

Army Cadet Charitable Trust UK

England & Wales · Charity number 305962

Details

Other names	ACFA, Army Cadet Charitable Trust UK, THE ARMY CADET FORCE ASSOCIATION, ACCT Cymru, ACCT NI, ACCT Northern Ireland, ACCT Scotland, ACCT UK, ACCT Wales, Army Cadet Charitable Trust Northern Ireland, Army Cadet Charitable Trust Scotland, Army Cadet Charitable Trust Wales
Status	Registered
Legal form	Charitable company
Company number	00293432
Registered	1962-09-24
Register	View on the Charity Commission register

Contact

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Activities

Objects: (1) TO GIVE MENTAL, MORAL AND PHYSICAL TRAINING TO YOUNG PEOPLE AND SO TO FORM AND DEVELOP THE CHARACTER OF EACH AS TO ENABLE THEM TO MAKE A GOOD START IN LIFE AND TO DEVELOP IN THEM PRINCIPLES OF GOOD CITIZENSHIP.(2) TO PROMOTE THE EFFICIENCY OF THE ARMY CADET FORCE THROUGH FOSTERING THE ACTIVITIES OF ARMY CADETS AND ADVANCING THE YOUTH LEADERSHIP ABILITIES OF ARMY CADET FORCE ADULT VOLUNTEERS

Activities: The Association is dedicated to promoting the ideals and activities of the Army Cadet Force, a national, military themed, voluntary youth movement open to boys and girls of all backgrounds and abilities. In providing educational, adventurous, competitive and social activities the Association's key priorities are citizenship development, leadership training, and confidence building.

Classification

- **How:** Makes Grants To Individuals, Makes Grants To Organisations, Provides Human Resources, Provides Services, Provides Advocacy/advice/information, Acts As An Umbrella Or Resource Body, Other Charitable Activities
- **What:** General Charitable Purposes, Education/training, Amateur Sport, Environment/conservation/heritage, Economic/community Development/employment
- **Who:** Children/young People, Other Defined Groups, The General Public/mankind

Geography

- Northern Ireland
- Scotland
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£5,962,552	£5,789,295	£6,722,398	82
2024-03-31	£5,940,729	£5,011,928	£6,344,536	73
2023-03-31	£4,413,652	£4,606,946	£4,937,933	50
2022-03-31	£4,027,296	£4,194,463	£5,300,501	53
2021-03-31	£4,941,210	£4,233,068	£5,243,347	51

Trustees

Name	Role	Appointed
Duncan Francis Capps CBE	Chair	2022-11-19
Charlotte Nancy Olayemi Ruth Shyllon		2025-06-04
Christopher Tearney		2014-01-21
David Chipp		2021-07-30
Jemma Kate Ralph		2020-01-17
Joyce Alexandra Quin		2022-02-26
Justin Tavershima Tarka		2021-04-10
Oliver Charles Rice-Adams		2022-02-26
Sarah Elizabeth Dickson		2022-12-08
Simon Harrison		2025-05-01
Wendy Ann Adams		2017-03-08

Army Cadet Charitable Trust UK

England & Wales - Charity number 305962

Accounts



**Army
Cadet
Charitable
Trust UK**

Company number: 293432
Charity Number: 305962
Scottish Charity Number: SC039057

Report and financial statements For the year ended 31 March 2025

The Army Cadet Charitable
Trust ACCT UK



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Reference and Administrative Information

President Lieutenant General Sir Andrew Graham Bt CB CBE

Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

<i>Chair</i>	<i>C</i>	Duncan Capps	
<i>Treasurer</i>	<i>A B D</i>	Sarah Dickson	
	<i>C</i>	Jemma Ralph	
	<i>C</i>	Wendy Adams	
	<i>A G</i>	David Chipp	
	<i>A D</i>	Ruadhri Duncan	
	<i>E</i>	Shirley Montgomery	(resigned 2 Oct 2024)
	<i>B C F</i>	Joyce Quin	
	<i>C</i>	Oliver Rice-Adams	
	<i>A B D</i>	Justin Tarka	
	<i>A D</i>	Christopher Tearney	
	<i>E</i>	Simon Harrison	(appointed 2 May 2025)
	<i>A</i>	Charlotte Shyllon	(appointed 4 Jun 2025)

Co-opted member *B* Catherine Harrison

<i>A</i>	<i>denotes membership of the Finance and General Purposes Committee</i>
<i>B</i>	<i>denotes membership of the HR and Remuneration Committee</i>
<i>C</i>	<i>denotes membership of the Nominations and Governance Committee</i>
<i>D</i>	<i>denotes membership of the Joint Investments & Audit Committee</i>
<i>E</i>	<i>denotes membership of the ACCT Northern Ireland Committee</i>
<i>F</i>	<i>denotes membership of the ACCT Scotland Committee</i>
<i>G</i>	<i>denotes membership of the ACCT Wales Committee</i>

Company number 293432
Country of incorporation United Kingdom

Charity numbers 305962 SC039057
Country of registration England & Wales Scotland

Registered office and operational address Holderness House
51-61 Clifton Street
London EC2A 4DW

Other Names the Charity Operates Under	ACCT Cymru, ACCT Wales, Army Cadet Charitable Trust Wales, ACCT NI, ACCT Northern Ireland, Army Cadet Charitable Trust Northern Ireland, ACCT Scotland, Army Cadet Charitable Trust Scotland and ACCT UK	
Key management personnel	Murdo Urquhart Richard Walton Faye Meakin	Chief Executive Deputy Chief Executive Director of Development
Bankers	Lloyds Bank plc Butler Place London SW1H 0PR	
Investment managers	Waverton Investment Management 16 Babmaes Street London SW1Y 6AH	
Auditor	Sayer Vincent LLP Chartered Accountants and Statutory Auditor 110 Golden Lane London EC1Y 0TG	
Solicitor	Bates Wells 10 Queen Street Place London EC4R 1BE	

Trustees' Annual Report

The trustees present their report and the audited financial statements for the year ended 31 March 2025.

Reference and administrative information set out on page 2 and 3 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association, the requirements of a directors' report as required under company law, and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Objectives and activities

Purposes and Aims

The Army Cadet Charitable Trust UK (ACCT UK) has two charitable objects:

- (1) To give mental, moral and physical training to young people and so to form and develop the character of each as to enable them to make a good start in life and to develop in them principles of good citizenship.
- (2) To promote the efficiency of the Army Cadet Force through fostering the activities of Army Cadets and advancing the youth leadership abilities of Army Cadet Force Adult Volunteers

The charity's first purpose is therefore to enable access to activities that will educate, develop and broaden the interests of young people, including the c.39,000 who are cadets in the Army Cadet Force (ACF). Young people meet in one of 1,600 community based ACF Detachments across the whole of the UK; these detachments are grouped into "ACF Counties" (known variously as County, Battalion or Sector) based on one or more geographical or historical Local Authority areas. ACCT UK looks to enhance young peoples' development both through the delivery of support to ACF Counties and by the making of grants to support individual cadets; to support local initiatives; or, to help existing ACF Counties to improve their resilience and so ensure they are able to deliver development opportunities to young people for many years to come.

ACCT UK offers grants to enable cadets to take part in a wide range of activities, as well as grants to support ACF Adult Volunteers to develop their youth leadership skills. The charity also provides membership support services in the interests of the entire ACF, such as the provision of confidential support to volunteers, insurance cover against accidents, travel difficulties and to provide legal advice and assistance.

To further the charity's second object, ACCT UK assists the Army's chain of command to co-ordinate national training for the non-military aspects of the Army Cadets training syllabus, notably the Duke of Edinburgh's (DofE) Award, Adventurous Training (AT), music, first aid and sport, also contributing to the delivery of courses for ACF adult volunteers across these areas. With a grant from the Ministry of Defence (MoD), ACCT UK is also able to support the delivery of Piping and Drumming Qualifications Board, Defence Awarding Organisation and BTEC accredited qualifications across the UK. Both the trustees and the staff of ACCT UK invest time in promoting the ethos and activities of the ACF to wide audiences including school leadership and local communities as well as supporting ACF adult volunteers with access to information and introductions to useful organisations and individuals.

ACCT UK supports and promotes the positive actions of cadets and adult volunteers by recognising and rewarding their contribution to wider society. The charity runs two award programmes, the ACCT UK

Excellence Awards recognising the outstanding cadets and adult volunteers of the ACF in fields of sport, first aid, music, Duke of Edinburgh's Award and Community Service. As well as the ACCT UK Praiseworthy Action Award, for those cadets and adult volunteers who render help and assistance to the general community from minor incidents to life-saving situations and other real-life emergencies. In the calendar year 2024 ACCT UK provided recognition to 97 cadets and 40 adult volunteers who stepped forward demonstrating excellence, selflessness and dedication particularly in supporting people, community service, and rendering first aid. ACCT UK also nominated and successfully obtained national awards for 19 cadets and 25 adult volunteers. These were non-state awards by bodies including the Royal Humane Society, the British Citizen Award and the League of Mercy.

In respect of the second object, a particularly important but intangible role of ACCT UK is to act as an adviser to HM Government, predominately the MoD and Army, and other bodies on ACF matters. This is because ACCT UK is part of the ACF's "corporate memory", briefing and informing the leaders of the day, doing this whilst remaining an impartial but enthusiastic supporter of the important and ongoing development of the ACF as a modern and vibrant youth service.

In particular ACCT UK acts, informally, as the Army chain of command's 'conscience' as it runs this wonderful national youth movement (the ACF) made possible by adult volunteers who give their time to develop young people. The financial and material support for the ACF comes from the Army, which quite rightly imposes necessary training safety and safeguarding regimes through its chain of command. ACCT UK plays a part in making this relationship work by providing support and advice to the Army, including contributing to the development of central policies and direction needed to run the ACF. This is done formally by attending MoD and Army Cadet steering and working group meetings, developing cadet strategy and policies, and informally through constant ongoing dialogue with the chain of command by ACCT UK's President, trustees and members of the senior leadership team.

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

The enduring priority for ACCT UK's trustees is to ensure that young people can develop through membership of the ACF. This means a focus on some key areas:

- Providing useful and developmental membership services in order to support volunteers, both in maintaining positive mental health as the role models and responsible adults for the ACF's young people, and also in developing skills to better deliver a high-quality cadet experience.
- Supporting the ACF as an organisation to deliver certain activities that support the rounded development of cadets.
- Supporting ACF Counties, Regions and Training Centres to deliver innovative developmental training to young people.
- Removing barriers, such as cost, to individual cadet participation in ACF activities.
- Advocating for the ACF to key influencers in order that the benefits of participating in ACF activity are widely understood and well supported.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In

particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set.

Our Values

As a charity dedicated to improving the lives of young people, we feel it is important to have clearly articulated values. As a charity that supports the Army Cadets, a values-led youth organisation, it is important that our values align. Our values are:

- **ABIDING.** We learn from the past and plan for the future. Retaining our best staff is as important to us as recruiting quality new team members.
- **COMMITTED.** We are dedicated in our mission to empower young people through cadet activities and our staff enable us to inspire young people to achieve their future ambitions.
- **COURAGEOUS.** We want our staff to speak up and feel confident they will be heard. We are at our best when all have the courage to do what is right.
- **TRUSTWORTHY.** We are inclusive and principled. We make values-based judgements and think deeply about our programmes and activities. We want our staff to accept one another for who they are and build positive relationships.

Achievements and performance

ACCT UK's main activities and who it seeks to help are described below. All its charitable activities focus on the cadets, volunteers and counties of the ACF and are undertaken to further ACCT UK's charitable purposes for the public benefit.

ACCT UK uses MoD funding to deliver programmes of activity for young people in the ACF. This includes acting as the licenced provider for the Duke of Edinburgh's Award, first aid and music qualifications. We help facilitate national public performances and ceremonial activity by the provision of resources to enable these key cadet activities.

ACCT UK furthers its objects through the awarding of grants to individual cadets and adult volunteers, or to ACF Counties. In support of cadets and volunteers we paid grants of £121,608 (2024 - £125,380). In support of ACF Counties, Regions and Training Centres we paid grants of £94,537 (2024 - £17,425).

Grant Programmes

Grants to cadets are made in order to make activities more accessible, irrespective of a young person's financial means. Adult volunteer grants are intended to make qualifications accessible to all, thus improving the youth leadership abilities of adult volunteers. Some of our grants also enable individuals to evidence the skills and experience they have developed through the ACF to prospective employers by funding recognised qualifications.

Here are some examples of how ACCT UK grants have supported cadets and volunteers this year:

- Hampshire and Isle of Wight ACF: Support to 90 cadets to take part in a 4-day battlefield study to France and Belgium
- Sussex ACF: Support to 8 cadets and 3 adult volunteers to attend a cultural exchange to Brescia, Italy.
- 1 (NI) Battalion ACF and 2 (NI) Battalion ACF: Support to 24 cadets to attend a seven day ski instruction course.

- Clwyd & Gwynedd ACF: Support to 39 cadets and 11 adult volunteers from the county, Dyfed & Glamorgan ACF and Gwent & Powys ACF, to attend the WW2 80th anniversary liberation events in 's-Hertogenbosch, the Netherlands.
- Various ACF Counties. Funded part of the cost of 8 City & Guilds Graduateship Qualifications and 1 Institute of Leadership Management qualification for adult volunteers.
- Staffordshire and West Midlands ACF: Funded part of the cost of 2 adult volunteers to gain their PADI Open Water Qualification in Scuba Diving to support cadet adventurous training.
- Various ACF Counties. Awarded 2 (2024: 2) Cadet adventurous training bursaries to attend an Outward Bound Trust Summit Adventure – 14-day course.

Grants to ACF Counties, Regions and Centres are generally made to support the purchase of equipment or the development of facilities that will improve the experience of many cadets over a number of years. Here are some examples of ACCT UK grants in this category:

- Argyll and Sutherland Highlanders Battalion ACF: support to purchase mountain biking safety equipment, and archery equipment to enable access to adventurous training and sports activities.
- Leicestershire, Northamptonshire and Rutland ACF: funds to purchase 8 flutes, 12 bugles, 8 side drums, 1 bass drum and ancillaries to expand and modernise their Corps of Drums Detachment.
- City of London and NE Sector ACF: funds to purchase 44 tables to improve online access for its 22 ACF Detachments, benefitting 500 cadets and 50 adult volunteers.
- Wiltshire ACF: support to purchase expedition equipment for their Ten Tors Training and Event teams.

In this financial year, ACCT UK was able to offer further grant support to Counties for their Duke of Edinburgh (DofE) Award activities. The ACCT UK DofE Resilience Fund was funded in part by a DCMS grant for English Counties and a DofE Award grant for Northern Irish Counties awarded to ACCT UK, with ACCT UK then also providing additional funding for Wales and Scotland. In total we were able to fund expedition equipment valued at over £60,000 for 51 ACF Counties; 38 adult volunteers were fully funded to obtain one or more DofE qualifications; and 623 cadets were provided with fully funded places on the award scheme.

Beneficiaries of our services

There are two main ways in which ACCT UK delivers benefit to its beneficiaries: through the provision of grants and through the provision of support to the ACF in terms of people to deliver activity that supports the efficiency of the ACF. As explained earlier in this report, grants are made either to support the ACF County and its ability to deliver the cadet programme, or to individual cadets and volunteers to enable them to access or deliver the full range of opportunities in the ACF.

In order to measure the difference that these grants and activities have made, the trustees ask for reports from grant recipients. These detail the impact of the grant and are used to help the trustees to decide both what funding to bid for and how best to structure ACCT UK's grant programmes in the future.

Some examples of the impact on the beneficiaries of our grants include:

- Royal County of Berkshire ACF, received a grant to enable 39 cadets and adult volunteers to attend their biennial expedition to Norway, joining their Norwegian counterparts from Oslo and Akershus Home Guard Youth. Major Oakley told us "this year's exchange was extremely successful. It truly

delivered the Cadet Experience to the youth of Berkshire. The grants... meant that more cadets and CFAVs felt that they could apply for the exchange as it was more affordable.”

- Oxfordshire ACF received a grant to enable 24 cadets to attend ski lessons and an introduction to scuba diving. Corporal Wojtczak, told us that “before this opportunity, I was someone who struggled with fear... especially when it came to heights, slopes, and certain physical challenges like skiing and snowboarding”. Yet, “thanks to the grant funding and the supportive environment of the Army Cadets, I was able to confront these fears head-on...I not only participated in these activities but found myself enjoying them. I’ve gained a new level of self-confidence, realising that I am capable of tackling challenges that once seemed impossible.”
- Humberside and South Yorkshire ACF received a grant to enable 40 cadets and 10 adult volunteers to attend a four day battlefield study trip to France and Belgium. Cadets Rodriguez Nuñez and Goodall told us, *“The battlefield trip made us feel deeply emotional. Hearing about the number of deaths in school is one thing, but seeing the endless rows of graves made the true scale of the loss real for us. It gave us a much greater respect for the sacrifices made during the First World War. Sharing these powerful experiences with friends brought us even closer together. We are truly grateful to have been given the opportunity to go on this trip. It was an unforgettable experience that helped us understand the past in a way that no classroom ever could.”*
- Dyfed and Glamorgan ACF were awarded a grant to purchase 16 sets of bikepacking expedition equipment, enabling the sustainable expansion of their adventurous training and Duke of Edinburgh’s Award expeditions. The equipment has been used by a group of cadets for their silver Duke of Edinburgh’s Award expedition, a 100km route through Eryri National Park. Cadet Sergeant Mantegna told us, *“I thoroughly enjoyed the DofE cycle expedition. Being able to navigate both roads and tracks on bicycles with close friends made it even better. The ever-changing weather only added to our experience and our journey through Snowdonia National Park was nothing short of breathtaking. The expedition was a meticulous blend of challenge and reward, leaving myself and the other cadets with long lasting memories of our highlight of our year.”*
- Greater London South West Sector ACF received a grant for the purchase of 10 paddle boards and buoyancy aids to support the sustainable delivery of adventurous training. By purchasing their own equipment and delivering activities in-house, the sector has been able to take a significant stride towards sustainable adventure training, saving £14,000 in costs compared to the previous year. In the first summer of use, 250 cadets were able to take to the water, may for the first time. Major Nick Thomas, Senior Staff Officer (Assistant Commandant), said *“This funding has really helped kick-start our Adventurous Training provision within the Sector... We look to embed paddlesport as a key offer over the coming years with this equipment benefitting even more young people.”*

Financial review

The statement of financial activities for the year is set out on page 21 of the financial statements. A summary of the financial results and the work by ACCT UK is set out below.

Income for the year included donations and legacies of £5,794,076 (2024 – £5,761,612), income for supporting cadets and volunteers of £363 (2024- £529), other trading activities of £70,895 (2024 – £77,821) and investment income and interest of £97,218 (2024 - £100,767). Total gross income amounted to £5,962,552 (2024 - £5,940,729).

Expenditure for the year comprised costs of raising funds of £8,204 (2024 – £6,394). Costs of activities in support of ACF Counties comprised £3,146,839 (2024 – £2,463,602) and costs of supporting cadets and

volunteers comprised £2,634,252 (2024 – £2,541,932). Total expenditure amounted to £5,789,295 (2024 – £5,011,928).

Net income for the year before investment (losses)/gains amounted to £173,257 (2024 – net income of £928,801). This was owing to extra fundraised income which will be planned for spending in future years. The charity anticipates a continued increase in activity over the next three years to utilise these funds in support of their intended purpose.

Investment Policy and Performance

The trustees expect the charity to exist in perpetuity and its investment policy is designed to support the long-term financial health of the charity. ACCT UK adopted its current investment policy in March 2022; its stated objectives are to:

- Produce the best financial return within an acceptable level of risk.
- Generate a return of CPI plus 3% per annum over the long term (defined as a five-year average), after expenses.

ACCT UK has adopted a total return approach to investment, generating the investment return from income and capital gains or losses. It is expected that if in any one year the total return is insufficient to meet the growth target, in the long term the real value of the investments will still grow in accordance with the investment objectives above.

ACCT UK has decided not to invest in assets that the trustees consider to be contrary to the spirit of its objects, particularly if they run counter to the values of the charity. In particular tobacco, alcohol and pornography are excluded from our investments. The trustees have agreed a process with our investment managers as to how these restrictions are to be applied.

The trustees have set aside funds to be invested and treated as an investment. There are two aims: (1) to maintain the real-term value of the portfolio and (2) to generate income for the grants programmes. During the year net gains on the fair value of investments amounted to £204,605 (2024 – net gains of £477,802). The investment objective is to generate a return of CPI plus 3% per annum over the long term. The five-year average of CPI + 3% to the end of March 2025 has been calculated as 7.44% (March 2024 - 7.04%). As at 31 March 2025 the portfolio's five-year average shows a return of 8.10% (2024: 6.82%). The trustees remain satisfied with the investment performance.

To support the efficient delivery of our programme of charitable work and to efficiently manage cash flow, the trustees have directed that funds earmarked for use in the next two years are to be held in cash or near-cash products of no more than 24-months in duration. At present the funds held in such instruments are £4,556,355 (2024 - £2,450,186). There are significant funds being held for future charitable activity and, as such, ACCT UK is working to a deficit budget in 2025-26.

Principal risks and uncertainties

The trustees examine the major risks that ACCT UK faces each financial year during routine board meetings and in meetings between the senior trustees and the Chief Executive. The charity has systems in place to monitor and control these risks to mitigate any impact that they may have on ACCT UK's activities in the future.

The key risks for ACCT UK, as identified by the trustees, are described below together with the principal way in which they are mitigated:

- **Financial Risk.** As ACCT UK's funding comes largely from a single source (the Army's Headquarters Regional Command) there is a risk that any government savings drive or call for in-year efficiencies could impact upon funding. The Trustees mitigate this risk by: maintaining reserves to cover a loss of funding in the short-term should the charity need to adjust to a lower-income model; having a formalised Memorandum of Understanding with HQ Regional Command outlining what funding is required and how it will be used; and through the Finance and General Purposes Committee exercising oversight of the financial status of ACCT UK. In addition the trustees have been developing alternative income streams through its fundraising function. Fundraising now brings in approximately 2% of the charity's income (2024 – 3%).
- **Resilience Risk.** A temporary or permanent loss of the head office in the Holderness House building due to fire, flood or other emergency. The Trustees mitigate this risk by: seeking assurance from Greater London Reserve Forces and Cadets Association (the landlord) that the building is compliant with the appropriate regulations; holding adequate insurance; operating a resilient remote-desktop capability through a third-party supplier and having access to office locations across the UK. The contingency plan was tested in 2022 by the closure of the building owing to a damaged sewer which did not affect the charity's ability to operate.
- **Staff Risk.** The success of ACCT UK's programme of work depends on well-motivated staff committed to the cause of ACCT UK. The Trustees seek to ensure this by: having appropriate recruitment, complaints and HR policies and ensuring they are adhered to; a system of annual staff appraisal; holding appropriate insurance; ensuring the policies are kept up to date and are easily accessible to all staff and managers; and obtaining appropriate specialist HR advice for individual issues.
- **Governance Risk.** The success of ACCT UK's programme of work depends on good governance. The trustees seek to ensure this by: having appropriate recruitment and appointment processes for trustees and senior leaders; conducting regular reviews of the board's structure, competence and diversity to ensure that it is refreshed; monitoring and adopting best practice recommendations from the charity regulators; and holding appropriate insurance to protect trustees. Additionally, the Nominations & Governance Committee reviews the performance of trustees standing for re-election prior to the end of their three-year terms (we comment on this final point below in our report on the appointment of trustees).

Reserves policy and going concern

The Reserves Policy defines the target level of reserves as an amount sufficient to maintain ongoing operations and programmes for three to six months. The calculation of average monthly operating costs includes all recurring, predictable expenses such as salaries, office costs, expenses, marketing, insurance and charity projects including bursaries and grants. Depreciation, in-kind, and other non-cash expenses are not included in the calculation. The calculation of average monthly expenses also excludes one-time or unusual, capital purchases. The amount of the reserve fund target minimum will be calculated each year after approval of the annual budget, reported to the Finance and General Purposes Committee and included in the regular financial reports.

In making this policy the trustees have chosen to designate a portion of its unrestricted, long-term investments (known as the "Income Generation fund") as funds invested to generate income for the

charity. They are therefore excluded from the reserves calculation. Funds invested for this purpose generated an income of £97,218 (2024: £93,386).

The minimum reserves allowed under this policy is £1,671,154 (2024: £1,330,010). Free reserves were £1,157,025 (2024: £1,173,978). The trustees note that they have designated funds for the purpose of generating funds (currently £3.6m) that could be released to improve the reserves position. Trustees also note that the charity has £4.6m in short-term investments (with a three-day access period), meaning the charity has sufficient liquidity to manage cashflow effectively.

The current reserves position is c.£514k below the target minimum but trustees consider this to be appropriate as there are funds that can be easily accessed to manage cashflow. They consider the benefit of maintaining the existing income-generation fund to be greater than the well-mitigated risk of holding 69% of the target minimum reserves and are satisfied with the reserves position.

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The trustees have made this assessment in respect to a period of one year from the date of approval of these accounts.

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

Fundraising

In 2023 the charity began active fundraising for the first time that institutional memory can recall. The charity identified two potential audiences from which to raise funds:

- Externally, the charity hopes to find benefactors who will make donations to ACCT UK that will support the ACF generally or support specific activities or projects.
- Internally, the audience is the ACF, as its cadets and volunteers are ACCT UK's beneficiaries. The ACF collectively is brilliant at raising funds for charities, so we are asking the ACF to use this incredible talent to also raise funds for its own charity.

In 2024-25 the charity remained focussed on the internal audience with the second year of the ACCT UK 'Cadet Challenge', which runs on the calendar year, and encourages the ACF community to raise funds for the charity. There was a growth in numbers participating, with cadets and volunteers from 32 ACF Counties taking part (21 in 2023) and an overall increase in the amount of funds raised.

Externally we worked with companies looking to support the cadet forces as part of their membership of the Defence Employer Recognition Scheme. Whilst support has been received from several companies, these initial donations have been small in scale and reflect the importance of time in building these relationships over several years.

We were grateful to be the main recipient of the fundraising efforts of Army Cadet Ambassador Jordan Wylie MBE, who embarked on an eco-triathlon from Pisa to Blackpool. In 2025-26 we look forward to

supporting his next challenge done in support of ACCT UK, an expedition to climb a previous uncharted mountain in Antarctica.

We will continue to seek benefactors who might make significant donations to the charity; we hope and expect that supporting a wonderful youth movement (the ACF) through ACCT UK would appeal to many potential donors. We will work with companies looking to support the cadet forces as part of their membership of the Defence Employer Recognition Scheme, as well as seeking funding from trusts and foundations for specific projects that we have identified as requiring support in areas such as music, first aid, AT and equipment.

Plans for the future

In November 2024, the trustees reviewed their 5-Year Vision 2022-2027 and decided to replace it with a refreshed vision to cover the years 2025-2030. The changes were largely evolutionary reflecting that the Charity itself is still evolving following its rename and rebrand in 2021/2022 and that action towards achieving the elements of the 5-Year Vision are broadly work in progress.

ACCT UK 5-Year Vision 2025-2030

Character, leadership, and good citizenship

Our vision is a future where the ACF is empowered to develop character, leadership, and good citizenship in young people across the UK. ACCT UK aims to be recognised as the principal charitable partner of ACF, known for our commitment and contribution. By supporting the ACF, ACCT UK nurtures engaged, responsible, and civic-minded individuals who positively contribute to their communities and society.

We will do this through the following lines of activity:

- 1 Engaging Our Internal Audience
Develop and present a clearer identity for ACCT UK to internal audiences. Utilise all channels and means to ensure that all cadets and adult volunteers of the ACF are aware that ACCT UK is their charity.
- 2 Building a National Profile
Develop and present a clearer identity for ACCT UK as a charity and its charitable work. Build and leverage relationships to raise ACCT UK's national profile with potential supporters.
- 3 Working with the Army
Continue the constructive working relationship that ACCT UK enjoys with the Army in support of the ACF.
- 4 Supporting our Beneficiaries
Increase and sustain our charitable output in support of our beneficiaries – cadets and adult volunteers alike – but with continued emphasis on adult volunteers, as without them there would be no ACF.

5 Advocating for Service

Continue to actively publicly advocate the benefits of Service as a means of nurturing engaged responsible and civic-minded individuals... and in so doing, celebrate the achievements of cadets and adult volunteers.

6 Evolving

Evolve and modernise the charity as an institution to meet the changing social, economic, legal, regulatory and best practice requirements.

7 Celebrating Our Centenary

Celebrate our long partnership with and support for ACF by planning to mark ACCT UK's Centenary in 2030 and to seek Royal involvement.

Structure, governance and management

ACCT UK is a registered charity and a company limited by guarantee, not having a share capital. The entity was established in 1930 in response to the loss of government support to the Cadet Force. It was incorporated on 26 October 1934 and registered as a charity with the Charity Commission for England and Wales on 24 September 1962 and the Office of the Scottish Charity Regulator on 10 November 2007. It is governed by its memorandum and articles of association which were most recently adopted on 25 March 2023.

All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 9 to the accounts.

The Chief Executive of the charity is Murdo Urquhart, who heads a small team of staff comprising Richard Walton (Deputy Chief Executive) Faye Meakin (Director of Development) and an additional 79 members of staff.

The trustees subscribe to the principles of the Charity Governance Code. The trustees believe in it and are committed to maintaining an inclusive and diverse Board; using a transparent recruitment process designed to encourage eligible applications from applicants with a wider range of backgrounds.

The Finance and General Purposes Committee agree the annual budget. The senior trustees (Chair, Vice Chair, and Treasurer) are consulted by the Chief Executive on a regular basis and on all matters that are considered by him to be strategic, novel or contentious. These consultations are largely conducted by telephone and e-mail or at informal "management board" meetings.

There are several formal trustee meetings. The ACCT UK Board of Trustees meets in summer, autumn and winter. Amongst other papers the Board receives:

- A report from the Finance and General Purposes Committee; for the summer meeting this report incorporates the audited financial statements of the charity. The audited financial statements are agreed and signed off at this meeting.
- Reports from all other sub-committees.
- An updated register of the diverse risks being managed by the charity.
- The Autumn meeting includes a separate and more informal Trustees' Away Day to conduct long term strategic thinking.

The ACCT UK Board has seven sub committees. They are the:

- Nominations and Governance Committee.
- Finance and General Purposes Committee.
- Audit and Investments Committee¹.
- HR and Remuneration Committee².
- ACCT Scotland Committee.
- ACCT Wales Committee.
- ACCT Northern Ireland Committee.

Appointment of trustees

Trustees are appointed for a period of three years to ensure regular turnover of trustees. Where a successor cannot be found, or where a particular skill or attribute is needed, a trustee could stand for re-election and there is no restriction in the articles on the number of times an individual can stand for re-election.

Trustees are private individuals who are recruited to bring particular skills or lived experience to the board in order to improve the ability of the trustees to govern the charity.

The board seeks to balance members with lived experience of the ACF and members with specialist skills. Careful thought goes into ensuring that prospective members are diverse, not only in the commonly accepted sense of gender, ethnicity etc but also collectively, as it is important that the general trustees in particular bring diversity in two respects: geographically, the Board must always have representation from the devolved nations and, ideally, have representation from those parts of England well away from London and the South East; in terms of rank and experience in the ACF, the ideal is to have a fair balance of senior and junior volunteers from the ACF who each bring different experience to the board.

Whether recruiting individuals with specialist knowledge, skills and experience to help the board mitigate risks or recruiting volunteers from within the ACF to represent the beneficiary community, the same recruitment process is used. A vacancy is advertised as widely as possible and applications invited and then applicants who fulfil the criteria are interviewed by the Nominations and Governance Committee. If a new trustee is appointed during the year, they are co-opted by the trustees and then formally elected at the next AGM for a period of three years.

Election of trustees at the March 2025 AGM

The trustees are well aware of the Charity Commission's best practice guidance "Finding and appointing new trustees (CC30)", understanding and believing why it is essential that boards of trustees are refreshed. ACCT UK's trustees are therefore committed to acting on this principle. In the context of both this principle and the Governance risk described above, it will be noted that, at the AGM in March 2025, for a second year in succession no new trustees were appointed, although two new trustees have since been co-opted. This was the result of careful deliberation by the Nominations & Governance Committee, its recommendations being ratified by the full board and voted in by members at the AGM in March 2025. There were two distinct reasons for coming to this conclusion:

¹ which is a joint sub-committee of the Combined Cadet Force Association (CCFA) and ACCT UK

² which is a joint sub-committee of the Combined Cadet Force Association (CCFA) and ACCT UK

Of the five trustees coming to the end of their three-year terms, four were completing their first term (David Chipp, Joyce Quin, Oli Rice-Adams and Justin Tarka). All had proved to be active and committed trustees, bringing to the Board additional Knowledge, Skills & Experience and connections from their day jobs, had developed into experienced trustees still with much to offer, and all expressed keen willingness to stand for election for a further term as trustees.

The fifth trustee whose tenure was coming to an end was Chris Tearney, who had been a trustee for 10 years and who was completing his third term as a trustee. The Nominations & Governance Committee concluded that there were exceptionally strong reasons to ask Chris Tearney to stand for a fourth term. He was one of the most actively engaged trustees. This was because he was effectively retired and therefore was 'time rich', unlike many of the trustees, responding quickly to any calls to join committees short of numbers and willingly taking on additional project work. Furthermore, the combination of his deep experience of the ACF plus his memory of the Charity and its Board before the rebrand brought a value of its own in terms of continuity of knowledge, Chris not holding back from robustly challenging emerging ideas when right and appropriate. For all these reasons, the Board members collectively felt they had had much to lose by asking Chris to retire at the 2025 AGM. The members agreed and unanimously re-elected him at the 2025 AGM.

Related parties and relationships with other organisations

ACCT UK has relationships with all ACF Counties and adult volunteers from across the UK. The trustees ensure that they keep good records of who is associated with which ACF County and absent themselves from any decision making that could give a real or perceived benefit to their ACF County (most commonly the award of a grant). Such related party transactions are disclosed in note 11 to the accounts.

ACCT UK shares offices and staff with an independent sister charity, the Combined Cadet Force Association (charity number 1170994). The two charities employ staff on joint contracts which are managed through ACCT UK and the staff costs relating to CCFA are recharged to that charity.

Remuneration policy for key management personnel

The Trustees consider that they together with the Chief Executive, the Deputy Chief Executive and the Director of Development comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day-to-day basis.

All employees are jointly contracted by ACCT UK with our sister charity the CCFA. Trustees from both the CCFA and ACCT UK sit on the Joint HR & Remunerations Committee to ensure that they exercise their responsibilities for oversight of the remuneration of their employees. This committee is tasked each year to ensure that all salaries, including those of the senior officers of the charity, are commensurate with the joint remuneration policy and periodically review salary levels against appropriate benchmarks.

Statement of responsibilities of the trustees

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

In so far as the trustees are aware:

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

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

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 March 2025 was 186 (2024: 165). The trustees are members of the charity, but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditor

Sayer Vincent LLP was re-appointed as the charitable company's auditor during the year and has expressed its willingness to act in that capacity.

The trustees' annual report has been approved by the trustees on 7 August 2025 and signed on their behalf by

Duncan Capps
Chair

Independent auditor's report to the members of Army Cadet Charitable Trust UK

Opinion

We have audited the financial statements of Army Cadet Charitable Trust UK (the 'charitable company') for the year ended 31 March 2025 which comprise the statement of financial activities, balance sheet, 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 charitable company's affairs as at 31 March 2025 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

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 charitable company 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 Army Cadet Charitable Trust UK's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other Information

The 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

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

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the finance and general purposes committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

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/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Coyle (Senior statutory auditor)

Date: 15 September 2025

for and on behalf of Sayer Vincent LLP, Statutory Auditor

110 Golden Lane, LONDON, EC1Y 0TG

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

The Army Cadet Charitable Trust UK

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2025

	Note	Unrestricted £	Restricted £	2025 Total £	Unrestricted £	Restricted £	2024 Total £
Income from:							
Donations and legacies	2	864,939	4,929,137	5,794,076	734,722	5,026,890	5,761,612
Charitable activities							
Supporting cadets and volunteers	3	363	-	363	529	-	529
Other trading activities	4	70,895	-	70,895	77,821	-	77,821
Investments	5	97,218	-	97,218	100,767	-	100,767
Total income		1,033,415	4,929,137	5,962,552	913,839	5,026,890	5,940,729
Expenditure on:							
Raising funds	6	8,204	-	8,204	6,394	-	6,394
Charitable activities							
Supporting ACF Counties, Regions and Centres	6	312,121	2,834,718	3,146,839	134,282	2,329,320	2,463,602
Supporting cadets and volunteers	6	782,325	1,851,927	2,634,252	806,000	1,735,932	2,541,932
Total expenditure		1,102,650	4,686,645	5,789,295	946,676	4,065,252	5,011,928
Net income/(expenditure) before net gains on investments		(69,235)	242,492	173,257	(32,837)	961,638	928,801
Net gains on investments	14	173,748	30,857	204,605	477,802	-	477,802
Net income for the year	8	104,513	273,349	377,862	444,965	961,638	1,406,603
Transfers between funds		(28,288)	28,288	-	60,919	(60,919)	-
Net movement in funds		76,225	301,637	377,862	505,884	900,719	1,406,603
Reconciliation of funds:							
Total funds brought forward		5,009,789	1,334,747	6,344,536	4,503,905	434,028	4,937,933
Total funds carried forward		5,086,014	1,636,384	6,722,398	5,009,789	1,334,747	6,344,536

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 19 to the financial statements.

The Army Cadet Charitable Trust UK

Balance sheet

Company no. 00293432

As at 31 March 2025

	Note	£	2025 £	£	2024 £
Fixed assets:					
Tangible assets	13		247,171		228,611
Investments	14a		3,612,711		3,570,347
			<u>3,859,882</u>		<u>3,798,958</u>
Current assets:					
Short term investments	14b	4,556,355		2,450,186	
Stock		15,680		17,548	
Debtors	15	165,256		72,317	
Cash at bank and in hand		521,555		634,053	
		<u>5,258,846</u>		<u>3,174,104</u>	
Liabilities:					
Creditors: amounts falling due within one year	16	(2,396,330)		(628,526)	
			<u>2,862,516</u>		<u>2,545,578</u>
Net current assets			<u>2,862,516</u>		<u>2,545,578</u>
Total net assets			<u><u>6,722,398</u></u>		<u><u>6,344,536</u></u>
The funds of the charity:					
Restricted income funds	19		1,636,384		1,334,747
Unrestricted income funds:					
Designated funds		3,681,818		3,607,200	
General funds		1,404,196		1,402,589	
		<u>5,086,014</u>		<u>5,009,789</u>	
Total unrestricted funds			<u>5,086,014</u>		<u>5,009,789</u>
Total charity funds			<u><u>6,722,398</u></u>		<u><u>6,344,536</u></u>

Approved by the trustees on 7 August 2025 and signed on their behalf by

Jemma Ralph
Vice Chair

Sarah Dickson
Treasurer

The Army Cadet Charitable Trust UK

Statement of cash flows

For the year ended 31 March 2025

	Note	2025 £	£	2024 £	£
Cash flows from operating activities					
Net income for the reporting period (as per the statement of financial activities)		377,862		1,406,603	
Depreciation charges		94,309		45,290	
(Gains) on investments		(204,605)		(477,802)	
Dividends and interest from investments		(97,218)		(100,767)	
(Increase)/decrease in debtors		(92,939)		34,608	
Increase in creditors		1,767,804		274,997	
Decrease/(increase) in stock		1,868		(6,214)	
Net cash provide by operating activities			1,847,081		1,176,715
Cash flows from investing activities:					
Dividends and interest from investments		97,218		100,767	
Purchase of fixed assets		(112,869)		(236,852)	
Proceeds from sale of investments		3,800,385		1,422,054	
Purchase of investments		(4,392,333)		(3,788,490)	
Net cash used in investing activities			(607,599)		(2,502,521)
Change in cash and cash equivalents in the year			1,239,482		(1,325,806)
Cash and cash equivalents at the beginning of the year			639,298		1,965,104
Cash and cash equivalents at the end of the year			1,878,780		639,298

Analysis of cash and cash equivalents

	At 1 April 2024 £	Cash flows £	Other non- cash changes £	At 31 March 2025 £
Cash at bank and in hand	634,053	(112,498)	-	521,555
Cash held by investment managers	5,245	1,351,980	-	1,357,225
Total cash and cash equivalents	639,298	1,239,482	-	1,878,780

1 Accounting policies

a) Statutory information

The Army Cadet Charitable Trust UK is a charitable company limited by guarantee and is incorporated in England and Wales. It is registered with the Charity Commission for England and Wales and with the Office of the Scottish Charity Regulator.

The registered office address and principal place of business is Holderness House, 51–61 Clifton Street, London, EC2A 4DW.

b) Basis of preparation

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

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

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

c) Public benefit entity

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

d) Going concern

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

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

e) Income

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

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

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

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

1 Accounting policies (continued)

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

g) Interest and dividends receivable

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

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

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

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

i) Expenditure and irrecoverable VAT

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

- Costs of raising funds relate to the costs incurred by the charity in managing its investment portfolio.
- Expenditure on charitable activities includes the costs undertaken to further the purposes of the charity and their associated support costs.

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

j) Grants payable

Grants payable are made to third parties in furtherance of the charity's objects. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and that any condition attaching to the grant is outside of the control of the charity.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

k) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is divided on a proportional basis.

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

l) Operating leases

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

1 Accounting policies (continued)

m) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £200. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

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

● Leasehold improvements	4 years
● Fixtures and fittings	4 years
● Computer and Camera equipment	3 – 4 years

n) Listed investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading “Net gains/(losses) on investments” in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments. These funds can be accessed with up to 5 days notice. Short term investments includes cash balances that are invested in a short term bond account with a maturity date of between 3 and 5 days.

o) Debtors

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

p) Cash at bank and cash in hand includes cash held in various bank accounts at the year end.

q) Creditors and provisions

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

r) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

s) Pensions

The Trust makes contributions to defined contribution pension schemes on behalf of its employees. Contributions are charged to the statement of financial activities in the periods to which they relate. The Trust has no liability under the scheme other than for the payment of those contributions.

Notes to the financial statements

For the year ended 31 March 2025

2 Income from donations

	2025		2024	2025		2024
	Unrestricted	Restricted		Unrestricted	Restricted	
	£	£	£	£	£	£
Ministry of Defence grants	836,939	4,803,137	5,640,076	706,722	4,792,890	5,499,612
Other Grants	-	126,000	126,000	-	234,000	234,000
Donated services	28,000	-	28,000	28,000	-	28,000
	<u>864,939</u>	<u>4,929,137</u>	<u>5,794,076</u>	<u>734,722</u>	<u>5,026,890</u>	<u>5,761,612</u>

The Ministry of Defence makes an annual Grant in Aid to enable the charity to operate in support of the Army Cadets. It also makes grants for specified purposes, predominately in support of the Cadet Digital Services project and for Army Cadet Marketing.

The Marine Society and Sea Cadets (MSSC) made a large donation of £126,000 (2024: £234,000) this year to support the Cadet Digital Services project.

The Charles Brotherton Trust (Leeds fund) continue their long-standing support £Nil (2024: £275) enabling Adventure Training for young people in Leeds.

The Reserve Forces and Cadets Association for Greater London kindly donates office space to the ACCT UK. This is recognised at the estimated cost of securing suitable alternative office space

3 Income from charitable activities

	2025		2024	2025		2024
	Unrestricted	Restricted		Unrestricted	Restricted	
	£	£	£	£	£	£
Supporting cadets and volunteers						
Subscriptions	363	-	363	529	-	529
	<u>363</u>	<u>-</u>	<u>363</u>	<u>529</u>	<u>-</u>	<u>529</u>

Subscriptions continue to decline as the closed membership scheme winds up.

4 Income from other trading activities

	2025		2024	2025		2024
	Unrestricted	Restricted		Unrestricted	Restricted	
	£	£	£	£	£	£
Events and awards	36,606	-	36,606	15,000	-	15,000
Merchandise sales	2,510	-	2,510	11,303	-	11,303
ACCT branches	31,779	-	31,779	51,518	-	51,518
Total	<u>70,895</u>	<u>-</u>	<u>70,895</u>	<u>77,821</u>	<u>-</u>	<u>77,821</u>

5 Income from investments

	2025		2024	2025		2024
	Unrestricted	Restricted		Unrestricted	Restricted	
	£	£	£	£	£	£
Dividends and interest on Investments	97,218	-	97,218	93,386	-	93,386
Bank interest	-	-	-	7,381	-	7,381
Total	<u>97,218</u>	<u>-</u>	<u>97,218</u>	<u>100,767</u>	<u>-</u>	<u>100,767</u>

The Army Cadet Charitable Trust UK

Notes to the financial statements

For the year ended 31 March 2025

6a Analysis of expenditure (current year)

	Charitable activities					2025 Total £	2024 Total £
	Raising funds £	Supporting ACF Counties £	Supporting cadets and volunteers £	Governance costs £	Support costs £		
Staff costs (Note 9)	-	497,210	1,680,209	-	38,368	2,215,787	1,862,488
Grant making (Note 7)	-	94,537	121,608	-	-	216,145	142,804
Direct activity costs	-	390,387	558,334	-	-	948,721	942,914
Cadet Digital Services	-	1,233,911	-	-	-	1,233,911	1,092,345
Insurance	-	-	-	-	-	-	15,897
Marketing and advertising	-	849,681	-	-	-	849,681	756,666
Audit fees	-	-	-	20,640	-	20,640	19,030
Professional Fees	-	-	-	47,464	11,490	58,954	-
Trustee expenses	-	-	-	2,490	-	2,490	1,923
Investment manager fees	8,204	-	-	-	-	8,204	6,394
Office expenses	-	-	-	-	122,299	122,299	92,074
Travel	-	-	-	-	18,152	18,152	34,103
Depreciation	-	-	-	-	94,311	94,311	45,290
	8,204	3,065,726	2,360,151	70,594	284,620	5,789,295	5,011,928
Support costs	-	64,992	219,628	-	(284,620)	-	-
Governance costs	-	16,121	54,473	(70,594)	-	-	-
Total expenditure 2025	8,204	3,146,839	2,634,252	-	-	5,789,295	
Total expenditure 2024	6,394	2,463,602	2,541,932	-	-		5,011,928

The Army Cadet Charitable Trust UK

Notes to the financial statements

For the year ended 31 March 2025

6b Analysis of expenditure (prior year)

	Charitable activities					2024 Total £
	Raising funds £	Supporting ACF Counties £	Supporting cadets and volunteers £	Governance costs £	Support costs £	
Staff costs (Note 9)	-	400,653	1,400,812	-	61,023	1,862,488
Grant making (Note 7)	-	17,425	125,379	-	-	142,804
Direct activity costs	-	136,611	806,303	-	-	942,914
Cadet Digital Services	-	1,092,345	-	-	-	1,092,345
Insurance	-	-	-	-	15,897	15,897
Marketing and advertising	-	756,666	-	-	-	756,666
Audit fees	-	-	-	19,030	-	19,030
Trustee expenses	-	-	-	1,923	-	1,923
Investment manager fees	6,394	-	-	-	-	6,394
Office expenses	-	-	-	-	92,074	92,074
Travel	-	-	-	-	34,103	34,103
Depreciation	-	-	-	-	45,290	45,290
	6,394	2,403,700	2,332,494	20,953	248,387	5,011,928
Support costs	-	55,242	193,145	-	(248,387)	-
Governance costs	-	4,660	16,293	(20,953)	-	-
Total expenditure 2024	6,394	2,463,602	2,541,932	-	-	5,011,928

The Army Cadet Charitable Trust UK

Notes to the financial statements

For the year ended 31 March 2025

7 Grant making

ACCT UK provides financial grants to ACF Counties, adult volunteers and cadets for a wide variety of individual development needs including provision of sports equipment and help to attend courses and expeditions.

A list of the ACF Counties and Regions that have received grants in the year from the ACCT UK is at note 22.

	2025	2024	2025	2024
	No of awards	No of awards	£	£
Supporting ACF Counties, Regions and Training Centres				
General Grants	7	5	13,657	17,425
Duke of Edinburgh Award	51	-	50,357	-
Welsh Fund	3	-	5,676	-
Music Fund	3	-	14,805	-
Scottish Fund	4	-	4,000	-
Northumbria ACF fund	1	-	1,250	-
Wiltshire ACF fund	1	-	806	-
Grenadier Fund	1	-	382	-
Sport Fund	1	-	3,604	-
At the end of the year	72	5	94,537	17,425
Supporting Individual Cadets and Volunteers				
General Grants	24	26	84,663	60,700
Matthew Bacon Bursary	-	4	1,882	1,817
Sports	-	8	-	21,200
Cadet Music Fund	-	1	-	1,000
Duke of Edinburgh's Award	22	18	9,988	12,569
Qualifications Fund	12	-	7,797	-
National Commemorative Events fund	2	-	3,320	-
Adventurous Training Fund	-	13	-	10,981
Grants in Wales	4	6	9,838	15,113
Grants in Scotland	-	2	-	2,000
Grants in Northern Ireland	1	-	1,120	-
Wiltshire ACF fund	1	-	1,000	-
London	1	-	2,000	-
At the end of the year	67	78	121,608	125,380

8 Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2025	2024
	£	£
Depreciation	94,309	45,290
Operating lease rentals paid:		
Equipment	4,987	4,987
Auditor's remuneration (excluding VAT):		
Audit – current year	14,200	13,500

Notes to the financial statements

For the year ended 31 March 2025

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

Staff costs were as follows:

	2025 £	2024 £
Salaries and wages	1,820,311	1,520,639
Redundancy and termination costs	26,323	-
Social security costs	175,859	153,139
Employer's contribution to defined contribution pension schemes	154,926	127,687
Recruitment and other payroll costs	38,368	61,023
	<u>2,215,787</u>	<u>1,862,488</u>

Recruitment and other payroll costs were support costs for running and providing payroll activities during the year.

No employee earned more than £60,000 during the year (2024: nil).

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprises the trustees, the Chief Executive, the Deputy Chief Executive and the Director of Development. The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £160,883 (2024: £133,125).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2024: £nil). No charity trustee received payment for professional or other services supplied to the charity (2024: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £2,490 (2024: £1,923) incurred by 5 (2024: 4) individuals relating to attendance at meetings of the trustees.

10 Staff numbers

The full time equivalent staff carrying out work for the ACCT UK during the year was 77 (2024: 67).

Because the ACCT UK shares its back office functions with the Combined Cadet Force Association it has chosen to employ all staff across both charities on joint contracts. This means that the charities gain flexibility and economies in how staff support the charities. However this joint contract arrangement requires ACCT UK to disclose the average number of employees for the two charities combined. This is taken as a head count based on number of staff employed. During the year this was 82 (2024: 73).

11 Related party transactions

On occasion grants are awarded to ACF Counties with which trustees are adult volunteers. Decisions about who to award funds to are made in accordance with the grants policy and formally delegated authority. On the rare occasion a trustee or staff member's ACF County has applied for a grant, that individual will not be a party to the discussion of that application. If they normally have a part to play in the grants decision making process, they will ensure that they are not involved in either the discussion or the decision.

There were nil (2024: nil) related party transactions of this type relating to nil (2024: nil) trustees totalling £nil (2024: £nil) during the year.

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

12 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

The Army Cadet Charitable Trust UK

Notes to the financial statements

For the year ended 31 March 2025

13 Tangible fixed assets

	Leasehold Improvements £	Fixtures and fittings £	Computer and Camera Equipment £	Total £
Cost				
At the start of the year	131,714	53,715	189,136	374,565
Additions in year	31,119	8,499	73,251	112,869
Disposals in year	-	-	-	-
At the end of the year	<u>162,833</u>	<u>62,214</u>	<u>262,387</u>	487,434
Depreciation				
At the start of the year	5,393	52,788	87,773	145,954
Charge for the year	37,117	1,683	55,509	94,309
Eliminated on disposal	-	-	-	-
At the end of the year	<u>42,510</u>	<u>54,471</u>	<u>143,282</u>	240,263
Net book value				
At the end of the year	<u>120,323</u>	<u>7,743</u>	<u>119,105</u>	247,171
At the start of the year	<u>126,321</u>	<u>927</u>	<u>101,363</u>	228,611

All of the above assets were purchased with unrestricted funding and are used for charitable purposes.

14a Listed investments

	2025 £	2024 £
Fair value at the start of the year	3,569,975	3,171,050
Net gain/(loss) on change in fair value	36,577	398,925
	<u>3,606,552</u>	<u>3,569,975</u>
Cash held by investment broker pending reinvestment	6,159	372
Fair value at the end of the year	<u>3,612,711</u>	<u>3,570,347</u>
Investments comprise the following:		
	2025 £	2024 £
UK Common investment funds	3,606,552	3,569,975
Cash	6,159	372
	<u>3,612,711</u>	<u>3,570,347</u>

The Army Cadet Charitable Trust UK

Notes to the financial statements

For the year ended 31 March 2025

14b Short term investments	2025	2024
	£	£
Fair Value at the start of the year	2,445,313	-
Additions at cost	4,392,333	3,788,490
Disposal Proceeds	(3,800,385)	(1,422,054)
Net gain/(loss) on change in fair value	168,028	78,877
	<u>3,205,289</u>	<u>2,445,313</u>
Cash Held by Investment Broker pending reinvestment	1,351,066	4,873
Fair Value at end of the year	<u><u>4,556,355</u></u>	<u><u>2,450,186</u></u>
Investments comprise the following	2025	2024
	£	£
UK Common investment funds	3,205,289	2,445,313
Cash	1,351,066	4,873
	<u>4,556,355</u>	<u>2,450,186</u>
Fair Value at the end of the year	<u><u>4,556,355</u></u>	<u><u>2,450,186</u></u>
15 Debtors	2025	2024
	£	£
Trade debtors	2,547	-
Other debtors	1,115	3,306
Prepayments	161,594	69,011
	<u>165,256</u>	<u>72,317</u>
	<u><u>165,256</u></u>	<u><u>72,317</u></u>

The Army Cadet Charitable Trust UK

Notes to the financial statements

For the year ended 31 March 2025

16 Creditors: amounts falling due within one year

	2025 £	2024 £
Trade creditors	253,534	307,002
Taxation and social security	66,978	62,160
Pension contributions	34,279	23,766
Other creditors	553	254
Accruals	75,461	84,584
Deferred income (note 18)	1,965,525	150,760
	<u>2,396,330</u>	<u>628,526</u>

17 Deferred income

Deferred income comprises of MOD income received in advance for next year and Insurance income deferred at year end

	2025 £	2024 £
Balance at the beginning of the year	150,760	138,471
Amount released to income in the year	(150,760)	(138,471)
Amount deferred in the year	1,965,525	150,760
Balance at the end of the year	<u>1,965,525</u>	<u>150,760</u>

18a Analysis of net assets between funds (current year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	247,171	-	-	247,171
Fixed asset investments	173,364	3,439,347	-	3,612,711
Net current assets	983,661	242,471	1,636,384	2,862,516
Net assets at 31 March 2025	<u>1,404,196</u>	<u>3,681,818</u>	<u>1,636,384</u>	<u>6,722,398</u>

18b Analysis of net assets between funds (prior year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	228,611	-	-	228,611
Fixed asset investments	220,667	3,349,680	-	3,570,347
Net current assets	953,311	257,520	1,334,747	2,545,578
Net assets at 31 March 2024	<u>1,402,589</u>	<u>3,607,200</u>	<u>1,334,747</u>	<u>6,344,536</u>

The Army Cadet Charitable Trust UK

Notes to the financial statements

For the year ended 31 March 2025

19a Movements in funds (current year)

	At 1 April 2024 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2025 £
Restricted funds:					
Army Cadet Marketing fund	337,761	1,122,743	(1,151,829)	-	308,675
Army Cadet Activity fund	220,883	1,673,496	(1,330,022)	(100,820)	463,537
Cadet Digital Services fund	537,559	1,782,708	(1,682,889)	-	637,378
Cadet Music fund	57,529	17,077	(16,359)	-	58,247
Cadet Sport fund	20,050	-	(7,609)	(332)	12,109
Duke of Edinburgh Award fund	56,186	45,585	(85,259)	-	16,512
Grenadier fund	50	-	(382)	332	-
Leeds fund	275	-	-	-	275
Matthew Bacon Bursary fund	1,353	1,620	(1,882)	-	1,091
South East Essex fund	16,379	-	-	-	16,379
Adventure Training fund	66,222	298,631	(393,141)	28,288	-
National Commemorative Events fund	20,500	-	(3,320)	-	17,180
Oxfordshire fund	-	2,500	(250)	-	2,250
Wiltshire ACF	-	8,884	(1,806)	-	7,078
Northumbria ACF	-	1,250	(1,250)	-	-
Essex AT Fund	-	500	-	-	500
London Fund	-	5,000	(2,000)	-	3,000
Qualifications fund	-	-	(8,647)	100,820	92,173
Total restricted funds	1,334,747	4,959,994	(4,686,645)	28,288	1,636,384
Unrestricted funds:					
Designated funds:					
- Income generation fund	3,349,680	-	(6,160)	95,827	3,439,347
- Northern Irish fund	31,114	5,373	(1,332)	835	35,990
- Scottish fund	147,812	5,943	(18,244)	4,075	139,586
- Welsh fund	73,594	20,000	(30,231)	1,652	65,015
- Wiltshire fund	5,000	-	(3,120)	-	1,880
Total designated funds	3,607,200	31,316	(59,087)	102,389	3,681,818
General funds	1,402,589	1,175,847	(1,043,563)	(130,677)	1,404,196
Total unrestricted funds	5,009,789	1,207,163	(1,102,650)	(28,288)	5,086,014
Total funds	6,344,536	6,167,157	(5,789,295)	-	6,722,398

The narrative to explain the purpose of each fund is given at the foot of the note below. The SLT agreed with the funder to move this Restricted Fund into a separate category called Qualifications Fund (which is also Restricted) in order to track expenditure separately next year

The Army Cadet Charitable Trust UK

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For the year ended 31 March 2025

19b Movements in funds (prior year)

	At 1 April 2023 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2024 £
Restricted funds:					
Army Cadet Marketing fund	212,065	1,080,762	(955,066)	-	337,761
Army Cadet Activity fund	-	1,866,491	(1,645,608)	-	220,883
Cadet Digital Services fund	43,803	1,868,010	(1,374,254)	-	537,559
Cadet Music fund	20,057	38,472	(1,000)	-	57,529
Cadet Sport fund	88,269	13,650	(21,200)	(60,669)	20,050
Duke of Edinburgh Award fund	5,230	63,525	(12,569)	-	56,186
Grenadier fund	500	-	(450)	-	50
Leeds fund	825	275	(825)	-	275
London fund	1,905	2,900	(4,555)	(250)	-
Matthew Bacon Bursary fund	3,170	-	(1,817)	-	1,353
Sailing fund	1,104	-	(1,104)	-	-
South East Essex fund	21,419	-	(5,040)	-	16,379
Adventure Training fund	15,181	92,805	(41,764)	-	66,222
National Commemorative Events fund	20,500	-	-	-	20,500
Total restricted funds	434,028	5,026,890	(4,065,252)	(60,919)	1,334,747
Unrestricted funds:					
Designated funds:					
- Income generation fund	2,976,007	-	(600)	374,273	3,349,680
- Northern Irish fund	24,053	4,870	(93)	2,284	31,114
- Scottish fund	140,508	4,358	(12,970)	15,916	147,812
- Welsh fund	55,584	22,772	(11,214)	6,452	73,594
- Wiltshire fund	-	5,000	-	-	5,000
Total designated funds	3,196,152	37,000	(24,877)	398,925	3,607,200
General funds	1,307,753	1,354,641	(921,799)	(338,006)	1,402,589
Total unrestricted funds	4,503,905	1,391,641	(946,676)	60,919	5,009,789
Total funds	4,937,933	6,418,531	(5,011,928)	-	6,344,536

Purposes of restricted funds

Army Cadet Marketing fund – These funds are granted to the ACCT UK in order to promote the Army Cadets and to recruit new cadets and adult volunteers.

Army Cadet Activity fund – This fund is used to run cadet activities and ensure the well being of both cadets and volunteers.

Cadet Digital Services fund – These funds are granted to the ACCT UK in order to run and develop a variety of digital services for the cadets.

Cadet Music fund – This fund is to support Army Cadets to learn an instrument or take part in music performances around the world. Activities supported by this fund include instrument purchase, uniform purchase and support for cadets to travel overseas.

Cadet Sport fund – These funds exist to support Army Cadet sport across the UK. These funds were provided by members of the counties who voted at an AGM held on 23rd March, 2024 to derestrict £60,669 of the funds as they were not going to be utilised in the future. Consequently we have transferred out this amount from the Cadet Sports Fund into the General Fund.

The Army Cadet Charitable Trust UK

Notes to the financial statements

For the year ended 31 March 2025

19b Purposes of restricted funds (continued)

Duke of Edinburgh Award fund – This fund is to support Army cadets and adult volunteers to undertake the volunteering section of the Duke of Edinburgh award.

Grenadier fund – The ACCT UK is grateful to the Grenadier Guards Trust for supporting cadets in affiliated detachments to take part in cadet activities.

Leeds fund – The ACCT UK is grateful to the Charles Brotherton Trust for supporting cadets in the Leeds area to take part in Adventure Training activities.

London fund – ACCT UK is grateful to the Knights of the Round Table, the Masonic Charitable Foundation, the Actuaries Livery Company and the City of London Solicitors Company for supporting cadets in the London area to take part in cadet activities.

Matthew Bacon Bursary fund – In September 2005, Major Matthew Bacon of the Intelligence Corps was tragically killed by a roadside bomb in Iraq. Major Bacon was a former Surrey ACF cadet, as well as being a career soldier. He was a keen participant in many types of adventurous training, which also formed an important part of his life.

His parents, Mr and Mrs Roger Bacon, set up a bursary in their son's name as a means of celebrating his life. The bursary enables army cadets to take part in an Outward Bound Trust 'Summit' Adventure Course, which would otherwise be beyond their means. ACCT UK are grateful to Sangfroid Resources, and Red Scientific / Knowledge Technical for their support of the bursary.

South East Essex fund – ACCT UK received a generous legacy of £30,000 from the estate of Arthur Jopson, a former CFAV in C Company of Essex ACF. Mr Jopson specified his gift was for the benefit of cadets and CFAVs in the South East of Essex.

Adventure Training fund – This fund exists to support Adventurous Training in the Army Cadets. It helps to fund the Cadet Centre for Adventurous Training, which delivers qualification to cadets and volunteers, and also supports expeditions in the UK and overseas.

National Commemorative Events fund – This fund exists to support cadets to study battlefield history and take part in commemorative events to better understand the impact of war.

Qualifications fund – This fund is to support the development of the cadets and adults of the army cadet force to gain academic qualifications or skilled training.

Northumbria fund – ACCT UK is grateful to the Community Foundation (Tyne and Wear and Northumberland) for supporting cadets in Northumbria

Essex AT fund – ACCT UK are grateful to AMS Specialists Group Ltd. for their support of adventurous training in Essex.

Oxfordshire fund – ACCT UK are grateful to the Lord Lieutenant of Oxfordshire and the Wychwood Masonic Lodge for their support of cadets in Oxford.

Income generation fund – The trustees have set aside these funds specifically for the purpose of generating income to support the grants programme. Income This fund is invested and more details about the performance of the investments can be found in note 14. Interest and dividends on the investments are taken into the charity as cash and used entirely to fund grants. The investments seek to protect the real value of the fund so it continues to provide grant income for many years to come.

Northern Irish fund – These funds are set aside to enable local decision making in running the Northern Irish Branch.

Scottish fund – These funds are set aside to enable local decision making in running the Scottish Branch.

Welsh fund – These funds are set aside to enable local decision making in running the Welsh Branch.

Wiltshire fund – Wiltshire ACF used to have its own charity but it was shut down some years ago. A sum of £5,000 was left to the Wiltshire ACF League and the solicitors managing probate identified ACCT UK as a suitable alternative charity to receive the legacy. The funds therefore came in to the charity as unrestricted funding. However the trustees felt they had a moral duty to try and spend the funds in support of cadets in Wiltshire. Therefore, they decided that for three years this legacy will be designated to support cadets in Wiltshire, after which the remaining gift will be released into the general fund.

The Army Cadet Charitable Trust UK

Notes to the financial statements

For the year ended 31 March 2025

20 Operating lease commitments payable as a lessee

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following

	Equipment 2025	2024
	£	£
Less than one year	-	4,987
	<u>-</u>	<u>4,987</u>

21 Legal status of the charity

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

22 ACF Counties, Regions and Training Centres that have received grants from the ACCT UK in the year:

1ST BATTALION NOTHERN IRELAND ACF	GREATER MANCHESTER ACF
1ST BATTALION THE HIGHLANDERS ACF	GWENT & POWYS ACF
2ND BATTALION NOTHERN IRELAND ACF	HAMPSHIRE & ISLE OF WIGHT ACF
2ND BATTALION THE HIGHLANDERS ACF	HEREFORD&WORCESTER ACF
ARGYLL AND SUTHERLAND HIGHLANDERS BATTALION ACF	HUMBERSIDE S.YORKS ACF
BEDFORDSHIRE ACF	KENT ACF
BERKSHIRE ACF	LANCASHIRE ACF
BLACKWATCH BN ACF	LEICESTERSHIRE,NORTHAMPTONSHIRE ACF
BUCKINGHAMSHIRE ACF	LINCOLNSHIRE ARMY CADET FORCE
CAMBRDIGESHIRE ACF	LOTHIAN & BORDERS BN ACF
CHESHIRE ACF	MERSEYSIDE ACF
CITY OF LONDON & NE SECTOR ACF	MIDDLESEX & NORTH WEST LONDON SECTOR ACF
CLEVELAND ACF	NORTHUMBRIA ACF
CLWYD & GWYNEDDD ACF	NOTTINGHAMSHIRE ACF
CORNWALL ACF	OXFORDSHIRE ACF
DERBYSHIRE ACF	SHROPSHIRE ACF
DEVON ARMY CADET FORCE, HEADQUARTERS	SOMERSET ACF
DORSET ACF	STAFFS WM (NS) ACF
DURHAM ACF	SUFFOLK ACF
DYFED & GLAMORGAN ACF	SURREY ACF
ESSEX ACF	SUSSEX ACF
GREATER LONDON & SOUTH EAST SECTOR ACF	WARWICKSHIRE & WEST MIDLANDS ACF
GLASGOW & LANARKSHIRE BN ACF	WEST LOWLAND BATTALION
GLOUCESTERSHIRE ACF	WILTSHIRE ACF
GREATER LONDON SOUTH WEST SECTOR ACF	YORKSHIRE NORTH &WEST ACF

Army Cadet Charitable Trust UK

England & Wales - Charity number 305962

Accounts



**Army
Cadet
Charitable
Trust UK**

Company number: 293432
Charity Number: 305962
Scottish Charity Number: SC039057

Report and financial statements For the year ended 31 March 2024



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Reference and Administrative Information

President Lieutenant General Sir Andrew Graham Bt CB CBE

Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

<i>Chair</i>	<i>C</i>	Duncan Capps	
<i>Treasurer</i>	<i>A B D</i>	Sarah Dickson	
	<i>C</i>	Jemma Ralph	
	<i>C</i>	Wendy Adams	
	<i>A G</i>	David Chipp	
	<i>A D</i>	Ruadhri Duncan	
	<i>C E</i>	Shirley Montgomery	Resigned 2 Oct 24
	<i>A B D</i>	Justin Tarka	
	<i>A D</i>	Christopher Tearney	
	<i>C</i>	Oliver Rice-Adams	
	<i>B C F</i>	Joyce Quin	
	<i>A</i>	Agata Zukowska	Resigned 23 Mar 24

Co-opted member *B* Catherine Harrison

A denotes membership of the Finance and General Purposes Committee
B denotes membership of the HR and Remuneration Committee
C denotes membership of the Nominations and Governance Committee
D denotes membership of the Joint Investments & Audit Committee
E denotes membership of the ACCT Northern Ireland Committee
F denotes membership of the ACCT Scotland Committee
G denotes membership of the ACCT Wales Committee

Company number 293432
Country of incorporation United Kingdom

Charity numbers 305962 SC039057
Country of registration England & Wales Scotland

Registered office and operational address Holderness House
 51-61 Clifton Street
 London EC2A 4DW

Other Names the Charity Operates Under	ACCT Cymru, ACCT Wales, Army Cadet Charitable Trust Wales, ACCT NI, ACCT Northern Ireland, Army Cadet Charitable Trust Northern Ireland, ACCT Scotland, Army Cadet Charitable Trust Scotland and ACCT UK	
Key management personnel	Murdo Urquhart Richard Walton Faye Meakin	Chief Executive Deputy Chief Executive Director of Development
Bankers	Lloyds Bank plc Butler Place London SW1H 0PR	
Investment managers	Waverton Investment Management 16 Babmaes Street London SW1Y 6AH	
Auditor	Sayer Vincent LLP Chartered Accountants and Statutory Auditor 110 Golden Lane London EC1Y 0TG	
Solicitor	Bates Wells 10 Queen Street Place London EC4R 1BE	

Trustees' Annual Report

The trustees present their report and the audited financial statements for the year ended 31 March 2024.

Reference and administrative information set out on page 2 and 3 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association, the requirements of a directors' report as required under company law, and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Objectives and activities

Purposes and Aims

The Army Cadet Charitable Trust UK (ACCT UK) has two charitable objects:

- (1) To give mental, moral and physical training to young people and so to form and develop the character of each as to enable them to make a good start in life and to develop in them principles of good citizenship.
- (2) To promote the efficiency of the Army Cadet Force through fostering the activities of Army Cadets and advancing the youth leadership abilities of Army Cadet Force Adult Volunteers

The charity's first purpose is therefore to enable access to activities that will educate, develop and broaden the interests of young people, including the 39,000 who are cadets in the Army Cadet Force (ACF). Young people meet in one of 1,600 community based ACF Detachments across the whole of the UK; these detachments are grouped into "ACF Counties" (known variously as County, Battalion or Sector) based on one or more geographical or historical Local Authority areas. ACCT UK looks to enhance young peoples' development both through the delivery of support to ACF Counties and by the making of grants to support individual cadets; to support local initiatives; or, to help existing ACF Counties to improve their resilience and so ensure they are able to deliver development opportunities to young people for many years to come.

ACCT UK offers grants to enable cadets to take part in a wide range of activities, as well as grants to support Army Cadet Force Adult Volunteers to develop their youth leadership skills. The charity also provides membership support services in the interests of the entire ACF, such as the provision of confidential support to volunteers, insurance cover against accidents, travel difficulties and to provide legal advice and assistance.

To further the charity's second object, ACCT UK assists the Army's chain of command to co-ordinate national training for the non-military aspects of the Army Cadets training syllabus, notably the Duke of Edinburgh's (DofE) Award, Adventurous Training (AT), music, first aid and sport, also contributing to the delivery of courses for ACF adult volunteers across these areas. With a grant from the Ministry of Defence (MoD), ACCT UK is also able to support the delivery of Piping and Drumming Qualifications Board, Defence Awarding Organisation and BTEC accredited qualifications across the UK. Both the trustees and the staff of ACCT UK invest time in promoting the ethos and activities of the ACF to wide audiences including school leadership and local communities as well as supporting ACF adult volunteers with access to information and introductions to useful organisations and individuals.

In respect of the second object, a particularly important but intangible role of ACCT UK is to act as an adviser to HM Government, predominately the MoD and Army, and other bodies on ACF matters. This is because ACCT UK is part of the ACF's "corporate memory", briefing and informing the leaders of the day, doing this whilst remaining an impartial but enthusiastic supporter of the important and ongoing development of the ACF as a modern and vibrant youth service.

In particular ACCT UK acts, informally, as the Army chain of command's 'conscience' as it runs this wonderful national youth movement (the ACF) made possible by adult volunteers who give their time to develop young people. The financial and material support for the ACF comes from the Army, which quite rightly imposes necessary training safety and safeguarding regimes through its chain of command. ACCT UK plays a part in making this relationship work by providing support and advice to the Army, including contributing to the development of central policies and direction needed to run the ACF. This is done formally by attending MoD and Army Cadet steering and working group meetings, developing cadet strategy and policies, and informally through constant ongoing dialogue with the chain of command by ACCT UK's President, trustees and members of the senior leadership team.

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

The enduring priority for ACCT UK's trustees is to ensure that young people can develop through membership of the ACF. This means a focus on some key areas:

- Providing useful and developmental membership services in order to support volunteers, both in maintaining positive mental health as the role models and responsible adults for the ACF's young people, and also in developing skills to better deliver a high-quality cadet experience.
- Supporting the ACF as an organisation to deliver certain activities that support the rounded development of cadets.
- Supporting ACF Counties, Regions and Training Centres to deliver innovative developmental training to young people.
- Removing barriers, such as cost, to individual cadet participation in ACF activities.
- Advocating for the ACF to key influencers in order that the benefits of participating in ACF activity are widely understood and well supported.

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

Our Values

As a charity dedicated to improving the lives of young people, we feel it is important to have clearly articulated values. As a charity that supports the Army Cadets, a values-led youth organisation, it is important that our values align. Our values are:

- **ABIDING.** We learn from the past and plan for the future. Retaining our best staff is as important to us as recruiting quality new team members.

- **COMMITTED.** We are dedicated in our mission to empower young people through cadet activities and our staff enable us to inspire young people to achieve their future ambitions.
- **COURAGEOUS.** We want our staff to speak up and feel confident they will be heard. We are at our best when all have the courage to do what is right.
- **TRUSTWORTHY.** We are inclusive and principled. We make values-based judgements and think deeply about our programmes and activities. We want our staff to accept one another for who they are and build positive relationships.

Achievements and performance

ACCT UK's main activities and who it seeks to help are described below. All its charitable activities focus on the cadets, volunteers and counties of the ACF and are undertaken to further ACCT UK's charitable purposes for the public benefit.

ACCT UK uses MoD funding to deliver programmes of activity for young people in the ACF. This includes acting as the licenced provider for the Duke of Edinburgh's Award, first aid and music qualifications. We help facilitate national public performances and ceremonial activity by the provision of resources to enable these key cadet activities.

ACCT UK furthers its objects through the awarding of grants to individual cadets and adult volunteers, or to ACF Counties. In support of cadets and volunteers we paid grants of £142,805 (2023 - £374,349). In support of ACF Counties, Regions and Training Centres we paid grants of £17,425 (2023 - £31,276).

Grant Programmes

Grants to cadets are made in order to make activities more accessible, irrespective of a young person's financial means. Adult volunteer grants are intended to make qualifications accessible to all, thus improving the youth leadership abilities of adult volunteers. Some of our grants also enable individuals to evidence the skills and experience they have developed through the ACF to prospective employers by funding recognised qualifications.

Here are some examples of how ACCT UK grants have supported cadets and volunteers this year:

- Various ACF Counties. Funded part of the cost of 2 City & Guilds Graduateship Qualifications for adult volunteers.
- Various ACF Counties. Awarded 2 (2023: 2) Cadet adventurous training bursaries to attend an Outward Bound Trust Summit Adventure – 14-day course.
- Greater Manchester ACF: Funded 12 adult volunteers to gain an Archery GB Instructor Qualification.
- 2 (NI) Battalion ACF: Funded 26 cadets to attend the Annual Oosterbeek Airborne March in Arnhem.
- Dorset ACF: Funded 9 cadets to attend a 14-day Climbing Expedition to the Dolomites, Italy.
- Greater Manchester ACF: Support to 30 cadets to attend a 7-day Military Exercise to Gibraltar.
- Hereford and Worcester ACF: Support to 43 cadets to attend an 8-day Skiing Expedition to Spain.

Grants to ACF Counties, Regions and Centres are generally made to support the purchase of equipment or the development of facilities that will improve the experience of many cadets over a number of years. Here are some examples of ACCT UK grants in this category:

- Devon ACF: Support to purchase 6 sailing toppers to assist the delivery of adventurous training activities within the County.
- Dyfed & Glamorgan ACF: Support to purchase 16 sets of bikepacking expedition equipment to support DofE expedition groups.
- Essex ACF: Support to purchase 10 heavy duty picnic benches to create an outdoor classroom; allowing the 8 Detachments within C Company to deliver outdoor training.
- Greater London South West Sector ACF: Funded purchase of 10 paddleboards and ancillaries to assist the delivery of adventurous training activities within the County.
- Leicestershire, Northamptonshire and Rutland ACF: Support to purchase a cadet gun run set to support the County run their own activity/competition.

Beneficiaries of our services

There are two main ways in which ACCT UK delivers benefit to its beneficiaries: through the provision of grants and through the provision of support to the ACF in terms of people to deliver activity that supports the efficiency of the ACF. As explained earlier in this report, grants are made either to support the ACF County and its ability to deliver the cadet programme, or to individual cadets and volunteers to enable them to access or deliver the full range of opportunities in the ACF.

In order to measure the difference that these grants and activities have made, the trustees ask for reports from grant recipients. These detail the impact of the grant and are used to help the trustees to decide both what funding to bid for and how best to structure ACCT UK's grant programmes in the future.

Some examples of the impact on the beneficiaries of our grants include:

- 2 (NI) Battalion ACF received a grant to allow senior cadets to attend a 3-day Parachuting Course. Cpl Connor McCausland told us *"We got to the altitude and I was the first to jump. I looked out of the plane and panicked at how high it was, but I pushed myself out of the plane and right on cue the parachute deployed and I relaxed. It felt amazing to float down and the view was incredible. When I landed on the ground, I felt so proud of myself as I had done something I thought I would never be able to."*
- Durham ACF received a grant to offset the personal contributions of 7 cadets to attend a Military Expedition to Cyprus. Cdt Cpl Connor Newman said: *"The trip was great it was greatly enjoyed we did a variety of activities that were all great fun for example we flew in a helicopter, did room clearing for fighting in built-up areas, go karting, and being able to see drug detection dogs and protection dogs at work and many more it was a fantastic time and 100% worth it I loved it greatly. We also enjoyed the history of the island and the lovely beaches and fields Cyprus offered as well as going for a large meal on one of the nights."*
- Greater London South East Sector ACF received support to offset the personal contribution of 24 cadets and 6 CFAVs to attend a 14-day military expedition to South Africa. The cadets were active in fundraising for this trip, but this alone was not enough. Many of the cadets were experiencing hardships due to current financial pressures and ACCT UK's grant made

it possible for cadets to travel to South Africa without financial burden, ensuring that financial hardship is not a barrier to them having exceptional and life changing experiences. Lieutenant Colonel Dionne Konstantinious, Lead Expedition Officer, told us: *“This whole adventure has shaped them in so many positive ways. The Army Cadet Force teaches our young people to be resilient, confident and self-reliant, something they all demonstrated throughout the Exercise. They all overcame the daily challenges, from the heat, diet, environment and being away from home. They demonstrated a maturity in dealing with these issues, far from home in a strange environment faced with demands that took them all, at some stage, outside their comfort zone. It has made them into even more positive, confident and self-assured young citizens. It really was a once in a lifetime opportunity and I am sure that they will look back on with fond memories long into the future.”*

- Lincolnshire ACF received a grant to support 28 cadets to attend a 3-day WW1 battlefield study to Belgium in October 2023. They told us that *“ACCT funding was particularly important as to ensure all the cadets who wished to attend, the intention was to keep the cost the same as a unit weekend in England. Notwithstanding the current economic climate, it has become apparent, senior cadets, who work are encouraged by their parents to fund their own ACF activities... by ensuring all financial restrictions were lifted... [the trip] produced a 50/50 balance of males and females, from a broad social-economic spectrum, which was of huge benefit when discussing the social issues regarding the difference experiences of both male and female soldiers from across the class spectrum.”*
- Northumbria ACF were awarded a grant to support 2 cadets to attend an adventure training expedition to Norway. The statement in the application for this funding summed up why support such as this is needed ‘This type of expedition is not usually available to cadets in rural Northumberland, especially in communities that have a high level of socioeconomic disadvantage. Participation in this activity will support the raising of aspirations, widening world viewpoints, an appreciation of the need to protect ‘winter’ environments and development of the cadets’ personal and social skills needed for their success in higher education or future employment.’ One of the cadets we supported told us: *“I applied for funding through ACCT UK because I wanted to have this amazing opportunity that no one else in Northumbria ACF has had before. The grant I received was used to cover the expenses of the trip, like transportation, accommodation, and equipment. It made it possible for me to fully participate without any financial burden. As a result of this opportunity, I achieved so much! I got to explore new places, challenge myself physically and mentally, and learn valuable skills. It was a truly transformative experience that helped me grow as a person. This opportunity had a huge impact on my life. It broadened my horizons, boosted my confidence, and made me more resilient. It showed me that with determination and support, I can achieve anything I set my mind to. I’m really grateful for the funding and the chance to have this incredible adventure.”*

Financial review

The statement of financial activities for the year is set out on page 22 of the financial statements. A summary of the financial results and the work by ACCT UK is set out below.

Income for the year included donations and legacies of £5,761,612 (2023 – £4,253,061), income for supporting cadets and volunteers of £529 (2023- £595), other trading activities of £77,821 (2023 – £70,888) and investment income and interest of £100,767 (2023 - £89,108). Total gross income amounted to £5,940,729 (2023 - £4,413,652).

Expenditure for the year comprised costs of raising funds of £6,394 (2023 - £600), the significant increase in the cost of raising funds this year reflects the fact that we moved our current assets from short-term deposit accounts to an immediate-access short-term investment fund. While the fees are higher, we benefit from significantly increased income in terms of interest and the funds have also increased in value by c.£79k. Costs of activities in support of ACF Counties comprised £2,463,602 (2023 – £2,246,685) and costs of supporting cadets and volunteers comprised £2,541,932 (2023 – £2,359,661). Total expenditure amounted to £5,011,928 (2023 – £4,606,946).

Net income for the year before investment (losses)/gains amounted to £928,801 (2023 – net expenditure of £193,294). This was owing to unplanned reductions in the number and scale of activities that took place in the year which in turn led to an increase of £901k in restricted funds. The charity anticipates an increase in activity in the next three years to utilise these funds in support of their intended purpose.

Investment Policy and Performance

The trustees expect the charity to exist in perpetuity and its investment policy is designed to support the long-term financial health of the charity. ACCT UK adopted its current investment policy in March 2022; its stated objectives are to:

- Produce the best financial return within an acceptable level of risk.
- Generate a return of CPI plus 3% per annum over the long term (defined as a five-year average), after expenses.

ACCT UK has adopted a total return approach to investment, generating the investment return from income and capital gains or losses. It is expected that if in any one year the total return is insufficient to meet the growth target, in the long term the real value of the investments will still grow in accordance with the investment objectives above.

ACCT UK has decided not to invest in assets that the trustees consider to be contrary to the spirit of its objects, particularly if they run counter to the values of the charity. In particular tobacco, alcohol and pornography are excluded from our investments. The trustees have agreed a process with our investment managers as to how these restrictions are to be applied.

During the year net gains on the fair value of investments amounted to £477,802 (2023 – net losses of £169,274). The investment objective is to generate a return of CPI plus 3% per annum over the long term. The five-year average of CPI + 3% to the end of March 2024 has been calculated as 7.04% (March 2023 - 6.96%). As at 31 March 2024 the five-year average shows a return of 6.32% (2023: 5.14%). The trustees recognise that the 5-year performance includes a difficult period of high inflation in 2022-2023 but note that the strong gains this year (12.58%) have gone a long way to closing the gap between the actual performance and the benchmark. Given the performance of the portfolio against similar investment houses, the trustees remain satisfied with the investment performance.

To support the efficient delivery of our programme of charitable work and to efficiently manage cash flow, the trustees have directed that funds earmarked for use in the next two years are to be held in cash or near-cash products of no more than 24-months in duration. At present the funds held in such instruments are £2,450,186 (2023 - £300,000 held in fixed-term bank deposits). This year funds were moved from fixed-term deposits into a short-term investment fund. This has led to a significant increase in both fees and income and has additionally led to an increase in the value of the charity's short-term investments of c.£79k.

Principal risks and uncertainties

The trustees examine the major risks that ACCT UK faces each financial year during routine board meetings and in meetings between the senior trustees and the Chief Executive. The charity has systems in place to monitor and control these risks to mitigate any impact that they may have on ACCT UK's activities in the future.

The key risks for ACCT UK, as identified by the trustees, are described below together with the principal way in which they are mitigated:

- **Financial Risk.** As ACCT UK's funding comes largely from a single source (the Army's Headquarters Regional Command) there is a risk that any government savings drive or call for in-year efficiencies could impact upon funding. The Trustees mitigate this risk by: maintaining reserves to cover a loss of funding in the short-term should the charity need to adjust to a lower-income model; having a formalised Memorandum of Understanding with HQ Regional Command outlining what funding is required and how it will be used; and through the Finance and General Purposes Committee exercising oversight of the financial status of ACCT UK. In addition the trustees have been developing alternative income streams through a new fundraising function and this approach is starting to bear fruit.
- **Resilience Risk.** A temporary or permanent loss of the head office in the Holderness House building due to fire, flood or other emergency. The Trustees mitigate this risk by: seeking assurance from Greater London Reserve Forces and Cadets Association (the landlord) that the building is compliant with the appropriate regulations; holding adequate insurance; operating a resilient remote-desktop capability through a third-party supplier and having access to office locations across the UK. The contingency plan was tested in 2022 by the closure of the building owing to a damaged sewer which did not affect the charity's ability to operate.
- **Staff Risk.** The success of ACCT UK's programme of work depends on well-motivated staff committed to the cause of ACCT UK. The Trustees seek to ensure this by: having appropriate recruitment, complaints and HR policies and ensuring they are adhered to; a system of annual staff appraisal; holding appropriate insurance; ensuring the policies are kept up to date and are easily accessible to all staff and managers; and obtaining appropriate specialist HR advice for individual issues.
- **Governance Risk.** The success of ACCT UK's programme of work depends on good governance. The trustees seek to ensure this by: having appropriate recruitment and appointment processes for trustees and senior leaders; conducting regular reviews of the board's structure, competence and diversity to ensure that it is refreshed; monitoring and adopting best practice recommendations from the charity regulators; and holding appropriate insurance to protect trustees. In addition the Nominations & Governance Committee reviews the performance of trustees standing for re-election prior to the end of their three-year terms (we comment on this final point below in our report on the appointment of trustees).

Reserves policy and going concern

The Reserves Policy defines the target level of reserves as an amount sufficient to maintain ongoing operations and programmes for three to six months. The calculation of average monthly operating costs includes all recurring, predictable expenses such as salaries, office costs, expenses, marketing, insurance and charity projects including bursaries and grants. Depreciation, in-kind, and other non-cash expenses are not included in the calculation. The calculation of average monthly expenses also excludes one-time or unusual, capital purchases. The amount of the reserve fund target minimum will be calculated each year after approval of the annual budget, reported to the Finance and General Purposes Committee and included in the regular financial reports.

In making this policy the trustees have chosen to designate a portion of its unrestricted, long-term investments (known as the "Income Generation fund") as funds invested to generate income for the charity. They are therefore excluded from the reserves calculation. Funds invested for this purpose generated an income of £93,386 (2023: £74,693).

The minimum reserves allowed under this policy is £1,330,010 (2023: £1,154,337). Free reserves were £1,173,978 (2023: £1,270,704). The trustees note that they have designated funds for the purpose of generating funds (currently £3.6m) that could be released to improve the reserves position. Trustees also note that the charity has £2.5m in short-term investments, meaning the charity has sufficient liquidity to manage cashflow effectively.

The current reserves position is c.£156k below the target minimum but trustees consider this to be appropriate as there are funds that can be easily accessed to manage cashflow. They consider the benefit of maintaining the existing income-generation fund to be greater than the well-mitigated risk of holding 88% of the target minimum reserves and are satisfied with the reserves position.

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The trustees have made this assessment in respect to a period of one year from the date of approval of these accounts.

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

Fundraising

In 2023 the charity began active fundraising for the first time that institutional memory can recall. The charity has identified two potential audiences from which to raise funds:

- Externally, the charity hopes to find benefactors who will make donations to ACCT UK that will support the ACF generally or support specific activities of projects.
- Internally, the audience is the ACF, as its cadets and volunteers are ACCT UK's beneficiaries. The ACF collectively is brilliant at raising funds for other charities, many of which are service-related

charities such as the Royal British Legion and the Army Benevolent Fund, so we are asking the ACF to use this incredible talent to also raise funds for its own charity.

The charity's focus in 2023 was to begin with the internal audience. We launched the 'Cadet Challenge 2023', asking the ACF community to come together to raise funds for ACCT UK. As one would expect in the first year of such a venture, the response was patchy. Some ACF counties 'went for it', raising respectable sums through a variety of imaginative and fun activities and events, with groups and individuals recognised at our annual awards ceremony in June 2024. Other counties however were slow to embrace the Cadet Challenge.

The sums raised from 'Cadet Challenge 2023' were satisfactory in the circumstances, but well below what was potentially possible. In 2024, engagement with the Cadet Challenge will be a priority for Fundraising and Marketing as we have not yet fully realised the Challenge's potential. We hope a much greater proportion of the ACF community will embrace 'Cadet Challenge 2024'.

In 2024 we will also continue to seek benefactors who might make significant donations to the charity; we hope and expect that supporting a wonderful youth movement (the ACF) through ACCT UK would appeal to many potential donors. We will work with companies looking to support the cadet forces as part of their membership of the Defence Employer Recognition Scheme, as well as seeking funding from trusts and foundations for specific projects that we have identified as requiring support in areas such as music, first aid, AT and equipment.

Plans for the future

In November 2023, the trustees reviewed their 5-Year Vision 2022-2027. Their conclusion was that its points remain sound. The charity is therefore in a stage where it is still evolving from its rename and rebrand in 2021/2022 and that action towards achieving the elements of the 5-Year Vision are broadly work in progress. Driving this Vision is the ambition of the trustees, which is that *'We want to do more and better as a charity in support of our beneficiaries'*. Two particularly important conclusions from the November 2023 review were:

- While awareness of ACCT UK across the ACF has improved, there is still a lot of engagement work to do to embed this knowledge deeply within the ACF. There will therefore be a renewed surge to market ACCT UK to its beneficiaries. Leading into the second point, the experience of the Cadet Challenge 2023 fundraising campaign showed that the act of fundraising itself raised the profile of the charity within those ACF counties that embraced it.
- Successful fundraising is the key to achieving the trustees' driving ambition. A satisfactory start was made in 2023, but the trustees hope for much more in the coming year. Trustees therefore hope that 2024-2025 will move from being a new function that is being established to successfully generating new income. As with the previous point, marketing will be a key supporting activity.

Structure, governance and management

ACCT UK is a registered charity and a company limited by guarantee, not having a share capital. The entity was established in 1930 in response to the loss of government support to the Cadet Force. It was incorporated on 26 October 1934 and registered as a charity with the Charity Commission for England and Wales on 24 September 1962 and the Office of the Scottish Charity Regulator on 10 November 2007. It is governed by its memorandum and articles of association which were most recently adopted on 25 March 2023.

All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 9 to the accounts.

The Chief Executive of the charity is Murdo Urquhart, who heads a small team of staff comprising Richard Walton, the Deputy Chief Executive, Faye Meakin, Director of Development and an additional 70 members of staff.

The trustees subscribe to the principles of the Charity Governance Code. The trustees believe in it and are committed to maintaining an inclusive and diverse Board; using a transparent recruitment process designed to encourage eligible applications from applicants with a wider range of backgrounds.

The Finance and General Purposes Committee agree the annual budget. The senior trustees (Chair, Vice Chair, and Treasurer) are consulted by the Chief Executive on a regular basis and on all matters that are considered by him to be strategic, novel or contentious. These consultations are largely conducted by telephone and e-mail or at informal “management board” meetings.

There are several formal trustee meetings. The ACCT UK Board of Trustees meets in summer, autumn and winter. Amongst other papers the Board receives:

- A report from the Finance and General Purposes Committee; for the summer meeting this report incorporates the audited financial statements of the charity. The audited financial statements are agreed and signed off at this meeting.
- Reports from all other sub-committees.
- An updated register of the diverse risks being managed by the charity.

The Board has six sub committees. They are:

- **The Finance and General Purposes Committee** carries out the overall financial management of ACCT UK (including agreeing the annual budget, the raising, investment and direction of funds, and the oversight of financial processes) and the regular review of the charity’s governance arrangements. This committee also sets the overall policy for grants and decides and monitors how grant making decisions are made. The Committee consists of at least four trustees including the Treasurer, the Investments Adviser and the Legal Adviser. It meets three times per year approximately one month before each board meeting and reports at every board meeting.
- **The Audit and Investments Committee** is a joint sub-committee of the Combined Cadet Force Association (CCFA) and ACCT UK. It is responsible for technical advice and guidance relating to the annual audit and the management of funds the charities have chosen to invest through the current investment manager. The Committee consists of three ACCT UK trustees and three members from the CCFA Board of Trustees. It reports back to both Boards of Trustees.

- The **HR and Remuneration Committee** is a joint sub-committee of the CCFA and ACCT UK. It is responsible for technical advice and guidance relating to all values-based systems and policies to ensure that both charities are following legislation and considering best practice in relation to their employees, independent contractors and volunteers. The Committee consists of three ACCT UK trustees, two members from the CCFA Board of Trustees and a co-opted HR specialist. It meets twice per year: in summer to consider policy and structure; and in winter to set the pay and conditions for employees from the following April. It reports back to both Boards of Trustees.
- The **Nominations and Governance Committee** comprises the Chair, Vice Chair and includes at least two additional trustees. This committee is responsible for trustee development (including mentoring of new trustees), recruitment, monitoring and acting to improve board diversity; ensuring the board has all the skills needed to govern effectively; researching and recommending candidates for ambassadorial roles (such as President) to the full board.
- The **ACCT Scotland Committee** is chaired by Patrick O'Meara QAM and includes an ACCT UK trustee and additional members elected by the ACF Battalions in Scotland. This committee represents the interests of ACF adult volunteers and cadets in Scotland to the board. Through its President and Chair, it acts in an advisory capacity to the Army's regional HQ in Scotland, the ACF in Scotland, the Scottish Government and to other Scottish and regional authorities and Non-Governmental Organisations (NGOs) on ACF and youth-related matters. The committee coordinates some financial support to the ACF in Scotland.
- The **ACCT Wales Committee** is chaired by David Hammond and includes an ACCT UK trustee and additional members elected by the ACF Counties in Wales. This committee, through its President and Chair, can provide advice and represent the ACF to the Army's regional HQ in Wales, the ACF in Wales, to the Welsh Government and NGOs in Wales. The committee coordinates some financial support to the ACF in Wales.
- The **ACCT Northern Ireland Committee** is chaired by David Kane OBE and includes an ACCT UK trustee and additional members elected by the ACF Battalions in Northern Ireland. This committee represents the interests of ACF adult volunteers and cadets in Northern Ireland to the board. Through its President and Chair, it acts in an advisory capacity the Army's regional HQ in Northern Ireland, to the ACF in Northern Ireland and to other regional authorities and NGOs on ACF and youth-related matters. The committee coordinates some financial support to the ACF in Northern Ireland.

Review of the Board's structure

In November 2023 the trustees reviewed the board's structure. Having recently consciously reduced the size of the board to 12 to bring ACCT UK in line with Charity Commission best practice, the conclusion of the trustees' review was that the mix of specialist and general trustees was about right and that the board's structure was still sound.

Also reviewed was the national board's relationship with our three branches in Scotland, Northern Ireland and Wales. Although the main board has one general trustee from each of the devolved nations to give the board some insight, we recognise that the branches themselves are hugely valuable because they have different dimensions, networks and communications channels that the trustees at the national level simply do not have or see. This review in autumn 2023 refreshed our working relationships in a number of ways, incorporating some very helpful bottom-up ideas and proposals from our branches.

Appointment of trustees

Trustees are appointed for a period of three years to ensure regular turnover of trustees. Where a successor cannot be found, or where a particular skill or attribute is needed, a trustee could stand for re-election and there is no restriction in the articles on the number of times an individual can stand for re-election.

Trustees are private individuals who are recruited to bring particular skills or lived experience to the board in order to improve the ability of the trustees to govern the charity.

The board seeks to balance members with lived experience of the ACF and members with specialist skills. Careful thought by the board goes into ensuring that they are diverse, but not only in the commonly accepted sense of gender, ethnicity etc. Collectively they also need to represent a fair balance of more senior and more junior volunteers from the ACF who each bring different experience to the board.

Whether recruiting individuals with specialist skills and knowledge to help the board mitigate risks or recruiting volunteers from within the ACF to represent the beneficiary community, the same recruitment process is used. A vacancy is advertised as widely as possible and applications invited and then applicants who fulfil the criteria are interviewed by the Nominations and Governance Committee. If a new trustee is appointed during the year, they are co-opted by the trustees and then formally elected at the next AGM for a period of three years.

Election of trustees at the March 2024 AGM

The trustees understand why it is essential that boards of trustees are refreshed and are committed to acting on this principle. In the context of both this principle and the Governance risk described above, it will be noted that, at the AGM in March 2024, no new trustees were appointed. This was the result of careful deliberation by the Nominations & Governance Committee, its recommendations being ratified by the full board.

In coming to this conclusion, the trustees took the view that whilst trustees might only serve one term of 3 years, there is great value in some trustees completing three terms and serving for up to nine years, which is within Charity Commission guidelines, thus building up a beneficial knowledge of the charity and how it operates. In this context, we point out that at the AGM in March 2024, 8 of the 12 trustees were still in their first term as trustees, and the one trustee re-elected was completing her second term as a trustee. We envisage new trustees joining the board within the next 12-months.

Related parties and relationships with other organisations

ACCT UK has relationships with all ACF Counties and adult volunteers from across the UK. The trustees ensure that they keep good records of who is associated with which ACF County and absent themselves from any decision making that could give a real or perceived benefit to their ACF County (most commonly the award of a grant). Such related party transactions are disclosed in note 11 to the accounts.

ACCT UK shares offices and staff with an independent sister charity, the Combined Cadet Force Association (charity number 1170994). The two charities employ staff on joint contracts which are managed through ACCT UK and the staff costs relating to CCFA are recharged to that charity.

Remuneration policy for key management personnel

The Trustees consider that they together with the Chief Executive, the Deputy Chief Executive and the Director of Development comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day-to-day basis.

All employees are jointly contracted by ACCT UK with our sister charity the CCFA. Trustees from both the CCFA and ACCT UK sit on the Joint HR & Remunerations Committee to ensure that they exercise their responsibilities for oversight of the remuneration of their employees. This committee is tasked each year to ensure that all salaries, including those of the senior officers of the charity, are commensurate with the joint remuneration policy and periodically review salary levels against appropriate benchmarks.

Statement of responsibilities of the trustees

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

In so far as the trustees are aware:

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

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing

the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 March 2024 was 165 (2023: 161). The trustees are members of the charity, but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditor

Sayer Vincent LLP was re-appointed as the charitable company's auditor during the year and has expressed its willingness to act in that capacity.

The trustees' annual report has been approved by the trustees on 12 December 2024 and signed on their behalf by

Duncan Capps
Chair

Independent auditor's report to the members of Army Cadet Charitable Trust UK

Opinion

We have audited the financial statements of Army Cadet Charitable Trust UK (the 'charitable company') for the year ended 31 March 2024 which comprise the statement of financial activities, balance sheet, 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 charitable company's affairs as at 31 March 2024 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

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 charitable company 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 Army Cadet Charitable Trust UK's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other Information

The 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

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

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the finance and general purposes committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements

made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

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/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Judith Miller (Senior statutory auditor)

Date 18 December 2024

for and on behalf of Sayer Vincent LLP, Statutory Auditor

110 Golden Lane, LONDON, EC1Y 0TG

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

The Army Cadet Charitable Trust UK

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2024

	Note	Unrestricted £	Restricted £	2024 Total £	Unrestricted £	Restricted £	2023 Total £
Income from:							
Donations and legacies	2	734,722	5,026,890	5,761,612	2,289,219	1,963,842	4,253,061
Charitable activities							
Supporting cadets and volunteers	3	529	-	529	595	-	595
Other trading activities	4	77,821	-	77,821	15,628	55,260	70,888
Investments	5	100,767	-	100,767	89,108	-	89,108
Total income		913,839	5,026,890	5,940,729	2,394,550	2,019,102	4,413,652
Expenditure on:							
Raising funds	6	6,394	-	6,394	600	-	600
Charitable activities							
Supporting ACF Counties, Regions and Supporting cadets and volunteers	6	134,282	2,329,320	2,463,602	338,113	1,908,572	2,246,685
	6	806,000	1,735,932	2,541,932	2,123,413	236,248	2,359,661
Total expenditure		946,676	4,065,252	5,011,928	2,462,126	2,144,820	4,606,946
Net income/(expenditure) before net gains/(losses) on investments		(32,837)	961,638	928,801	(67,576)	(125,718)	(193,294)
Net gains/(losses) on investments	14	477,802	-	477,802	(169,274)	-	(169,274)
Net income/(expenditure) for the year	8	444,965	961,638	1,406,603	(236,850)	(125,718)	(362,568)
Transfers between funds		60,919	(60,919)	-	(2,722)	2,722	-
Net movement in funds		505,884	900,719	1,406,603	(239,572)	(122,996)	(362,568)
Reconciliation of funds:							
Total funds brought forward		4,503,905	434,028	4,937,933	4,743,477	557,024	5,300,501
Total funds carried forward		5,009,789	1,334,747	6,344,536	4,503,905	434,028	4,937,933

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 20 to the financial statements.

The Army Cadet Charitable Trust UK

Balance sheet

Company no. 00293432

As at 31 March 2024

	Note	£	2024 £	£	2023 £
Fixed assets:					
Tangible assets	13		228,611		37,049
Investments	14a		3,570,347		3,172,022
			3,798,958		3,209,071
Current assets:					
Short term investments	14b	2,450,186		-	
Stock	15	17,548		11,334	
Debtors	16	72,317		106,925	
Short term deposits		-		300,000	
Cash at bank and in hand		634,053		1,664,132	
		3,174,104		2,082,391	
Liabilities:					
Creditors: amounts falling due within one year	17	(628,526)		(353,529)	
Net current assets			2,545,578		1,728,862
Total net assets			6,344,536		4,937,933
The funds of the charity:					
Restricted income funds	20		1,334,747		434,028
Unrestricted income funds:					
Designated funds		3,607,200		3,196,152	
General funds		1,402,589		1,307,753	
Total unrestricted funds			5,009,789		4,503,905
Total charity funds			6,344,536		4,937,933

Approved by the trustees on 12 December 2024 and signed on their behalf by

Jemma Ralph
Vice Chair

Sarah Dickson
Treasurer

The Army Cadet Charitable Trust UK

Statement of cash flows

For the year ended 31 March 2024

	Note	2024 £	£	2023 £	£
Cash flows from operating activities					
Net income/(expenditure) for the reporting period (as per the statement of financial activities)		1,406,603		(362,568)	
Depreciation charges		45,290		24,241	
(Gains)/losses on investments		(477,802)		169,274	
Losses on disposal of fixed assets		-		425	
Dividends and interest from investments		(100,767)		(89,108)	
Decrease in debtors		34,608		50,478	
Increase/(decrease) in creditors		274,997		(10,221)	
(Increase)/decrease in stock		(6,214)		11,169	
Net cash provide by/(used in) operating activities			1,176,715		(206,310)
Cash flows from investing activities:					
Dividends and interest from investments		100,767		89,108	
Purchase of fixed assets		(236,852)		(11,233)	
Proceeds from sale of investments		1,422,054		-	
Purchase of investments		(3,788,490)		-	
Net cash (used in)/provided by investing activities			(2,502,521)		77,875
Change in cash and cash equivalents in the year			(1,325,806)		(128,435)
Cash and cash equivalents at the beginning of the year			1,965,104		2,093,539
Cash and cash equivalents at the end of the year			639,298		1,965,104

Analysis of cash and cash equivalents

	At 1 April 2023 £	Cash flows £	Other non- cash changes £	At 31 March 2024 £
Cash at bank and in hand	1,664,132	(1,030,079)	-	634,053
Short Term Deposits	300,000	(300,000)	-	-
Cash held by investment managers	972	4,273	-	5,245
Total cash and cash equivalents	1,965,104	(1,325,806)	-	639,298

Notes to the financial statements

For the year ended 31 March 2024

1 Accounting policies

a) Statutory information

The Army Cadet Charitable Trust UK is a charitable company limited by guarantee and is incorporated in England and Wales. It is registered with the Charity Commission for England and Wales and with the Office of the Scottish Charity Regulator.

The registered office address and principal place of business is Holderness House, 51–61 Clifton Street, London, EC2A 4DW.

b) Basis of preparation

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

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

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

c) Public benefit entity

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

d) Going concern

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

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

e) Income

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

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

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

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

Interest and dividends received on Unrestricted and Designated Funds are recognised in the General Unrestricted Fund.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

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

Notes to the financial statements

For the year ended 31 March 2024

1 Accounting policies (continued)

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

g) Interest and dividends receivable

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

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

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

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

i) Expenditure and irrecoverable VAT

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

- Costs of raising funds relate to the costs incurred by the charity in managing its investment portfolio.
- Expenditure on charitable activities includes the costs undertaken to further the purposes of the charity and their associated support costs.

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

j) Grants payable

Grants payable are made to third parties in furtherance of the charity's objects. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and that any condition attaching to the grant is outside of the control of the charity.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

k) Allocation of support costs

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

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

l) Operating leases

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

Notes to the financial statements

For the year ended 31 March 2024

1 Accounting policies (continued)

m) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £200. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

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

● Leasehold improvements	4 years
● Fixtures and fittings	4 years
● Computer and Camera equipment	3 – 4 years

n) Listed investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading “Net gains/(losses) on investments” in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments. These funds can be accessed with up to 5 days notice.

o) Debtors

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

p) Short term investments

Short term investments includes cash balances that are invested in a short term bond account with a maturity date of between 3 and 5 days.

q) Short Term Deposits

Short Term Deposits include cash balances that were invested in accounts with a maturity date of between 3 and 12 months.

r) Cash at bank and cash in hand includes cash held in various bank accounts at the year end.

s) Creditors and provisions

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

t) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

u) Pensions

The Trust makes contributions to defined contribution pension schemes on behalf of its employees. Contributions are charged to the statement of financial activities in the periods to which they relate. The Trust has no liability under the scheme other than for the payment of those contributions.

Notes to the financial statements

For the year ended 31 March 2024

2 Income from donations

	2024			2023		
	Unrestricted £	Restricted £	Total £	Unrestricted £	Restricted £	Total £
Ministry of Defence grants	706,722	5,026,890	5,733,612	2,221,371	1,814,051	4,035,422
Donated services	28,000	–	28,000	28,000	–	28,000
	734,722	5,026,890	5,761,612	2,289,219	1,963,842	4,253,061

The Ministry of Defence makes an annual Grant in Aid to enable the charity to operate in support of the Army Cadets. It also makes grants for specified purposes, predominately in support of the Cadet Digital Services project and for Army Cadet Marketing.

The Marine Society and Sea Cadets (MSSC) made a large donation of £234,000 (2023: £113,000) this year to support the Cadet Digital Services project.

The Charles Brotherton Trust (Leeds fund) continue their long-standing support £275 (2023: £825) enabling Adventure Training for young people in Leeds.

The Reserve Forces and Cadets Association for Greater London kindly donates office space to the ACCT UK. This is recognised at the estimated cost of securing suitable alternative office space

3 Income from charitable activities

	2024			2023		
	Unrestricted £	Restricted £	Total £	Unrestricted £	Restricted £	Total £
Supporting cadets and volunteers						
Subscriptions	529	–	529	595	–	595

Subscriptions continue to decline as the closed membership scheme winds up.

4 Income from other trading activities

	2024			2023		
	Unrestricted £	Restricted £	Total £	Unrestricted £	Restricted £	Total £
Events and awards	15,000	–	15,000	–	55,260	55,260
Merchandise sales	11,303	–	11,303	7,383	–	7,383
Other	51,518	–	51,518	8,245	–	8,245
Total	77,821	–	77,821	15,628	55,260	70,888

5 Income from investments

	2024			2023		
	Unrestricted £	Restricted £	Total £	Unrestricted £	Restricted £	Total £
Dividends	93,386	–	93,386	74,693	–	74,693
Bank interest	7,381	–	7,381	14,415	–	14,415
	100,767	–	100,767	89,108	–	89,108

The Army Cadet Charitable Trust UK

Notes to the financial statements

For the year ended 31 March 2024

6a Analysis of expenditure (current year)

	Charitable activities					2024 Total £	2023 Total £
	Raising funds £	Supporting ACF Counties £	Supporting cadets and volunteers £	Governance costs £	Support costs £		
Staff costs (Note 9)	-	400,653	1,400,812	-	61,023	1,862,488	1,577,577
Grant making (Note 7)	-	17,425	125,379	-	-	142,804	374,349
Direct activity costs	-	136,611	806,303	-	-	942,914	523,010
Cadet Digital Services	-	1,092,345	-	-	-	1,092,345	870,598
Insurance	-	-	-	-	15,897	15,897	32,570
Marketing and advertising	-	756,666	-	-	-	756,666	1,057,441
Audit fees	-	-	-	19,030	-	19,030	12,720
Legal and professional	-	-	-	-	-	-	26,157
Trustee expenses	-	-	-	1,923	-	1,923	3,029
Investment manager fees	6,394	-	-	-	-	6,394	600
Office expenses	-	-	-	-	92,074	92,074	75,612
Travel	-	-	-	-	34,103	34,103	29,042
Depreciation	-	-	-	-	45,290	45,290	24,241
	6,394	2,403,700	2,332,494	20,953	248,387	5,011,928	4,606,946
Support costs	-	55,242	193,145	-	(248,387)	-	-
Governance costs	-	4,660	16,293	(20,953)	-	-	-
Total expenditure 2024	6,394	2,463,602	2,541,932	-	-	5,011,928	
Total expenditure 2023	600	2,246,685	2,359,661	-	-		4,606,946

The Army Cadet Charitable Trust UK

Notes to the financial statements

For the year ended 31 March 2024

6b Analysis of expenditure (previous year)

	Charitable activities					2023 Total £
	Raising funds £	Supporting ACF Counties £	Supporting cadets and volunteers £	Governance costs £	Support costs £	
Staff costs (Note 9)	-	129,310	1,414,277	-	33,990	1,577,577
Grant making (Note 7)	-	31,276	343,073	-	-	374,349
Direct activity costs	-	141,817	381,193	-	-	523,010
Cadet Digital Services	-	870,598	-	-	-	870,598
Insurance	-	-	-	-	32,570	32,570
Marketing and advertising	-	1,053,466	-	-	3,975	1,057,441
Audit fees	-	-	-	12,720	-	12,720
Legal and professional	-	-	-	5,273	20,884	26,157
Trustee expenses	-	-	-	3,029	-	3,029
Investment manager fees	600	-	-	-	-	600
Office expenses	-	-	-	-	75,612	75,612
Travel	-	-	-	-	29,042	29,042
Depreciation	-	-	-	-	24,241	24,241
	600	2,226,467	2,138,543	21,022	220,314	4,606,946
Support costs	-	18,457	201,857	-	(220,314)	-
Governance costs	-	1,761	19,261	(21,022)	-	-
Total expenditure 2023	600	2,246,685	2,359,661	-	-	4,606,946

The Army Cadet Charitable Trust UK

Notes to the financial statements

For the year ended 31 March 2024

7 Grant making

ACCT UK provides financial grants to ACF Counties, adult volunteers and cadets for a wide variety of individual development needs including provision of sports equipment and help to attend courses and expeditions.

A list of the ACF Counties and Regions that have received grants in the year from the ACCT UK is at note 23.

	2024	2023	2024	2023
	No of awards	No of awards	£	£
Supporting ACF Counties, Regions and Training Centres				
General Grants	5	8	17,425	31,276
Supporting Individual Cadets and Volunteers				
General Grants	26	31	60,700	91,018
Matthew Bacon Bursary	4	3	1,817	1,431
Sports	8	10	21,200	27,197
Cadet Music Fund	1	1	1,000	350
Duke of Edinburgh's Award	18	9	12,569	6,110
Vocational Qualifications	-	4	-	155,020
Adventurous Training Fund	13	-	10,981	-
Grants in Wales	6	3	15,113	55,842
Grants in Scotland	2	5	2,000	6,105
At the end of the year	83	74	142,805	374,349

8 Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2024	2023
	£	£
Depreciation	45,290	24,241
Operating lease rentals payable:		
Equipment	4,987	4,987
Auditor's remuneration (excluding VAT):		
Audit – current year	13,500	12,050

The Army Cadet Charitable Trust UK

Notes to the financial statements

For the year ended 31 March 2024

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

Staff costs were as follows:

	2024	2023
	£	£
Salaries and wages	1,520,639	1,291,612
Redundancy and termination costs	-	12,859
Social security costs	153,139	130,488
Employer's contribution to defined contribution pension schemes	127,687	108,628
Recruitment and other payroll costs	61,023	33,990
	<u>1,862,488</u>	<u>1,577,577</u>

Recruitment and other payroll costs were support costs for running and providing payroll activities during the year.

No employee earned more than £60,000 during the year (2023: nil).

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprises the trustees, the Chief Executive, the Deputy Chief Executive and the Director of Development. The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £133,125 (2023: £96,401).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2023: £nil). No charity trustee received payment for professional or other services supplied to the charity (2023: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £1,923 (2023: £3,234) incurred by 4 (2023: 8) individuals relating to attendance at meetings of the trustees.

10 Staff numbers

The full time equivalent staff carrying out work for the ACCT UK during the year was 67 (2023: 50).

Because the ACCT UK shares its back office functions with the Combined Cadet Force Association it has chosen to employ all staff across both charities on joint contracts. This means that the charities gain flexibility and economies in how staff support the charities. However this joint contract arrangement requires ACCT UK to disclose the average number of employees for the two charities combined. This is taken as a head count based on number of staff employed. During the year this was 73 (2023: 50).

11 Related party transactions

On occasion grants are awarded to ACF Counties with which trustees are adult volunteers. Decisions about who to award funds to are made in accordance with the grants policy and formally delegated authority. On the rare occasion a trustee or staff member's ACF County has applied for a grant, that individual will not be a party to the discussion of that application. If they normally have a part to play in the grants decision making process, they will ensure that they are not involved in either the discussion or the decision.

There were nil (2023: nil) related party transactions of this type relating to nil (2023: nil) trustees totalling £nil (2023: £nil) during the year.

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

12 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

The Army Cadet Charitable Trust UK

Notes to the financial statements

For the year ended 31 March 2024

13 Tangible fixed assets

Cost	Leasehold Improvements £	Fixtures and fittings £	Computer and Camera Equipment £	Total £
At the start of the year	-	53,715	83,998	137,713
Additions in year	131,714	-	105,138	236,852
Disposals in year	-	-	-	-
At the end of the year	<u>131,714</u>	<u>53,715</u>	<u>189,136</u>	<u>374,565</u>
Depreciation				
At the start of the year	-	48,367	52,297	100,664
Charge for the year	5,393	4,421	35,476	45,290
Eliminated on disposal	-	-	-	-
At the end of the year	<u>5,393</u>	<u>52,788</u>	<u>87,773</u>	<u>145,954</u>
Net book value At the end of the year	<u>126,321</u>	<u>927</u>	<u>101,363</u>	<u>228,611</u>
At the start of the year	<u>-</u>	<u>5,348</u>	<u>31,701</u>	<u>37,049</u>

All of the above assets were purchased with unrestricted funding and are used for charitable purposes.

14a Listed investments

	2024 £	2023 £
Fair value at the start of the year	3,171,050	3,340,324
Additions at cost	-	-
Disposal proceeds	-	-
Net gain/(loss) on change in fair value	<u>398,925</u>	<u>(169,274)</u>
	3,569,975	3,171,050
Cash held by investment broker pending reinvestment	<u>372</u>	972
Fair value at the end of the year	<u>3,570,347</u>	<u>3,172,022</u>
Investments comprise the following:		
	2024 £	2023 £
UK Common investment funds	3,569,975	3,171,050
Cash	<u>372</u>	972
	<u>3,570,347</u>	<u>3,172,022</u>

The Army Cadet Charitable Trust UK

Notes to the financial statements

For the year ended 31 March 2024

14b Short term investments	2024	2023
	£	£
Fair Value at the start of the year	-	-
Additions at cost	3,788,490	-
Disposal Proceeds	(1,422,054)	-
Net gain/(loss) on change in fair value	78,877	-
	<u>2,445,313</u>	<u>-</u>
Cash Held by Investment Broker pending reinvestment	4,873	-
Fair Value at end of the year	<u><u>2,450,186</u></u>	<u><u>-</u></u>
Investments comprise the following	2024	2023
	£	£
UK Common investment funds	2,445,313	-
Cash	4,873	-
Fair Value at the end of the year	<u><u>2,450,186</u></u>	<u><u>-</u></u>
15 Stock	2024	2023
	£	£
Merchandise	17,546	11,334
	<u>17,546</u>	<u>11,334</u>
16 Debtors	2024	2023
	£	£
Trade debtors	-	900
Other debtors	3,306	-
Prepayments	69,011	87,470
Accrued income	-	18,555
	<u>72,317</u>	<u>106,925</u>

The Army Cadet Charitable Trust UK

Notes to the financial statements

For the year ended 31 March 2024

17 Creditors: amounts falling due within one year

	2024	2023
	£	£
Trade creditors	307,002	127,026
Taxation and social security	62,160	56,823
Pension contributions	23,766	17,055
Other creditors	254	-
Accruals	84,584	14,154
Deferred income (note 18)	150,760	138,471
	628,526	353,529

18 Deferred income

Deferred income comprises funds for ACCT UK insurance income

	2024	2023
	£	£
Balance at the beginning of the year	138,471	97,664
Amount released to income in the year	(138,471)	(97,664)
Amount deferred in the year	150,760	138,471
Balance at the end of the year	150,760	138,471

19a Analysis of net assets between funds (current year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	228,611	-	-	228,611
Fixed asset investments	220,667	3,349,680	-	3,570,347
Net current assets	953,311	257,520	1,334,747	2,545,579
Net assets at 31 March 2024	1,402,589	3,607,200	1,334,747	6,344,536

19b Analysis of net assets between funds (prior year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	37,049	-	-	37,049
Fixed asset investments	196,015	2,976,007	-	3,172,022
Net current assets	1,074,689	220,145	434,028	1,728,862
Net assets at 31 March 2023	1,307,753	3,196,152	434,028	4,937,933

The Army Cadet Charitable Trust UK

Notes to the financial statements

For the year ended 31 March 2024

20a Movements in funds (current year)

	At 1 April 2023 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2024 £
Restricted funds:					
Army Cadet Marketing fund	212,065	1,080,762	(955,066)	-	337,761
Army Cadet Activity fund	-	1,866,491	(1,645,608)	-	220,883
Cadet Digital Services fund	43,803	1,868,010	(1,374,254)	-	537,559
Cadet Music fund	20,057	38,472	(1,000)	-	57,529
Cadet Sport fund	88,269	13,650	(21,200)	(60,669)	20,050
Duke of Edinburgh Award fund	5,230	63,525	(12,569)	-	56,186
Grenadier fund	500	-	(450)	-	50
Leeds fund	825	275	(825)	-	275
London fund	1,905	2,900	(4,555)	(250)	-
Matthew Bacon Bursary fund	3,170	-	(1,817)	-	1,353
Sailing fund	1,104	-	(1,104)	-	-
South East Essex fund	21,419	-	(5,040)	-	16,379
Adventure Training fund	15,181	92,805	(41,764)	-	66,222
National Commemorative Events fund	20,500	-	-	-	20,500
Total restricted funds	434,028	5,026,890	(4,065,252)	(60,919)	1,334,747
Unrestricted funds:					
Designated funds:					
- Income generation fund	2,976,007	-	(600)	374,273	3,349,680
- Northern Irish fund	24,053	4,870	(93)	2,284	31,114
- Scottish fund	140,508	4,358	(12,970)	15,916	147,812
- Welsh fund	55,584	22,772	(11,214)	6,452	73,594
- Wiltshire fund	-	5,000	-	-	5,000
Total designated funds	3,196,152	37,000	(24,877)	398,925	3,607,200
General funds	1,307,753	1,354,641	(921,799)	(338,006)	1,402,589
Total unrestricted funds	4,503,905	1,391,641	(946,676)	60,919	5,009,789
Total funds	4,937,933	6,418,531	(5,011,928)	-	6,344,536

The narrative to explain the purpose of each fund is given at the foot of the note below.

The Army Cadet Charitable Trust UK

Notes to the financial statements

For the year ended 31 March 2024

20b Movements in funds (prior year)

	At 1 April 2022 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2023 £
Restricted funds:					
Army Cadet Marketing fund	390,039	860,000	(1,037,974)	-	212,065
Cadet Digital Services fund	-	914,401	(870,598)	-	43,803
Cadet Music fund	13,626	6,781	(350)	-	20,057
Cadet Sport fund	96,451	-	(8,182)	-	88,269
Chris Wood Memorial fund	355	-	(1,140)	785	-
Duke of Edinburgh Award fund	359	10,981	(6,110)	-	5,230
Grenadier fund	500	-	-	-	500
Leeds fund	550	275	-	-	825
London fund	2,035	1,200	(1,330)	-	1,905
Matthew Bacon Bursary fund	2,664	-	(1,431)	1,937	3,170
Sailing fund	1,104	-	-	-	1,104
South East Essex fund	26,900	-	(5,481)	-	21,419
India Trip fund	494	-	(494)	-	-
Adventure Training fund	-	72,814	(57,633)	-	15,181
National Commemorative Events fund	21,947	-	(1,447)	-	20,500
Vocational Qualifications fund	-	152,650	(152,650)	-	-
Total restricted funds	557,024	2,019,102	(2,144,820)	2,722	434,028
Unrestricted funds:					
Designated funds:					
- Income generation fund	3,135,367	-	(600)	(158,760)	2,976,007
- Northern Irish fund	19,193	1,482	(502)	3,880	24,053
- Scottish fund	136,620	12,520	(17,462)	8,830	140,508
- Welsh fund	54,230	1,650	(1,325)	1,029	55,584
Total designated funds	3,345,410	15,652	(19,889)	(145,021)	3,196,152
General funds	1,398,067	2,378,898	(2,611,511)	142,299	1,307,753
Total unrestricted funds	4,743,477	2,394,550	(2,631,400)	(2,722)	4,503,905
Total funds	5,300,501	4,413,652	(4,776,220)	-	4,937,933

Purposes of restricted funds

Army Cadet Marketing fund – These funds are granted to the ACCT UK in order to promote the Army Cadets and to recruit new cadets and adult volunteers.

Army Cadet Activity fund – This fund is used to run cadet activities and ensure the well being of both cadets and volunteers.

Cadet Digital Services fund – These funds are granted to the ACCT UK in order to run and develop a variety of digital services for the cadets.

Cadet Music fund – This fund is to support Army Cadets to learn an instrument or take part in music performances around the world. Activities supported by this fund include instrument purchase, uniform purchase and support for cadets to travel overseas.

Cadet Sport fund – These funds exist to support Army Cadet sport across the UK. These funds were provided by members of the counties who voted at an AGM held on 23rd March, 2024 to derestrict £60,669 of the funds as they were not going to be utilised in the future. Consequently we have transferred out this amount from the Cadet Sports Fund into the General Fund.

Duke of Edinburgh Award fund – This fund is to support Army cadets and adult volunteers to undertake the volunteering section of the Duke of Edinburgh award.

Grenadier fund – The ACCT UK is grateful to the Grenadier Guards Trust for supporting cadets in affiliated detachments to take part in cadet activities.

The Army Cadet Charitable Trust UK

Notes to the financial statements

For the year ended 31 March 2024

20 Purposes of restricted funds (continued)

Leeds fund – The ACCT UK is grateful to the Charles Brotherton Trust for supporting cadets in the Leeds area to take part in Adventure Training activities.

London fund – The ACCT UK is grateful to the Knights of the Round Table and the Masonic Charitable Foundation for supporting cadets in the London area to take part in cadet activities. £250 of this fund was transferred to the General Fund to support the purchase of drums for cadets in London.

Matthew Bacon Bursary fund – In September 2005, Major Matthew Bacon of the Intelligence Corps was tragically killed by a roadside bomb in Iraq. Major Bacon was a former Surrey ACF cadet, as well as being a career soldier. He was a keen participant in many types of adventurous training, which also formed an important part of his life.

His parents, Mr and Mrs Roger Bacon, set up a bursary in their son's name as a means of celebrating his life. The bursary enables army cadets to take part in an Outward Bound Trust 'Skills for Life Award', which would otherwise be beyond their means.

Sailing fund – This fund seeks to support Army Cadets to undertake a range of short sailing expeditions around the UK.

South East Essex fund – The ACCT UK received a generous legacy of £30,000 from the estate of Arthur Jopson, a former CFAV in C Company of Essex ACF. Mr Jopson specified his gift was for the benefit of cadets and CFAVs in the South East of Essex.

Adventure Training fund – This fund exists to support Adventurous Training in the Army Cadets. It helps to fund the Cadet Centre for Adventurous Training, which delivers qualification to cadets and volunteers, and also supports expeditions in the UK and overseas.

National Commemorative Events fund – This fund exists to support cadets to study battlefield history and take part in commemorative events to better understand the impact of war.

Chris Wood Memorial fund – Colonel Chris Wood ACF had a long career in the Territorial Army and the ACF. His sudden death in August 2018 led to the creation of this fund to support adult volunteer leadership development. The fund is now expended and closed.

India Trip fund – The fund was raised for the cadet to attend the National Youth India Exchange programme 2022 but due to covid restrictions, the trip was cancelled. All refunds have now been made and the fund is now expended and closed.

Vocational Qualifications fund – This fund is to support 430 ACF Cadets from the community of Devolved Nations to gain a BTEC Level 2. The fund is now expended and closed.

Purposes of designated funds

Income generation fund – The trustees have set aside these funds specifically for the purpose of generating income to support the grants programme. This fund is invested and more details about the performance of the investments can be found in note 14.

Northern Irish fund – These funds are set aside to enable local decision making in running the Northern Irish Branch.

Scottish fund – These funds are set aside to enable local decision making in running the Scottish Branch.

Welsh fund – These funds are set aside to enable local decision making in running the Welsh Branch.

Wiltshire fund – Wiltshire ACF used to have its own charity but it was shut down some years ago. A sum of £5,000 was left to the Wiltshire ACF League and the solicitors managing probate identified ACCT UK as a suitable alternative charity to receive the legacy. The funds therefore came in to the charity as unrestricted funding. However the trustees felt they had a moral duty to try and spend the funds in support of cadets in Wiltshire. Therefore, they decided that for three years this legacy will be designated to support cadets in Wiltshire, after which the remaining gift will be released into the general fund.

The Army Cadet Charitable Trust UK

Notes to the financial statements

For the year ended 31 March 2024

21 Operating lease commitments payable as a lessee

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following

	Equipment 2024	2023
	£	£
Less than one year	4,987	4,987
One to five years	-	4,987
	<u>4,987</u>	<u>9,974</u>

22 Legal status of the charity

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

23 ACF Counties, Regions and Training Centres that have received grants from the ACCT UK in the year:

2nd Bn Highlanders ACF	Hampshire & Isle of Wight ACF
2nd (Northern Ireland) Bn ACF	Humberside & South Yorkshire ACF
Bedfordshire & Hertfordshire ACF	Kent ACF
Berkshire ACF	Leicestershire, Northamptonshire & Rutland ACF
Black Watch ACF	Lincolnshire ACF
Bristol ACF	Lothian & Borders Bn ACF
Cadet Training Centre Frimley Park	Middlesex & North West London ACF
Cambridgeshire ACF	Norfolk ACF
City of London & North East Sector ACF	Northumbria ACF
Cornwall ACF	Nottinghamshire ACF
Derbyshire ACF	Octavia Hill – National ACF Museum
Dorset ACF	Oxfordshire ACF
Durham ACF	Shropshire ACF
Dyfed & Glamorgan ACF	Suffolk ACF
Essex ACF	Surrey ACF
Glasgow & Lanarkshire ACF	Sussex ACF
Greater London & South East Sector ACF	Warwickshire & West Midlands South Sector ACF
Greater London & South West Sector ACF	Wiltshire ACF
Greater Manchester ACF	Yorkshire (North & West) ACF
Gwent & Powys ACF	

Army Cadet Charitable Trust UK

England & Wales - Charity number 305962

Accounts



**Army
Cadet
Charitable
Trust UK**

Company number: 293432
Charity Number: 305962
Scottish Charity Number: SC039057

Report and financial statements For the year ended 31 March 2023

The Army Cadet Charitable
Trust ACCT UK



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Reference and Administrative Information

President Lieutenant General Sir Andrew Graham Bt CB CBE

Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

<i>Chair</i>	<i>C</i>	Duncan Capps	Appointed 19 Nov 22
<i>Treasurer</i>	<i>AB</i>	Sarah Dickson	Appointed 8 Dec 22
	<i>C</i>	Jemma Ralph	
	<i>C</i>	Wendy Adams	
	<i>D</i>	David Chipp	
	<i>A</i>	Ruadhri Duncan	
		Alan Goodwin	Resigned 16 Feb 23
		David Kane	Resigned 25 Mar 23
	<i>CE</i>	Shirley Montgomery	Appointed 8 Dec 22
	<i>AB</i>	Justin Tarka	
		Christopher Tearney	
	<i>A</i>	Oliver Rice	
	<i>BCF</i>	Joyce Quin	
	<i>A</i>	Agata Zukowska	

Co-opted member *B* Catherine Harrison

- A* denotes membership of the Finance and General Purposes Committee
B denotes membership of the HR and Remuneration Committee
C denotes membership of the Nominations and Governance Committee
D denotes membership of the ACCT Wales Committee
E denotes membership of the ACCT Northern Ireland Committee
F denotes membership of the ACCT Scotland Committee.

Company number 293432

Country of incorporation United Kingdom

Charity numbers 305962 SC039057

Country of registration England & Wales Scotland

Registered office and operational address Holderness House
51-61 Clifton Street
London EC2A 4DW

Other Names the Charity Operates Under	ACCT Cymru, ACCT Wales, Army Cadet Charitable Trust Wales, ACCT NI, ACCT Northern Ireland, Army Cadet Charitable Trust Northern Ireland, ACCT Scotland, Army Cadet Charitable Trust Scotland and ACCT UK
Key management personnel	Murdo Urquhart Chief Executive Richard Walton Deputy Chief Executive Faye Meakin Director of Development
Bankers	Lloyds Bank plc Butler Place London SW1H 0PR
Investment managers	Waverton Investment Management 16 Babmaes Street London SW1Y 6AH
Auditor	Sayer Vincent LLP Chartered Accountants and Statutory Auditor Invicta House 108-114 Golden Lane London EC1Y 0TL
Solicitor	Bates Wells 10 Queen Street Place London EC4R 1BE

Trustees' Annual Report

The trustees present their report and the audited financial statements for the year ended 31 March 2023.

Reference and administrative information set out on page 2 and 3 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association, the requirements of a directors' report as required under company law, and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Objectives and activities

Purposes and Aims

The Army Cadet Charitable Trust UK (ACCT UK) has two charitable objects:

- (1) To give mental, moral and physical training to young people and so to form and develop the character of each as to enable them to make a good start in life and to develop in them principles of good citizenship.
- (2) To promote the efficiency of the Army Cadet Force through fostering the activities of Army Cadets and advancing the youth leadership abilities of Army Cadet Force Adult Volunteers

The charity's first purpose is therefore to enable access to activities that will educate, develop and broaden the interests of young people, including the 38,000 who are cadets in the Army Cadet Force (ACF). Young people meet in one of 1,700 community based ACF Detachments across the whole of the UK; these detachments are grouped into "ACF Counties" based in one or more geographical or historical Local Authority areas. ACCT UK looks to enhance young peoples' development both through the delivery of support to ACF Counties and by the making of grants to support individual cadets; to support local initiatives; or, to help existing ACF Counties to improve their resilience and so ensure they are able to deliver development opportunities to young people for many years to come.

ACCT UK offers grants to enable cadets to take part in a wide range of activities. The charity also provides membership support services in the interests of the entire ACF, such as the provision of insurance cover against accidents, travel difficulties and to provide legal advice and assistance.

To further the charity's second object, ACCT UK assists the Army's chain of command to co-ordinate national training for the non-military aspects of the ACF training syllabus, notably the Duke of Edinburgh award scheme, Music, First Aid and Sport, also contributing to the delivery of courses for ACF adult volunteers across these areas. With a grant from the MoD, ACCT UK is able to support the delivery of Piping and Drumming Qualifications Board and BTEC accredited qualifications across the UK. Both the trustees and the staff of ACCT UK invest time in promoting the ethos and activities of the ACF to wide audiences including school leadership and local communities as well as supporting ACF adult volunteers with access to information and introductions to useful organisations and individuals.

In respect of the second object, a particularly important but intangible role of ACCT UK is to act as an adviser to HM Government, predominately the Ministry of Defence and Army, and other bodies on ACF matters. This is because ACCT UK is part of the ACF's "corporate memory", briefing and informing the

leaders of the day, doing this whilst remaining an impartial but enthusiastic supporter of the important and ongoing development of the ACF as a modern and vibrant youth service.

In particular ACCT UK acts, informally, as the Army chain of command's 'conscience' as it runs this wonderful national youth movement (the ACF) made possible by adult volunteers (predominantly civilians with no previous military service) who as ACF officers and instructors give their time to train cadets. The financial and material support for the ACF comes from the Army, which quite rightly imposes necessary training safety and safeguarding regimes through its chain of command. ACCT UK plays a part in making this relationship work by representing the interests of the volunteers who train cadets by providing support and views to the Army, including contributing to the development of central policies and direction needed to run the ACF. This is done formally by attending Ministry of Defence and Army cadet steering and working group meetings, developing cadet strategy and policies, and informally through constant ongoing dialogue with the chain of command by ACCT UK's President, Chair, trustees and senior members of the Secretariat.

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

The enduring priority for ACCT UK's trustees is to ensure that young people can develop through membership of the ACF. This means a focus on some key areas:

- Providing useful and developmental membership services in order to support Cadet Force Adult Volunteers (CFAVs) to deliver a high-quality cadet experience.
- Supporting the ACF as an organisation to deliver certain activities that support the rounded development of cadets.
- Supporting ACF Counties, Regions and Centres to deliver innovative developmental training to young people.
- Removing barriers, such as cost, to individual cadet participation in ACF activities.
- Advocating for the ACF to key influencers in order that the benefits of participating in ACF activity are widely understood and well supported.

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

Our Values

As a charity dedicated to improving the lives of young people, we feel it is important to have clearly articulated values. As a charity that supports the Army Cadets, a values-led youth organisation, it is important that our values align. Our values are:

- **TRUSTWORTHY.** We are inclusive and principled. We make values-based judgements and think deeply about our programmes and activities. We want our staff to accept one another for who they are and build positive relationships.
- **ABIDING.** We learn from the past and plan for the future. Retaining our best staff is as important to us as recruiting quality new team members.

- **COMMITTED.** We are dedicated in our mission to empower young people through cadet activities and our staff enable us to inspire young people to achieve their future ambitions.
- **COURAGEOUS.** We want our staff to speak up and feel confident they will be heard. We are at our best when all have the courage to do what is right.

Achievements and performance

ACCT UK's main activities and who it tries to help are described below. All its charitable activities focus on the cadets, volunteers and counties of the ACF and are undertaken to further ACCT UK's charitable purposes for the public benefit.

ACCT UK uses MoD funding to deliver programmes of activity for young people in the ACF. This includes acting as the licenced provider for the Duke of Edinburgh Award and music qualifications. We help facilitate national public performances and ceremonial activity by the provision of resources to enable these key cadet activities.

Following two years of reduced grant-making due to the COVID-19 pandemic, alongside the exceptional grant-making of the Hardship Relief Fund and Rejuvenation Fund, this year saw a return to more normal levels of activity. In support of cadets and volunteers we paid grants of £343,073 (2022 - £183,807). In support of ACF Counties, Regions and Centres we paid grants of £31,276 (2022 - £107,659), which included a large grant in support of CVQO vocational awards.

Grant Programmes

ACCT UK furthers its objects through the awarding of grants to individual cadets and adult volunteers, or to ACF Counties. ACCT UK normally makes grants each year to cadets, adult volunteers and to ACF Counties.

Grants to cadets are made in order to make activities more accessible, irrespective of a young person's financial means. Adult volunteer grants are intended to make qualifications accessible to all, thus improving the youth leadership abilities of adult volunteers. This also enables individuals to evidence the skills and experience they have developed through the ACF to prospective employers. Here are some examples of how ACCT UK grants have supported cadets and volunteers this year:

- Various ACF Counties: Funded part of the cost of 12 (2022: 20) ILM Level 4 qualifications for new volunteer Officers.
- Various ACF Counties. Awarded 2 (2022: 4) Cadet adventurous training bursaries to attend an Outward Bound Trust Summit Adventure – 14-day course.
- Durham ACF: Funded 30 cadets to attend the 2022 Nijmegen March and battlefield study.
- 2 (NI) ACF: Funded 9 cadets to attend a static line Parachuting Course.
- CVQO: Funded the registration of 430 cadets from the Devolved Nations for the BTEC Level 2 in Teamwork and Personal Development qualification. Greater London & South West Sector ACF: Funded 6 CFAVs to gain an Archery GB Instructor Qualification.

Grants to ACF Counties, Regions and Centres are generally to support the purchase of equipment or the development of facilities that will improve the experience of many cadets over a number of years. Here are some examples of ACCT UK grants in this category:

- Cambridgeshire ACF: Funded the purchase of musical instruments for their Corps of Drums.
- Lothian & Borders Bn ACF: Funded the purchase of 'Leadership Packs' to assist in the delivery of ACCB Regional Boards and cadet training.

- Frimley Park CTC: Funded the purchase of Cohort Rank Slides issued to cadets whilst attending the Master Cadet Course.
- Octavia Hill Museum: Support with the display costs of a National ACF Museum in the Octavia Hill Museum.
- Greater Manchester ACF: Funded the purchase of 20 Mountain Bikes, Helmets and other ancillaries to be able to deliver AT activities at a local level.

Beneficiaries of our services

There are two main ways in which ACCT UK delivers benefit to its beneficiaries, which are through the provision of grants and the provision of support to the ACF in terms of people to deliver activities that support the Army's chain of command. As explained earlier in this report, grants are made either to support the ACF County and its ability to deliver the cadet programme, or to individual cadets and volunteers to enable them to access the full range of opportunities in the ACF.

In order to measure the difference that these grants and activities have made, the trustees ask for reports from grant recipients. These detail the impact of the grant and are used to help the trustees to decide both what funding to bid for and how best to structure ACCT UK's grant programmes in the future.

Some examples of the impact on the beneficiaries of our grants include:

- Kent ACF received a grant in March 2023 to assist with the preparation and delivery for Ex April Dragon, an Adventure training Exercise planned at Capel Curig for the 9-14 April 2023. This was a 3-star level, higher level challenging event for 24 cadets. The challenging activities included mountaineering, climbing/ziplining, canyoneering, and an underground experience day which complied with the 3 Star ACS Syllabus seeing all cadets gaining their accreditation. The cadets encountered wind, rain and even snow, but it did not deter their enthusiasm – *"I actually jumped from a high rock into freezing water even though I was scared, it was the support and encouragement of the others in the team that got me to do it!"*, *"All in all, the best activity I have done in over three years in cadets."*
- Berkshire ACF received a grant for Ex Venturer Stag XXV, a 10-day exchange expedition to Oslo, Norway. Cadet LCpl Freddie Shaw (17yrs) told us that it was *"a very enjoyable experience. The exercise was not for the faint-hearted but came with a fantastic sense of achievement once completed. The Norwegian cadets were extremely helpful, providing insight into all aspects of Norwegian living, whilst also showing incredible patience when I fell over on the skis (a very frequent occurrence), was there to offer a helping hand every single time. The instructors were also supportive and their excellent instruction made lessons engaging. Outstanding facilities made our stay more pleasant, and the food provided was delicious. An experience of a lifetime in which I made lots of new friends, an experience which I will never forget."*
- 2nd NI Bn ACF received a grant to subsidise the cost of 12 Cadets taking part in a CVQO delivered ILM Level 2 Young Leader Award during their annual summer camp. During the two days the Cadets studied ideas on how to develop their leadership skills and took part in activities and tasks which demonstrated their learning. They told us *"The course was enjoyed by all and the qualification will hopefully benefit the Cadets as a valuable addition to their CV."*
- Dyfed & Glamorgan ACF received a grant towards Ex Dreigiau Cadlanc, with 86 cadets and 14 CFAVs embarking on a WW1 Battlefield Tour to Belgium. Cpl Skellon of Ty Llewellyn

Detachment (A Coy) and LCpl O’Connell Gabalfa (A Coy) told us, *“We are immensely grateful to ACCT UK, who generously granted £100 per cadet! This is our first battlefield tour since before COVID-19, and without this grant, many cadets and their families would have been unable to afford the trip. COVID-19 has had a significant impact on families worldwide, and the added expenses of events like battlefield tours are often beyond their means. This experience has been truly exceptional for us as cadets, creating cherished memories that will endure a lifetime. We extend our heartfelt thanks to everyone involved in planning, organising, and joining us on this battlefield tour, providing us with this invaluable opportunity.”*

Financial review

The statement of financial activities for the year is set out on page 18 of the financial statements. A summary of the financial results and the work by ACCT UK is set out below.

Income for the year included donations and legacies of £4,253,061 (2022 – £3,948,825), income for supporting cadets and volunteers of £595 (2022- £919), other trading activities of £70,888 (2022 – £13,622) and investment income and interest of £89,108 (2022 - £63,930). Total gross income amounted to £4,413,652 (2022 - £4,027,296).

Expenditure for the year comprised costs of raising funds of £600 (2022 - £600), costs of activities in support of ACF Counties of £2,246,685 (2022 – £2,302,050) and costs of supporting cadets and volunteers of £2,359,661 (2022 – £1,891,813). Total expenditure amounted to £4,606,946 (2022 – £4,194,463).

Net expenditure for the year before investment (losses)/gains amounted to £193,294 (2022 – £167,167). This was owing to the planned expenditure of funds earmarked for marketing and digital services.

Investment Policy and Performance

The trustees expect the charity to exist in perpetuity and its investment policy is designed to support the long-term financial health of the charity. ACCT UK adopted its current investment policy in March 2022; its stated objectives are to:

- Produce the best financial return within an acceptable level of risk.
- Generate a return of CPI plus 3% per annum over the long term (defined as a five-year average), after expenses.

ACCT UK has adopted a total return approach to investment, generating the investment return from income and capital gains or losses. It is expected that if in any one year the total return is insufficient to meet the growth target, in the long term the real value of the investments will still grow in accordance with the investment objectives above.

ACCT UK has decided not to invest in assets that the trustees consider to be contrary to the spirit of its objects, particularly if they run counter to the values of the charity. In particular tobacco, alcohol and pornography are excluded from our investments. The trustees have agreed a process with our investment managers as to how these restrictions are to be applied.

During the year net losses on the fair value of investments amounted to £169,274 (2022 – net gains of £224,321). The investment objective is to generate a return of CPI plus 3% per annum over the long

term. The five-year average (CPI + 3%) to the end of March 2023 has been calculated as 6.96% (March 2022 - 5.72%). As at 31 March 2023 the five-year average shows a return of 5.14% (2022: four-year average of 7.7%). The trustees recognise that the performance since inception has taken a dip, hit particularly hard by this year's depreciation. Given the performance of the portfolio against similar investment houses the trustees are satisfied with the investment performance in the year.

To support the efficient delivery of our programme of charitable work and to efficiently manage cash flow, the trustees have directed that funds earmarked for use in the next two years are to be held in cash deposit accounts of no more than 24 months in duration. At present the funds held on deposit are £300,000 (2022 - £1,000,624). Fixed term deposits with a maturity date before 1 July 2023, or a notice period under 90 days, are treated as cash.

Principal risks and uncertainties

The trustees examine the major risks that ACCT UK faces each financial year during routine board meetings and in meetings between the senior trustees and the Chief Executive. The charity has systems in place to monitor and control these risks to mitigate any impact that they may have on ACCT UK's activities in the future.

The key risks for ACCT UK, as identified by the trustees, are described below together with the principal way in which they are mitigated:

- **Financial Risk.** As ACCT UK's funding comes largely from a single source (the Army's Headquarters Regional Command) there is a risk that any government savings drive or call for in-year efficiencies could impact upon funding. The Trustees mitigate this risk by: maintaining reserves to cover a loss of funding in the short-term should the charity need to adjust to a lower-income model; having a formalised Memorandum of Understanding with HQ Regional Command outlining what funding is required and how it will be used; and through the Finance and General Purposes Committee exercising oversight of the financial status of ACCT UK.
- **Resilience Risk.** A temporary or permanent loss of the head office in the Holderness House building due to fire, flood or other emergency. The Trustees mitigate this risk by: seeking assurance from Greater London Reserve Forces and Cadets Association (the landlord) that the building is compliant with the appropriate regulations; holding adequate insurance; operating a resilient remote-desktop capability through a third-party supplier and having access to office locations across the UK. The contingency plan was tested in 2022 by the closure of the building owing to a damaged sewer which did not affect the charity's ability to operate.
- **Staff Risk.** The success of ACCT UK's programme of work depends on well-motivated staff committed to the cause of the ACF and ACCT UK. The Trustees seek to ensure this by: having appropriate recruitment, complaints and HR policies and ensuring they are adhered to; a system of annual staff appraisal; holding appropriate insurance; ensuring the policies are kept up to date and are easily accessible to all staff and managers; and obtaining appropriate specialist HR advice for individual issues.
- **Governance Risk.** The success of ACCT UK's programme of work depends on good governance. The trustees seek to ensure this by: having appropriate recruitment and appointment processes for trustees and senior leaders; conducting regular reviews of the board's structure, competence and diversity; monitoring and adopting best practice recommendations from the charity regulators; holding appropriate insurance to protect trustees; and ensuring trustees retire at a rate of approximately a third each year.

Reserves policy and going concern

The Reserves Policy defines the target level of reserves as an amount sufficient to maintain ongoing operations and programmes for three months. The calculation of average monthly operating costs includes all recurring, predictable expenses such as salaries, office costs, expenses, marketing, insurance and charity projects including bursaries and grants. Depreciation, in-kind, and other non-cash expenses are not included in the calculation. The calculation of average monthly expenses also excludes one-time or unusual, capital purchases. The amount of the reserve fund target minimum will be calculated each year after approval of the annual budget, reported to the Finance and General Purposes Committee and included in the regular financial reports.

In making this policy the trustees have chosen to designate a portion of its long-term investments (known as the "Income Generation fund") as funds invested to generate income for the charity. They are therefore excluded from the reserves calculation. Funds invested for this purpose generated an income of £74,693 (2022: £63,071).

The minimum reserves allowed under this policy is £1,154,337 (2022: £1,154,353). Free reserves were £1,270,704 (2022: £1,347,585). The trustees are therefore satisfied that the reserves are within the target level.

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The trustees have made this assessment in respect to a period of one year from the date of approval of these accounts.

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

Fundraising

The charity's work to find additional funding in order to diversify the work we do in support of our charitable objects is ongoing. We do not currently use a professional fundraiser or a commercial participator. Instead, in 2022 we sought to establish a more formal fundraising function by recruiting a dedicated member of staff to do this important work. She has set the function up from scratch and, understandably, this is taking time. The development our fundraising activity has now reached a point that in June 2023 we registered with the Fundraising Regulator.

ACCT UK's approach to fundraising activity is to seek grants from organisations in order to achieve a particular aim, for example to invest in the sustainability of existing ACF Counties. Where an individual or group with an interest in the cadet movement would like to support cadets, we invite them to donate to ACCT UK.

We offer the facility for individuals to make one off or repeat donations online and offer membership of ACCT UK to ACF Counties. We are encouraging the ACF community to come together to fundraise for ACCT UK and to help with this have launched the 'Cadet Challenge 2023' which has already see individuals, detachments and counties undertake fundraising challenges and events. We have received no complaints about fundraising.

We do not contact our members or supporters to solicit donations, although this is something we might consider doing should we have a specific fundraising objective in the future.

Plans for the future

2021/2022 was a time of significant and good evolutionary change for the charity, renaming and rebranding and then seeking to establish new lines of charity activity to support increased ambitions. The establishment of these changes is still ongoing. Additionally, the way the charity provides enabling support to the chain of command was reorganised significantly, the new arrangements taking effect at the start of the 2023/2024 financial year, which are now bedding in and taking up much of the Secretariat's time. The trustees have therefore decided that 2023/2024 is to be a year of consolidation and then take stock.

Structure, governance and management

ACCT UK is a registered charity and a company limited by guarantee, not having a share capital. The entity was incorporated on 26 October 1934 and registered as a charity with the Charity Commission for England and Wales on 24 September 1962 and the Office of the Scottish Charity Regulator on 10 November 2007. It is governed by its memorandum and articles of association which were most recently adopted on 25 March 2023.

All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 9 to the accounts.

The Chief Executive of the charity is Murdo Urquhart, who heads a small team of staff comprising Richard Walton, the Deputy Chief Executive, Faye Meakin, Director of Development and an additional 61 members of staff.

The trustees subscribe to the principles of the Charity Governance Code. The trustees believe in it and are committed to maintaining an inclusive and diverse Board; using a transparent recruitment process designed to encourage eligible applications from applicants with a wider range of backgrounds.

The Finance and General Purposes Committee agree the annual budget. The senior trustees (Chair, Vice Chair, and Treasurer) are consulted by the Chief Executive on a regular basis and on all matters that are considered by him to be strategic, novel or contentious. These consultations are largely conducted by telephone and e-mail or at informal "management board" meetings.

There are several formal trustee meetings. The ACCT UK Board of Trustees meets in summer, autumn and winter. Amongst other papers the Board receives:

- A report from the Finance and General Purposes Committee; for the summer meeting this report incorporates the audited financial statements of the Association. The audited financial statements are agreed and signed off at this meeting.
- Reports from all other sub-committees.
- An updated register of the diverse risks being managed by the charity.

The Board has six sub committees. They are:

- **The Finance and General Purposes Committee** carries out the overall financial management of ACCT UK (including agreeing the annual budget, the raising, investment and direction of funds, and the oversight of financial processes) and the regular review of the charity's

governance arrangements. This committee also sets the overall policy for grants and decides and monitors how grant making decisions are made. The Committee consists of the Treasurer, the Investments Adviser and the Marketing Adviser. It meets three times per year approximately one month before each board meeting and reports at every board meeting.

- **The HR and Remuneration Committee** is a joint sub-committee of the Combined Cadet Force Association and ACCT UK. It is responsible for technical advice and guidance relating to all values-based systems and policies to ensure that both charities are following legislation and considering best practice in relation to their employees, independent contractors and volunteers. The Committee consists of the three ACCT UK trustees, two members from the CCFA Board of Trustees and a co-opted HR specialist. It meets twice per year: in summer to consider policy and structure; and in winter to set the pay and conditions for employees from the following April. It reports back to both Boards of Trustees.
- **The Nominations and Governance Committee** comprises the Chair, Vice Chair and includes at least two additional trustees. This committee is responsible for trustee development (including mentoring of new trustees), recruitment, monitoring (and acting to improve) board diversity; ensuring the board has all the skills needed to govern effectively; researching and recommending candidates for ambassadorial roles (such as President) to the full board.
- **The ACCT Scotland Committee** is chaired by Patrick O’Meara QAM and includes an ACCT UK trustee and additional members elected by the ACF Battalions in Scotland. This committee represents the interests of ACF adult volunteers and cadets in Scotland to the board. Through its President and Chair, it acts in an advisory capacity to the Army’s regional command HQ in Scotland, the ACF in Scotland, the Scottish Government and to other Scottish and regional authorities and Non-Governmental Organisations (NGOs) on ACF and youth-related matters. The committee coordinates some financial support to the ACF in Scotland.
- **The ACCT Wales Committee** is chaired by David Hammond and includes an ACCT UK trustee and additional members elected by the ACF counties in Wales. This committee, through its President and Chair, can provide advice and represent the ACF to the Army’s regional command HQ in Wales, the ACF in Wales, to the Welsh Government and NGOs in Wales. The committee will coordinate some financial support to the ACF in Wales.
- **The ACCT Northern Ireland Committee** is chaired by David Kane OBE, until recently an ACCT UK trustee, and includes additional members elected by the ACF Battalions in Northern Ireland. This committee represents the interests of ACF adult volunteers and cadets in Northern Ireland to the board. Through its President and Chair, it acts in an advisory capacity the Army’s regional command HQ in Northern Ireland, to the ACF in Northern Ireland and to other regional authorities and NGOs on ACF and youth-related matters. The committee will coordinate some financial support to the ACF in Northern Ireland.

Appointment of trustees

Trustees are appointed for a period of three years and encouraged to serve for only a single term to ensure regular turnover of trustees. Where a successor cannot be found, or where a particular skill or attribute is needed, a trustee could stand for re-election and there is no restriction in the articles on the number of times an individual can stand for re-election.

Trustees are private individuals who are recruited to bring particular skills to the board in order to improve the ability of the trustees to govern the charity.

The board seeks to balance members with lived experience of the ACF and members with specialist skills. Careful thought by the board goes into ensuring that they are diverse, but not only in the commonly accepted sense of gender, ethnicity etc. Collectively they also need to represent a fair balance of more senior and more junior cadet force adult volunteers who each bring different experience to the board.

Whether recruiting individuals with specialist and skills and knowledge to help the board mitigate risks or recruiting volunteers from within the ACF to represent the beneficiary community, the same recruitment process is used. A vacancy is advertised as widely as possible and applications invited and then applicants who fulfil the criteria are interviewed by the Nominations and Governance Committee.

If a trustee is appointed during the year, they are co-opted by the trustees and then formally elected at the next AGM for a period of three years.

Related parties and relationships with other organisations

ACCT UK has relationships with all ACF Counties and adult volunteers from across the UK. The trustees ensure that they keep good records of who is associated with which ACF County and absent themselves from any decision making that could give a real or perceived benefit to their ACF County (most commonly the award of a grant). Such related party transactions are disclosed in note 11 to the accounts.

ACCT UK shares offices and staff with an independent sister charity, the Combined Cadet Force Association (charity number 1170994). The two charities employ staff on joint contracts which are managed through ACCT UK and the staff costs relating to CCFA are recharged to that charity.

Remuneration policy for key management personnel

The Trustees consider that they together with the Chief Executive, the Deputy Chief Executive and the Director of Development comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day-to-day basis.

All employees are jointly contracted by ACCT UK with our sister charity the Combined Cadet Force Association. Trustees from both the CCFA and ACCT UK sit on the Joint Remunerations Committee to ensure that they exercise their responsibilities for oversight of the remuneration of their employees. The Remunerations Committee is tasked each year to ensure that all salaries, including those of the senior officers of the charity, are commensurate with the joint remuneration policy.

Statement of responsibilities of the trustees

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent

- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

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

In so far as the trustees are aware:

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

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

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 March 2023 was 161 (2022: 161). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditor

Sayer Vincent LLP was re-appointed as the charitable company's auditor during the year and has expressed its willingness to act in that capacity.

The trustees' annual report has been approved by the trustees on 28 July 2023 and signed on their behalf by

Duncan Capps
Chair

Independent auditor's report to the members of Army Cadet Charitable Trust UK

Opinion

We have audited the financial statements of Army Cadet Charitable Trust UK (the 'charitable company') for the year ended 31 March 2023 which comprise the statement of financial activities, balance sheet, 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 charitable company's affairs as at 31 March 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

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 charitable company 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 Army Cadet Charitable Trust UK's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other Information

The 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

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

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the finance and general purposes committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements

made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

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/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Judith Miller (Senior statutory auditor)

17 August 2023

for and on behalf of Sayer Vincent LLP, Statutory Auditor

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

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

The Army Cadet Charitable Trust UK

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2023

	Note	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Income from:							
Donations and legacies	2	2,289,219	1,963,842	4,253,061	2,941,833	1,006,992	3,948,825
Charitable activities							
Supporting cadets and volunteers	3	595	-	595	919	-	919
Other trading activities	4	15,628	55,260	70,888	13,622	-	13,622
Investments	5	89,108	-	89,108	63,930	-	63,930
Total income		2,394,550	2,019,102	4,413,652	3,020,304	1,006,992	4,027,296
Expenditure on:							
Raising funds	6	600	-	600	600	-	600
Charitable activities							
Supporting ACF Counties, Regions and Supporting cadets and volunteers	6	338,113	1,908,572	2,246,685	332,661	1,969,389	2,302,050
	6	2,123,413	236,248	2,359,661	1,857,037	34,776	1,891,813
Total expenditure		2,462,126	2,144,820	4,606,946	2,190,298	2,004,165	4,194,463
Net income/(expenditure) before net (losses)/gains on investments		(67,576)	(125,718)	(193,294)	830,006	(997,173)	(167,167)
Net (losses)/gains on investments	14	(169,274)	-	(169,274)	224,321	-	224,321
Net income/(expenditure) for the year	8	(236,850)	(125,718)	(362,568)	1,054,327	(997,173)	57,154
Transfers between funds		(2,722)	2,722	-	(630,938)	630,938	-
Net movement in funds		(239,572)	(122,996)	(362,568)	423,389	(366,235)	57,154
Reconciliation of funds:							
Total funds brought forward		4,743,477	557,024	5,300,501	4,320,088	923,259	5,243,347
Total funds carried forward		4,503,905	434,028	4,937,933	4,743,477	557,024	5,300,501

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 20 to the financial statements.

The Army Cadet Charitable Trust UK

Balance sheet

Company no. 00293432

As at 31 March 2023

	Note	£	2023 £	£	2022 £
Fixed assets:					
Tangible assets	13		37,049		50,482
Investments	14		3,172,022		3,341,896
			<u>3,209,071</u>		<u>3,392,378</u>
Current assets:					
Stock	15	11,334		22,503	
Debtors	16	106,925		157,403	
Short term deposits		300,000		1,000,624	
Cash at bank and in hand		1,664,132		1,091,343	
			<u>2,082,391</u>	<u>2,271,873</u>	
Liabilities:					
Creditors: amounts falling due within one year	17	(353,529)		(363,750)	
			<u>1,728,862</u>		<u>1,908,123</u>
Net current assets			<u>1,728,862</u>		<u>1,908,123</u>
Total net assets			<u>4,937,933</u>		<u>5,300,501</u>
The funds of the charity:					
Restricted income funds	20		434,028		557,024
Unrestricted income funds:					
Designated funds		3,196,152		3,345,410	
General funds		1,307,753		1,398,067	
			<u>4,503,905</u>	<u>4,743,477</u>	
Total unrestricted funds			<u>4,503,905</u>	<u>4,743,477</u>	
Total charity funds			<u>4,937,933</u>	<u>5,300,501</u>	

Approved by the trustees on 28 July 2023 and signed on their behalf by

Jemma Ralph
Vice Chair

Sarah Dickson
Treasurer

The Army Cadet Charitable Trust UK

Statement of cash flows

For the year ended 31 March 2023

	Note	2023 £	£	2022 £	£
Cash flows from operating activities					
Net expenditure/(income) for the reporting period (as per the statement of financial activities)		(362,568)		57,154	
Depreciation charges		24,241		27,421	
Losses/(gains) on investments		169,274		(224,321)	
Losses on disposal of fixed assets		425		-	
Dividends and interest from investments		(89,108)		(63,930)	
Decrease/(increase) in debtors		50,478		(60,750)	
(Decrease)/increase in creditors		(10,221)		70,765	
Decrease in stock		11,169		5,102	
Net cash used in operating activities			(206,310)		(188,559)
Cash flows from investing activities:					
Dividends and interest from investments		89,108		63,930	
Purchase of fixed assets		(11,233)		(14,422)	
Net cash provided by investing activities			77,875		49,508
Change in cash and cash equivalents in the year			(128,435)		(139,051)
Cash and cash equivalents at the beginning of the year			2,093,539		2,232,590
Cash and cash equivalents at the end of the year			1,965,104		2,093,539
Analysis of cash and cash equivalents					
		At 1 April 2022 £	Cash flows £	Other non- cash changes £	At 31 March 2023 £
Cash at bank and in hand		1,091,343	572,789	-	1,664,132
Short Term Deposits		1,000,624	(700,624)	-	300,000
Cash held by investment managers		1,572	(600)	-	972
Total cash and cash equivalents		2,093,539	(128,435)	-	1,965,104

1 Accounting policies

a) Statutory information

The Army Cadet Charitable Trust UK is a charitable company limited by guarantee and is incorporated in England and Wales. It is registered with the Charity Commission for England and Wales and with the Office of the Scottish Charity Regulator.

The registered office address and principal place of business is Holderness House, 51–61 Clifton Street, London, EC2A 4DW.

b) Basis of preparation

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

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

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

c) Public benefit entity

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

d) Going concern

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

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

e) Income

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

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged by not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

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

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

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

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

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

1 Accounting policies (continued)

g) Interest and dividends receivable

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

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

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

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

i) Expenditure and irrecoverable VAT

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

- Costs of raising funds relate to the costs incurred by the charity in managing its investment portfolio.
- Expenditure on charitable activities includes the costs undertaken to further the purposes of the charity and their associated support costs.

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

j) Grants payable

Grants payable are made to third parties in furtherance of the charity's objects. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and that any condition attaching to the grant is outside of the control of the charity.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

k) Allocation of support costs

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

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

l) Operating leases

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

m) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £200. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

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

- | | |
|--------------------------|-------------|
| ● Leasehold improvements | 4 years |
| ● Fixtures and fittings | 4 – 5 years |
| ● Computer equipment | 4 – 5 years |

1 Accounting policies (continued)

n) Listed investments

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

o) Debtors

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

p) Short term deposits

Short term deposits includes cash balances that are invested in accounts with a maturity date of between 3 and 12 months.

q) Cash at bank and in hand

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

r) Creditors and provisions

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

s) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

t) Pensions

The Trust makes contributions to defined contribution pension schemes on behalf of its employees. Contributions are charged to the statement of financial activities in the periods to which they relate. The Trust has no liability under the scheme other than for the payment of those contributions.

Notes to the financial statements

For the year ended 31 March 2023

2 Income from donations

	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Donations	39,848	149,791	189,639	42,521	146,992	189,513
Ministry of Defence grants	2,221,371	1,814,051	4,035,422	2,875,442	860,000	3,735,442
Donated services	28,000	-	28,000	23,870	-	23,870
	2,289,219	1,963,842	4,253,061	2,941,833	1,006,992	3,948,825

The Ministry of Defence makes an annual Grant in Aid to enable the charity to operate in support of the Army Cadets. It also makes grants for specified purposes, predominately in support of the Cadet Digital Services project and for Army Cadet Marketing.

The Marine Society and Sea Cadets (MSSC) made a large donation of £113,000 (2022: £110,000) this year to support the Cadet Digital Services project.

The Charles Brotherton Trust (Leeds fund) continue their long-standing support (£275) enabling Adventure Training for young people in Leeds.

The Reserve Forces and Cadets Association for Greater London kindly donates office space to the ACCT UK. This is recognised at the estimated cost of securing suitable alternative office space

3 Income from charitable activities

	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Supporting cadets and volunteers						
Subscriptions	595	-	595	919	-	919

Subscriptions continue to decline as the closed membership scheme winds up.

4 Income from other trading activities

	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Events and awards	-	55,260	55,260	-	-	-
Merchandise sales	7,383	-	7,383	13,622	-	13,622
Other	8,245	-	8,245	-	-	-
Total	15,628	55,260	70,888	13,622	-	13,622

All income from trading activities is from unrestricted and restricted income.

5 Income from investments

	2023 Total £	2022 Total £
Dividends	74,693	63,071
Bank interest	14,415	859
	89,108	63,930

All income from investments is unrestricted.

The Army Cadet Charitable Trust UK

Notes to the financial statements

For the year ended 31 March 2023

6a Analysis of expenditure (current year)

	Charitable activities					2023 Total £	2022 Total £
	Raising funds £	Supporting ACF Counties £	Supporting cadets and volunteers £	Governance costs £	Support costs £		
Staff costs (Note 9)	-	129,310	1,414,277	-	33,990	1,577,577	1,450,145
Grant making (Note 7)	-	31,276	343,073	-	-	374,349	183,807
Direct activity costs	-	141,817	381,193	-	-	523,010	383,174
Cadet Digital Services	-	870,598	-	-	-	870,598	939,249
Insurance	-	-	-	-	32,570	32,570	22,458
Marketing and advertising	-	1,053,466	-	-	3,975	1,057,441	1,067,931
Audit fees	-	-	-	12,720	-	12,720	13,080
Legal and professional	-	-	-	5,273	20,884	26,157	13,828
Trustee expenses	-	-	-	3,029	-	3,029	1,563
Investment manager fees	600	-	-	-	-	600	600
Office expenses	-	-	-	-	75,612	75,612	81,370
Travel	-	-	-	-	29,042	29,042	9,837
Depreciation	-	-	-	-	24,241	24,241	27,421
	600	2,226,467	2,138,543	21,022	220,314	4,606,946	4,194,463
Support costs	-	18,457	201,857	-	(220,314)	-	-
Governance costs	-	1,761	19,261	(21,022)	-	-	-
Total expenditure 2023	600	2,246,685	2,359,661	-	-	4,606,946	
Total expenditure 2022	600	2,302,050	1,891,813	-	-		4,194,463

The Army Cadet Charitable Trust UK

Notes to the financial statements

For the year ended 31 March 2023

6b Analysis of expenditure (prior year)

	Charitable activities					2022 Total £
	Raising funds £	Supporting ACF Counties £	Supporting cadets and volunteers £	Governance costs £	Support costs £	
Staff costs (Note 9)	-	84,490	1,332,011	-	33,644	1,450,145
Grant making (Note 7)	-	107,659	76,148	-	-	183,807
Direct activity costs	-	128,277	254,897	-	-	383,174
Cadet Digital Services	-	939,249	-	-	-	939,249
Insurance	-	-	-	-	22,458	22,458
Marketing and advertising	-	1,027,865	-	-	40,066	1,067,931
Audit fees	-	-	-	13,080	-	13,080
Legal and professional	-	-	-	13,828	-	13,828
Trustee expenses	-	-	-	1,563	-	1,563
Investment manager fees	600	-	-	-	-	600
Office expenses	-	-	-	-	81,370	81,370
Travel	-	-	-	-	9,837	9,837
Depreciation	-	-	-	-	27,421	27,421
	600	2,287,540	1,663,056	28,471	214,796	4,194,463
Support costs	-	12,812	201,984	-	(214,796)	-
Governance costs	-	1,698	26,773	(28,471)	-	-
Total expenditure 2022	600	2,302,050	1,891,813	-	-	4,194,463

Notes to the financial statements

For the year ended 31 March 2023

7 Grant making

ACCT UK provides financial grants to ACF Counties, adult volunteers and cadets for a wide variety of individual development needs including provision of sports equipment and help to attend courses and expeditions.

A list of the ACF Counties and Regions that have received grants in the year from the ACCT UK is at note 23.

	2023	2022	2023	2022
	No of awards	No of awards	£	£
Supporting ACF Counties, Regions and Centres				
General Grants	8	51	31,276	107,659
Supporting Individual Cadets and Volunteers				
General Grants	31	11	91,018	28,853
Matthew Bacon Bursary	3	8	1,431	4,563
Sports	-	-	27,197	24,491
Cadet Music Fund	-	-	350	-
Duke of Edinburgh's Award	-	-	6,110	1,159
Hardship Relief Fund	-	5	-	3,272
Vocational Qualifications	4	20	155,020	8,030
Grants in Wales	-	-	55,842	-
Grants in Scotland	5	5	6,105	5,780
At the end of the year	<u>51</u>	<u>100</u>	<u>374,349</u>	<u>183,807</u>

8 Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2023	2022
	£	£
Depreciation	24,241	27,421
Operating lease rentals payable:		
Equipment	4,987	4,987
Auditor's remuneration (excluding VAT):		
Audit – current year	<u>12,050</u>	<u>10,950</u>

Notes to the financial statements

For the year ended 31 March 2023

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

Staff costs were as follows:

	2023 £	2022 £
Salaries and wages	1,291,612	1,191,510
Redundancy and termination costs	12,859	11,687
Social security costs	130,488	111,401
Employer's contribution to defined contribution pension schemes	108,628	101,903
Recruitment and other payroll costs	33,990	33,644
	<u>1,577,577</u>	<u>1,450,145</u>

The redundancy and termination costs were settled and paid at the balance sheet date.

Recruitment and other payroll costs were support costs for running and providing payroll activities during the year.

No employee earned more than £60,000 during the year (2022: nil).

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprises the trustees, the Chief Executive, and the Deputy Chief Executive. The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £96,401 (2022: £91,432).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2022: £nil). No charity trustee received payment for professional or other services supplied to the charity (2022: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £3,234 (2022: £1,563) incurred by 8 (2022: 4) individuals relating to attendance at meetings of the trustees.

10 Staff numbers

The full time equivalent staff carrying out work for the ACCT UK during the year was 50 (2022: 46).

Because the ACCT UK shares its back office functions with the Combined Cadet Force Association it has chosen to employ all staff across both charities on joint contracts. This means that the charities gain flexibility and economies in how staff support the charities. However this joint contract arrangement requires ACCT UK to disclose the average number of employees for the two charities combined. This is taken as a head count based on number of staff employed. During the year this was 50 (2022: 53).

11 Related party transactions

On occasion grants are awarded to ACF Counties with which trustees are adult volunteers. Decisions about who to award funds to are made in accordance with the grants policy and formally delegated authority. On the rare occasion a trustee or staff member's ACF County has applied for a grant, that individual will not be a party to the discussion of that application. If they normally have a part to play in the grants decision making process, they will ensure that they are not involved in either the discussion or the decision.

There were nil (2022: nil) related party transactions of this type relating to nil (2022: nil) trustees totalling £nil (2022: £nil) during the year.

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

12 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

Notes to the financial statements

For the year ended 31 March 2023

13 Tangible fixed assets	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At the start of the year	53,715	73,348	127,063
Additions in year	–	11,233	11,233
Disposals in year	–	(583)	(583)
At the end of the year	<u>53,715</u>	<u>83,998</u>	<u>137,713</u>
Depreciation			
At the start of the year	41,047	35,534	76,581
Charge for the year	7,320	16,921	24,241
Eliminated on disposal	–	(158)	(158)
At the end of the year	<u>48,367</u>	<u>52,297</u>	<u>100,664</u>
Net book value			
At the end of the year	<u>5,348</u>	<u>31,701</u>	<u>37,049</u>
At the start of the year	<u>12,668</u>	<u>37,814</u>	<u>50,482</u>

All of the above assets were purchased with unrestricted funding and are used for charitable purposes.

14 Listed investments	2023 £	2022 £
Fair value at the start of the year	3,340,324	3,116,003
Additions at cost	–	–
Disposal proceeds	–	–
Net (loss)/gain on change in fair value	<u>(169,274)</u>	224,321
	<u>3,171,050</u>	3,340,324
Cash held by investment broker pending reinvestment	972	1,572
Fair value at the end of the year	<u>3,172,022</u>	<u>3,341,896</u>

Investments comprise the following:

	2023 £	2022 £
UK Common investment funds	3,171,050	3,340,324
Cash	972	1,572
	<u>3,172,022</u>	<u>3,341,896</u>

15 Stock	2023 £	2022 £
Merchandise	11,334	22,503
	<u>11,334</u>	<u>22,503</u>

Notes to the financial statements

For the year ended 31 March 2023

16 Debtors

	2023 £	2022 £
Trade debtors	900	–
Prepayments	87,470	142,576
Accrued income	18,555	14,827
	<u>106,925</u>	<u>157,403</u>

17 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	127,026	194,198
Taxation and social security	56,823	42,263
Pension contributions	17,055	11,622
Other creditors	–	882
Accruals	14,154	17,121
Deferred income (note 18)	138,471	97,664
	<u>353,529</u>	<u>363,750</u>

18 Deferred income

Deferred income comprises funds for ACCT UK insurance income

	2023 £	2022 £
Balance at the beginning of the year	97,664	46,510
Amount released to income in the year	(97,664)	(46,510)
Amount deferred in the year	138,471	97,664
Balance at the end of the year	<u>138,471</u>	<u>97,664</u>

19a Analysis of net assets between funds (current year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	37,049	–	–	37,049
Fixed asset investments	196,015	2,976,007	–	3,172,022
Net current assets	1,074,689	220,145	434,028	1,728,862
Net assets at 31 March 2023	<u>1,307,753</u>	<u>3,196,152</u>	<u>434,028</u>	<u>4,937,933</u>

19b Analysis of net assets between funds (prior year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	50,482	–	–	50,482
Fixed asset investments	206,529	3,135,367	–	3,341,896
Net current assets	1,141,056	210,043	557,024	1,908,123
Net assets at 31 March 2022	<u>1,398,067</u>	<u>3,345,410</u>	<u>557,024</u>	<u>5,300,501</u>

Notes to the financial statements

For the year ended 31 March 2023

20a Movements in funds (current year)

	At 1 April 2022 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2023 £
Restricted funds:					
Army Cadet Marketing fund	390,039	860,000	(1,037,974)	-	212,065
Cadet Digital Services fund	-	914,401	(870,598)	-	43,803
Cadet Music fund	13,626	6,781	(350)	-	20,057
Cadet Sports fund	96,451	-	(8,182)	-	88,269
Chris Wood Memorial fund	355	-	(1,140)	785	-
Duke of Edinburgh Award fund	359	10,981	(6,110)	-	5,230
Grenadier fund	500	-	-	-	500
Leeds fund	550	275	-	-	825
London fund	2,035	1,200	(1,330)	-	1,905
Matthew Bacon Bursary fund	2,664	-	(1,431)	1,937	3,170
Sailing fund	1,104	-	-	-	1,104
South East Essex fund	26,900	-	(5,481)	-	21,419
India Trip fund	494	-	(494)	-	-
Adventurous Training fund	-	72,814	(57,633)	-	15,181
National Commemorative Events fund	21,947	-	(1,447)	-	20,500
Vocational Qualifications fund	-	152,650	(152,650)	-	-
Total restricted funds	557,024	2,019,102	(2,144,820)	2,722	434,028
Unrestricted funds:					
Designated funds:					
- Income generation fund	3,135,367	-	(600)	(158,760)	2,976,007
- Northern Irish Fund	19,193	1,482	(502)	3,880	24,053
- Scottish Fund	136,620	12,520	(17,462)	8,830	140,508
- Welsh Fund	54,230	1,650	(1,325)	1,029	55,584
Total designated funds	3,345,410	15,652	(19,889)	(145,021)	3,196,152
General funds	1,398,067	2,378,898	(2,611,511)	142,299	1,307,753
Total unrestricted funds	4,743,477	2,394,550	(2,631,400)	(2,722)	4,503,905
Total funds	5,300,501	4,413,652	(4,776,220)	-	4,937,933

The narrative to explain the purpose of each fund is given at the foot of the note below.

Notes to the financial statements

For the year ended 31 March 2023

20b Movements in funds (prior year)

	At 1 April 2021 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2022 £
Restricted funds:					
Army Cadet Marketing fund	560,179	860,000	(1,030,140)	-	390,039
Cadet Digital Services fund	198,311	110,000	(939,249)	360,938	-
Cadet Music fund	8,576	5,050	-	-	13,626
Cadet Sports fund	120,942	-	(24,491)	-	96,451
Chris Wood Memorial fund	355	-	-	-	355
Duke of Edinburgh Award fund	1,000	5,081	(5,722)	-	359
Grenadier fund	500	-	-	-	500
Leeds fund	275	275	-	-	550
London fund	785	1,250	-	-	2,035
Matthew Bacon Bursary fund	4,332	2,895	(4,563)	-	2,664
Sailing fund	1,104	-	-	-	1,104
South East Essex fund	26,900	-	-	-	26,900
India Tip Fund	-	494	-	-	494
National Commemorative Events Fund	-	21,947	-	-	21,947
Total restricted funds	923,259	1,006,992	(2,004,165)	360,938	557,024
Unrestricted funds:					
Designated funds:					
- Income generation fund	2,925,434	-	-	209,933	3,135,367
- Northern Irish Fund	22,030	-	-	(2,837)	19,193
- Scottish Fund	137,358	-	-	(738)	136,620
- Welsh Fund	53,247	-	-	983	54,230
Total designated funds	3,138,069	-	-	207,341	3,345,410
General funds	1,182,019	3,244,625	(2,190,298)	(838,279)	1,398,067
Total unrestricted funds	4,320,088	3,244,625	(2,190,298)	(630,938)	4,743,477
Total funds	5,243,347	4,251,617	(4,194,463)	-	5,300,501

Purposes of restricted funds

Army Cadet Marketing fund – These funds are granted to the ACCT UK in order to promote the Army Cadets and to recruit new cadets and adult volunteers.

Cadet Digital Services fund – These funds are granted to the ACCT UK in order to run and develop a variety of digital services for the cadets.

Cadet Music fund – This fund is to support Army Cadets to learn an instrument or take part in music performances around the world. Activities supported by this fund include instrument purchase, uniform purchase and support for cadets to travel overseas.

Cadet Sports fund – The sports fund exists to support Army Cadet sport across the UK.

Chris Wood Memorial fund – Colonel Chris Wood ACF had a long career in the Territorial Army and the ACF. His sudden death in August 2018 led to the creation of this fund to support adult volunteer leadership development.

Duke of Edinburgh Award fund – This fund is to support Army cadets and adult volunteers to undertake the volunteering section of the Duke of Edinburgh award.

Grenadier fund – The ACCT UK is grateful to the Grenadier Guards Trust for supporting cadets in affiliated detachments to take part in cadet activities.

Notes to the financial statements

For the year ended 31 March 2023

20 Purposes of restricted funds (continued)

Leeds fund – The ACCT UK is grateful to the Charles Brotherton Trust for supporting cadets in the Leeds area to take part in Adventure Training activities.

London fund – The ACCT UK is grateful to the Knights of the Round Table and the Masonic Charitable Foundation for supporting cadets in the London area to take part in cadet activities.

Adventurous Training Fund – The ACCT UK is grateful to the Ulysses Trust for supporting cadets in the Exercise Knoydart and Ex Telemark Challenger activities

Cadet Voluntary Qualification Organisation – This fund is to support 430 ACF Cadets from the community of Devolved Nations to gain a BTEC Level 2

Matthew Bacon Bursary fund – In September 2005, Major Matthew Bacon of the Intelligence Corps was tragically killed by a roadside bomb in Iraq. Major Bacon was a former Surry ACF cadet, as well as being a career soldier. He was a keen participant in many types of adventurous training, which also formed an important part of his life.

His parents, Mr and Mrs Roger Bacon, set up a bursary in their son's name as a means of celebrating his life. The bursary enables army cadets to take part in an Outward Bound Trust 'Skills for Life Award', which would otherwise be beyond their means.

Sailing fund – This fund seeks to support Army Cadets to undertake a range of short sailing expeditions around the UK.

South East Essex fund – The ACCT UK received a generous legacy of £30,000 from the estate of Arthur Jopson, a former CFAV in C Company of Essex ACF. Mr Jopson specified his gift was for the benefit of cadets and CFAVs in the South East of Essex.

India Trip – The fund was raised for the cadet to attend the National Youth India Exchange programme 2022 but due to covid restrictions, the trip was postponed. Some refunds have been made, and the trip is rescheduled for the new financial year.

National Commemorative Events Fund – This fund exists to support cadets to study battlefield history and take part in commemorative events to better understand the impact of war.

Purposes of designated funds

Income generation fund – The trustees have set aside these funds specifically for the purpose of generating income to support the grants programme. This fund is invested and more details about the performance of the investments can be found in note 14.

Northern Irish fund – These funds are set aside to enable local decision making in running the Northern Irish Branch.

Scottish fund – These funds are set aside to enable local decision making in running the Scottish Branch.

Welsh fund – These funds are set aside to enable local decision making in running the Welsh Branch.

21 Operating lease commitments payable as a lessee

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

	Equipment	
	2023	2022
	£	£
Less than one year	4,987	4,987
One to five years	4,987	9,974
	<u>9,974</u>	<u>14,961</u>

22 Legal status of the charity

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

Notes to the financial statements

For the year ended 31 March 2023

23 ACF Counties and Regions that have received grants from the ACCT UK in the year:

2nd (Bn) Highlanders ACF	Hampshire & IOW ACF
2nd (NI) Bn ACF	Humberside & South Yorkshire ACF
Bedfordshire & Hertfordshire ACF (7 Bde – East)	Kent ACF
Berkshire ACF	Leicestershire, Northamptonshire & Rutland ACF (7 Bde – East)
Black Watch ACF	Lincolnshire ACF (7 Bde – East)
Bristol ACF	Lothian & Borders Bn ACF
Cambridgeshire ACF	Middlesex & NW London ACF
City of London & NE Sector ACF	Norfolk ACF
Cornwall ACF	Northumbria ACF
Derbyshire ACF (7 Bde – East)	Nottinghamshire ACF (7 Bde – East)
Dorset ACF	Octavia Hill – National ACF Museum
Durham ACF	Oxfordshire ACF
Dyfed & Glamorgan ACF	Shropshire ACF
Essex ACF	Suffolk ACF (7 Bde – East)
Frimley Park CTC	Surrey ACF
Glasgow & Lanarkshire ACF	Sussex ACF
Greater London & South East Sector ACF	Warwickshire & West Midlands ACF
Greater London & South West Sector ACF	Wiltshire ACF
Greater Manchester ACF	Yorkshire (N&W) ACF
Gwent & Powys ACF	

Army Cadet Charitable Trust UK

England & Wales - Charity number 305962

Accounts



**Army
Cadet
Charitable
Trust UK**

Company number: 293432
Charity Number: 305962
Scottish Charity Number: SC039057

Report and financial statements For the year ended 31 March 2022

The Army Cadet Force Association
trading as ACCT UK





For the Year Ended 31 March 2022

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Reference and Administrative Information

Patron Her Majesty The Queen

President Lieutenant General Sir Andrew Graham Bt CB CBE

Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

<i>Chair</i>	^C	Jemma Ralph	
<i>Treasurer</i>	^{A B}	Alan Goodwin	
		Kevin Abraham	Resigned 3 Jul 22
	^C	Wendy Adams	
		Andrew Cassidy	Resigned 26 Feb 22
	^D	David Chipp	
	^A	Ruadhri Duncan	
		Catherine Harrison	Resigned 26 Feb 22
	^{C E}	David Kane	
		Justin Tarka	
		Christopher Tearney	
		Nicholas Williams	Resigned 26 Feb 22
	^A	Oliver Rice	Appointed 26 Feb 22
	^{C F}	Joyce Quin	Appointed 26 Feb 22
	^A	Agata Zukowska	
Co-opted member	^B	Catherine Harrison	

^A denotes membership of the Finance and General Purposes Committee

^B denotes membership of the HR and Remuneration Committee

^C denotes membership of the Nominations and Governance Committee

^D denotes membership of the ACCT Wales Committee

^E denotes membership of the ACCT Northern Ireland Committee

^F denotes membership of the ACCT Scotland Committee.

Company number 293432

Country of incorporation United Kingdom

Charity number 305962 SC039057

Country of registration England & Wales Scotland

Registered office and operational address Holderness House
51-61 Clifton Street
London EC2A 4DW

**Other Names the
Charity Operates Under** ACCT Scotland, ACCT Wales, ACCT Northern Ireland,
Army Cadet Force Association, ACFA

**Key management
personnel** Murdo Urquhart Chief Executive
Richard Walton Deputy Chief Executive
Faye Meakin Head of Development

Bankers Lloyds Bank plc
Butler Place
London SW1H 0PR

**Investment
managers** Waverton Investment Management
16 Babmaes Street
London SW1Y 6AH

Auditor Sayer Vincent LLP
Chartered Accountants and Statutory Auditor
Invicta House
108-114 Golden Lane
London EC1Y 0TL

Solicitor Bates Wells
10 Queen Street Place
London EC4R 1BE

Trustees' Annual Report

The trustees present their report and the audited financial statements for the year ended 31 March 2022.

Reference and administrative information set out on page 2 and 3 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association, the requirements of a directors' report as required under company law, and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Objectives and activities

Purposes and aims

The Army Cadet Charitable Trust UK (ACCT UK) has two charitable objects:

- (1) To give mental, moral and physical training to young people and so to form and develop the character of each as to enable them to make a good start in life and to develop in them principles of good citizenship.
- (2) To promote the efficiency of the Army Cadet Force through fostering the activities of Army Cadets and advancing the youth leadership abilities of Army Cadet Force Adult Volunteers

The charity's first purpose is therefore to provide activities or access to activities that will educate, develop and broaden the interests of young people, including the 38,000 who are cadets in the Army Cadet Force (ACF). Young people meet in one of 1,700 community-based ACF Detachments across the whole of the UK; these detachments are grouped into "ACF Counties" roughly based in one or more geographical or historical Local Authority areas. ACCT UK looks to enhance young peoples' development both through the delivery of support to ACF Counties and by the making of grants to support individual cadets; to support local initiatives; or, to help existing ACF Counties to improve their resilience and so ensure they are able to deliver development opportunities to young people for many years to come.

ACCT UK offers grants to enable cadets to take part in a wide range of activities and also runs an annual event at which cadets have the opportunity to perform music in front of a large audience or to attend a formal dinner with their instructors. Finally, the charity carries out functions in the interests of the ACF as a whole such as the provision of insurance cover against accidents, travel difficulties and to provide legal help.

To further the charity's second object ACCT UK assists the Army's chain of command to co-ordinate national training for the Duke of Edinburgh award scheme, Music, First Aid and Sport, also contributing to the delivery of courses for ACF adult volunteers across these areas. With a grant from the MoD, ACCT UK is able to support the delivery of Piping and Drumming Qualifications Board and BTEC accredited qualifications across the UK. Both the trustees and the staff of ACCT UK invest time in promoting the ethos and activities of the ACF to wide audiences including school leadership and local communities as

well as supporting ACF adult volunteers with access to information and introductions to useful organisations and individuals.

In respect of the second object, a particularly important but intangible role of ACCT UK is to act as an adviser to HM Government, predominately the Ministry of Defence and Army, and other bodies on ACF matters. This is because ACCT UK is part of the ACF's "corporate memory", briefing and informing the leaders of the day, doing this whilst remaining an impartial but enthusiastic supporter of the important and ongoing development of the ACF as a modern and vibrant youth service.

In particular ACCT UK acts, informally, as the Army chain of command's 'conscience' as it runs what in effect is a wonderful national youth movement (the ACF) made possible by adult volunteers (predominantly civilians with no previous military service) who as ACF officers and instructors give their time to train cadets. The financial and material support for the ACF comes from the Army, which quite rightly imposes necessary training safety and safeguarding regimes through its chain of command. ACCT UK plays a part in making this relationship work by representing the interests of the volunteers who train cadets by providing support and views to the Army, including contributing to the development of central policies and direction needed to run the ACF. This is done formally by attending Ministry of Defence and Army cadet steering and working group meetings, developing cadet strategy and policies, and informally through constant ongoing dialogue with the chain of command by ACCT UK's President, Chair, trustees and senior members of the Secretariat.

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

The enduring priority for ACCT UK's trustees is to ensure that young people are able to develop through membership of the ACF. This means a focus on some key areas:

- Providing useful and developmental membership services in order to support Cadet Force Adult Volunteers (CFAVs) to deliver a high-quality cadet experience.
- Supporting the ACF as an organisation to deliver certain activities that support the rounded development of cadets.
- Supporting ACF Counties, Regions and Centres to deliver innovative developmental training to young people.
- Removing barriers, such as cost, to individual cadet participation in ACF activities.
- Advocating for the ACF to key influencers in order that the benefits of participating in ACF activity are widely understood and well supported.

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

Our Values

As a charity dedicated to improving the lives of young people we feel it is important to have clearly articulated values. In particular as a charity that supports the Army Cadets, a values-led youth organisation, it is important that our values align. Our values are:

- **TRUSTWORTHY.** We are inclusive and principled. We make values-based judgements and think deeply about our programmes and activities. We want our staff to accept one another for who they are and build positive relationships.
- **ABIDING.** We learn from the past and plan for the future. Retaining our best staff is as important to us as recruiting quality new team members.
- **COMMITTED.** We are dedicated in our mission to empower young people through cadet activities and our staff enable us to inspire young people to achieve their future ambitions.
- **COURAGEOUS.** We want our staff to speak up and feel confident they will be heard. We are at our best when all have the courage to do what is right.

Renaming and rebranding the Charity

An object we set for ourselves last year was to conclude our review of the charity's purpose and identity and launch its new name and identity. This happened in September 2021 when the charity changed its name from the Army Cadet Force Association (ACFA) to the Army Cadet Charitable Trust UK (ACCT UK). Prior to the change, a careful programme briefed our internal constituency and our external partners and friends. Without exception all understood the logic for change and applauded the new name and brand logo.

Impact of Coronavirus Restrictions on the Charity's Operation

In the previous report we reported that the trustees had established temporary grant programme to support ACF counties to return to training after prolonged lockdowns (the Rejuvenation Fund). Although conceived in the previous financial year, the Rejuvenation Fund was executed in this financial year and was well received by the ACF community. Separately, we had hoped that the ACF would be able to return to a full and normal annual camp programme in Summer 2021 and therefore see applications for grants increase, however the annual camp programme was severely curtailed and disrupted, therefore grant applications did not pick up.

The charity's work to find additional funding in order to diversify the work we do in support of our charitable objects is ongoing.

Achievements and performance

ACCT UK's main activities and who it tries to help are described below. All its charitable activities focus on the cadets, volunteers and counties of the ACF and are undertaken to further ACCT UK's charitable purposes for the public benefit.

ACCT UK uses MoD funding to deliver programmes of activity for young people in the ACF. This includes acting as the licenced provider for the Duke of Edinburgh Award and music qualifications. We help facilitate national public performances and ceremonial activity by the provision of resources to enable these key cadet activities.

ACCT UK's grant programme was reduced for a second consecutive year due to the impact on all cadet training imposed by COVID-19 restrictions and disruption. In support of cadets and volunteers we paid grants of £76,148 (2021 - £377,402) reflecting a drop in cadet activity and in hardship grants. In support of ACF Counties, Regions and Centres we paid grants of £107,659 (2021 - £3,500) predominately in support of supporting counties to restart cadet activity through the rejuvenation fund.

Grant Programmes

ACCT UK furthers its objects through the awarding of grants to individual cadets and adult volunteers, or to ACF Counties. ACCT UK normally makes grants each year to cadets, adult volunteers and to ACF Counties. This year, with the ongoing and significant reduction of cadet activities, the trustees continued to be proactive in assessing the potential risks of COVID-19 on the long-term sustainability of the ACF. Of note the rejuvenation fund made grants of £92,501 to the 45 ACF counties that applied for grants during the year.

Grants to cadets are made in order to make activities more accessible, irrespective of a young person's financial means. Adult volunteer grants are intended to make qualifications accessible to all, thus improving the youth leadership abilities of adult volunteers. This also enables individuals to evidence the skills and experience they have developed through the ACF to prospective employers. Here are some examples of how ACCT UK grants have supported cadets and volunteers this year:

- Various ACF Counties: Funded part of the cost of 20 (2021: 22) ILM Level 5 qualifications for new Company-level volunteers and ILM Level 4 qualifications for new volunteer Officers.
- Various ACF Counties. Awarded 4 (2021: 5) Cadet adventurous training bursaries to attend an Outward Bound Trust Summit Adventure – 14-day course.
- Cadet Training Centre, Frimley Park: Funded 26 cadets to attend the Senior Cadet Conference.
- Argyll & Sutherland Highlanders ACF: Funded the purchase of shooting equipment and ancillaries to enhance the capability of the cadets that shoot at Bisley throughout the year.
- Humberside & South Yorkshire ACF: Funded 20 cadets to attend a Skiing Expedition.
- 1st (Northern Ireland) Bn ACF: Funded Staff Cadet Ben Robinson to attend the GB Rifle Shooting Team training weekend and Open Tour.
- Devon ACF: Funded 136 cadets to take part in AT water sports.

Grants to ACF Counties, Regions and Centres are generally to support the purchase of equipment or the development of facilities that will improve the experience of many cadets over a number of years. Here are some examples of ACCT UK grants in this category:

- Hampshire & Isle of Wight ACF: Project Archery - To support the training of 13 CFAVs to be qualified as Archery Instructors.
- Kent ACF: Project Re-Life - To support the renewal of the County's Mobile Climbing Tower.
- Royal County of Berkshire ACF: Project Berkshire Connect - The purchase of 10 tablet devices to support online training.
- Sussex ACF: Project DofE - The purchase of expedition equipment; cooking systems and dry bags.
- Hereford & Worcester ACF: Project Tiddesley Wood - The purchase of a purpose-built container to be used as Clay Target Range Shelter and Store.

- Shropshire ACF: Project Laser Tag - The purchase of laser tag equipment to support engaging fieldcraft training.
- Staffordshire & West Midlands North Sector ACF: Project Keep a Life Afloat - The purchase of first aid training equipment to renew and replace existing equipment.
- Warwickshire & WM South Sector ACF: Project Safe Return - The purchase of 8 gazebos to support outdoor training.
- Dyfed & Glamorgan ACF: Project Train at Night - The purchase of 4 mounted spotlights to enable outdoor training at night.
- 1st (Northern Ireland) Bn ACF: Project Training Videos - The purchase of equipment for the production of training videos; lighting umbrellas, background sheets and lighting kits.
- 2nd (Northern Ireland) Bn ACF: Project CTC Welfare - The purchase of Virtual Reality Headsets to support cadet 'downtime' during training events.
- Humberside & South Yorkshire ACF: Project Command Task - To support the construction of 4 sandpit areas and the purchase of new equipment to support command task training at main Cadet Training Centre.
- 1st Bn (The Highlanders) Bn ACF: Project TAG Archery - The purchase of TAG archery equipment to support alternative training activities.
- Argyll & Sutherland Highlanders Bn ACF: Project Music Enhancement - The purchase of music training equipment to support new Music Detachment; Music Books, projector, two laptops and music software.
- The West Lowland Bn ACF: Project Safety - The purchase of 6 GPS Trackers to support DofE Expeditions.
- Greater Manchester ACF: Project Regenerate - To support the purchase of new climbing equipment; ropes, slings, harnesses, helmets and ancillaries.
- Merseyside ACF: Project Mountain Biking - The purchase of mountain biking helmets, gloves and safety glasses.

Beneficiaries of our services

There are two main ways in which ACCT UK delivers benefit to its beneficiaries, which are through the provision of grants and the provision of support to the ACF in terms of people to deliver activities that support the Army's chain of command. As explained earlier in this report, grants are made either to support the ACF County and its ability to deliver the cadet programme, or to individual cadets and volunteers to enable them to access the full range of opportunities in the ACF.

In order to measure the difference that these grants and activities have made the trustees ask for reports from grant recipients. These detail the impact of the grant and are used to help the trustees to decide both what funding to bid for and how best to structure ACCT UK's grant programmes in the future.

Some examples of the impact on the beneficiaries of our grants include:

- Berkshire ACF received a grant to purchase canoes, canoe equipment and trailer. They told us *"Having our own equipment will reduce the cost to the cadets for this activity, as well as being able to use the boats for other adventure training weekends, annual camps and Duke of Edinburgh's expeditions."*

- Lincolnshire ACF received a grant to support the delivery of Adventurous Training activities throughout Summer 2021. Cadet Sergeant Alfie Nelson was one of the cadets that participated. He told us that *“these events helped to build back what we had lost over lockdown and the social benefits were immensely important to us all. It gave me an opportunity to meet friends who I hadn’t seen in over a year as well as slowly easing back into cadet events which have been missed by all cadets. It gave us the opportunity to build new friendships through working together as a team on command tasks as well as having some friendly competitions on the archery which was a breath of fresh air. All cadets, including myself, really enjoyed these opportunities and found them very beneficial in easing their anxiety after being in a confined and isolated place for so long.”*
- Black Watch Bn ACF were funded for Project Red Hackle Camper - The purchase of 30 one-man tents to support overnight activity in bubbles. They had looked forward to the return to F2F training but faced a number of restrictions. *“A major logistic problem was that in order to camp outside we would need a number of individual tents. Tents we did not have. This was solved by a generous donation of £1500 from [ACCT UK] which was put towards the purchase of 30 Phoxx 1v2 person tents; allowing the staff and cadets of the Battalion to carry out activities whilst complying with the United Kingdom and Scottish Government legislation regarding social distancing”*. Even the process of putting the tents up *“was very much enjoyed by the cadets and, in addition to being an essential training lesson, became an opportunity to re-engage with people they had not seen for ages, talk to each other and have fun”*.
- Lancashire ACF received funding to support local training activity as they were unable to travel to a camp. They told us *“The past 16 months have been difficult for us all and we here at Lancashire ACF have been unable to restart training until June of this year. We were very keen with our summer experience to try and recreate the normal camp experience to the best of our ability. With the grant we have secured we achieved this. The cadets got to take part on either a day training basis or residential basis to undertake the core ... subjects as well as a local adventure training experience.”*

Financial review

The statement of financial activities for the year is set out on page 21 of the financial statements. A summary of the financial results and the work by ACCT UK is set out below.

Income for the year included donations and legacies of £3,948,825 (2021 – £4,824,823), income for supporting cadets and volunteers of £919 (2021- £2,845), other trading activities of £13,622 (2021 – £45,401) and investment income and interest of £63,930 (2021 - £68,141). Total gross income amounted to £4,027,296 (2021 - £4,941,210).

Expenditure for the year comprised costs of raising funds of £600 (2021 - £600), costs of activities in support of ACF Counties of £2,302,050 (2021 – £2,126,737) and costs of supporting cadets and volunteers of £1,891,813 (2021 – £2,015,731). Total expenditure amounted to £4,194,463 (2021 - £4,233,068).

Net expenditure for the year before investment gains amounted to £167,167 (2021 – net income of £708,142). In particular this was owing to increased activity as a result of the coronavirus restrictions in the previous year being phased out.

Investment Policy and Performance

The trustees expect the charity to exist in perpetuity and its investment policy is designed to support the long-term financial health of the charity. ACCT UK adopted its current investment policy in July 2020; its stated objectives are to:

- Produce the best financial return within an acceptable level of risk.
- Generate a return of CPI plus 3% per annum over the long term (defined as a five-year average), after expenses.

ACCT UK has adopted a total return approach to investment, generating the investment return from income and capital gains or losses. It is expected that if in any one year the total return is insufficient to meet the growth target, in the long term the real value of the investments will still grow in accordance with the investment objectives above.

ACCT UK has decided not to invest in assets that the trustees consider to be contrary to the spirit of its objects, particularly if they run counter to the values of the charity. In particular tobacco, alcohol and pornography are excluded from our investments. The trustees have agreed a process with our investment managers as to how these restrictions are to be applied.

During the year net gains on the fair value of investments amounted to £224,321 (2021 – £488,933). The investment objective is to generate a return of CPI plus 3% per annum over the long term. The five-year average (CPI + 3%) to the end of March 2022 has been calculated as 5.72% (March 2021 - 4.78%). As at 31 March 2022 the four-year average (since moving the portfolio to Waverton) shows a return of 7.7% (2021: three-year average of 7.86%). The trustees recognise that this four-year average is a shorter period than the five-year average that is the benchmark and are therefore satisfied with the investment performance in the year.

In order to support the efficient delivery of our programme of charitable work and to efficiently manage cash flow, the trustees have directed that funds earmarked for use in the next two years are to be held in cash deposit accounts of no more than 24 months in duration. At present the funds held on deposit of £1,000,624 (2021 - £700,192). Fixed term deposits with a maturity date before 1 July 2022, or a notice period under 90 days, are treated as cash.

Principal risks and uncertainties

The trustees examine the major risks that ACCT UK faces each financial year during routine board meetings and in meetings between the senior trustees and the Chief Executive. The charity has systems in place to monitor and control these risks to mitigate any impact that they may have on ACCT UK 's activities in the future.

The key risks for ACCT UK, as identified by the trustees, are described below together with the principal way in which they are mitigated:

- **Coronavirus Restrictions.** Although we hope that cadet training has returned to normal, the possibility that COVID-19 may increase again during the Autumn and Winter of 2022 means it could again affect ACF training. The trustees and management will monitor the situation and if there is a spike causing restrictions, will consider whether the charity can help the ACF to keep going until normality returns.
- **Financial Risk.** As ACCT UK's funding comes largely from a single source (the Army's Headquarters Regional Command) there is a risk that any government savings drive or call for in-year efficiencies could impact upon funding. The Trustees mitigate this risk by: maintaining reserves to cover a loss of funding in the short-term should the charity need to adjust to a lower-income model; having a formalised Memorandum of Understanding with HQ Regional Command outlining what funding is required and how it will be used; and through the Finance and General Purposes Committee exercising oversight of the financial status of ACCT UK.
- **Resilience Risk.** A temporary or permanent loss of the Holderness House building due to fire, flood or other emergency. The Trustees mitigate this risk by: seeking assurance from Greater London Reserve Forces and Cadets Association (the landlord) that the building is compliant with the appropriate regulations; holding adequate insurance; operating a resilient remote-desktop capability through a third-party supplier and having access to office locations across the UK. The contingency plan was tested by the recent closure of the building owing to a damaged sewer which did not affect the charity's ability to operate.
- **Staff Risk.** The success of ACCT UK's programme of work depends on well-motivated staff committed to the cause of the ACF and ACCT UK. The Trustees seek to ensure this by: having appropriate recruitment, complaints and HR policies and ensuring they are adhered to; a system of annual staff appraisal; holding appropriate insurance; ensuring the policies are kept up to date and are easily accessible to all staff and managers; and obtaining appropriate specialist HR advice for individual issues.
- **Governance Risk.** The success of ACCT UK's programme of work depends on good governance. The trustees seek to ensure this by: having appropriate recruitment and appointment processes for trustees and senior leaders; conducting regular reviews of the board's structure, competence and diversity; monitoring and adopting best practice recommendations from the charity regulators; holding appropriate insurance to protect trustees; and ensuring trustees retire at a rate of approximately a third each year.

Reserves policy and going concern

The Reserves Policy defines the target level of reserves as an amount sufficient to maintain ongoing operations and programmes for three months. The calculation of average monthly operating costs includes all recurring, predictable expenses such as salaries, office costs, expenses, marketing, insurance and charity projects including bursaries and grants. Depreciation, in-kind, and other non-cash expenses are not included in the calculation. The calculation of average monthly expenses also excludes one-time or unusual, capital purchases. The amount of the reserve fund target minimum will be calculated each year after approval of the annual budget, reported to the Finance and General Purposes Committee and included in the regular financial reports.

In making this policy the trustees have chosen to treat long term investments as funds invested to generate income for the charity and they are therefore excluded from the reserves calculation. Funds invested for this purpose generated an income of £63,071 (2021: £65,901).

The minimum reserves allowed under this policy is £1,154,353 (2021: £1,088,926). Free reserves were £1,347,585 (2021: £1,118,538). The trustees are therefore satisfied that the reserves are within the target level.

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The trustees have made this assessment in respect to a period of one year from the date of approval of these accounts.

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

Fundraising

ACCT UK is not a member of the Fundraising Regulator because it does not engage in the kind of fundraising activity that would make this a requirement. ACCT UK's approach to fundraising activity is to seek grants from organisations in order to achieve a particular aim, for example to invest in the sustainability of existing ACF Counties. Where an individual or group with an interest in the cadet movement would like to support cadets, we invite them to donate to ACCT UK. We do not currently use a professional fundraiser or a commercial participator. We are in the process of establishing a more formal fundraising function at which point we will register with the Fundraising Regulator.

We offer the facility for individuals to make one off or repeat donations online and offer membership of ACCT UK to ACF Counties. We have received no complaints about fundraising.

We do not contact our members or supporters to solicit donations, although this is something we might consider doing should we have a specific fundraising objective in the future.

Plans for the future

The trustees' principal objective in the coming year is to build on the renaming and rebranding in 2021. This will entail a number of work strands: developing a new core narrative; establishing what we call ACCT Insights, which is a programme of meetings by topic with our principal beneficiaries (cadets and adult volunteers) to find out what they would like from the charity; grow a network of friends who can support the charity either with donations or influence; develop new fundraising initiatives; and develop new charitable programmes we are calling 'Pathways Programmes' to introduce young people with no knowledge of the cadet forces to the benefits of the cadet training programme.

Structure, governance and management

ACCT UK is a registered charity and a company limited by guarantee, not having a share capital. The entity was incorporated on 26 October 1934 and registered as a charity with the Charity Commission for

England and Wales on 24 September 1962 and the Office of the Scottish Charity Regulator on 10 November 2007. It is governed by its memorandum and articles of association which were most recently adopted on 21 November 2015.

All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 9 to the accounts.

The Chief Executive of the charity is Murdo Urquhart, who heads a small team of staff comprising Richard Walton, the Deputy Chief Executive, Faye Meakin, The Head of Development and an additional 13 members of staff who carry out the primary work of the charity across the UK. In addition, there are 37 members of staff who are employed to carry out various functions for the ACF.

The trustees subscribe to the principles of the Charity Governance Code. The trustees believe in it and conducted a major review of governance in 2020 leading to a refreshing evolutionary and cultural change. Most of the changes are already implemented, which hopefully has been brought to life in the course of reading this report. Of note the trustees are committed to maintaining an inclusive and diverse Board; using a transparent recruitment processes designed to encourage eligible applications from applicants with a wider range of backgrounds.

The annual budget is agreed by the Finance and General Purposes Committee. The senior trustees (Chair, Vice Chair, and Treasurer) are consulted by the Chief Executive on a regular basis and on all matters that are considered by him to be strategic, novel or contentious. These consultations are largely conducted by telephone and e-mail or at informal “management board” meetings.

There are a number of formal trustee meetings. The ACCT UK Board of Trustees meets in summer, autumn and winter. Amongst other papers the Board receives:

- A report from the Finance and General Purposes Committee; for the summer meeting this report incorporates the audited financial statements of the Association. The audited financial statements are agreed and signed off at this meeting.
- Reports from all other sub-committees.
- An updated register of the diverse risks being managed by the charity.

The Board has six sub committees. They are:

- **The Finance and General Purposes Committee** carries out the overall financial management of ACCT UK (including agreeing the annual budget, the raising, investment and direction of funds, and the oversight of financial processes) and the regular review of the charity’s governance arrangements. This committee also sets the overall policy for grants and decides and monitors how grant making decisions are made. The Committee consists of the Treasurer, the Investments Adviser and the Marketing Adviser. It meets three times per year approximately one month before each board meeting and reports at every board meeting.
- **The HR and Remuneration Committee** is a joint sub-committee of the Combined Cadet Force Association and ACCT UK. It is responsible for technical advice and guidance relating to all values-based systems and policies to ensure that both charities are following legislation and considering best practice in relation to their employees, independent contractors and

volunteers. The Committee consists of the ACCT UK Chair of Trustees, ACCT UK Treasurer, two members from the CCFA Board of Trustees and a co-opted HR specialist. It meets twice per year: in summer to consider policy and structure; and in winter to set the pay and conditions for employees from the following April. It reports back to both Boards of Trustees.

- The **Nominations and Governance Committee** comprises the Chair, Vice Chair and includes at least two additional trustees. This committee is responsible for trustee development (including mentoring of new trustees), recruitment, monitoring (and acting to improve) board diversity; ensuring the board has all the skills needed to govern effectively; researching and recommending candidates for ambassadorial roles (such as President) to the full board.
- The **ACCT Scotland Committee** is chaired by Patrick O’Meara QAM and includes an ACCT UK trustee and additional members elected by the ACF Battalions in Scotland. This committee represents the interests of ACF adult volunteers and cadets in Scotland to the board. Through its President and Chair, it acts in an advisory capacity to the Army’s regional command HQ in Scotland, the ACF in Scotland, the Scottish Government and to other Scottish and regional authorities and Non-Governmental Organisations (NGOs) on ACF and youth-related matters. The committee coordinates some financial support to the ACF in Scotland.
- The **ACCT Wales Committee** is chaired by David Hammond and includes an ACCT UK trustee and additional members elected by the ACF counties in Wales. This committee, through its President and Chair, can provide advice and represent the ACF to the Army’s regional command HQ in Wales, the ACF in Wales, to the Welsh Government and NGOs in Wales. The committee will coordinate some financial support to the ACF in Wales.
- The **ACCT Northern Ireland Committee** is chaired by David Kane OBE, an ACCT UK trustee, and includes additional members elected by the ACF Battalions in Northern Ireland. This committee represents the interests of ACF adult volunteers and cadets in Northern Ireland to the board. Through its President and Chair, it acts in an advisory capacity the Army’s regional command HQ in Northern Ireland, to the ACF in Northern Ireland and to other regional authorities and NGOs on ACF and youth-related matters. The committee will coordinate some financial support to the ACF in Northern Ireland.

Appointment of trustees

Trustees are appointed for a period of three years and encouraged to serve for only a single term to ensure regular turnover of trustees. Where a successor cannot be found, or where a particular skill or attribute is needed, a trustee could stand for re-election and there is no restriction in the articles on the number of times an individual can stand for re-election.

Trustees are private individuals who are recruited to bring particular skills to the board in order to improve the ability of the trustees to govern the charity.

The board seeks to balance members with lived experience of the ACF and members with specialist skills. Careful thought by the board goes into ensuring that they are diverse, but not only in the commonly accepted sense of gender, ethnicity etc. Collectively they also need to represent a fair balance of more senior and more junior cadet force adult volunteers who each bring different experience to the board.

Whether recruiting individuals with specialist skills and knowledge to help the board mitigate risks or recruiting volunteers from within the ACF to represent the beneficiary community, the same recruitment process is used. A vacancy is advertised as widely as possible and applications invited and then applicants who fulfil the criteria are interviewed by the Nominations and Governance Committee. If a trustee is appointed during the year they are co-opted by the trustees and then formally elected at the next AGM for a period of three years.

Related parties and relationships with other organisations

ACCT UK has relationships with all ACF Counties and adult volunteers from across the UK. The trustees ensure that they keep good records of who is associated with which ACF County and absent themselves from any decision making that could give a real or perceived benefit to their ACF County (most commonly the award of a grant). Such related party transactions are disclosed in note 11 to the accounts.

ACCT UK shares offices and staff with an independent sister charity, the Combined Cadet Force Association (charity number 1170994). The two charities employ staff on joint contracts which are managed through ACCT UK and the staff costs relating to CCFA are recharged to that charity.

Remuneration policy for key management personnel

The Trustees consider that they together with the Chief Executive, the Deputy Chief Executive and the Head of Development comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

All employees are jointly contracted by ACCT UK with our sister charity the Combined Cadet Force Association. Five trustees sit on the Joint Remunerations Committee from the CCFA and ACCT UK to ensure that they exercise their responsibilities for oversight of the remuneration of their employees. In setting the salary levels for both charities, the trustees commissioned a benchmarking exercise in 2020 which was conducted by senior staff supported by an external professional body. The Remunerations Committee is tasked each year to ensure that all salaries, including those of the senior officers of the charity, are commensurate with the policy.

Statement of responsibilities of the trustees

The trustees (who are also directors of the Army Cadet Force Association, trading as ACCT UK, for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent

- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

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

In so far as the trustees are aware:

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

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

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 March 2022 was 161 (2021: 127). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditor

Sayer Vincent LLP was re-appointed as the charitable company's auditor during the year and has expressed its willingness to act in that capacity.

The trustees' annual report has been approved by the trustees on 29 July 2022 and signed on their behalf by

Jemma Ralph
Chair

Independent Auditor's Report to the Members of ACCT UK

Opinion

We have audited the financial statements of the Army Cadet Force Association, trading as ACCT UK, (the 'charitable company') for the year ended 31 March 2022 which comprise the statement of financial activities, balance sheet, 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 charitable company's affairs as at 31 March 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

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 charitable company 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 charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other Information

The 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

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

Responsibilities of trustees

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

preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

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

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the finance and general purposes committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.

- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

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/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Judith Miller (Senior statutory auditor)

2 August 2022

for and on behalf of Sayer Vincent LLP, Statutory Auditor

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

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

The Army Cadet Charitable Trust UK

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2022

	Note	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Income from:							
Donations and legacies	2	2,941,833	1,006,992	3,948,825	2,976,823	1,848,000	4,824,823
Charitable activities							
Supporting cadets and volunteers	3	919	-	919	2,845	-	2,845
Other trading activities	4	13,622	-	13,622	45,401	-	45,401
Investments	5	63,930	-	63,930	68,141	-	68,141
Total income		3,020,304	1,006,992	4,027,296	3,093,210	1,848,000	4,941,210
Expenditure on:							
Raising funds	6	600	-	600	600	-	600
Charitable activities							
Supporting ACF Counties	6	332,661	1,969,389	2,302,050	1,251,145	965,592	2,216,737
Supporting cadets and volunteers	6	1,857,037	34,776	1,891,813	2,008,234	7,497	2,015,731
Total expenditure		2,190,298	2,004,165	4,194,463	3,259,979	973,089	4,233,068
Net income/(expenditure) before net (gains)/losses on investments		830,006	(997,173)	(167,167)	(166,769)	874,911	708,142
Net gains on investments		224,321	-	224,321	488,933	-	488,933
Net income/(expenditure) for the year	8	1,054,327	(997,173)	57,154	322,164	874,911	1,197,075
Transfers between funds		(630,938)	630,938	-	-	-	-
Net movement in funds		423,389	(366,235)	57,154	322,164	874,911	1,197,075
Reconciliation of funds:							
Total funds brought forward		4,320,088	923,259	5,243,347	3,997,924	48,348	4,046,272
Total funds carried forward		4,743,477	557,024	5,300,501	4,320,088	923,259	5,243,347

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 20 to the financial statements.

The Army Cadet Charitable Trust UK

Balance sheet

Company no. 00293432

As at 31 March 2022

	Note	£	2022 £	£	2021 £
Fixed assets:					
Tangible assets	13		50,482		63,481
Investments	14		3,341,896		3,118,175
			<u>3,392,378</u>		<u>3,181,656</u>
Current assets:					
Stock	15	22,503		27,605	
Debtors	16	157,403		96,653	
Short term deposits		1,000,624		700,192	
Cash at bank and in hand		1,091,343		1,530,226	
			<u>2,271,873</u>	<u>2,354,676</u>	
Liabilities:					
Creditors: amounts falling due within one year	17	(363,750)		(292,985)	
			<u>1,908,123</u>		<u>2,061,691</u>
Net current assets			<u>1,908,123</u>		<u>2,061,691</u>
Total net assets			<u>5,300,501</u>		<u>5,243,347</u>
The funds of the charity:					
Restricted income funds	20		557,024		923,259
Unrestricted income funds:					
Designated funds		3,345,410		3,138,069	
General funds		1,398,067		1,182,019	
			<u>4,743,477</u>	<u>4,320,088</u>	
Total unrestricted funds			<u>4,743,477</u>	<u>4,320,088</u>	
Total charity funds			<u>5,300,501</u>	<u>5,243,347</u>	

Approved by the trustees on 29 July 2022 and signed on their behalf by

Agata Zukowska
Trustee

Alan Goodwin
Treasurer

Statement of cash flows

For the year ended 31 March 2022

	Note	2022 £	£	2021 £	£
Cash flows from operating activities					
Net income for the reporting period (as per the statement of financial activities)		57,154		1,197,075	
Depreciation charges		27,421		22,377	
(Gains)/losses on investments		(224,321)		(488,933)	
Losses on disposal of fixed assets		-		880	
Dividends, interest and rent from investments		(63,930)		(68,141)	
(Increase) in debtors		(60,750)		(58,143)	
(Increase)/decrease in creditors		70,765		(85,859)	
(Increase)/decrease in stock		5,102		(27,605)	
			(188,559)		491,651
Cash flows from investing activities:					
Dividends, interest and rents from investments		63,930		68,141	
Purchase of fixed assets		(14,422)		(21,276)	
Proceeds from sale of investments		-		153,612	
Purchase of investments		-		-	
			49,508		200,477
Change in cash and cash equivalents in the year			(139,051)		692,128
Cash and cash equivalents at the beginning of the year			2,232,590		1,540,462
Cash and cash equivalents at the end of the year			2,093,539		2,232,590
Analysis of cash and cash equivalents					
	At 1 April 2021	Cash flows	Other non- cash changes	At 31 March 2022	
	£	£	£	£	
Cash at bank and in hand	1,530,226	(438,883)	-	1,091,343	
Short Term Deposits	700,192	300,432	-	1,000,624	
Cash held by investment managers	2,172	(600)	-	1,572	
Total cash and cash equivalents	2,232,590	(139,051)	-	2,093,539	

1 Accounting policies

a) Statutory information

The Army Cadet Charitable Trust UK is a charitable company limited by guarantee and is incorporated in England and Wales. It is registered with the Charity Commission for England and Wales and with the Office of the Scottish Charity Regulator.

The registered office address and principal place of business is Holderness House, 51–61 Clifton Street, London, EC2A 4DW.

b) Basis of preparation

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

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

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

c) Public benefit entity

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

d) Going concern

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

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

e) Income

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

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged by not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

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

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

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

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

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

1 Accounting policies (continued)

g) Interest receivable

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

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

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

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

i) Expenditure and irrecoverable VAT

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

- Costs of raising funds relate to the costs incurred by the charity in managing its investment portfolio.
- Expenditure on charitable activities includes the costs undertaken to further the purposes of the charity and their associated support costs.

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

j) Grants payable

Grants payable are made to third parties in furtherance of the charity's objects. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and that any condition attaching to the grant is outside of the control of the charity.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

k) Allocation of support costs

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

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

l) Operating leases

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

m) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £200. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

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

- | | |
|--------------------------|-------------|
| • Leasehold improvements | 4 years |
| • Fixtures and fittings | 4 – 5 years |
| • Computer equipment | 4 – 5 years |

Notes to the financial statements

For the year ended 31 March 2022

1 Accounting policies (continued)

n) Listed investments

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

o) Debtors

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

p) Short term deposits

Short term deposits includes cash balances that are invested in accounts with a maturity date of between 3 and 12 months.

q) Cash at bank and in hand

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

r) Creditors and provisions

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

s) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

t) Pensions

The Trust makes contributions to defined contribution pension schemes on behalf of its employees. Contributions are charged to the statement of financial activities in the periods to which they relate. The Trust has no liability under the scheme other than for the payment of those contributions.

2 Income from donations and legacies

	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Donations	42,521	146,992	189,513	15,236	285,534	300,770
Legacies	-	-	-	-	-	-
Ministry of Defence grant	2,875,442	860,000	3,735,442	2,929,547	1,562,466	4,492,013
Donated services	23,870	-	23,870	32,040	-	32,040
	<u>2,941,833</u>	<u>1,006,992</u>	<u>3,948,825</u>	<u>2,976,823</u>	<u>1,848,000</u>	<u>4,824,823</u>

The Ministry of Defence makes an annual Grant in Aid to enable the charity to operate in support of the Army Cadets. It also makes grants for specified purposes, predominately in support of the Cadet Digital Services project and for Army Cadet Marketing.

The Marine Society and Sea Cadets (MSSC) made a large donation (£110,000) this year to support the Cadet Digital Services project.

The Charles Brotherton Trust (Leed fund) continue their long-standing support (£275) enabling Adventure Training for young people in Leeds.

The Reserve Forces and Cadets Association for Greater London kindly donates office space to the ACCT UK. This is recognised at the estimated cost of securing suitable alternative office space

Notes to the financial statements

For the year ended 31 March 2022

3 Income from charitable activities

	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Supporting cadets and volunteers						
Subscriptions	919	-	919	2,845	-	2,845
	-	-	-	-	-	-

Subscriptions continue to decline as the closed membership scheme winds up.

4 Income from other trading activities

	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Collective insurance policy premiums	-	-	-	19,446	-	19,446
Events and awards	-	-	-	10,320	-	10,320
Merchandise sales	13,622	-	13,622	12,869	-	12,869
Other	-	-	-	2,766	-	2,766
Total	13,622	-	13,622	45,401	-	45,401

Income from collective Insurance policy premiums is nil this year as no overseas activity has taken place. This means that no collective travel policies have been required.

5 Income from investments

	2022 Total £	2021 Total £
Dividends	63,071	65,901
Bank interest	859	2,240
	63,930	68,141

All income from investments is unrestricted.

The Army Cadet Charitable Trust UK

Notes to the financial statements

For the year ended 31 March 2022

6a Analysis of expenditure (current year)

	Charitable activities					2022 Total £	2021 Total £
	Raising funds £	Supporting ACF Counties £	Supporting cadets and volunteers £	Governance costs £	Support costs £		
Staff costs (Note 9)	-	84,490	1,332,011	-	33,644	1,450,145	1,432,388
Grant making (Note 7)	-	107,659	76,148	-	-	183,807	380,902
Direct activity costs	-	128,277	254,897	-	-	383,174	370,381
Cadet Digital Services	-	939,249	-	-	-	939,249	1,249,960
Insurance	-	-	-	-	22,458	22,458	22,701
Marketing and advertising	-	1,027,865	-	-	40,066	1,067,931	622,175
Audit fees	-	-	-	13,080	-	13,080	8,625
Legal and professional	-	-	-	13,828	-	13,828	36,720
Trustee expenses	-	-	-	1,563	-	1,563	155
Investment manager fees	600	-	-	-	-	600	600
Office expenses	-	-	-	-	81,370	81,370	82,559
Travel	-	-	-	-	9,837	9,837	3,544
Depreciation	-	-	-	-	27,421	27,421	22,358
	600	2,287,540	1,663,056	28,471	214,796	4,194,463	4,233,068
Support costs	-	12,812	201,984	-	(214,796)	-	-
Governance costs	-	1,698	26,773	(28,471)	-	-	-
Total expenditure 2022	600	2,302,050	1,891,813	-	-	4,194,463	
Total expenditure 2021	600	2,216,737	2,015,731	-	-		4,233,068

The Army Cadet Charitable Trust UK

Notes to the financial statements

For the year ended 31 March 2022

6b Analysis of expenditure (prior year)

	Charitable activities					2021 Total £
	Raising funds £	Supporting ACF Counties £	Supporting cadets and volunteers £	Governance costs £	Support costs £	
Staff costs (Note 9)	-	174,903	1,220,600	-	36,885	1,432,388
Grant making (Note 7)	-	3,500	377,402	-	-	380,902
Direct activity costs	-	139,533	230,848	-	-	370,381
Cadet Digital Services	-	1,249,960	-	-	-	1,249,960
AGM dinner costs	-	-	-	-	-	-
Insurance	-	-	-	-	22,701	22,701
Marketing and advertising	-	622,175	-	-	-	622,175
Audit fees	-	-	-	8,625	-	8,625
Legal and professional	-	-	-	36,720	-	36,720
Trustee expenses	-	-	-	155	-	155
Investment manager fees	600	-	-	-	-	600
Office expenses	-	-	-	-	82,559	82,559
Travel	-	-	-	-	3,544	3,544
Other	-	-	-	-	-	-
Depreciation	-	-	-	-	22,358	22,358
	600	2,190,071	1,828,850	45,500	168,047	4,233,068
Support costs	-	20,984	147,063	-	(168,047)	-
Governance costs	-	5,682	39,818	(45,500)	-	-
Total expenditure 2021	600	2,216,737	2,015,731	-	-	4,233,068

Notes to the financial statements

For the year ended 31 March 2022

7 Grant making

ACCT UK provides financial grants to ACF Counties, adult volunteers and cadets for a wide variety of individual development needs including provision of sports equipment and help to attend courses and expeditions.

A list of the ACF Counties and Regions that have received grants in the year from the ACCT UK is at note 23.

	2022	2021	2022	2021
	No of awards	No of awards	£	£
Supporting ACF Counties and Regions				
General Grants	51	1	107,659	3,500
Supporting Individuals				
General Grants	11	-	28,853	-
Matthew Bacon Bursary	8	7	4,563	4,397
Sports	-	-	24,491	-
Duke of Edinburgh's Award	-	1	1,159	2,081
Hardship Relief Fund	5	412	3,272	359,139
CVQO vocational awards	20	7	8,030	6,005
Grants in Scotland	5	6	5,780	5,780
At the end of the year			183,807	380,902

8 Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2022	2021
	£	£
Depreciation	27,421	22,377
Operating lease rentals payable:		
Equipment	4,987	4,987
Auditor's remuneration (excluding VAT):		
Audit – current year	10,950	10,450
	10,950	10,450

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

Staff costs were as follows:

	2022	2021
	£	£
Salaries and wages	1,191,510	1,181,531
Redundancy and termination costs	11,687	5,380
Social security costs	111,401	110,315
Employer's contribution to defined contribution pension schemes	101,903	98,277
Recruitment and other payroll costs	33,644	36,885
	1,450,145	1,432,388

The redundancy and termination costs were settled and paid at the balance sheet date.

Recruitment and other payroll costs were support costs for running and providing payroll activities during the year.

No employee earned more than £60,000 during the year (2021: nil).

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprises the trustees, the Chief Executive, and the Deputy Chief Executive. The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £91,432 (2021: £90,523).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2021: £nil). No charity trustee received payment for professional or other services supplied to the charity (2021: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £1,563 (2021: £200) incurred by 4 (2021: 2) individuals relating to attendance at meetings of the trustees.

Notes to the financial statements

For the year ended 31 March 2022

10 Staff numbers

The full time equivalent staff carrying out work for the ACCT UK during the year was 46 (2021: 39).

Because the ACCT UK shares its back office functions with the Combined Cadet Force Association it has chosen to employ all staff across both charities on joint contracts. This means that the charities gain flexibility and economies in how staff support the charities. However this joint contract arrangement requires ACCT UK to disclose the average number of employees for the two charities combined. This is taken as a head count based on number of staff employed. During the year this was 53 (2021: 51).

11 Related party transactions

On occasion grants are awarded to ACF Counties with which trustees are adult volunteers. Decisions about who to award funds to are made in accordance with the grants policy and formally delegated authority. On the rare occasion a trustee or staff member's ACF County has applied for a grant, that individual will not be a party to the discussion of that application. If they normally have a part to play in the grants decision making process, they will ensure that they are not involved in either the discussion or the decision.

There were Nil (2021: five) related party transactions of this type relating to Nil (2021: two) trustees totalling £Nil (2021: £537) during the year.

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

12 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

13 Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At the start of the year	53,715	59,767	113,482
Additions in year	-	14,422	14,422
Disposals in year	-	(841)	(841)
At the end of the year	53,715	73,348	127,063
Depreciation			
At the start of the year	28,548	21,453	50,001
Charge for the year	12,499	14,922	27,421
Eliminated on disposal	-	(841)	(841)
At the end of the year	41,047	35,534	76,581
Net book value			
At the end of the year	12,668	37,814	50,482
At the start of the year	25,167	38,314	63,481

All of the above assets were purchased with unrestricted funding and are used for charitable purposes.

Notes to the financial statements

For the year ended 31 March 2022

14 Listed investments

	2022 £	2021 £
Fair value at the start of the year	3,116,003	2,780,682
Additions at cost	-	-
Disposal proceeds	-	(153,612)
Net gain on change in fair value	224,321	488,933
	<u>3,340,324</u>	<u>3,116,003</u>
Cash held by investment broker pending reinvestment	1,572	2,172
Fair value at the end of the year	<u>3,341,896</u>	<u>3,118,175</u>

Investments comprise the following:

	2022 £	2021 £
UK Common investment funds	3,340,324	3,116,003
Cash	1,572	2,172
	<u>3,341,896</u>	<u>3,118,175</u>

15 Stock

	2022 £	2021 £
Merchandise	22,503	27,605
	<u>22,503</u>	<u>27,605</u>

During the year, the charity commenced selling merchandise to the public.

16 Debtors

	2022 £	2021 £
Trade debtors	-	348
Other debtors	-	541
Prepayments	142,576	82,211
Accrued income	14,827	13,553
	<u>157,403</u>	<u>96,653</u>

17 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	194,198	54,694
Taxation and social security	42,263	39,560
Pension contributions	11,622	16,184
Grants payable	-	6,478
Other creditors	882	-
Accruals	17,121	129,559
Deferred income (note 18)	97,664	46,510
	<u>363,750</u>	<u>292,985</u>

Notes to the financial statements

For the year ended 31 March 2022

18 Deferred income

Deferred income comprises funds for ACCT UK insurance income

	2022 £	2021 £
Balance at the beginning of the year	46,510	27,711
Amount released to income in the year	(46,510)	(27,711)
Amount deferred in the year	97,664	46,510
Balance at the end of the year	<u>97,664</u>	<u>46,510</u>

19a Analysis of net assets between funds (current year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	50,482	–	–	50,482
Fixed asset investments	206,529	3,135,367	–	3,341,896
Net current assets	1,141,056	210,043	557,024	1,908,123
Net assets at 31 March 2022	<u>1,398,067</u>	<u>3,345,410</u>	<u>557,024</u>	<u>5,300,501</u>

19b Analysis of net assets between funds (prior year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	63,481	–	–	63,481
Fixed asset investments	192,741	2,925,434	–	3,118,175
Net current assets	925,797	212,635	923,259	2,061,691
Net assets at 31 March 2021	<u>1,182,019</u>	<u>3,138,069</u>	<u>923,259</u>	<u>5,243,347</u>

Notes to the financial statements

For the year ended 31 March 2022

20a Movements in funds (current year)

	At 1 April 2021 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2022 £
Restricted funds:					
Army Cadet Marketing fund	560,179	860,000	(1,030,140)	-	390,039
Cadet Digital Services fund	198,311	110,000	(939,249)	630,938	-
Cadet Music fund	8,576	5,050	-	-	13,626
Cadet Sports fund	120,942	-	(24,491)	-	96,451
Chris Wood Memorial fund	355	-	-	-	355
Duke of Edinburgh Award fund	1,000	5,081	(5,722)	-	359
Grenadier fund	500	-	-	-	500
Leeds fund	275	275	-	-	550
London fund	785	1,250	-	-	2,035
Matthew Bacon Bursary fund	4,332	2,895	(4,563)	-	2,664
Sailing fund	1,104	-	-	-	1,104
South East Essex fund	26,900	-	-	-	26,900
India Trip Fund	-	494	-	-	494
National Commemorative Events Fund	-	21,947	-	-	21,947
Total restricted funds	923,259	1,006,992	(2,004,165)	630,938	557,024
Unrestricted funds:					
Designated funds:					
- Income generation fund	2,925,434	-	-	209,933	3,135,367
- Northern Irish Fund	22,030	-	-	(2,837)	19,193
- Scottish Fund	137,358	-	-	(738)	136,620
- Welsh Fund	53,247	-	-	983	54,230
Total designated funds	3,138,069	-	-	207,341	3,345,410
General funds	1,182,019	3,244,625	(2,190,298)	(838,279)	1,398,067
Total unrestricted funds	4,320,088	3,244,625	(2,190,298)	(630,938)	4,743,477
Total funds	5,243,347	4,251,617	(4,194,463)	-	5,300,501

The narrative to explain the purpose of each fund is given at the foot of the note below.

20b Movements in funds (prior year)

	At 1 April 2020 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2021 £
Restricted funds:					
Army Cadet Marketing fund	-	1,209,500	(649,321)	-	560,179
Cadet Digital Services fund	-	514,582	(316,271)	-	198,311
Cadet Music fund	7,041	1,535	-	-	8,576
Cadet Sports fund	-	120,942	-	-	120,942
Chris Wood Memorial fund	355	-	-	-	355
Duke of Edinburgh Award fund	1,000	-	-	-	1,000
Grenadier fund	500	-	-	-	500
Leeds fund	-	275	-	-	275
London fund	585	200	-	-	785
Matthew Bacon Bursary fund	7,763	966	(4,397)	-	4,332
Sailing fund	1,104	-	-	-	1,104
South East Essex fund	30,000	-	(3,100)	-	26,900
Total restricted funds	-	-	(973,089)	-	923,259
Unrestricted funds:					
Designated funds:					
- Income generation fund	2,736,640	-	-	188,794	2,925,434
- Northern Irish Fund	-	-	-	22,030	22,030
- Scottish Fund	-	-	-	137,358	137,358
- Welsh Fund	-	-	-	53,247	53,247
Total designated funds	-	-	-	401,429	3,138,069
General funds	1,261,284	3,582,143	(3,259,979)	(401,429)	1,182,019
Total unrestricted funds	1,261,284	3,582,143	(3,259,979)	-	4,320,088
Total funds	1,261,284	3,582,143	(4,233,068)	-	5,243,347

Purposes of restricted funds

Army Cadet Marketing fund – These funds are granted to the ACCT UK in order to promote the Army Cadets and to recruit new cadets and adult volunteers.

Cadet Digital Services fund – These funds are granted to the ACCT UK in order to run and develop a variety of digital services for the cadets.

Cadet Music fund – This fund is to support Army Cadets to learn an instrument or take part in music performances around the world. Activities supported by this fund include instrument purchase, uniform purchase and support for cadets to travel overseas.

Cadet Sports fund – The sports fund exists to support Army Cadet sport across the UK.

Chris Wood Memorial fund – Colonel Chris Wood ACF had a long career in the Territorial Army and the ACF. His sudden death in August 2018 led to the creation of this fund to support adult volunteer leadership development.

Duke of Edinburgh Award fund – This fund is to support Army cadets and adult volunteers to undertake the volunteering section of the Duke of Edinburgh award.

Grenadier fund – The ACCT UK is grateful to the Grenadier Guards Trust for supporting cadets in affiliated detachments to take part in cadet activities.

Leeds fund – The ACCT UK is grateful to the Charles Brotherton Trust for supporting cadets in the Leeds area to take part in Adventure Training activities.

London fund – The ACCT UK is grateful to the Knights of the Round Table and the Masonic Charitable Foundation for supporting cadets in the London area to take part in cadet activities.

Notes to the financial statements

For the year ended 31 March 2022

20 Purposes of restricted funds (continued)

Matthew Bacon Bursary fund – In September 2005, Major Matthew Bacon of the Intelligence Corps was tragically killed by a roadside bomb in Iraq. Major Bacon was a former Surry ACF cadet, as well as being a career soldier. He was a keen participant in many types of adventurous training, which also formed an important part of his life.

His parents, Mr and Mrs Roger Bacon, set up a bursary in their son's name as a means of celebrating his life. The bursary enables army cadets to take part in an Outward Bound Trust 'Skills for Life Award', which would otherwise be beyond their means.

Sailing fund – This fund seeks to support Army Cadets to undertake a range of short sailing expeditions around the UK.

South East Essex fund – The ACCT UK received a generous legacy of £30,000 from the estate of Arthur Jopson, a former CFAV in C Company of Essex ACF. Mr Jopson specified his gift was for the benefit of cadets and CFAVs in the South East of Essex.

India Trip – The fund was raised for the cadet to attend the National Youth India Exchange programme 2022 but due to covid restrictions, the trip was postponed. Some refunds have been made, and the trip is rescheduled for the new financial year.

National Commemorative Events Fund – This fund exists to support cadets to study battlefield history and take part in commemorative events to better understand the impact of war.

Purposes of designated funds

Income generation fund – The trustees have set aside these funds specifically for the purpose of generating income to support the grants programme. This fund is invested and more details about the performance of the investments can be found in note 14.

Northern Irish fund – These funds are set aside to enable local decision making in running the Northern Irish Branch.

Scottish fund – These funds are set aside to enable local decision making in running the Scottish Branch.

Welsh fund – These funds are set aside to enable local decision making in running the Welsh Branch.

21 Operating lease commitments payable as a lessee

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

	Equipment 2022	2021
	£	£
Less than one year	4,987	4,987
One to five years	4,987	8,728
	11,996	15,736

22 Legal status of the charity

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

23 ACF Counties and Regions that have received grants from the ACCT UK in the year:

1 Bn Highlanders ACF	Greater Manchester ACF
1 Northern Ireland Bn ACF	Gwent & Powys ACF
2 Bn Highlanders ACF	Hampshire & IOW ACF
2 Northern Ireland Bn ACF	Hereford & Worcester ACF
Agnus & Dundee ACF	Humberside & South Yorkshire ACF
Arqyll & Sutherland Highlanders ACF	Kent ACF
Berfordshire & Hertfordshire ACF	Lancashire ACF
Berkshire ACF	Leicester, Northants & Rutland ACF
Blackwatch Bn ACF	Lincolnshire ACF
Bristol ACF	Lothian & Borders ACF
Buckinghamshire ACF	Merseyside ACF
Cambridgeshire ACF	Middlesex & NW London ACF
City of London & NE London ACF	Norfolk ACF
Cleveland ACF	Northumbria ACF
Clwyd & Gwynedd ACF	Nottinghamshire ACF
Cornwall ACF	Royal County of Berkshire ACF
CTC Frimley Park	Shropshire ACF
Cumbria ACF	South East London ACF
Derbyshire ACF	South West London ACF
Devon ACF	Staffordshire & West Midlands ACF
Dorset ACF	Suffolk ACF
Durham ACF	Sussex ACF
Dyfed and Glamorgan ACF	Warwickshire ACF
Essex ACF	West Lowland ACF
Glasgow & Lanarkshire ACF	Wiltshire ACF
Gloucestershire ACF	Yorkshire (N&W) ACF

Army Cadet Charitable Trust UK

England & Wales - Charity number 305962

Accounts

Company number: 293432
Charity Number: 305962
Scottish Charity Number: SC039057



ARMY CADET FORCE ASSOCIATION

Patron: Her Majesty The Queen

Report and financial statements
For the year ended 31 March 2021

Army Cadet Force Association

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For the year ended 31 March 2021

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Army Cadet Force Association

Reference and administrative information

For the year ended 31 March 2021

Company number	293432	
Country of incorporation	United Kingdom	
Charity number	305962	SC039057
Country of registration	England & Wales	Scotland
Registered office and operational address	Holderness House 51–61 Clifton Street London EC2A 4DW	
Patron	Her Majesty The Queen	
President	Lieutenant General Sir Andrew Graham Bt CB CBE	
Trustees	Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:	
Chair	Kevin Abraham ^{A B C}	
Vice Chair	Jemma Herlihy (nee Ralph) ^C	
Treasurer	Alan Goodwin ^{A B}	
	Wendy Adams ^C	
	Joanne Brocklehurst	Resigned 22 Feb 21
	Andrew Cassidy ^{C F}	
	David Chipp ^D	Appointed 30 Jul 21
	Ruadhri Duncan ^A	
	David Fuller	Resigned 9 Feb 21
	Sir Andrew Graham Bt	Resigned 9 Feb 21
	Catherine Harrison ^B	
	David Kane ^{C E}	
	Emily Lincoln–Gordon	Resigned 9 Feb 21
	Nigel Sarling	Resigned 9 Feb 21
	Russell Stafford–Tolley	Resigned 9 Feb 21
	Justin Tarka	Appointed 10 Apr 21
	Christopher Tearney	
	Nicholas Williams	
	Agata Zukowska ^A	

^A denotes membership of the Finance and General Purposes Committee

^B denotes membership of the HR and Remuneration Committee

^C denotes membership of the Nominations and Governance Committee

^D denotes membership of the ACFA Wales Committee

^E denotes membership of the ACFA Northern Ireland Committee

^F denotes membership of the ACFA Scotland Committee

Army Cadet Force Association

Reference and administrative information

For the year ended 31 March 2021

Key management personnel	Murdo Urquhart Richard Walton Faye Meakin	Chief Executive Deputy Chief Executive Head of Development	Appointed 5 July 2021
Bankers	Lloyds Bank plc Butler Place London SW1H 0PR		
Investment managers	Waverton Investment Management 16 Babmaes Street London SW1Y 6AH		
Auditor	Sayer Vincent LLP Chartered Accountants and Statutory Auditor Invicta House 108-114 Golden Lane London EC1Y 0TL		
Solicitor	Bates Wells 10 Queen Street Place London EC4R 1BE		

Army Cadet Force Association

Trustees' annual report

For the year ended 31 March 2021

The trustees present their report and the audited financial statements for the year ended 31 March 2021.

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

Objectives and activities

Purposes and aims

The Army Cadet Force Association has two charitable objects:

- (1) To give mental, moral and physical training to young people and so to form and develop the character of each as to enable them to make a good start in life and to develop in them principles of good citizenship.
- (2) To promote the efficiency of the Army Cadet Force through fostering the activities of Army Cadets and advancing the youth leadership abilities of Army Cadet Force Adult Volunteers

The charity's first purpose is therefore to provide activities or access to activities that will educate, develop and broaden the interests of young people, including the 38,000 who are cadets in the Army Cadet Force (ACF). Young people meet in one of 1,700 community-based ACF Detachments across the whole of the UK; these detachments are grouped into "ACF Counties" roughly based in one or more geographical or historical Local Authority areas. The Association looks to enhance young peoples' development both through the delivery of support to ACF Counties and by the making of grants to support individual cadets; to support local initiatives; or, to help existing ACF Counties to improve their resilience and so ensure they are able to deliver development opportunities to young people for many years to come.

The Association offers grants to enable cadets to take part in a wide range of activities and also runs an annual event at which cadets have the opportunity to perform music in front of a large audience or to attend a formal dinner with their instructors. Finally, the charity carries out functions in the interests of the ACF as a whole such as the provision of insurance cover against accidents, travel difficulties and to provide legal help.

To further the charity's second object the charity assists the Army's chain of command to co-ordinate national training for the Duke of Edinburgh award scheme, First Aid and Sport, also contributing to the delivery of courses for ACF adult volunteers across these areas. With a grant from the MoD the ACFA is able to support the delivery of Piping and Drumming Qualifications Board and BTEC accredited qualifications across the UK. Both the trustees and the staff of the

Army Cadet Force Association

Trustees' annual report

For the year ended 31 March 2021

charities invest time in promoting the ethos and activities of the ACF to wide audiences including school leadership and local communities as well as supporting ACF adult volunteers with access to information and introductions to useful organisations and individuals.

In respect of the second object, a particularly important but intangible role of the Association is to act as an adviser to HM Government, predominately the Ministry of Defence and Army, and other bodies on ACF matters. This is because the Association is part of the ACF's "corporate memory", briefing and informing the leaders of the day, doing this whilst remaining an impartial but enthusiastic supporter of the important and ongoing development of the ACF as a modern and vibrant youth service.

In particular the Association acts, informally, as the Army chain of command's 'conscience' as it runs what in effect is a wonderful national youth movement (the ACF) made possible by adult volunteers (predominantly civilians with no previous military service) who as ACF officers and instructors give their time to train cadets. The financial and material support for the ACF comes from the Army, which quite rightly imposes necessary training safety and safeguarding regimes through its chain of command. The Association plays a part in making this relationship work by representing the interests of the volunteers who train cadets by providing support and views to the Army, including contributing to the development of central policies and direction needed to run the ACF. This is done formally by attending Ministry of Defence and Army cadet steering and working group meetings, developing cadet strategy and policies, and informally through constant ongoing dialogue with the chain of command by the Association's President, Chair, trustees and senior members of the Secretariat.

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

The enduring priority for association's trustees is to ensure that young people are able to develop through membership of the ACF. This means a focus on some key areas:

- Providing useful and developmental membership services in order to support Cadet Force Adult Volunteers (CFAVs) to deliver a high-quality cadet experience.
- Supporting the ACF as an organisation to deliver certain activities that support the rounded development of cadets.
- Supporting ACF Counties, Regions and Centres to deliver innovative developmental training to young people.
- Removing barriers, such as cost, to individual cadet participation in ACF activities.
- Advocating for the ACF to key influencers in order that the benefits of participating in ACF activity are widely understood and well supported.

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

Our Values

As a charity dedicated to improving the lives of young people we feel it is important to have clearly articulated values. In particular as a charity that supports the Army Cadets, a values-led youth organisation, it is important that our values align. Our values are:

- **TRUSTWORTHY.** We are inclusive and principled. We make values-based judgements and think deeply about our programmes and activities. We want our staff to accept one another for who they are and build positive relationships.
- **ABIDING.** We learn from the past and plan for the future. Retaining our best staff is as important to us as recruiting quality new team members.
- **COMMITTED.** We are dedicated in our mission to empower young people through cadet activities and our staff enable us to inspire young people to achieve their future ambitions.
- **COURAGEOUS.** We want our staff to speak up and feel confident they will be heard. We are at our best when all have the courage to do what is right.

Impact of Coronavirus Restrictions on the Charity's Operation

The trustees have carefully considered the impact of the UK's coronavirus restrictions on the operations of the charity. The impact of COVID-19 on the last year centred mainly on the charity's ability to give and monitor grants. Cadet activity levels dropped off across the entire ACF, and all ACF Detachments closed. Correspondingly, our usual grant programmes were temporarily suspended and instead the trustees established two temporary grant programmes: The Hardship Relief Fund and the Rejuvenation Fund. Given the ongoing restrictions normal grant making is expected to pick up in the final two quarters of the next financial year.

Our investment income is likely to be reduced in the short term. In the medium term the trustees are alive to the possibility that anticipated Government funding cuts might lead to a reduction in income. In this situation the charity may need to prioritise particular activities. The charity is looking at a range of options as to the best way to effectively discharge its objects and is investing significantly in communicating its identity, purpose, values and impact more effectively. This work will enable the charity to have constructive conversations with a range of potential funders in order to diversify the work we do in support of our charitable objects.

Achievements and performance

The charity's main activities and who it tries to help are described below. All its charitable activities focus on the cadets, volunteers and counties of the ACF and are undertaken to further the Army Cadet Force Association's charitable purposes for the public benefit.

The Association uses MoD funding to deliver programmes of activity for young people in the ACF. This includes acting as the licenced provider for the Duke of Edinburgh Award, first aid and music qualifications. We help administer public performances and ceremonial activity, whether in support of the Festival of Remembrance in London, coordinating national sporting events and competitions, or parading the ACF's massed Pipes and Drums for HM The Queen at Balmoral Castle.

The Association's grant programme gave out less funds in 2020–21 than in 2019–20. This is because we were unable to give out our normal activity grants and instead shifted predominately to giving Hardship Relief grants. In support of cadets and volunteers we paid grants of £377,402 (2020 – £115,595). In support of ACF Counties, Regions and Centres we paid grants of £3,500 (2020 – £309,566).

Grant Programmes

The Association furthers its objects through the awarding of grants to individual cadets and adult volunteers, or to ACF Counties. The Association normally makes grants each year to cadets, adult volunteers and to ACF Counties. This year, with the cessation of cadet activities, the trustees were proactive in assessing the potential risks of COVID–19 on the long–term sustainability of the ACF, it was quickly apparent that the impact of lockdowns, ill health, family disruption and a loss of connection to the ACF could lead to qualified and experienced adult volunteers choosing to leave the ACF. The trustees therefore decided to establish a temporary grant fund, the Hardship Relief Fund, that aimed to support adult volunteers in order that they would be in a position to continue volunteering once cadet activity restarted. 412 grants were awarded totalling £359k and supported volunteers with a range of costs to support hardship in their everyday lives.

Grants made to cadets seek to make activities more accessible, irrespective of a young person's financial means. Adult volunteer grants are intended to make qualifications accessible to all, thus improving the youth leadership abilities of adult volunteers. This also enables individuals to evidence the skills and experience they have developed through the ACF to prospective employers. Here are some examples of how Association grants have supported cadets and volunteers this year:

- Various ACF Counties: Funded part of the cost of 12 (2020 22) ILM Level 5 qualifications for new Company–level volunteers and ILM Level 4 qualifications for new volunteer Officers.
- Various ACF Counties. Awarded 5 (2020 4) Cadet adventurous training bursaries to attend an Outward Bound Trust Skills For Life Award – 19 Day Course. Because of the pandemic those awarded grants in 2020 attended courses in the year ending 2021.

Grants to ACF Counties, Regions and Centres are generally to support the purchase of equipment or the development of facilities that will improve the experience of many cadets over a number of years. Here are some examples of Association grants in this category:

- Cadet Training Centre, Frimley Park: Funded improvements to the student welfare facilities.

- Bristol ACF, Cornwall ACF, Devon ACF, Dorset ACF, Gloucestershire ACF, Somerset ACF and Wiltshire ACF: Funded the cost of new tutor literature to support the delivery of Duke of Edinburgh Award within the County.

Beneficiaries of our services

The main way in which the Association delivers benefit to its beneficiaries is through the provision of grants and provision of support to the ACF in terms of people to deliver specified activities agreed with the Army's chain of command. As explained earlier in the report, grants are made either to support the ACF County and its ability to deliver the cadet programme, or to individual cadets and volunteers to enable them to access the full range of opportunities in the ACF. This year we have expanded our support to adult volunteers in order to enable them to continue volunteering their time and their talents after the pandemic by ensuring the personal impact of COVID on them is as low as possible and that the fraternal bond with the ACF remains strong.

In order to measure the difference that these grants and activities have made the trustees ask for reports from grant recipients. These detail the impact of the grant and are used to help the trustees to decide both what funding to bid for and how best to structure the Association's grant programmes in the future.

In an unusual grant-giving period the Hardship Relief Fund sought to provide relief to volunteers across the entire UK in order to help them continue to volunteering in the ACF. Examples (most are anonymised unless permission to use a name has been given) of the impact of these grants include:

- *"Being allowed a grant from the Fund, literally allowed me to breathe a sigh of relief and improved my mental health. Once again. I thank you very much."*
- Darren, an Adult Volunteer from Hampshire, said *"The Hardship Fund came at a time where it was such a life line for me to be able to get small essentials that I could not afford and for this I was so grateful."*
- *"This hardship relief fund helped me enormously as without it things could have been serious as I had no income being self-employed and it was desperate. I can't thank everybody enough and it has enabled me to sleep at night and strengthened even more my commitment to the Army Cadet Force."*
- *"It has been a huge help for me and my family during such difficult times. I feel proud to be part of such a wonderful organisation and am grateful for the assistance."*
- *"The grant came at an important time for me and my family. It allowed me to pay our mortgage for three months which then allowed me the breathing space to find new employment and stopped us going into arrears. The relief this gave us as a family was huge."*
- Tim, an Adult Volunteer for 8 years who lives in West Sussex, was hit hard by the COVID-19 pandemic. *"Finding myself in such a position that my family really needed some financial support was hard to come to terms with after so many years of being so self-sufficient, but knowing that there are support mechanisms in place such as the ACFA Hardship Relief Fund made a huge positive impact to me and my family."*

- *“When I had to shield due to Covid the hardship fund helped me pay my rent and feed my children until I gained universal credit. It really helped me in a hard time.”*

Financial review

The statement of financial activities for the year is set out on page 22 of the financial statements. A summary of the financial results and the work by the Association is set out below.

Income for the year included donations and legacies of £4,824,823 (2020 – £4,302,015), income for supporting cadets and volunteers of £2,845 (2020 – £3,099), other trading activities of £45,401 (2020 – £61,444) and investment income and interest of £68,141 (2020 – £74,067). Total gross income amounted to £4,941,210 (2020 – £4,440,625).

Expenditure for the year comprised costs of raising funds of £600 (2020 – £9,496), costs of activities in support of ACF Counties of £2,126,737 (2020 – £2,172,205) and costs of supporting cadets and volunteers of £2,015,731 (2020 – £2,140,855). Total expenditure amounted to £4,233,068 (2020 – £4,322,556).

Net income for the year before investment gains/losses amounted to £708,142 (2020 – £118,069). In particular this was owing to curtailed activity as a result of the coronavirus restrictions. A sum of £560k was left over from a restricted donation to support Army Cadet marketing. This restricted fund is planned to be spent on recruiting new cadets and adult volunteers after coronavirus restrictions have been lifted. A further sum of £198k in restricted funding, received during the year, remains in hand to support the development of Cadet Digital Services in the coming year.

Investment Policy and Performance

The trustees expect the charity to exist in perpetuity and its investment policy is designed to support the long-term financial health of the charity. The Association adopted its current investment policy in July 2020; its stated objectives are to:

- Produce the best financial return within an acceptable level of risk.
- Generate a return of CPI plus 3% per annum over the long term (defined as a five-year average), after expenses.

The Association has adopted a total return approach to investment, generating the investment return from income and capital gains or losses. It is expected that if in any one year the total return is insufficient to meet the growth target, in the long term the real value of the investments will still grow in accordance with the investment objectives above.

The Association has decided not to invest in assets that the trustees consider to be contrary to the spirit of its objects, particularly if they run counter to the values of the charity. In particular

tobacco, alcohol and pornography are excluded from our investments. The trustees have agreed a process with our investment managers as to how these restrictions are to be applied.

During the year net gains on the fair value of investments amounted to £488,933 (2020 – net losses of £18,651). The investment objective is to generate a return of CPI plus 3% per annum over the long term. The five-year average (CPI + 3%) to the end of March 2021 has been calculated as 4.78% (March 2020 – 4.74%). As at 31 March 2021 the three-year average (since moving the portfolio to Waverton) shows a return of 7.86% (2020: two-year average of 3.01%). The trustees recognise that this three-year average is a shorter period than the five-year average that is the benchmark and are therefore satisfied with the investment performance in the year.

In order to support the efficient delivery of our programme of charitable work and to efficiently manage cash flow, the trustees have directed that funds earmarked for use in the next two years are to be held in cash deposit accounts of no more than 24 months in duration. At present the funds held on deposit of £300,192 (2020 – £704,266). Fixed term deposits with a maturity date before 1 July 2021, or a notice period under 90 days, are treated as cash.

Principal risks and uncertainties

The trustees examine the major risks that the Association faces each financial year during routine board meetings and in meetings between the senior trustees and the Chief Executive. The charity has systems in place to monitor and control these risks to mitigate any impact that they may have on the Association's activities in the future.

The key risks for the charity, as identified by the trustees, are described below together with the principal way in which they are mitigated:

- **Coronavirus Restrictions.** The Association has seen significant change in its grants profile during a year of coronavirus restrictions. While the trustees felt it right to deliver two significant new grant programmes during the year they are conscious that, as cadet activity restarts, there will be new financial pressures on the ACF and the young people involved. This could lead to significant over or under demand against the grant funding, which is quite difficult to predict. The trustees are looking at diversifying the activities of the charity to enable it to deliver its objects in new ways.
- **Financial Risk.** As the Association's funding comes largely from a single source (the Army's Headquarters Regional Command) there is a risk that any government savings drive or call for in-year efficiencies could impact upon funding. The Trustees mitigate this risk by: maintaining reserves to cover a loss of funding in the short-term should the charity need to adjust to a lower-income model; having a formalised Memorandum of Understanding with HQ Regional Command outlining what funding is required and how it will be used; and through the Finance and General Purposes Committee exercising oversight of the financial status of the charity.
- **Resilience Risk.** A temporary or permanent loss of the Holderness House building due to fire, flood or other emergency. The Trustees mitigate this risk by: seeking assurance from

Greater London Reserve Forces and Cadets Association (the landlord) that the building is compliant with the appropriate regulations; holding adequate insurance; operating a resilient remote–desktop capability through a third–party supplier and having access to office locations across the UK.

- **Staff Risk.** The success of the Association's programme of work depends on well–motivated staff committed to the cause of the ACF and ACFA. The Trustees seek to ensure this by: having appropriate recruitment, complaints and HR policies and ensuring they are adhered to; a system of annual staff appraisal; holding appropriate insurance; ensuring the policies are kept up to date and are easily accessible to all staff and managers; and obtaining appropriate specialist HR advice for individual issues.
- **Governance Risk.** The success of the ACFA's programme of work depends on good governance. The trustees seek to ensure this by: having appropriate recruitment and appointment processes; regular reviews of the board's structure, competence and diversity; monitoring and adopting best practice recommendations from the charity regulators; holding appropriate insurance to protect trustees; and ensuring trustees retire at a rate of approximately a third each year.

Reserves policy and going concern

The Reserves Policy defines the target level of reserves as an amount sufficient to maintain ongoing operations and programmes for three months. The calculation of average monthly operating costs includes all recurring, predictable expenses such as salaries, office costs, expenses, marketing, insurance and charity projects including bursaries and grants. Depreciation, in–kind, and other non–cash expenses are not included in the calculation. The calculation of average monthly expenses also excludes one–time or unusual, capital purchases. The amount of the reserve fund target minimum will be calculated each year after approval of the annual budget, reported to the Finance and General Purposes Committee and included in the regular financial reports.

In making this policy the trustees chose to treat long term investments as funds invested to generate income for the charity and they are therefore excluded from the reserves calculation. Funds invested for this purpose generated an income of £65,901 (2020: £60,356).

The minimum reserves allowed under this policy is £1,088,926 (2020: £1,166,904). Free reserves were £1,118,538 (2020: £1,195,822). The trustees are therefore satisfied that the reserves are within the target level.

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The trustees have made this assessment in respect to a period of one year from the date of approval of these accounts.

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

Fundraising

The charity is not a member of the Fundraising Regulator because it does not engage in the kind of fundraising activity that would make this a requirement. The charity's approach to fundraising activity is to seek grants from organisations in order to achieve a particular aim, for example to invest in the sustainability of existing ACF Counties. Where an individual or group with an interest in the cadet movement would like to support cadets, we invite them to make a donation to the ACFA. We do not use a professional fundraiser or a commercial participator.

We offer the facility for individuals to make one off or repeat donations online and offer membership of the ACFA to ACF Counties. We have received no complaints about fundraising.

We do not contact our members or supporters to solicit donations, although this is something we might consider doing should we have a specific fundraising objective in the future.

Plans for the future

This coming year the Association will concentrate on three key areas. Firstly, the Association will conclude the final round of its Hardship Relief Fund, which has enabled adult volunteers suffering financial hardship caused by COVID-19 to keep volunteering as cadet activity restarts and additionally provide "Rejuvenation Funding" to our member ACF counties across the UK to aid them in welcoming cadets back to training and new young people into the ACF. Secondly the Association will review its approach to fundraising with a view to generating new income streams. Thirdly the Association will conclude its review of the charity's purpose and identity and launch its new name and identity both internally to its constituency and externally to working partners and other bodies.

Structure, governance and management

The Army Cadet Force Association (ACFA) is a registered charity and a company limited by guarantee, not having a share capital. The entity was incorporated on 26 October 1934 and registered as a charity with the Charity Commission for England and Wales on 24 September 1962 and the Office of the Scottish Charity Regulator on 10 November 2007. It is governed by its memorandum and articles of association which were most recently adopted on 21 November 2015.

All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 9 to the accounts.

The Chief Executive of the charity is Colonel (Retired) Murdo Urquhart OBE, who heads a small team of staff comprising Richard Walton, the Deputy Chief Executive, and an additional 13 members of staff who carry out the primary work of the charity across the UK. In addition, there are 38 members of staff who are employed to carry out various functions for the ACF.

Army Cadet Force Association

Trustees' annual report

For the year ended 31 March 2021

The trustees subscribe to the principles of the Charity Governance Code. The trustees believe in it and conducted a major review of governance in 2020 leading to a refreshing evolutionary and cultural change. Most of the changes are already implemented, which hopefully has been brought to life in the course of reading this report. Of note the trustees are committed to maintaining an inclusive and diverse Board and, to that end, established a Nominations and Governance Committee this year and a more formal and transparent recruitment processes designed to encourage eligible applications from applicants with a wider range of backgrounds.

The annual budget is agreed by the Finance and General Purposes Committee. The senior trustees (Chair, Vice Chair, and Treasurer) are consulted by the Chief Executive on a regular basis and on all matters that are considered by him to be strategic, novel or contentious. These consultations are largely conducted by telephone and e-mail or at informal "management board" meetings.

There are a number of formal trustee meetings. The ACFA Board of Trustees meets in summer, autumn and winter. Amongst other papers the Board receives:

- A report from the Finance and General Purposes Committee; for the summer meeting this report incorporates the audited financial statements of the Association. The audited financial statements are agreed and signed off at this meeting.
- Reports from all other sub-committees.
- An updated register of the diverse risks being managed by the charity.

The Board has six sub committees. They are:

- The *Finance and General Purposes Committee* carries out the overall financial management of the Association (including agreeing the annual budget, the raising, investment and direction of funds, and the oversight of financial processes) and the regular review of the charity's governance arrangements. This committee also sets the overall policy for grants and decides and monitors how grant making decisions are made. The Committee consists of the Treasurer, the Investments Adviser, the Chair of the Board and the Marketing Adviser. It meets three times per year approximately one month before each board meeting and reports at every board meeting.
- The *HR and Remuneration Committee* is a joint sub-committee of the Combined Cadet Force Association and the Army Cadet Force Association. It is responsible for technical advice and guidance relating to all values-based systems and policies to ensure that the Associations are following legislation and considering best practice in relation to their employees, independent contractors and volunteers. The Committee consists of the ACFA Chair of Trustees, ACFA Treasurer, an ACFA Regional Trustee and two members from the CCFA Board of Trustees. It meets twice per year: in summer to consider policy and structure; and in winter to set the pay and conditions for employees from the following April. It reports back to both Boards of Trustees.
- The *Nominations and Governance Committee* comprises the Chair, Vice Chair and includes at least two additional trustees. This committee is responsible for trustee development (including mentoring of new trustees), recruitment, monitoring and taking action to improve board diversity; ensuring the board has all the skills needed to govern effectively;

researching and recommending candidates for ambassadorial roles (such as President) to the full board.

- The *ACFA Scotland Committee* is chaired by Colonel AH Cassidy OBE ACF and includes additional members elected by the ACF Counties in Scotland. This committee represents the interests of ACF adult volunteers and cadets in Scotland to the board. Through its President and Chair, it acts in an advisory capacity to the Army's regional command HQ in Scotland, the ACF in Scotland, the Scottish Government and to other Scottish and regional authorities and Non-Governmental Organisations (NGOs) on ACF and youth-related matters. The committee will provide some financial support to the ACF in Scotland.
- The *ACFA Wales Committee* is chaired by Colonel D Hammond ACF and includes additional members elected by the ACF counties in Wales. This committee, through its President and Chair, can provide advice and represent the ACF to the Army's regional command HQ in Wales, the ACF in Wales, to the Welsh Government and NGOs in Wales. The committee will provide some financial support to the ACF in Wales.
- The *ACFA Northern Ireland Committee* is chaired by Colonel DJ Kane OBE ACF and includes additional members elected by the ACF Counties in Northern Ireland. This committee represents the interests of ACF adult volunteers and cadets in Northern Ireland to the board. Through its President and Chair, it acts in an advisory capacity the Army's regional command HQ in Northern Ireland, to the ACF in Northern Ireland, the Northern Ireland Executive and to other regional authorities and NGOs on ACF and youth-related matters. The committee will provide some financial support to the ACF in Northern Ireland.

Appointment of trustees

Trustees are appointed for a period of three years and encouraged to serve for only a single term to ensure regular turnover of trustees. Where a successor cannot be found, or where a particular skill or attribute is needed, a trustee could stand for re-election and there is no restriction in the articles on the number of times an individual can stand for re-election.

Trustees are private individuals who are recruited to bring particular skills to the board in order to improve the ability of the trustees to govern the charity.

The board seeks to balance members with lived experience of the ACF and members with specialist skills. Careful thought by the board goes into ensuring that they are diverse, but not only in the commonly accepted sense of gender, ethnicity etc. Collectively they also need to represent a fair balance of more senior and more junior cadet force adult volunteers who each bring different experience to the board.

Whether recruiting individuals with specialist and skills and knowledge to help the board mitigate risks or recruiting volunteers from within the ACF to represent the beneficiary community, the same recruitment process is used. A vacancy is advertised as widely as possible and applications invited and then applicants who fulfil the criteria are interviewed by the Nominations and Governance Committee.

Army Cadet Force Association

Trustees' annual report

For the year ended 31 March 2021

If a trustee is appointed during the year they are co-opted by the trustees and then formally elected at the next AGM for a period of three years.

Trustee induction and training

The trustees reviewed and refined the process for onboarding new trustees. In addition to the existing briefing programme, new trustees are now mentored by another trustee. There are four parts to trustees' induction. New trustees:

- are provided with a pack of information about ACFA and are given links to the Charity Commission's website to read about being a trustee and the Commission's Code of Conduct;
- visit the charity's offices in London to meet the key staff;
- receive an introductory brief by the Chair and Chief Executive explaining how ACFA seeks to fulfil its charitable objects, supports the Army's chain of command to run the ACF and deliver cadet training, and how ACFA represents the interests of the adult volunteers who deliver that training; and,
- for trustees with no experience of the ACF, the offer to facilitate a visit to an ACF County; either during a parade night at a detachment location or during a cadet camp.

Related parties and relationships with other organisations

The Association has relationships with all ACF Counties and adult volunteers from across the UK. The trustees ensure that they keep good records of who is associated with which ACF County and absent themselves from any decision making that could give a real or perceived benefit to their ACF County (most commonly the award of a grant). Such related party transactions are disclosed in note 11 to the accounts.

The charity shares offices and staff with an independent sister charity, the Combined Cadet Force Association (1170994). The two charities employ staff on joint contracts which are managed through the Army Cadet Force Association and the staff costs relating to CCFA are recharged to that charity.

Remuneration policy for key management personnel

The Trustees consider that they together with the Chief Executive and the Deputy Chief Executive comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day-to-day basis.

All employees are jointly contracted by ACFA with our sister charity the Combined Cadet Force Association. Five trustees sit on the Joint Remunerations Committee from the CCFA and ACFA to ensure that they exercise their responsibilities for oversight of the remuneration of their employees. In setting the salary levels for both Associations, the trustees commissioned a benchmarking exercise in 2020 which was conducted by the Executive staff supported by an

external professional body. The Remunerations Committee is tasked each year to ensure that all salaries, including those of the senior officers of the charity, are commensurate with the policy.

Statement of responsibilities of the trustees

The trustees (who are also directors of the Army Cadet Force Association for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

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

In so far as the trustees are aware:

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

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

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 March 2021 was 127 (2020: 191). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Army Cadet Force Association

Trustees' annual report

For the year ended 31 March 2021

Auditor

Sayer Vincent LLP was re-appointed as the charitable company's auditor during the year and has expressed its willingness to act in that capacity.

The trustees' annual report has been approved by the trustees on 30 July 2021 and signed on their behalf by

Kevin Abraham
Chair

Independent auditor's report

To the members of

Army Cadet Force Association

Opinion

We have audited the financial statements of Army Cadet Force Association (the 'charitable company') for the year ended 31 March 2021 which comprise the statement of financial activities, balance sheet, 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 charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

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 charitable company 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 Army Cadet Force Association'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.

Independent auditor's report

To the members of

Army Cadet Force Association

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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

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

Independent auditor's report

To the members of

Army Cadet Force Association

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

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

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the finance and general purposes committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;

Independent auditor's report

To the members of

Army Cadet Force Association

- Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

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/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose.

Independent auditor's report

To the members of

Army Cadet Force Association

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Judith Miller (Senior statutory auditor)

20 August 2021

for and on behalf of Sayer Vincent LLP, Statutory Auditor

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

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

The Army Cadet Force Association

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2021

	Note	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Income from:							
Donations and legacies	2	2,976,823	1,848,000	4,824,823	4,204,798	97,217	4,302,015
Charitable activities							
Supporting cadets and volunteers	3	2,845	-	2,845	3,099	-	3,099
Other trading activities	4	45,401	-	45,401	61,444	-	61,444
Investments	5	68,141	-	68,141	74,067	-	74,067
Total income		3,093,210	1,848,000	4,941,210	4,343,408	97,217	4,440,625
Expenditure on:							
Raising funds	6	600	-	600	9,496	-	9,496
Charitable activities							
Supporting ACF Counties	6	1,251,145	965,592	2,216,737	2,097,791	74,414	2,172,205
Supporting cadets and volunteers	6	2,008,234	7,497	2,015,731	2,140,855	-	2,140,855
Total expenditure		3,259,979	973,089	4,233,068	4,248,142	74,414	4,322,556
Net income/(expenditure) before net gains/(losses) on investments		(166,769)	874,911	708,142	95,266	22,803	118,069
Net gains / (losses) on investments		488,933	-	488,933	(18,651)	-	(18,651)
Net income for the year	8	322,164	874,911	1,197,075	76,615	22,803	99,418
Transfers between funds		-	-	-	(11,596)	11,596	-
Net movement in funds		322,164	874,911	1,197,075	65,019	34,399	99,418
Reconciliation of funds:							
Total funds brought forward		3,997,924	48,348	4,046,272	3,932,905	13,949	3,946,854
Total funds carried forward		4,320,088	923,259	5,243,347	3,997,924	48,348	4,046,272

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 20 to the financial statements.

The Army Cadet Force Association

Balance sheet

Company no. 00293432

As at 31 March 2021

	Note	£	2021 £	£	2020 £
Fixed assets:					
Tangible assets	13		63,481		65,462
Investments	14		3,118,175		2,783,700
			<u>3,181,656</u>		<u>2,849,162</u>
Current assets:					
Stock	15	27,605		-	
Debtors	16	96,653		38,510	
Short term deposits		700,192		704,266	
Cash at bank and in hand		1,530,226		833,178	
			<u>2,354,676</u>	<u>1,575,954</u>	
Liabilities:					
Creditors: amounts falling due within one year	17	(292,985)		(378,844)	
				<u>(378,844)</u>	
Net current assets			<u>2,061,691</u>		<u>1,197,110</u>
Total net assets			<u>5,243,347</u>		<u>4,046,272</u>
The funds of the charity:					
Restricted income funds	20		923,259		48,348
Unrestricted income funds:					
Designated funds		3,138,069		2,736,640	
General funds		1,182,019		1,261,284	
			<u>4,320,088</u>	<u>3,997,924</u>	
Total unrestricted funds			<u>4,320,088</u>	<u>3,997,924</u>	
Total charity funds			<u>5,243,347</u>	<u>4,046,272</u>	

Approved by the trustees on 30 July 2021 and signed on their behalf by

Jemma Herlihy
Vice Chair

Alan Goodwin
Treasurer

The Army Cadet Force Association

Statement of cash flows

For the year ended 31 March 2021

	Note	2021 £	£	2020 £	£
Cash flows from operating activities					
Net income for the reporting period (as per the statement of financial activities)		1,197,075		99,418	
Depreciation charges		22,377		17,321	
(Gains)/losses on investments		(488,933)		18,651	
Losses on disposal of fixed assets		880		-	
Dividends, interest and rent from investments		(68,141)		(74,067)	
(Increase) in debtors		(58,143)		(21,441)	
(Decrease)/increase in creditors		(85,859)		312,597	
(Increase) in stock		(27,605)		-	
Net cash provided by operating activities		491,651		352,479	
Cash flows from investing activities:					
Dividends, interest and rents from investments		68,141		74,067	
Purchase of fixed assets		(21,276)		(29,878)	
Proceeds from sale of investments		153,612		3,106,178	
Purchase of investments		-		(3,122,259)	
Net cash provided by investing activities		200,477		28,108	
Change in cash and cash equivalents in the year		692,128		380,587	
Cash and cash equivalents at the beginning of the year		1,540,462		1,159,875	
Cash and cash equivalents at the end of the year		2,232,590		1,540,462	

Analysis of cash and cash equivalents

	At 1 April 2020 £	Cash flows £	Other non- cash changes £	At 31 March 2021 £
Cash at bank and in hand	833,178	697,048	-	1,530,226
Short Term Deposits	704,266	(4,074)	-	700,192
Cash held by investment managers	3,018	(846)	-	2,172
Total cash and cash equivalents	1,540,462	692,128	-	2,232,590

1 Accounting policies

a) Statutory information

The Army Cadet Force Association is a charitable company limited by guarantee and is incorporated in England and Wales. It is registered with the Charity Commission for England and Wales and with the Office of the Scottish Charity Regulator.

The registered office address and principal place of business is Holderness House, 51–61 Clifton Street, London, EC2A 4DW.

b) Basis of preparation

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

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

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

c) Public benefit entity

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

d) Going concern

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

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

e) Income

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

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged by not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

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

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

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

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

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

1 Accounting policies (continued)

g) Interest receivable

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

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

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

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

i) Expenditure and irrecoverable VAT

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

- Costs of raising funds relate to the costs incurred by the charity in managing its investment portfolio.
- Expenditure on charitable activities includes the costs undertaken to further the purposes of the charity and their associated support costs.

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

j) Grants payable

Grants payable are made to third parties in furtherance of the charity's objects. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and that any condition attaching to the grant is outside of the control of the charity.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

k) Allocation of support costs

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

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

l) Operating leases

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

m) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £200. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

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

- | | |
|--------------------------|-------------|
| ● Leasehold improvements | 4 years |
| ● Fixtures and fittings | 4 – 5 years |
| ● Computer equipment | 4 – 5 years |

1 Accounting policies (continued)

n) Listed investments

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

o) Debtors

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

p) Short term deposits

Short term deposits includes cash balances that are invested in accounts with a maturity date of between 3 and 12 months.

q) Cash at bank and in hand

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

r) Creditors and provisions

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

s) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

t) Pensions

The Association makes contributions to defined contribution pension schemes on behalf of its employees. Contributions are charged to the statement of financial activities in the periods to which they relate. The Association has no liability under the scheme other than for the payment of those contributions.

2 Income from donations and legacies

	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Donations	15,236	285,534	300,770	35,384	67,217	102,601
Legacies	-	-	-	-	30,000	30,000
Ministry of Defence grant	2,929,547	1,562,466	4,492,013	4,137,014	-	4,137,014
Donated services	32,040	-	32,040	32,400	-	32,400
	<u>2,976,823</u>	<u>1,848,000</u>	<u>4,824,823</u>	<u>4,204,798</u>	<u>97,217</u>	<u>4,302,015</u>

The Ministry of Defence makes an annual Grant in Aid to enable the charity to operate in support of the Army Cadets. It also makes grants for specified purposes, predominately in support of the Cadet Digital Services project and for Army Cadet Marketing.

The Marine Society and Sea Cadets made a large donation (£161,616) this year to support the Cadet Digital Services project.

The Charles Brotherton Trust continue their long-standing support (£275) enabling Adventure Training for young people in Leeds.

The Reserve Forces and Cadets Association for Greater London kindly donates office space to the ACFA. This is recognised at the estimated cost of securing suitable alternative office space

The Army Cadet Force Association

Notes to the financial statements

For the year ended 31 March 2021

3 Income from charitable activities

	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Supporting cadets and volunteers						
Subscriptions	2,845	-	2,845	3,099	-	3,099

4 Income from other trading activities

	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Collective insurance policy premiums	19,446	-	19,446	34,772	-	34,772
Events and awards	10,320	-	10,320	26,525	-	26,525
Merchandise sales	12,869	-	12,869	-	-	-
Other	2,766	-	2,766	147	-	147
Total	45,401	-	45,401	61,444	-	61,444

Income from collective Insurance policy premiums has dropped this year as no overseas activity has taken place. This means that no collective travel policies have been required.

5 Income from investments

	2021 Total £	2020 Total £
Dividends	65,901	60,356
Bank interest	2,240	13,711
	68,141	74,067

All income from investments is unrestricted.

The Army Cadet Force Association

Notes to the financial statements

For the year ended 31 March 2021

6a Analysis of expenditure (current year)

	Charitable activities					2021 Total £	2020 Total £
	Raising funds £	Supporting ACF Counties £	Supporting cadets and volunteers £	Governance costs £	Support costs £		
Staff costs (Note 9)	-	174,903	1,220,600	-	36,885	1,432,388	1,625,016
Grant making (Note 7)	-	3,500	377,402	-	-	380,902	425,161
Direct activity costs	-	139,533	230,848	-	-	370,381	720,510
Cadet Digital Services	-	1,249,960	-	-	-	1,249,960	664,692
AGM dinner costs	-	-	-	-	-	-	5,616
Insurance	-	-	-	-	22,701	22,701	11,424
Marketing and advertising	-	622,175	-	-	-	622,175	712,850
Audit fees	-	-	-	8,625	-	8,625	18,390
Legal and professional	-	-	-	36,720	-	36,720	4,975
Trustee expenses	-	-	-	155	-	155	5,778
Investment manager fees	600	-	-	-	-	600	9,496
Office expenses	-	-	-	-	82,559	82,559	81,244
Travel	-	-	-	-	3,544	3,544	19,036
Other	-	-	-	-	-	-	1,047
Depreciation	-	-	-	-	22,358	22,358	17,321
	600	2,190,071	1,828,850	45,500	168,047	4,233,068	4,322,556
Support costs	-	20,984	147,063	-	(168,047)	-	-
Governance costs	-	5,682	39,818	(45,500)	-	-	-
Total expenditure 2021	600	2,216,737	2,015,731	-	-	4,233,068	
Total expenditure 2020	9,496	2,172,205	2,140,855	-	-		4,322,556

The Army Cadet Force Association

Notes to the financial statements

For the year ended 31 March 2021

6b Analysis of expenditure (prior year)

	<u>Charitable activities</u>					2020 Total £
	Raising funds £	Supporting ACF Counties £	Supporting cadets and volunteers £	Governance costs £	Support costs £	
Staff costs (Note 9)	-	179,396	1,405,886	-	39,734	1,625,016
Grant making (Note 7)	-	309,566	115,595	-	-	425,161
Direct activity costs	-	199,888	520,622	-	-	720,510
Cadet Digital Services	-	664,692	-	-	-	664,692
AGM dinner costs	-	5,616	-	-	-	5,616
Insurance	-	-	-	-	11,424	11,424
Marketing and advertising	-	712,850	-	-	-	712,850
Audit fees	-	-	-	18,390	-	18,390
Legal and professional	-	-	-	4,975	-	4,975
Trustee expenses	-	-	-	5,778	-	5,778
Investment manager fees	9,496	-	-	-	-	9,496
Office expenses	-	-	-	-	81,244	81,244
Travel	-	-	-	-	19,036	19,036
Other	-	-	-	-	1,047	1,047
Depreciation	-	-	-	-	17,321	17,321
	9,496	2,072,008	2,042,103	29,143	169,806	4,322,556
Support costs	-	85,520	84,286	-	(169,806)	-
Governance costs	-	14,677	14,466	(29,143)	-	-
Total expenditure 2020	9,496	2,172,205	2,140,855	-	-	4,322,556

The Army Cadet Force Association

Notes to the financial statements

For the year ended 31 March 2021

7 Grant making

ACFA provides financial grants to ACF Counties, adult volunteers and cadets for a wide variety of individual development needs including provision of sports equipment and help to attend courses and expeditions.

A list of the ACF Counties and Regions that have received grants in the year from the ACFA is at note 23.

	2021 No of awards	2021 £	2020 £
Supporting ACF Counties and Regions			
General Grants	1	3,500	266,716
Regional Sports Grants	-	-	42,850
Supporting Individuals			
General Grants	-	-	108,685
Matthew Bacon Bursary	7	4,397	-
Sailing	-	-	4,495
Duke of Edinburgh's Award	1	2,081	-
Hardship Relief Fund	412	359,139	-
CVQO vocational awards	7	6,005	-
Scotland IT and equipment grants	6	5,780	-
Leeds	-	-	250
London	-	-	2,165
At the end of the year		<u>380,902</u>	<u>425,161</u>

8 Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2021 £	2020 £
Depreciation	22,377	17,321
Operating lease rentals payable:		
Equipment	4,987	4,987
Auditor's remuneration (excluding VAT):		
Audit - current year	<u>10,450</u>	<u>10,250</u>

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

Staff costs were as follows:

	2021 £	2020 £
Salaries and wages	1,181,531	1,337,410
Redundancy and termination costs	5,380	46,681
Social security costs	110,315	125,949
Employer's contribution to defined contribution pension schemes	98,277	114,976
Recruitment and other payroll costs	36,885	-
	<u>1,432,388</u>	<u>1,625,016</u>

The redundancy and termination costs were settled and paid at the balance sheet date.

Recruitment and other payroll costs were support costs for running and providing payroll activities during the year.

No employee earned more than £60,000 during the year (2020: nil).

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprises the trustees, the Chief Executive, and the Deputy Chief Executive. The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £90,523 (2020: £142,725).

The charity contributes towards the provision of pension benefits for some employees at the rate of 10% per annum. The contributions payable were £98,277 (2020: £112,164). Of this total, £NIL (2020: £NIL) were contributions payable in respect of these £NIL (2020: NIL) employees earning more than £60,000.

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2020: £nil). No charity trustee received payment for professional or other services supplied to the charity (2020: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £200 (2020: £5,403) incurred by 2 (2020: 9) individuals relating to attendance at meetings of the trustees.

10 Staff numbers

The full time equivalent staff carrying out work for the ACFA during the year was 39 (2020: 49).

Because the ACFA shares its back office functions with the Combined Cadet Force Association it has chosen to employ all staff across both charities on joint contracts. This means that the charities gain flexibility and economies in how staff support the charities. However this joint contract arrangement requires ACFA to disclose the average number of employees for the two charities combined. This is taken as a head count based on number of staff employed. During the year this was 51 (2020: 64).

11 Related party transactions

On occasion grants are awarded to ACF Counties with which trustees are adult volunteers. Decisions about who to award funds to are made in accordance with the grants policy and formally delegated authority. On the rare occasion a trustee or staff member's ACF County has applied for a grant, that individual will not be a party to the discussion of that application. If they normally have a part to play in the grants decision making process, they will ensure that they are not involved in either the discussion or the decision.

There were 5 (2020: seven) related party transactions of this type relating to two (2020: three) trustees totalling £537 (2020: £6,194) during the year.

One additional related party transaction took place this year. A person connected with a trustee was awarded an individual grant. The potential conflict was identified on receipt of the application and the following measures were in place for the grant making process:

- All applications were anonymised before they were considered by the trustees. Only the grants staff (two people) knew the identity of the applicants.
- Trustees with ACF connections did not see, or make decisions on, applications from volunteers in their own geographical area of the ACF. Trustees were not told which region applications came from in advance so they could not inadvertently influence each other.
- The staff providing secretariat to the board were not informed who each applicant was before the panel and saw only anonymised information.

Once decisions had been made, but before grants were awarded, this information was communicated to the Chair of Trustees to check that the potential conflict of interest had been properly managed. The Chair then reported back to the full board and the trustees are content that this process prevented conflicts of interest from affecting the decision making process.

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

12 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

13 Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At the start of the year	49,669	43,436	93,105
Additions in year	4,046	17,230	21,276
Disposals in year	–	(899)	(899)
At the end of the year	<u>53,715</u>	<u>59,767</u>	<u>113,482</u>
Depreciation			
At the start of the year	16,976	10,667	27,643
Charge for the year	11,572	10,805	22,377
Eliminated on disposal	–	(19)	(19)
At the end of the year	<u>28,548</u>	<u>21,453</u>	<u>50,001</u>
Net book value			
At the end of the year	<u><u>25,167</u></u>	<u><u>38,314</u></u>	<u><u>63,481</u></u>
At the start of the year	<u><u>32,693</u></u>	<u><u>32,769</u></u>	<u><u>65,462</u></u>

All of the above assets were purchased with unrestricted funding and are used for charitable purposes.

The Army Cadet Force Association

Notes to the financial statements

For the year ended 31 March 2021

14 Listed investments

	2021 £	2020 £
Fair value at the start of the year	2,780,682	2,783,252
Additions at cost	–	3,122,259
Disposal proceeds	(153,612)	(3,106,178)
Net gain on change in fair value	488,933	(18,651)
	<u>3,116,003</u>	<u>2,780,682</u>
Cash held by investment broker pending reinvestment	2,172	3,018
Fair value at the end of the year	<u>3,118,175</u>	<u>2,783,700</u>

Investments comprise the following:

	2021 £	2020 £
UK Common investment funds	3,116,003	2,733,622
UK fixed interest	–	47,060
Cash	2,172	3,018
	<u>3,118,175</u>	<u>2,783,700</u>

15 Stock

	2021 £	2020 £
Merchandise	27,605	–
	<u>27,605</u>	<u>–</u>

During the year, the charity commenced selling merchandise to the public.

16 Debtors

	2021 £	2020 £
Trade debtors	348	–
Other debtors	541	2,167
Prepayments	82,211	11,726
Accrued income	13,553	24,617
	<u>96,653</u>	<u>38,510</u>

The Army Cadet Force Association

Notes to the financial statements

For the year ended 31 March 2021

17 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	54,694	40,262
Taxation and social security	39,560	37,671
Pension contributions	16,184	–
Grants payable	6,478	248,760
Accruals	129,559	24,440
Deferred income (note 18)	46,510	27,711
	<u>292,985</u>	<u>378,844</u>

18 Deferred income

Deferred income comprises funds for ACFA insurance income

	2021 £	2020 £
Balance at the beginning of the year	27,711	54,878
Amount released to income in the year	(27,711)	(27,167)
Amount deferred in the year	46,510	–
Balance at the end of the year	<u>46,510</u>	<u>27,711</u>

19a Analysis of net assets between funds (current year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	63,481	–	–	63,481
Fixed asset investments	192,741	2,925,434	–	3,118,175
Net current assets	925,797	212,635	923,259	2,061,691
Net assets at 31 March 2021	<u>1,182,019</u>	<u>3,138,069</u>	<u>923,259</u>	<u>5,243,347</u>

19b Analysis of net assets between funds (prior year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	65,462	–	–	65,462
Fixed asset investments	47,060	2,736,640	–	2,783,700
Net current assets	1,148,762	–	48,348	1,197,110
Net assets at 31 March 2020	<u>1,261,284</u>	<u>2,736,640</u>	<u>48,348</u>	<u>4,046,272</u>

The Army Cadet Force Association

Notes to the financial statements

For the year ended 31 March 2021

20a Movements in funds (current year)

	At 1 April 2020 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2021 £
Restricted funds:					
Army Cadet Marketing fund	-	1,209,500	(649,321)	-	560,179
Cadet Digital Services fund	-	514,582	(316,271)	-	198,311
Cadet Music fund	7,041	1,535	-	-	8,576
Cadet Sports fund	-	120,942	-	-	120,942
Chris Wood Memorial fund	355	-	-	-	355
Duke of Edinburgh Award fund	1,000	-	-	-	1,000
Grenadier fund	500	-	-	-	500
Leeds fund	-	275	-	-	275
London fund	585	200	-	-	785
Matthew Bacon Bursary fund	7,763	966	(4,397)	-	4,332
Sailing fund	1,104	-	-	-	1,104
South East Essex fund	30,000	-	(3,100)	-	26,900
Total restricted funds	48,348	1,848,000	(973,089)	-	923,259
Unrestricted funds:					
Designated funds:					
- Income generation fund	2,736,640	-	-	188,794	2,925,434
- Northern Irish Fund	-	-	-	22,030	22,030
- Scottish Fund	-	-	-	137,358	137,358
- Welsh Fund	-	-	-	53,247	53,247
Total designated funds	2,736,640	-	-	401,429	3,138,069
General funds	1,261,284	3,582,143	(3,259,979)	(401,429)	1,182,019
Total unrestricted funds	3,997,924	3,582,143	(3,259,979)	-	4,320,088
Total funds	4,046,272	5,430,143	(4,233,068)	-	5,243,347

The narrative to explain the purpose of each fund is given at the foot of the note below.

The Army Cadet Force Association

Notes to the financial statements

For the year ended 31 March 2021

20b Movements in funds (prior year)

	At 1 April 2019 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2020 £
Restricted funds:					
Cadet Music fund	-	12,965	(5,924)	-	7,041
Cadet Sports fund	2,736	27,538	(35,706)	5,432	-
Chris Wood Memorial fund	355	-	-	-	355
Duke of Edinburgh Award fund	-	20,710	(25,874)	6,164	1,000
Grenadier fund	-	500	-	-	500
Leeds fund	-	250	(250)	-	-
London fund	-	2,750	(2,165)	-	585
Matthew Bacon Bursary fund	5,259	2,504	-	-	7,763
Sailing fund	5,599	-	(4,495)	-	1,104
South East Essex fund	-	30,000	-	-	30,000
Total restricted funds	13,949	97,217	(74,414)	11,596	48,348
Unrestricted funds:					
Designated funds:					
- Income generation fund	-	-	-	2,736,640	2,736,640
Total designated funds	-	-	-	2,736,640	2,736,640
General funds	3,932,905	4,343,408	(4,266,793)	(2,748,236)	1,261,284
Total unrestricted funds	3,932,905	4,343,408	(4,266,793)	(11,596)	3,997,924
Total funds	3,946,854	4,440,625	(4,341,207)	-	4,046,272

Purposes of restricted funds

Army Cadet Marketing fund – These funds are granted to the ACFA in order to promote the Army Cadets and to recruit new cadets and adult volunteers.

Cadet Digital Services fund – These funds are granted to the ACFA in order to run and develop a variety of digital services for the cadets.

Cadet Music fund – This fund is to support Army Cadets to learn an instrument or take part in music performances around the world. Activities supported by this fund include instrument purchase, uniform purchase and support for cadets to travel overseas.

Cadet Sports fund – The sports fund exists to support Army Cadet sport across the UK.

Chris Wood Memorial fund – Colonel Chris Wood ACF had a long career in the Territorial Army and the ACF. His sudden death in August 2018 led to the creation of this fund to support adult volunteer leadership development.

Duke of Edinburgh Award fund – This fund is to support Army cadets and adult volunteers to undertake the volunteering section of the Duke of Edinburgh award.

Grenadier fund – The ACFA is grateful to the Grenadier Guards Trust for supporting cadets in affiliated detachments to take part in cadet activities.

Leeds fund – The ACFA is grateful to the Charles Brotherton Trust for supporting cadets in the Leeds area to take part in Adventure Training activities.

London fund – The ACFA is grateful to the Knights of the Round Table and the Masonic Charitable Foundation for supporting cadets in the London area to take part in cadet activities.

20 Purposes of restricted funds (continued)

Matthew Bacon Bursary fund – In September 2005, Major Matthew Bacon of the Intelligence Corps was tragically killed by a roadside bomb in Iraq. Major Bacon was a former Surry ACF cadet, as well as being a career soldier. He was a keen participant in many types of adventurous training, which also formed an important part of his life.

His parents, Mr and Mrs Roger Bacon, set up a bursary in their son's name as a means of celebrating his life. The bursary enables army cadets to take part in an Outward Bound Trust 'Skills for Life Award', which would otherwise be beyond their means.

Sailing fund – This fund seeks to support Army Cadets to undertake a range of short sailing expeditions around the UK.

South East Essex fund – The ACFA received a generous legacy of £30,000 from the estate of Arthur Jopson, a former CFAV in C Company of Essex ACF. Mr Jopson specified his gift was for the benefit of cadets and CFAVs in the South East of Essex.

Purposes of designated funds

Income generation fund – The trustees have set aside these funds specifically for the purpose of generating income to support the grants programme. This fund is invested and more details about the performance of the investments can be found in note 14.

Northern Irish fund – These funds are set aside to enable local decision making in running the Northern Irish Branch.

Scottish fund – These funds are set aside to enable local decision making in running the Scottish Branch.

Welsh fund – These funds are set aside to enable local decision making in running the Welsh Branch.

21 Operating lease commitments payable as a lessee

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

	Equipment	
	2021	2020
	£	£
Less than one year	4,987	4,987
One to five years	8,728	13,715
	<u>13,715</u>	<u>18,702</u>

22 Legal status of the charity

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

23 ACF Counties and Regions that have received grants from the ACFA in the year:

1 Northern Ireland Battalion ACF	Kent ACF
2 Northern Ireland Battalion ACF	LONDIST
Black Watch ACF	Northern Ireland Region
Cheshire ACF	North East Region
City of London & North East Sector ACF	North West Region
Cornwall ACF	Scottish Region
Derbyshire ACF	South East Region
East Region ACF	South West Region
Essex ACF	Suffolk ACF
Greater London South East Sector ACF	Welsh Region
Greater Manchester ACF	West Midlands Region
Hampshire & Isle of Wight ACF	Yorkshire North and West ACF