



**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



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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 Alight - 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)	
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:	20				
Restricted income funds			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					
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)	
Net cash provided by operating activities			(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		–		–	
Net cash provided by investing activities			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						
	Raising funds £	Supporting ACF Counties £	Supporting cadets and volunteers £	Governance costs £	Support costs £	2022 Total £	2021 Total £
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					
	Raising funds £	Supporting ACF Counties £	Supporting cadets and volunteers £	Governance costs £	Support costs £	2021 Total £
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

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
	3,340,324	3,116,003
Cash held by investment broker pending reinvestment	1,572	2,172
Fair value at the end of the year	3,341,896	3,118,175

Investments comprise the following:

	2022 £	2021 £
UK Common investment funds	3,340,324	3,116,003
Cash	1,572	2,172
	3,341,896	3,118,175

15 Stock

	2022 £	2021 £
Merchandise	22,503	27,605
	22,503	27,605

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
	157,403	96,653

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
	363,750	292,985

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	97,664	46,510

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	1,398,067	3,345,410	557,024	5,300,501

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	1,182,019	3,138,069	923,259	5,243,347

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.

Notes to the financial statements

For the year ended 31 March 2022

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
	<u>11,996</u>	<u>15,736</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 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