designed to provide reasonable assurance that the financial statements were free from fraud or error.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-forauditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx .

This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with of Part 4 of the Charities Act 2011. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

TC Group

Lucy Filer FCA (Senior Statutory Auditor)
for and on behalf of TC Group

Statutory Auditor
Office: Christchurch

25 January 2022

ARMED FORCES EDUCATION TRUST

STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Unrestricted funds 2021 £	Total 2020 £
Income from:			
Donations and legacies	3	500	250
Investment income	4	409,557	403,016
Total income		410,057	403,266
Expenditure on:			
Charitable activities	5	291,164	397,792
Net gains/(losses) on investments	9	391,174	487,245
Net movement in funds		510,067	492,719
Fund balances at 1 September 2020		13,358,438	12,865,719
Fund balances at 31 August 2021		13,868,505	13,358,438

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

All income and expenditure derive from continuing activities.

ARMED FORCES EDUCATION TRUST

STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Investment properties	10		11,560,000		11,560,000
Investments	11		2,343,974		1,652,800
			13,903,974		13,212,800
Current assets					
Debtors	12	1,171		117,408	
Cash at bank and in hand		250,258		485,284	
		251,429		602,692	
Creditors: amounts falling due within one year	13	(236,863)		(352,761)	
Net current assets			14,566		249,931
Total assets less current liabilities			13,918,540		13,462,731
Creditors: amounts falling due after more than one year	14		(50,035)		(104,293)
Net assets			13,868,505		13,358,438
Income funds					
Unrestricted funds			13,868,505		13,358,438
			13,868,505		13,358,438

The financial statements were approved by the Trustees on December 10th 2021

A. Behagg

Mr A Behagg
Trustee

M Clohessy

Mrs M Clohessy
Trustee

1 Accounting policies

Charity information

Armed Forces Education Trust is a charity registered in England and Wales and is a Charitable Incorporated Organisation. The address of the principal office is PO Box 684, Farnham, GU9 1LP.

1.1 Accounting convention

The financial statements have been prepared in accordance with the Charities Act 2011 and "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)" (as amended for accounting periods commencing from 1 January 2016). The Trust is a Public Benefit Entity as defined by FRS 102.

The Trust has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

The financial statements are prepared in sterling, which is the functional currency of the Trust. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

1.4 Incoming resources

Income is recognised when the Trust is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the Trust has been notified of the donation, unless performance conditions require deferral of the amount.

Legacies are recognised on receipt or otherwise if the Trust has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

1 **Accounting policies** **(Continued)**

1.5 Resources expended

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 offered subject to conditions which not been met at the year end date are noted as a commitment but not accrued as expenditure.

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The Trust has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Trust's statement of financial position when the Trust becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

1 **Accounting policies** **(Continued)**

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Trust's contractual obligations expire or are discharged or cancelled.

1.10 Fund accounting

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

1.11 Taxation

The charity is exempt from tax on its charitable activities.

1.12 Judgements and key sources of estimation uncertainty

The value of investment property is re-assessed annually by the trustees. Changes to fair value are applied accordingly.

2 Critical accounting estimates and judgements

In the application of the Trust's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Donations and legacies

	Unrestricted funds 2021 £	Unrestricted funds 2020 £
Donations	500	250

4 Investment income

	Investment income 2021 £	Investment income 2020 £
Rent received	409,557	403,016

5 Charitable activities

	Charitable activities 2021 £	Support costs 2021 £	Governance costs 2021 £	Total 2021 £	Total 2020 £
Grants to institutions	150,082	-	-	150,082	191,230
Grants to individuals	102,387	-	-	102,387	170,171
Salaries	-	27,102	-	27,102	25,583
Insurance	-	1,033	-	1,033	1,033
Other establishment	-	5,077	-	5,077	4,134
Auditors' remuneration	-	-	4,320	4,320	4,320
Legal and other professional fees	-	-	1,119	1,119	921
Costs of Trustees' meetings	-	-	44	44	400
	252,469	33,212	5,483	291,164	397,792
	252,469	33,212	5,483	291,164	397,792

6 Grants payable

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

	2021	2020
Shrivenham Primary School	13,277	-
Hermitage Primary School	1,500	-
St Mary's Hadleigh	6,500	-
Talavera Infants	7,342	-
Talavera Juniors	18,720	-
Stamfordham Primary	6,594	-
Curridge Primary	4,564	-
Wellington Academy	15,540	-
St Michaels Primary School	13,890	-
Reading Force	10,000	-
Clarendon	13,363	-
Knocknagoney Primary School	9,600	-
Buntingsdale Primary School	10,500	-
Zouch Academy	14,952	-
Stoke on Tern Primary School	6,480	-
Upton by Chester High	14,640	-
Raigmore Primary School	18,444	18,116
South Farnborough Junior School	6,480	5,940
Salisbury Plain Academies	(39,838)	42,666
Carswell Primary School	(648)	26,040
Newton Tony Primary	(1,818)	1,251
The Wavell School	-	27,378
Mayhill School	-	23,000
Llantwit Major School	-	21,248
Argyll and Bute Council	-	14,331
Kinloss Primary School	-	9,000
Ash Manor School	-	8,240
Carterton Primary School	-	6,250
Ringshall Primary School	-	5,000
Naphill & Walters Ash School	-	4,176
Corringham Primary School	-	3,672
Wiltshire County Council	-	(25,078)
Total grants to institutions	150,082	191,230

Grants are accrued at the date they are approved by the trustees and communicated to recipients, based on the information available at the time of grant application. If circumstances change, the recipient is required to inform the charity. This can result in a change to the initial value of the grant previously agreed. The negatives balances above represent a change in the amounts accrued due to unforeseen circumstances.

The total grants paid to collaborative and individuals during the year was £102,387 (2020 £170,171).

7 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the Trust during the year.

During the year 1 Trustee had expenses for travel and subsistence reimbursed for a total of £44 (2020: £400).

8 Employees

There was 1 employee during the year (2020 - 1).

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

Staff costs represent the remuneration of key management personnel.

9 Net gains/(losses) on investments

	Unrestricted funds	Total
	2021	2020
	£	£
Net gain on investments	391,174	487,245

10 Investment property

	2021
	£
Fair value	
At 1 September 2020 and 31 August 2021	11,560,000

The fair value of the investment property has been arrived at on the basis of a valuation carried out in September 2020 by House & Son Chartered Surveyors, who are not connected with the Trust. The valuation was based on the estimated amounts a willing buyer would purchase the property for at arm's-length. The Trustees consider the value to be appropriate at 31 August 2021. The cost of the investment property to the charity was £11,589,735.

11 Fixed asset investments

	Listed investments £
Cost or valuation	
At 1 September 2020	1,652,800
Additions	300,000
Valuation changes	391,174
At 31 August 2021	2,343,974
Carrying amount	
At 31 August 2021	2,343,974
At 31 August 2020	1,652,800

There were no investment assets outside the UK.

All investments were listed on a UK Stock Exchange or incorporated in the UK and therefore all investments are treated as investment assets in the UK.

The fair value of listed investments is that quoted per the Stock Exchange or as quoted for an identical asset in an active market. Income generated from the investment fund is retained by the fund manager and reinvested in stocks and shares. Their value is reflected in the value of the fund.

12 Debtors

	2021	2020
Amounts falling due within one year:	£	£
Other debtors	1,171	117,408

13 Creditors: amounts falling due within one year

	2021	2020
	£	£
Grant creditors	6,637	27,994
Accruals and deferred income	230,226	324,767
	236,863	352,761

Included within accruals are grants agreed for future periods of £225,905 (2020 - £218,057).

14 Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Accruals and deferred income	50,035	104,293

15 Audit report information

The auditor's report was unqualified.

Lucy Filer FCA (Senior Statutory Auditor)
TC Group

Chartered Accountants
Statutory Auditor

16 Related party transactions

There were no disclosable related party transactions during the year (2020 - none).

17 Operating lease

The charity is the lessor to a 50 year operating lease ending 1 September 2061. Investment income for future periods is based on rental fees payable for the previous year plus any changes in RPI.

ARMED FORCES EDUCATION TRUST

England & Wales - Charity number 1167682

Accounts

REGISTERED CHARITY NUMBER: 1167682

CHARITY COMMISSION

Report of the Trustees and

Financial Statements for the Year Ended 31 August 2020

for

Armed Forces Education Trust

Filer Knapper LLP
Chartered Accountants and Registered Auditor
10 Bridge Street
Christchurch
Dorset
BH23 1EF

Armed Forces Education Trust

Contents of the Financial Statements for the Year Ended 31 August 2020

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Armed Forces Education Trust

Reference and Administrative Details for the Year Ended 31 August 2020

Trustees	Mr A Behagg Mr M Willis Mrs J Lycett Mrs M Clohessy Mrs J Melson Mr T Flesher Mr I Buckle Mrs J Carrell (resigned 30.11.2019)
Principal address	Armed Forces Education Trust PO Box 684 Farnham GU9 1LP
Registered charity number	1167682
Auditors	Filer Knapper LLP Chartered Accountants and Registered Auditor 10 Bridge Street Christchurch Dorset BH23 1EF

Armed Forces Education Trust

Report of the Trustees
for the Year Ended 31 August 2020

The Trustees present their report with the financial statements of the charity for the year ended 31 August 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 2015).

Objectives and activities

Objectives and aims

The purpose of the Trust, as set out in its governing document, is the advancement of education of people under the age of 25 years who are or were dependents of serving or former members of HM Armed Forces.

Aim and Intended Impact

The Trust's aim is to improve opportunities and outcomes for children and young adults whose education has been adversely impacted by their parents' service in the Armed Forces, by identifying individuals and institutions and establishing a sustainable method of supporting them financially in education.

The key challenge facing the Trust continues to be the task of reaching out to as wide an audience as possible, so that the Trust can identify those individuals and institutions most in need of the Trust's help.

Objectives for the Year

The Trust regularly reviews its strategic intent and ensures that its principal objectives for the year reflect the operation of the Trust as a grant giving body. These objectives were:

a. To continue promoting the role of the Trust, properly meeting its charitable objects, in order to secure applications for grants on behalf of eligible potential beneficiaries;
b. To receive, consider and decide on applications, and make grants accordingly; and
c. To investigate further ways of increasing the impact of grant giving through allocating collective funding to educational institutions and/or local education authorities ("LEAs") where there are a significant number of service children.

The number of applicants in a given period, the breadth of their geographical location and the diversity of service personnel applying are all key indicators of the Trust's success in meeting its objectives.

Public benefit

The Trustees have had regard to the guidance issued by the Charity Commission on public benefit and have taken care in agreeing the objects with the Charity Commission to reflect a focus on public benefit. The main activities in relation to its purpose for the public benefit include awarding:

a. Grants to individuals to assist with school, college or university fees or costs; and
b. Grants to institutions providing education to a significant number of Armed Forces dependents.

Throughout the period the Trustees had due regard to public benefit guidance in determining the activities of the Trust.

Grant making

The Trust's policy on grant making is to seek to maximise the effect of grants given to counter instances where children or young adults may have had their education compromised or put at risk because of a parent's current or past military service. To the extent possible, the Trust aims to ensure that grant money awarded does not replace funding which is already available from public or private sources.

Report of the Trustees
for the Year Ended 31 August 2020

Achievement and performance
Charitable activities
The Trust seeks to reach a wide audience base across all of the Armed Services. It uses social media, conferences and networking as marketing mediums to achieve this. This year the Trust has seen an increase in enquiries from parents citing Families Federations, Instagram and Facebook as the source of their information about the Trust's work.

The Chair, CEO and other members of the Board regularly attend meetings and conferences to promote the Trust. These activities were undertaken as usual in the earlier part of the financial year, and included the SSCE Cymru Stakeholder's Day in September 2019, the Oxfordshire Service Childrens' Conference in October 2019, the Royal Caledonian Education Trust's conference in November 2019, the Educational Trusts' Forum in November 2019 and regular meetings with the Service Children's Progression Alliance (SCiP) and the Hampshire Civil Military Partnership. However, as a result of Covid-19, face-to-face activities were curtailed from March 2020 onwards though some meetings have continued via online conferencing.

The Trust has continued to keep abreast of the factors affecting service personnel and their children during this unprecedented time, liaising closely with other organisations that work with service personnel including the Families Federations for each of the Armed Services, SSAFA, and professional education providers including School Headteachers, Special Educational Need teachers and Local Authorities.

Following feedback from such organisations, the Trust is specifically targeting those schools with a small number of Service children as it can be challenging for such schools to provide the support needed for Service children. As the Trust also seeks to ensure that grants are awarded across all geographic regions, the Trust has proactively contacted schools in areas that have not previously received support from the Trust. The Trust has now made a number of grants to individuals and institutions across England, Scotland and Wales. Where possible or practicable, the Trust has encouraged schools in clusters to collaborate in applying for a grant. The Trust has also discussed ways of bringing together like-minded charities to support joint grant giving to schools.

As a condition of awarding a grant, the Trust requires an "End of Grant" report from each institutional grant recipient. These reports have helped the Trust assess the impact of the grant award and allow it to direct its efforts to those who can benefit most from its help.

In addition, the Trust has an arrangement with Cognita (an operator of a portfolio of schools) whereby fees may be discounted in those cases where the Trust awards a grant to a child at a Cognita school.

Financial review
Investment policy and objectives
The Trust's long-term investment policy and objectives are regularly reviewed by the Board. The Trust's investment policy is to seek the best financial return from investing surplus funds within an acceptable level of risk. Having considered the options available and reviewed a number of potential investment managers and funds, the Trustees determined that its surplus funds should be invested in the Newton Income and Growth Fund for Charities ("the Newton Fund"). The Newton Fund is a multi-asset fund that seeks to maximise returns through income and capital growth, and to deliver a minimum targeted income yield of 3% per annum. In March 2020 the Trust's assets in the Newton Fund fell by 16% from a high of £1.746m in January 2020. However, the Newton Fund since recovered most of that loss, with the Trust's investment being valued at £1.652m on 31 August 2020. During the financial year the Trust received an overall return on its investment of -3%.

The Board regularly reviews the performance of the Newton Fund and considered that the overall performance of the Trust's investment has been reasonable in light of the volatility of world markets in the current economic climate.

Report of the Trustees for the Year Ended 31 August 2020

Financial review

Reserves policy

The Trustees review the Trust's policy on reserves at least once per annum with reference to guidance published by the Charity Commission. The policy is also reviewed, when warranted by changes in risk assessment or business plans. During the year, reserves were held to minimise any disadvantage to beneficiaries should the Trust's income be stopped or severely reduced. Taking account of the main risks to the Trust, the Trust's policy is to hold reserves of around three times the level of total annual grants awarded based on forward estimates.

As at 31 August 2020, total unrestricted reserves amounted to £13,358,438 of which £1,798,438 were free reserves as the Trust's investment property cannot be quickly disposed of. Free reserves as at 31 August 2020 (of £1,798,438) represent 4 years of total grants based on forward estimates.

Financial Activities and Results

The results for the year and the financial position are set out in the Statement of Financial Activities on page 9 and the Statement of Financial Position on page 10. The Trust's principal source of funds was income from rent receivable on its principal property asset. The Trust is not involved in direct fundraising although periodically donations and legacies are made to the Trust. In particular, the Trust receives an annual donation from the Privy Purse. The Trustees have agreed to award this donation each year to the grantee who they feel has best met the objectives of their grant.

During the year, individual grants totalling £170,171 were awarded. Grants were awarded to several children and young people to assist with the new provision, or to sustain existing provision, of appropriate education. These have enabled the beneficiaries to have greater stability or receive individual support to counter the educational and emotional disruptions caused by parental service in the Armed Forces.

In addition, grants totalling £191,230 were given to 15 institutions (state schools and LEAs) to enable educational support, not fundable from other public sources, to be provided for Armed Forces children. The recipients have been able to provide individual and group interventions, or arrange targeted training, for example in emotional support, to teachers and staff working with Armed Forces children.

Grants payable to institutions of £191,230 included in note 4, includes £25,645 of grants released from accruals no longer payable, due to changes in circumstances of recipients.

The Trust invests its surplus funds into the Newton Income and Growth Fund for Charities ("the Newton Fund"). The Newton Fund has performed satisfactorily during the year. Funds are maintained for when future cash is required.

Coronavirus

In the light of Covid-19 and school closures, a number of grant recipients for 2019/20 approached the Trust to request the deferral of their awards. The Trust has been amenable to these requests. Although the impact of Covid-19 on future grant applications is very difficult to predict, the Trust could see an influx of requests for help in 2020/21. The Trust's assets in the Newton Fund have recovered well from the market downturn in the earlier part of the year, however the Newton Fund could suffer further volatility and/or a drop in value depending on the strength or otherwise of an economic recovery. The Trust's major source of income, rental income, could also potentially be at risk as a consequence of Covid-19. However the majority of grants awarded by the Trust are for twelve months only and the Trust has a policy of holding reserves of around three times the level of total annual grants awarded, and as such the Trustees are of the opinion this will allow the Trust to continue to operate in the current pandemic environment.

Future plans
The key factors likely to affect the future financial performance of the Trust are the on-going receipt of rental income from the Trust's principal asset and the performance of the Trust's investment in the Newton Fund.

The Trust will keep abreast of the factors impacting Service children and their families. It will continue to provide a range of individual, collective and collaborative grants, tailored to the needs of Service children.

Looking ahead, the Trust is keen to ensure that its funds are allocated to the most deserving of cases. The Trust encourages past recipients of collective funding to provide high quality feedback and outcome assessments. In addition to monitoring the outcomes of collective grants, the Trust is also looking at ways to monitor the outcome of individual grants, however this remains a difficult subject to assess.

Structure, governance and management
Governing document
The Forces Children Education Trust was established to take forward the work of the Royal School Hampstead Trust (charity number 312286). On 7 December 2016 the Royal School Hampstead Trust transferred all of its assets (including cash and freehold property less liabilities) amounting to £13,070,677, to the Forces Children Education Trust. On 6 July 2017 the Forces Children Education Trust changed its name to the Armed Forces Education Trust ("the Trust").

The Trust is governed by its written constitution dated 3 June 2016. The affairs of the Trust are managed by the Trustees, of which there must be a minimum of five. There is no maximum number of Trustees that may be appointed by the Trust.

The Trustees during the year were as follows:

Mr A Behagg	Chairman
Mr M Willis	
Mrs J Lycett	
Mrs M Clohessy	Treasurer
Mrs J Melson	
Mr T Flesher	
Mr I Buckle	
Mrs J Carrell	Resigned on 30 November 2019

Recruitment and appointment of new trustees
The appointment of Trustees is a matter reserved for the Board of Trustees, based on vacancies occurring through the end of an allotted term, or a resignation, and an agreed succession plan based on a set of criteria. The Board may appoint a new Trustee at any properly convened meeting of the Trustees and the appointment is confirmed at the Annual General Meeting following the election of the new Trustee. The Chair is elected from and by the Trustees.

New Trustees are given a documented and personal induction programme. Trustees are able to attend a range of training courses and seminars, either at external institutions, or internally organised with external contributors as required.

Organisational structure
The Board meets five times a year, with additional meetings arranged if required.

Day to day management of the Trust's affairs is delegated to the Trust's Chief Executive Officer, Mrs C Hickman. In addition, the Trust benefitted from the services of Mrs L Abbott, its education adviser, to facilitate policy and decision-making with regard to individual and collective grants, and from Mr Derry Caleb, its property adviser to facilitate oversight of its principal property investment. The Trustees consider that they, together with the Chief Executive Officer, comprise the key management of the Trust in charge of directing, controlling, running and operating the Trust on a day-to-day basis. None of the Trustees receives any remuneration in respect of their services as Trustees. Staff pay is reviewed by the Trustees annually using external benchmarking and comparison data.

Report of the Trustees for the Year Ended 31 August 2020

Structure, governance and management

Risk management

The Trustees review and update the schedule of risks facing the Trust at least annually but monitor principle risks at every Board meeting. The Board considers in detail a schedule of risks, their likelihood and potential damage together with preventative measures and mitigating actions. The Board considers that the principal risks facing the Trust are as follows:

a. The loss of regular rental income from the principal asset;
b. The depletion of investment reserves through for example adverse investment conditions

The key strategies to manage these risks involve developing a closer relationship with the leaseholder of the Trust's principal asset and the regular monitoring of investment policy and investment performance.

Events since the end of the year

Information relating to events since the end of the year is given in the notes to the financial statements.

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) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

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;
- 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 4th December 2020 and signed on its behalf by:

A. Behagg

Mr A Behagg - Trustee

Report of the Independent Auditors to the Trustees of Armed Forces Education Trust

Opinion

We have audited the financial statements of Armed Forces Education Trust (the 'charity') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Statement of Financial Position 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; 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

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 financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity'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 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 there is a material misstatement in the 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.

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.

Report of the Independent Auditors to the Trustees of Armed Forces Education Trust

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.

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.

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.

Filer Knapper LLP
Chartered Accountants and Registered Auditor
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
10 Bridge Street
Christchurch
Dorset
BH23 1EF

21 December 2020

Armed Forces Education Trust

Statement of Financial Activities
for the Year Ended 31 August 2020

	Notes	2020 Unrestricted fund £	2019 Total funds £
Income and endowments from			
Donations and legacies		**250**	325
Investment income	3	**403,016**	393,371
Total		**403,266**	393,696
Expenditure on			
Charitable activities			
Educational grants		**397,792**	307,681
Net gains on investments		**487,245**	123,397
NET INCOME		**492,719**	209,412
Reconciliation of funds			
Total funds brought forward		**12,865,719**	12,656,307
Total funds carried forward		**13,358,438**	12,865,719

The notes form part of these financial statements

Armed Forces Education Trust

Statement of Financial Position
31 August 2020

	Notes	2020 Unrestricted fund £	2019 Total funds £
Fixed assets			
Investments			
Investments	10	**1,652,800**	1,712,706
Investment property	11	**11,560,000**	11,035,000
		13,212,800	12,747,706
Current assets			
Debtors	12	**117,408**	-
Cash at bank		**485,284**	402,999
		602,692	402,999
Creditors			
Amounts falling due within one year	13	**(352,761)**	(284,986)
Net current assets		**249,931**	118,013
Total assets less current liabilities		**13,462,731**	12,865,719
Creditors			
Amounts falling due after more than one year	14	**(104,293)**	-
NET ASSETS		**13,358,438**	12,865,719
Funds			
Unrestricted funds		**13,358,438**	12,865,719
Total funds		**13,358,438**	12,865,719

The financial statements were approved by the Board of Trustees and authorised for issue on ...4th December 2020... and were signed on its behalf by:

A Behagg

.....

Mr A Behagg - Trustee

.....

Mrs M Clohessy - Trustee

The notes form part of these financial statements

Notes to the Financial Statements for the Year Ended 31 August 2020

1. General information

The charity is registered in England and Wales and is a Charitable Incorporated Organisation. The address of the principle office is PO Box 684, Farnham, GU9 1LP.

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 included in the statement of financial activities when entitlement has passed to the charity, it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

Income from donations is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.

Income from investment properties represents rent receivable under the lease agreement for the current period.

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 offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

Investment property
Investment property is initially recorded at cost, which includes purchase price and directly attributable expenditure.

Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in income or expenditure.

Investments
Unlisted equity investments are initially recorded at cost, and subsequently measured at fair value. If the fair value can not be reliably measured, assets are measured at cost less impairment.

Listed investments are measured at fair value with changes in fair value being recognised in income and expenditure.

Taxation
The charity is exempt from tax on its charitable activities.

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

Designated funds are unrestricted funds earmarked by the Trustees for particular future project or commitment.

continued...

2. Accounting policies - continued

Fund accounting

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Going concern

There are no material uncertainties about the charity's ability to continue. Although there is risk that the Trust's major source of income, rental income, could vary as a consequence of Covid-19, the majority of grants awarded by the Trust are for twelve months only and the Trust has a policy of holding around three times the level of total annual grants awarded. As such, the trustees are of the opinion this will allow the Trust to continue to operate in the current pandemic environment.

3. Investment income

	2020 Unrestricted funds	2019 Total funds
	£	£
Rents received	**403,016**	392,157
Deposit account interest	**-**	1,214
	403,016	393,371

4. Grants payable

	2020	2019
	£	£
Educational grants	**361,401**	261,072

continued...

4. Grants payable - continued

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

	2020	2019
	£	£
Salisbury Plain Academies	**42,666**	161,101
The Wavell School	**27,378**	-
Carswell Primary School	**26,040**	-
Mayhill School	**23,000**	-
Llantwit Major School	**21,248**	30,800
Raigmore Primary School	**18,116**	-
Argyll and Bute Council	**14,331**	-
Kinloss Primary School	**9,000**	-
Ash Manor School	**8,240**	-
Carterton Primary Scool	**6,250**	-
South Farnborough Junior School	**5,940**	-
Ringshall Primary School	**5,000**	-
Naphill & Walters Ash School	**4,176**	12,504
Corringham Primary School	**3,672**	-
Newton Tony Primary	**1,251**	1,700
Wiltshire County Council	**(25,078)**	(46,202)
Clarendon School	-	23,828
North Yorkshire County Council	-	17,412
Shipton Bellinger Primary School	-	5,000
Dreghorn Primary School	-	5,000
Herne Junior School	-	800
Children's University	-	(4,959)
Lypiatt School	-	(20,001)
	191,230	186,983

Grants are accrued at the date they are approved by the trustees and communicated to recipients, based on the information available at the time of grant application. If circumstances change, the recipient is required to inform the charity. This can result in a change to the initial value of the grant previously agreed. The negative balances above represent a change in the amounts accrued due to unforeseen circumstances.

The total grants paid to individuals during the year was £170,171 (2019 £61,650).

The total collaborative grants paid during the year was £nil (2019 £12,439).

continued...

5. Support costs

	Management	Governance costs	Totals
	£	£	£
Educational grants	**30,750**	**5,641**	**36,391**

6. Auditors' remuneration

	2020	2019
	£	£
Fees payable to the charity's auditors for the audit of the charity's financial statements	**4,320**	4,200

7. Trustees' remuneration and benefits

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

Trustees' expenses

During the period 5 Trustees had expenses for travel and subsistence reimbursed for a total of £400 (2019 £1,811).

8. Staff costs

	2020	2019
	£	£
Wages and salaries	**25,583**	23,886
	25,583	23,886

The average monthly number of employees during the year was as follows:

	2020	2019
Management	**1**	1

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

Staff costs represent the remuneration of key management personnel.

continued...

9. Comparatives for the statement of financial activities

	Unrestricted fund £
Income and endowments from	
Donations and legacies	325
Investment income	393,371
Total	393,696
Expenditure on	
Charitable activities	
Educational grants	307,681
Net gains on investments	123,397
NET INCOME	209,412
Reconciliation of funds	
Total funds brought forward	12,656,307
Total funds carried forward	12,865,719

10. Fixed asset investments

	Listed investments £
Market value	
At 1 September 2019	**1,712,706**
Revaluations	**(59,906)**
At 31 August 2020	**1,652,800**
Net book value	
At 31 August 2020	**1,652,800**
At 31 August 2019	1,712,706

There were no investment assets outside the UK.

All investments were listed on a UK Stock Exchange or incorporated in the UK and therefore all investment are treated as investment assets in the UK.

The fair value of listed investments is that quoted per the Stock Exchange or as quoted for an identical asset in an active market. Income generated from the investment fund is retained by the fund manager and reinvested in stocks and shares. Their value is reflected in the value of the fund.

continued...

11. Investment property

	£
Fair value	
At 1 September 2019	**11,035,000**
Disposals	**(21,000)**
Revaluation	**546,000**
At 31 August 2020	**11,560,000**
Net book value	
At 31 August 2020	**11,560,000**
At 31 August 2019	11,035,000

The property was valued in September 2020 by House & Son, Chartered Surveyors and Valuers, at £11,560,000. This valuation was based on the estimated amounts a willing buyer would purchase the property for at arm's-length. The Trustees consider this value to be appropriate at 31 August 2020. The cost of investment property to this charity was £11,589,735.

12. Debtors: amounts falling due within one year

	2020	2019
	£	£
Other debtors	**117,408**	-

13. Creditors: amounts falling due within one year

	2020	2019
	£	£
Grant creditors	**27,994**	8,561
Accruals and deferred income	**324,767**	276,425
	352,761	284,986

Included within accruals are grants agreed for future periods of £218,057 (2019 - £272,225).

continued...

14. Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Accruals and deferred income	104,293	-

Accruals over one year represent grants agreed for future periods.

15. Contingent liabilities

At the year end the Trust had agreed to grant funding to one individual of £31,568 however, the recipient was not notified until after the reporting date.

16. Related party disclosures

There were no related party transactions for the year ended 31 August 2020 nor 2019.

17. Post balance sheet events

It is likely that Covid-19 will continue to impact the charity's grant giving ability in the coming year. The impact of Covid-19 on the current financial year has been disclosed in the trustees' report.

18. Financial instruments

Total financial assets measured at fair value through net income and expenditure are £1,652,800. This represents investments on the statement of financial position. During the period a realised loss of £59,906 has been reflected on the statement of financial activities.

19. Operating lease

The charity is the lessor to a 50 year operating lease ending 1 September 2061. Investment income for future periods is based on rental fees payable for the previous year plus any changes in RPI.