



AFF annual report and accounts 2022/23

CONTENTS

Report of the Trustees	2
Report of the independent auditors	8
Statement of financial activities	10
Balance sheet	11
Statement of cash flows	12
Notes to the financial statements	13

TRUSTEE REPORT AND ACCOUNTS 2022-2023

The Trustees present their report with the financial statements of the Charitable Incorporated Organisation (CIO) for the year ended 31 March 2023.

OBJECTIVES AND ACTIVITIES

Vision

Our vision is for all soldiers and their families to feel valued and heard throughout their journey as an Army family.

Mission

The AFF mission statement is:

AFF communicates, questions and influences policy at all levels to improve the lives of the serving and resettling British Army community across the world. We offer support, information and guidance to individuals and communities on issues that impact on the quality of their lives.

Objectives

The objectives for 2022/23 were:

1. Listen to, respond to and support Army families;
2. Provide information and guidance that empowers Army families, recognises diversity and encourages resilience;
3. Gather robust evidence, using credible methods, to support and challenge change for Army families;
4. Engage effectively with command and the MOD in order to promote the interest of the diverse range of Army families;
5. Collaborate with public, private, and third sector to provide the support and service that Army families need;
6. Influence change to policy, products and services that disadvantage Army families;
7. Build a strong organisation in line with statutory guidelines and manage charitable funds effectively;
8. Promote an organisational culture that values diversity and tolerates differences by facilitating the recruitment, retention and promotion of individuals irrelevant of background, gender or ethnicity.

Structure, governance and management

The charity is a Charitable Incorporated Organisation (CIO) governed according to the constitution dated 6 December 2017, (as amended on 11 May 2021). It was established to take forward the work of the Unincorporated registered charity number 291202.

Activities

Our support to non-UK personnel and families remains our largest area of work, due to the unique support provided by our team of qualified immigration advisors and the complexity of the Armed Forces immigration rules. As a co-chair of the Cobseo Non-UK Cluster, we have been able to identify the key immigration issues facing non-UK family members and raise these with both the MOD and the Home Office.

Housing enquiries saw a 26% increase, making up over a quarter of our enquiries. A significant proportion of enquiries this year were due to the very high level of problems families encountered in the roll out of the new accommodation contract.

Supporting personnel and families with their money and allowances issues has been key, with AFF providing evidence to a number of reviews of service allowances. We continue to see enquiries from families in long-term relationships as policies have not kept pace with modern family structures and from all families on the growing complexities of allowance entitlements - we evidence these issues to the MOD.

We have been able to increase our support to families on health and additional needs issues thanks to funding from the Army Benevolent Fund to expand our health team. We also held a successful additional needs study day, which brought together policy makers and practitioners supporting Army families with additional needs or disabilities.

Spousal employment remains a key issue for our families, particularly for those on overseas assignments. Families have highlighted a lack of clear guidance and advice on remote working and we continue to raise this with the MOD to ensure they are fully supported to make informed decisions about their employment and overseas postings. Forces Families Jobs continues to not only offer employment opportunities for partners and spouses but also connects them to training and other options, such as apprenticeships or self-employment. It has also allowed us to raise spousal employment issues with both employers and policy makers.

Collaboration has been key in delivering positive change for soldiers and their families. For example, our Money & Allowances, and Foreign & Commonwealth teams, worked closely with the Army, and with the Naval and RAF Families Federations to ensure that travel back to the UK to collect biometric residence permits for non-UK family members assigned overseas was funded by the MOD.

Evidence from our *Your Army Life* survey explored personnel and families' views on the current remuneration on offer to personnel, highlighting a lack of understanding about the policies, services and allowances that can support families, and the importance of MOD-provided housing as a key component of the package. In order to deliver the most effective impact for our beneficiaries, we have undertaken a review of our impact measurement, creating a theory of change for the organisation and recognising the importance of defining the issues we are trying to address and our role in doing so.

We continue to work on securing appropriate funding to ensure continuity in the support we can give to all Army families, however they choose to live. As modern family life evolves, the challenge for soldiers and their families in navigating policies and processes, and accessing appropriate and timely support continues to grow, even as overall numbers within the Army community have fallen slightly. We continue to work hard within AFF to identify and meet the changing needs of our beneficiaries, and to allow us to influence positive change in support of Army family life.

ACHIEVEMENTS AND PERFORMANCE

Achievements

Within the organisation, there are four teams, who work together to meet our objectives.

The Policy & Research (P&R) team supports personnel and families with complex enquiries and issues relating to housing, education, childcare, health, additional needs, training, employment, allowances, money and Foreign & Commonwealth visa and immigration issues. By raising the issues and evidence from families, we are able to ensure that their lived experience is considered as policy is developed.

The UK & Overseas team provides, through regionally-focussed roles and a central enquiries team, day-to-day support to the Army family across the UK and overseas. This team works with the local chain of command, service deliverers and local authorities, and the governments of the devolved nations to ensure that Army family life is understood and supported in service delivery. We are developing the AFF Roadshow model to provide a focal point for these discussions and to provide families with information on the support that is available to them in different locations, particularly the devolved nations and overseas. Due to a continued demand for immediate engagement and support, AFF has continued to develop and improve online and telephone support, and to streamline internal enquiry handling processes. The enquiries team provides a single and reliable entry point for new enquiries from Service personnel and their families, and is now open 0800-1800 Monday-Thursday, and 0800-1500 Friday. Enquiries are triaged and directed to the relevant specialist teams to ensure that families can receive a timely response, and that resolution of their issues is achieved as efficiently as possible.

The Communications team provides the expertise within AFF to ensure that information and guidance is available to families across a range of digital and hard copy material and media. Providing information and guidance to Army families is one of AFF's key objectives, and this team leads that work with a focus on ensuring that information is accessible, appropriate and engaging. In 2022 we had more than 450,000 unique views on our website, reached more than 13,000 followers on Facebook, 9,500 on Twitter and 2,500 on Instagram. The regular quarterly editions of Army&You magazine were produced and delivered to an average of 35,000 families per edition.

The Operations team provides continuous administrative support across the finance, governance, IT and data protection, and HR functions to ensure that the organisation

remains 'fit to deliver'. In 2022-23 the team conducted a fundamental review of our IT structures and data security with the support of external expertise. The resulting changes and improvements allowed AFF to successfully apply for Cyber Essentials certification. This team has focussed on continual improvement of our IT platforms, data protection and cyber security processes, and internal IT support; on ensuring that all internal policies and processes follow best practice for our size of charity and that all statutory obligations are met in full; and that our workforce management is both professional and responsive to the needs of our team members.

Performance

We have reviewed our performance against the needs of Army families; these needs and how we've met them, are evident in our activities as described above.

FINANCIAL REVIEW

Income & allocated funding

AFF receives its main funding from MOD Grant in Aid (public money) and a charitable grant from the Army Central Fund. In addition to this core funding, AFF receives smaller, project specific funding from the Army Benevolent Fund and the Royal British Legion. Details of this funding are at Note 13 to the Financial Statement. AFF continued to spend funds received in earlier financial years from LIBOR funds and Lloyd's Patriotic Fund.

Total funds

At the end of the financial year, AFF held funds of £ 1,100,930 with £600,875 being held in the Armed Forces Charities Growth and Income Fund (AFCGIF).

At 31 March 2023, AFF had unspent restricted funds (funds committed to a specific project or event) of £29,700.

Investment powers

The constitution permits the investment of monies not immediately required for the objects of the CIO.

Investment performance

AFF holds its reserves in units of the AFCGIF, a mixed asset class Charity Authorised Investment Fund (CAIF) managed by BlackRock Investment Managers. The fund has an advisory committee, which oversees the investment performance and governance of the AFCGIF. AFCGIF offers two types of units to Armed Forces charities' investors – accumulation (reinvestment) units and distribution (income) units.

AFF currently holds only accumulation units (which reinvest income into the fund).

At 31 March 2023, the total value of investments was £600,875, and during the year, £26,886 (2022 £17,003) was reinvested.

AFF's holding in the Armed Forces Charities Growth and Income Fund reported a net unrealised deficit, after taking into account the reinvested income, of £47,322. The volatility of the UK markets and the political instability caused this drop in the value of AFF's investments, but by the end of the financial year the markets were stabilising and quarter

four saw the value of investments rise again. The investment fund has consistently performed well since its inception in 2012 and overall continues an upward growth exceeding the benchmarked parameters.

The Trustees continue to actively monitor AFF's investments and 2023/24 will see a full review of its Investment policy.

Investment risk management

The Trustees constantly review the investment and the investment risks to which AFF may be exposed. Their overall assessment of specific risk to the CIO is low. The Trustees are confident that the AFCGIF overall widespread investment strategy, which encompasses many different asset classes, is sound. The Trustees feel that the investment of the CIO, namely its reserves which are currently held in AFCGIF Accumulation Units, are sufficiently well diversified and are likely to provide long-term capital growth.

The CAIF has an advisory committee which continues to oversee the investment performance and governance of AFCGIF.

The fund is managed by BlackRock Investment Management (UK) (BRIM) under a Charity Authorised Investment Fund (CAIF) managed by BlackRock Financial Management.

Reserves policy

AFF is run as a charitable incorporated organisation and is responsible for all internal functions including employment practices and payment of wages, employee insurance and liability, direct and indirect running costs and project capital.

The Trustees reviewed the reserves policy during the financial year to ensure it was relevant, adequate and reflected current best practice across the sector and takes into account AFF's key current risks.

The CIO's policy is to hold reserves for the following purposes:

- Flexibility of cash flow to support expenditure between deliveries of income.
- A minimum of six months' basic running costs in the eventuality of the CIO either losing its primary sources of income, or having to close down completely. A sum of around £775,000 would be optimal based on AFF budgets for the next three years.

Reserves

In line with the above policy at 31 March 2023, optimal general reserves stand at £775,000. At the year end, the CIO is holding **general reserves** of £936,288. The reserves built up as a result of the unexpected and prolonged reduction in activity levels as a direct result of the COVID-19 pandemic. During the year the Trustees therefore took the decision to use some of these reserves to further the work of the charity and therefore declared a deficit position for 2022/23. Further expenditure will occur in 2023/24 to ensure that the level of reserves stand at the optimal level.

As part of this work and to support AFF's strategy and resulting three-year budget, two new **designated reserves** were created in the year to underpin AFF's strategic goals:

a. IT Projects / Improvements – to support the current work and ongoing work to AFF's database and cyber security. £115,000 was transferred from general reserves to this fund. Of this £35,810 was spent against during the financial year, carrying forward £79,190 for work in the next three years on a new database platform and other IT improvements.

b. Impact Measurement – to support the work started with Trust Impact and any other work deemed necessary as a result going forward. £45,000 was transferred in year from general reserves. Of this £19,248 was spent by the end of the financial year.

In addition, the CIO is holding **restricted reserves** of £29,700, which are not available for the general purposes of the CIO. This represents the ongoing first year of work of the three-year project with the Royal British Legion developing AFF's support of our families through our Foreign and Commonwealth team.

PLANS FOR FUTURE PERIOD

In 2023/24 we will ensure that AFF is structured to meet the requirements of the Army families coming to us. We will continue to develop our impact measurement processes to ensure that we are responding to the needs of modern Army families, and complete a theory of change process across AFF to support our future strategy development. We will continue to focus on developing and making more accessible our communications to adapt to the needs of all Army families, to support both provision of information and evidence collection. Building resilience into our supporting technology and business processes remains ongoing work. And we will focus on growing our strong stakeholder networks at both regional and national level to ensure that the concerns of Army families are addressed. We will continue to commit to the continuing professional development of all staff with regular training events, both virtual and in person.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Trustees

The AFF Board sets the strategic direction and is responsible for ensuring that AFF upholds its values and governance, and delivers its objectives. The Board offers guidance, advice and support to the Chief Executive.

The AFF Board has capacity for eight Trustees and four new trustees were appointed in May 2022. The Board met five times during the reporting period and they communicated frequently between meetings.

The AFF Trustees' Code of Practice document and Trustee role responsibilities are reviewed annually.

Trustee appointments

The appointment of Trustees is governed by the Army Families

Federation Constitution, which states that the Chair of the Board shall appoint Trustees, with the majority agreement of the rest of the Trustees. Appointments are for an initial period of three years. Following this first term, Trustees can be re-elected for a further term of three years. If required due to exceptional circumstances, Trustees may serve one additional and final year. Trustee positions will be reviewed based on the skills, experience and knowledge required, and advertised on the AFF website and other advertising methods agreed by the Trustees, appropriate to the skills required by the position. The Chair, a Trustee and the Chief Executive interview candidates and a recommendation is made to the Board.

Trustee induction and training

On appointment, each Trustee undergoes an induction programme tailored to their knowledge and experience. The Trustees deploy a wide range of skills and experience essential to good governance. A register of Trustees' skills is held centrally and reviewed on an annual basis.

New Trustees are provided with the NCVO Good Trustee Guide, the Charity's Constitution, minutes of the last Trustees' meeting, latest copy of the annual report accounts, risk assessment and business plan, and copies of all recent AFF publications. The Chair of Trustees and Chief Executive of AFF both invite new Trustees to meet them. Trustees are encouraged to attend appropriate external training events.

Executive Management Board (EMB)

The day-to-day administration of the CIO is delegated to the Chief Executive and EMB. At the end of the reporting period, the EMB comprised of the Chief Executive and the Operations Director, Head of Finance, and Director of Policy & Research.

The way that AFF is governed fully complies with the Charity Governance Code.

The EMB sets AFF policies as endorsed by the Trustees.

Committees

The Board of Trustees work with two sub-committees, the Remuneration Committee and the Governance Committee.

The aim of AFF's committees is to examine the recommendations of the Chief Executive and the Executive Management Board in order to take forward and ratify recommended actions.

The committees also carry out the detailed work, which is then recommended to the full Board of AFF Trustees for approval.

Employees

The employees are line managed by the Chief Executive and the directors, either as direct reports or indirectly through their line managers.

Remuneration to key management personnel

An annual review of all staff remuneration is carried out by the Remuneration Committee, which consists of a sub-set of the Trustee Board, the Chief Executive, the Head of Finance and the HR Manager. Recommendations for this committee

for any staff increases are put to the full Trustee Board for their approval. Remuneration of the Chief Executive is set by the Trustees.

Our charitable objectives

The Constitution of the CIO is laid down in the Army Families Federation Constitution adopted on 7 December 2017 (as amended on 11 May 2021).

The objects of the Federation are:

1. Promotion of social inclusion and military efficiency, for the public benefit, by assisting in the prevention of Army families being disadvantaged through military Service.
2. Such other charitable purposes for the general benefit of Army families as the Trustees from time-to-time think fit.

Interpretation clause

'Army families' means serving Army personnel and persons who have a family member in the Army. This could be a spouse, child or wider family members (including step-children) that are in any way affected by Army and Defence policies, processes or by service provision from other bodies that is uniquely due to being a member of an Army family.

Public benefit statement

The Trustees have given due regard to the Charity Commission's guidance on reporting public benefit when planning the charity's activities.

The paragraphs on pages 2-3 set out the CIO's objectives, activities, achievements and performance during the year, which directly relate to the objects and purposes for which the CIO exists. The CIO achieves its objects and purposes through a series of projects and services to deliver employment, training, housing and welfare support to Army families. The benefits of this support are fully compliant with the Charity Commission principles on public benefit.

Risk management

In early 2023, we undertook a fundamental review of risk management. This work has enabled us to update our risk management process and register to ensure we are more aligned to strategic and dynamic risk capture. In doing so, we significantly reduced the number of risks the Board were managing. Our Trustees are satisfied that the new risk management process delivers a more effective picture to support their decision making and welcome the new process. The risk register and risk heat map are reviewed at all Trustee Board meetings. The Chief Executive reports on key movement in risk, and mitigations that are identified and actioned. The Executive Management Board reviews and assesses risks as they arise and routinely as part of the monthly Strategic EMB meeting. A new Safeguarding register has now been added and presented to the Trustees as part of our Governance meetings.

REFERENCE AND ADMINISTRATION DETAILS

REGISTERED CHARITY NUMBER

1176393 (England and Wales)
SC048282 (Scotland)

CHARITY OFFICES

Army HQ, Ramillies Building, Marlborough Lines,
Monxton Road, Andover, SP11 8HJ

PATRON

HRH The Duchess of Gloucester GCVO

TRUSTEES

Heather Key
Abigail Boyle (appointed 3 May 2022)
Fiona Ellison (resigned 7 September 2022)
Mark Watkins (appointed 3 May 2022)
Pari Spencer Smith
Paul Collard (appointed 3 May 2022)
Julie Vere-Whiting (resigned 7 September 2022)
Vicki Wentworth (appointed 3 May 2022)

SENIOR MANAGEMENT

Collette Musgrave – Chief Executive
Michelle Alston – Director of Policy & Research
Paddy Bleakley MBE – Director of Operations and
Engagement
Vivienne Franklin – Head of Finance (appointed 4
May 2022)

INVESTMENT MANAGERS

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

AUDITORS

Azets Audit Services
Athenia House
10 – 14 Andover Road
Winchester
Hampshire
SO23 7BS

BANKERS

Barclays Bank Plc
Leicester
LE87 2BB

Signed by order of the Trustees:

A handwritten signature in black ink, appearing to read 'Heather Key', written in a cursive style.

Ms Heather Key
Chair of the Trustees

Approved by the Board of Trustees on 13 September 2023

ARMY FAMILIES FEDERATION

REPORT OF THE TRUSTEES for the year ended 31 March 2023

RESPONSIBILITIES OF THE TRUSTEES

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

The law applicable to charities in England, Wales, and Scotland 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 of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008, Charities and Trustee Investment (Scotland) Act 2005, the Charity Accounts (Scotland) Regulations 2006 (as amended), 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.

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

Signed by order of the Trustees



Ms Heather Key

Chair of the Trustees

Army Families Federation

Approved by the Board of Trustees on 13 September 2023

ARMY FAMILIES FEDERATION

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF ARMY FAMILIES FEDERATION

We have audited the financial statements of Army Families Federation (the 'charity') for the year ended 31 March 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows, 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, 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 March 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 and the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Trustees annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 and the Charities Accounts (Scotland) Regulations 2006 require 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
- the charity has not kept adequate accounting records; 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 regulations made under section 154 of that Act.

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. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the charity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/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 Part 4 of the Charities (Accounts and Reports) Regulations 2008 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. 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.



Azets Audit Services (Statutory Auditor)
Athenia House
10 – 14 Andover Road
Winchester SO23 7BS

Dated: 13 September 2023

Azets Audit Services is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

ARMY FAMILIES FEDERATION

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 March 2023

	Notes	2023			2022
		£	£	£	£
INCOME AND EXPENDITURE		Unrestricted	Restricted	Total	Total
INCOME FROM:					
Donations and grants	2	1,083,423	15,000	1,098,423	1,309,620
Other income		243	-	243	858
Investment income	3	27,986	-	27,986	17,055
Total income		1,111,652	15,000	1,126,652	1,327,533
EXPENDITURE FROM:					
Charitable activities	7	1,093,548	220,944	1,314,492	1,144,783
Total expenditure		1,093,548	220,944	1,314,492	1,144,783
NET INCOME/(EXPENDITURE) BEFORE GAINS AND LOSSES		18,104	(205,944)	(187,840)	182,750
Net gains on investments	11	(74,208)	0	(74,208)	38,798
NET INCOME FOR THE YEAR		(56,104)	(205,944)	(262,048)	221,548
Reconciliation of funds:					
Total funds brought forward at 1 April 2022		1,127,335	235,645	1,362,980	1,141,432
TOTAL FUNDS CARRIED FORWARD AT 31 March 2023		1,071,231	29,701	1,100,932	1,362,980

The Statement of Financial Activities includes all gains and losses recognised in the year.

All incoming resources and resources expended derive from continuing activities.

The notes form part of these financial statements

ARMY FAMILIES FEDERATION

BALANCE SHEET

31 March 2023

		2023		2022	
	NOTES	£	£	£	£
FIXED ASSETS:					
Tangible assets	8	20,228		34,454	
Investments	11	600,875		648,199	
			621,103		682,653
CURRENT ASSETS:					
Debtors	9	11,033		1,608	
Cash at bank and in hand		580,314		715,030	
		591,347		716,638	
CREDITORS: Amounts falling due within one year	10	(111,520)		(36,311)	
NET CURRENT ASSETS:			479,827		680,327
TOTAL ASSETS LESS CURRENT LIABILITIES:			1,100,930		1,362,980
FUNDS:					
Unrestricted funds: general reserve	12		936,288		1,092,335
Unrestricted funds: designated funds	12		134,942		35,000
Restricted funds	13		29,700		235,645
			1,100,930		1,362,980

The financial statements were approved and authorised for issue by the members of the Board of Trustees on 13 September 2023 and signed on their behalf by Heather Key (Chair).



Ms Heather Key
Chair of the Trustees

Dated: 13 September 2023

The notes form part of these financial statements

ARMY FAMILIES FEDERATION
STATEMENT OF CASH FLOWS
31 March 2023

		2023	2022
	NOTES	£	£
		Total	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net cash provided by operating activities	a	(135,814)	208,278
Cash flows from investing activities:			
Interest from investments		1,098	52
Purchase of tangible fixed assets		-	(40,072)
Purchase of investment units			-
Proceeds from sale of investments			-
CHANGE IN CASH AND CASH EQUIVALENTS FOR THE YEAR		(134,716)	168,258
Cash and cash equivalents brought forward at 1 April 2022	b	715,030	546,772
CASH AND CASH EQUIVALENTS CARRIED FORWARD AT 31 March 2023	b	580,314	715,030
a) Reconciliation of net income/(expenditure) to net cash flow from operating activities			
		2023	2022
		£	£
Net (expenditure)/income for the year as per the Statement of Financial Activities		(262,048)	221,548
Adjusted for:			
Depreciation		14,226	9,392
(Gains)/Losses on investments		74,209	(38,798)
Interest from investments		(27,986)	(17,055)
Decrease/(Increase) in debtors		(9,425)	14,812
Decrease in creditors		75,210	18,379
Net cash provided by operating activities		(135,814)	208,278
b) Analysis of cash and cash equivalents			
		2023	2022
		£	£
Cash at bank and in hand		580,314	715,030

ARMY FAMILIES FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the Charities Act 2011 on the historical cost convention, except investment assets that are carried at market value. The financial statements are prepared in accordance with applicable accounting standards and the Statement of Recommended Practice on Accounting and Reporting by Charities: Charities SORP FRS102.

The Trust constitutes a public benefit entity as defined by FRS102.

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

The following principal accounting policies have been consistently applied in preparing these financial statements which remain unchanged from the previous year.

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements. Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Incoming resources

All incoming resources are included in the statement of financial activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. Such income is only deferred when the donor specifies that the grant or donation must only be used in future accounting periods or when the donor has imposed conditions which must be met before the charity has unconditional entitlement. For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received.

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold. Donated facilities are included at the value to the charity where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with use of the resources.

Tangible fixed assets

Expenditure on fixed assets over £1,000 is capitalised. Repair expenditure is written off as expenditure in the statement of financial activities. The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer and office equipment - 33% on cost

Income and funds policy

Voluntary income and donations are accounted for as received by the charity.

Investments and investment income

Investments are included at closing mid-market value at the balance sheet date. Any gain or loss on revaluation is taken to the statement of financial activities. Investment income is accounted for on an accruals basis.

Cash at bank and in hand

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

Value added tax

Value added tax is not recoverable by the charity, and as such is included in the relevant costs in the Statement of Financial Activities.

Governance costs

Governance costs include all expenditure which is not directly related to the charitable activity. This includes salaries for administrative staff, auditors' remuneration and Trustees' meeting expenses.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the Statement of Financial Activities.

2. DONATIONS AND GRANTS	2023	2022
	£	£
Grant in Aid (Public money funding)	562,190	564,967
Grant in Aid (additional)	15,000	24,000
Army Central Fund (non-public money)	504,644	500,853
Annington Homes	-	10,080
Army Benevolent Fund	-	45,000
UKSC (Germany)	-	9,692
British Forces Cyprus (Honorarium)	4,219	7,041
Miscellaneous Donations	2,370	45
Andover Skills Fund	-	500
Royal Navy and Royal Marines Charity	-	5,000
Royal Air Forces Association	-	5,000
Royal British Legion	-	137,442
RAND	10,000	-
	<u>1,098,423</u>	<u>1,309,620</u>

The majority of AFF staff are part-time. This takes the actual number of employees to 38 (2022 - 38).

One employee received a salary between £60,000 and £70,000 in the year.

The total amount paid to key management personnel in the year was £207,727 (2022 £163,467)

No remuneration was paid to Trustees, or persons closely connected with them, in the period. No Trustees received travel expenses in the period (2022 – no remuneration paid).

3. INVESTMENT INCOME

The charity's investment income arises from both interest bearing deposit accounts and dividends from the Accumulation Units held within the Armed Forces Charity Growth and Income Fund. Funds invested in the AFCGIF are in accumulation units where income is reinvested.

4. EXPENDITURE

Expenditure for the year is stated after charging:

	2023	2022
	£	£
Auditors' remuneration - for audit	<u>5,940</u>	<u>5,760</u>

5. PENSION COMMITMENTS

The charity operates a defined contribution pension scheme in respect of certain employees. The assets of the scheme are administered by Trustees in a fund independent from those of the charity.

Contributions are charged in the Statement of Financial Activities as they fall due and amounted to £17,105 in the year (2022 - £14,593). At the balance sheet date there were outstanding contributions of £3,661 (2022 - £2,890).

6. STAFF COSTS	2023	2022
	£	£
Wages and salaries	881,915	755,964
Employer's National Insurance	68,640	52,106
Employer's pension contributions	17,105	14,593
	<u>967,660</u>	<u>822,663</u>

The average number of employees during the year, calculated on a full-time equivalent basis, was as follows:

	2023	2022
	No.	No.
Core staffing	31	26
Governance	1	1
	<u>32</u>	<u>27</u>

7. ANALYSIS OF EXPENDITURE

	Staff salaries and costs £	Support costs £	2023 Total £	2022 Total £
Charitable activities				
Core staff	929,818	339,902	1,269,720	1,096,753
Governance costs	37,842	6,930	44,772	48,030
	<u>967,660</u>	<u>346,832</u>	<u>1,314,492</u>	<u>1,144,783</u>

The Federation occupies premises on MOD sites at no cost. Certain utility and premises costs are also provided free. It is not currently possible to quantify the value of these services so they have not been included in the accounts.

8. TANGIBLE FIXED ASSETS

	Computer and office equipment £
COST:	
At 1 April 2022	60,965
Additions	-
Disposals	(10,776)
At 31 March 2023	<u>50,189</u>
DEPRECIATION:	
At 1 April 2022	26,511
Charge for year	14,226
Eliminated on disposal	(10,776)
At 31 March 2023	<u>29,961</u>
NET BOOK VALUE:	
At 31 March 2023	20,228
At 31 March 2022	<u>34,454</u>

9. DEBTORS: AMOUNTS FALLING DUE WITHIN

ONE YEAR	2023	2022
	£	£
Trade debtors	8,000	580
Prepayments and accrued income	3,033	1,028
	<u>11,033</u>	<u>1,608</u>

10. CREDITORS: AMOUNTS FALLING DUE

WITHIN ONE YEAR	2023	2022
	£	£
Trade creditors	20,097	2,524
Accruals and deferred income	91,423	33,787
	<u>111,520</u>	<u>36,311</u>

11. INVESTMENTS

	2023	2022
	£	£
Balance as at 1 April 2022	648,199	592,398
Additions	-	-
Disposals	-	-
Reinvested income	26,884	17,003
Unrealised (Losses)/Gains	(74,208)	38,798
Listed investments as at 31 March 2023	<u>600,875</u>	<u>648,199</u>

The listed investment is held in the Armed Forces Charities Growth and Income Fund.

12. UNRESTRICTED FUNDS

	General reserve £	Designated funds £	Total £
Balance at 1 April 2022	1,092,335	35,000	1,127,335
Surplus for the year	3,953	(60,058)	(56,105)
Transfers between funds	(160,000)	160,000	-
Balance at 31 March 2023	<u>936,288</u>	<u>134,942</u>	<u>1,071,230</u>

Designated Funds

	Balance at 1 April 2022	Movement in funds		Resources	Balance at 31 March 2023
		Incoming resources	Transfers expended		
IT Spend – Hardware	30,000	-	-	-	30,000
IT Projects/Improvements	-	-	115,000	35,810	79,190
Impact Measurement	-	-	45,000	19,248	25,752
Forces Family Funds	5,000	-	-	5,000	-
	<u>35,000</u>	<u>-</u>	<u>160,000</u>	<u>60,058</u>	<u>134,942</u>

During the year the Trustees undertook a full review of the designated reserves to ensure that they adequately support the charity and its strategic aims. The designated funds comprise:

1. An annual amount (£30,000) committed by the Trustees to enable the improvement of IT hardware capabilities to ensure these adequately support the charity's work.
2. A reserve, created in the year, to support IT projects and improvements (£115,000).
3. A further reserve to support the charity's work on its strategy and Impact measurement (45,000).

13. RESTRICTED FUNDS

The income funds of the charity include restricted funds comprising the following balances of grants held on trust to be applied for specific purposes:

	Balance at 1 April 2022	Movement in funds		Balance at 31 March 2023
		Incoming resources	Resources expended/transfers	
The Army Benevolent Fund	45,000	-	45,000	-
GiA (additional funding)	503	15,000	15,503	-
Royal British Legion	132,301	-	102,601	29,700
LIBOR funding – 2018 (five-year)	44,856	-	44,856	-
Lloyd's Patriotic Fund	2,984	-	2,984	-
Forces Families Jobs funding	10,000	-	10,000	-
	<u>235,644</u>	<u>15,000</u>	<u>220,944</u>	<u>29,700</u>

Comparative information from the previous financial year as follows:

	Balance at 1 April 2021	Movement in funds		Balance at 31 March 2022
		Incoming resources	Resources expended/transfers	
The Army Benevolent Fund	40,000	45,000	40,000	45,000
GiA (additional funding)	26,532	24,000	50,029	503
Royal British Legion	-	137,442	5,140	132,302
LIBOR funding – 2018 (five-year)	105,485	-	60,629	44,856
Lloyd's Patriotic Fund	7,320	-	4,336	2,984
Forces Families Jobs funding	26,411	10,000	26,411	10,000
Andover Skills Fund	-	500	500	-
UKSC/BFC funding	-	9,691	9,691	-
NHS England	62,714	-	62,714	-
Annington COVID-19	25,000	-	25,000	-
Aspire	514	-	514	-
	<u>293,976</u>	<u>226,633</u>	<u>284,964</u>	<u>235,645</u>

The Army Benevolent Fund

The grant was made to assist the charity with the employment of a Health & Additional Needs Specialist, an Employment & Training Specialist and Money & Allowances Specialist.

GiA (additional funding)

The funding received in the financial year 2022/23 was provided to support the purchase of new IT equipment.

Royal British Legion

The funding was provided to increase the capacity of the Foreign & Commonwealth team who provide visa and immigration advice to non-British UK Service personnel and their families, and push for change to government and defence policy and processes.

LIBOR funding

The 2018 funding carried forward was made to support additional costs associated with supporting the rebasing of Army families back to the UK and to support the employment of an additional Foreign & Commonwealth Assistant. This grant is to cover a five-year time period.

Lloyd's Patriotic Fund

The grant was made to assist the charity with continuing a project on domestic abuse in Foreign and Commonwealth families.

Forces Families Jobs funding

Funding was received to support the initial set-up, launch event and ongoing support costs of the FFJ website from the following funders: The Army Benevolent Fund, Army Central Fund, Annington, Defence Relationship Management, Royal Navy and Royal Marines Society, Royal Air Forces Association, and University of Wolverhampton.

Andover Skills Fund

The grant was made to assist the charity with the costs of training for the Business Support Manager.

UKSC(G) and BFC funding

The funding was made to assist the charity with the employment costs associated with the provision of services in Germany and Cyprus.

Annington COVID-19

The funding was provided to support military families during the COVID-19 lockdowns in two tranches. The first tranche provided dongles to support families with poor internet connections, and a 'Brighten your day' campaign provided activity boxes, entertainment gift cards and magazine subscriptions. The second tranche provided the opportunity for families to receive an annual subscription for a Headspace app.

Aspire

The funding was made to facilitate Additional Needs Support Groups for families in the Aldershot and Tidworth areas and a stakeholder study day.

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Fixed assets £	Current assets £	Current liabilities £	Total net assets at 31 March 2023 £
Unrestricted funds	621,103	426,705	(111,520)	936,288
Designated funds	-	134,942	-	134,942
Restricted funds	-	29,700	-	29,700
Balance at 31 March 2023	621,103	591,347	(111,520)	1,100,930

Comparative information from the previous financial year as follows:

	Fixed assets £	Current assets £	Current liabilities £	Total net assets at 31 March 2022 £
Unrestricted funds	582,653	545,993	(36,311)	1,092,335
Designated funds	-	35,000	-	35,000
Restricted funds	100,000	135,645	-	235,645
Balance at 31 March 2021	682,653	716,638	(36,311)	1,362,980

THANKS TO OUR AFF FUNDERS

Army Central Fund
Grant in Aid
Army Benevolent Fund
Royal British Legion
LIBOR funds
Lloyd's Patriotic Fund





Army Families Federation is a charitable incorporated organisation registered in England and Wales.

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