



**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>	^C	Duncan Capps	Appointed 19 Nov 22
<i>Treasurer</i>	^{A B}	Sarah Dickson	Appointed 8 Dec 22
	^C	Jemma Ralph	
	^C	Wendy Adams	
	^D	David Chipp	
	^A	Ruadhri Duncan	
		Alan Goodwin	Resigned 16 Feb 23
		David Kane	Resigned 25 Mar 23
	^{C E}	Shirley Montgomery	Appointed 8 Dec 22
	^{A B}	Justin Tarka	
		Christopher Tearney	
	^A	Oliver Rice	
	^{B C F}	Joyce Quin	
	^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 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 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 seen 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 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	6	338,113	1,908,572	2,246,685	332,661	1,969,389	2,302,050
Supporting cadets and volunteers	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)	
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:	20				
Restricted income funds			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

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.

Notes to the financial statements

For the year ended 31 March 2023

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						
	Raising funds £	Supporting ACF Counties £	Supporting cadets and volunteers £	Governance costs £	Support costs £	2023 Total £	2022 Total £
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					
	Raising funds £	Supporting ACF Counties £	Supporting cadets and volunteers £	Governance costs £	Support costs £	2022 Total £
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	51	100	374,349	183,807

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	12,050	10,950

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	53,715	83,998	137,713
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	48,367	52,297	100,664
Net book value			
At the end of the year	5,348	31,701	37,049
At the start of the year	12,668	37,814	50,482

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	(169,274)	224,321
	3,171,050	3,340,324
Cash held by investment broker pending reinvestment	972	1,572
Fair value at the end of the year	3,172,022	3,341,896

Investments comprise the following:

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

15 Stock

	2023 £	2022 £
Merchandise	11,334	22,503
	11,334	22,503

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
	106,925	157,403

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
	353,529	363,750

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	138,471	97,664

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	1,307,753	3,196,152	434,028	4,937,933

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

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	