

# **REGISTRAR OF COMPANIES**

## **The Army Cadet Force Association**

### **Annual Report and Financial Statements**

31 March 2014

Company Limited by Guarantee  
Registration Number  
00293432 (England and Wales)

Charity Registration Number  
305962

Office of the Scottish Charity Regulator  
SC039057

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## Reference and administrative details of the charity, its trustees and advisers

<b>President of the Council/Trustee</b>	Lieutenant General A J N Graham CB CBE
<b>Directors/Trustees</b>	
Chairman	Major General M D Wood CBE
Vice Chairman	Colonel A Blowers OBE (resigned 16 Nov 13) Colonel D I Fuller OBE NMN DL (appointed 16 Nov 13)
Finance Chairman	Mr T Weale
Honorary Treasurer	Mr P J W Henderson (resigned 26 Feb 14) Mr A Goodwin (appointed 26 Feb 14)
<b>Members of the Council/Trustees</b>	
Chairman Northern Ireland	Colonel D G McCleery OBE
Chairman Scotland	Colonel A H Cassidy
Chairman Wales	Colonel J Brunt OBE TD
General Trustees	Mr R A C Duncan Colonel M E Bennett OBE DL Colonel M P Bryant DL Colonel P Christian OBE DL Colonel D T Howells Colonel E A Mulder Colonel E J Mytton Colonel C Tearney (appointed 16 Nov 13) Colonel P J F Webb Colonel H M W Williams Major J R C White TD (appointed 16 Nov 13)
<b>Co-opted Members</b>	Commander (Retd) G R Bushell Mr D Haigh Colonel P J Edwards MBE Reverend K D Bell CF (until Feb 14) Reverend JRB Gough CF (from Feb 14)
<b>Secretary</b>	Brigadier M Wharmby OBE (until Sep 13) Brigadier D S Short CBE (from Sep 13)
<b>Company Secretary</b>	Lieutenant Colonel R N B Quicke

## Reference and administrative details of the charity, its trustees and advisers

<b>Principal address and registered office</b>	Holderness House 51-61 Clifton Street London EC2A 4DW
<b>Company Registration Number</b>	00293432 (England and Wales)
<b>Charity Registration Number</b>	305962
<b>Office of the Scottish Charity Regulator</b>	SC039057
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Bankers</b>	Lloyds TSB Bank plc Butler Place London SW1H 0PR
<b>Investment managers</b>	Investec Wealth & Investment 2 Gresham Street London EC2V 7QN

## **Trustees' report Year to 31 March 2014**

The Council, the members of which are the trustees for the purposes of charity law and directors for the purposes of company law, presents its statutory report together with the financial statements of The Army Cadet Force Association for the year ended 31 March 2014

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and also constitutes a directors' report for the purposes of the Companies Act 2006 and other company legislation

The financial statements have been prepared in accordance with the accounting policies set out therein and comply with the charitable company's memorandum and articles of association, applicable laws and the requirements of Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005)

### **GOVERNANCE, STRUCTURE AND MANAGEMENT**

#### **Constitution**

The Army Cadet Force Association (ACFA) is a registered charity and a company limited by guarantee, not having a share capital. It is governed by its memorandum and articles of association which were amended on 17th November 2007 to take account of changes to Charity Law in Scotland

#### **Role**

The ACFA is dedicated to promoting the ideals and activities of the Army Cadet Force (ACF). In providing educational, adventurous, competitive and social activities, the Association's key priorities are

*Assisting in cadets' citizenship development,*

*Promoting cadets' powers of leadership and qualities of character,*

*Reinforcing the ACF's potential to 'Inspire to Achieve', and*

*Fostering the welfare and recreational life of the ACF*

Important ACF programmes such as Adventurous Expeditions and Sports are promoted or managed by the Association and are designed to improve the overall health and fitness of volunteers and cadets, while activities such as first aid training, music and competitive target shooting help cultivate new skills and talents. By co-ordinating valuable initiatives including links to St John Ambulance and the Duke of Edinburgh's Award, the Association ensures that cadets from all walks of life and of all abilities are able to achieve recognition for their efforts. Through the ACF's youth and community project known as Outreach, the Association enables participating ACFs to add considerable value to their own communities through a programme of achievement based around typical cadet activities, which are delivered by cadet force adult volunteers to children aged 12 to 15 considered by schools, police and other local bodies to be at risk.

## **GOVERNANCE, STRUCTURE AND MANAGEMENT** (continued)

### **Role** (continued)

In preparing this report, the trustees have had regard to the Charity Commission's guidance to charities on demonstrating that their aims are pursued for public benefit. The Council believes that this report provides sufficient information regarding the charity's aims and beneficiaries to fulfil the expectations of that guidance.

### **Functions**

The functions exercised by the Association, with the approval of the Ministry of Defence (MoD) and the other authorities concerned, are to

- ◆ Act as advisers to the MoD and other authorities on ACF matters in general and cadet involvement in National Ceremonial matters in particular,
- ◆ Assist in the development of training suitable for cadets,
- ◆ Foster the wide cadet experience including the welfare and recreational life of the ACF,
- ◆ Represent the ACF in wider youth service affairs, and on the National Council for Voluntary Youth Services (NCVYS), the Central Committee for Sport and Recreational Alliance and other such bodies,
- ◆ Provide guidance on the spiritual aspects of ACF training,
- ◆ Frame the policy on citizenship training to be carried out by the ACF,
- ◆ Organise and administer national sport for the ACF through the Sports Board,
- ◆ Be an Operating Authority for the Duke of Edinburgh's Award in the ACF,
- ◆ Co-ordinate first aid training and serve as a St John Ambulance Special Centre to enable first aid training to be carried out in accordance with the Army Proficiency Certificate training syllabus,
- ◆ Provide the management and musical expertise to develop marching band music for young people at county and national level,
- ◆ Provide the management and musical expertise to develop piping and drumming for young people at county and national level, particularly in Scotland,
- ◆ Stimulate a thirst for adventure within the ACF by supporting the Cadet Centre for Adventurous Training (CCAT) and their adventurous training (AT) courses for ACF volunteer adults and cadets,
- ◆ Facilitate, through the Shooting Committee, the sport of target rifle shooting leading to participation in national and international events,
- ◆ Facilitate the development of cadet signalling expertise in partnership with the Royal School of Signals at Blandford

## GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

### Functions (continued)

- ◆ Facilitate the ACF Outreach youth and community project which provides young people outside the ACF with a programme of confidence and character building activities. This in turn promotes the ACF as an outward looking youth organisation,
- ◆ Foster association with like minded (or kindred) Cadet Forces overseas,
- ◆ Devise and execute a national strategy for the promotion of the ACF, linking to regional promotional strategies managed by the Reserve Forces' and Cadets' Associations (RFCAs),
- ◆ Contribute to the recruitment and retention of the ACF's adult volunteers,
- ◆ Publish the ACF's journal, the ACF's Annual Report and other non-official publications as may be of benefit to the ACF,
- ◆ Provide "regimental" services to the ACF in the manner of all corps and regimental headquarters and associations, and
- ◆ Operate Personal Accident, Travel and Legal Help insurance schemes covering the needs of the both adults and cadets of the ACF outside the MoD liability

### Trustees

The names of the trustees who served during the year are set out as part of the reference and administrative details on page 1 of this annual report and financial statements and brief biographical details of the senior trustees are given below

Office		Background
President of the Council	Lieutenant General (Retired) A J N Graham CB CBE	Commandant Defence Academy 2007-2011
Chairman	Major General (Retired) M D Wood CBE	Director General Logistic Support Command 2006-2008
Vice Chairman	Colonel A Blowers OBE	Retired Insurance Chief Executive
	Colonel D Fuller OBE MNM DL	Principal Marine Surveyor, Maritime and Coastguard Agency
Finance Chairman	Mr T Weale	Retired Partner Cushman & Wakefield LLP
Honorary Treasurer	Mr P J W Henderson	Director of Investment Management, Newton Investment Management Ltd
	Mr A Goodwin	Head of Investment Relationship Management, Newton Investment Ltd

These trustees are involved in the selection of senior members of the secretariat and of new trustees. Once selected, new trustees are sent an induction pack and attend training days if available. In 2013-14 this included seminars on tax, trustee governance, investment responsibilities and charitable regulation changes. Trustees are not remunerated but are reimbursed for travel expenses for attending trustees' meetings, visiting ACF activities and other support to the charity.

## **GOVERNANCE, STRUCTURE AND MANAGEMENT** (continued)

### **Trustees' responsibilities statement**

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

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 charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the trustees are required to

- ◆ select suitable accounting policies and then apply them consistently,
- ◆ observe the methods and principles in the Statement of Recommended Practice (Accounting and Reporting by Charities) (the Charities' SORP),
- ◆ make judgments and estimates that are reasonable and prudent,
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that

- ◆ so far as the trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and
- ◆ the trustee has taken all the steps that he ought to have taken as a trustee in order to make himself aware of any relevant audit information and to establish that the charity's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

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



## **GOVERNANCE, STRUCTURE AND MANAGEMENT** (continued)

### **Structure and management reporting**

The charity has a small, full time salaried secretariat that manages its activities on a daily basis. The General Secretary, until September 2013 Brigadier (Retired) Mike Wharmby, now Brigadier (Retired) David Short, heads this Secretariat. The secretariat carries out the day-to-day management of all the ACFA activities to a programme and activity level agreed in advance with the trustees and the main financial stakeholder – The Army's HQ Support Command. The senior trustees (President, Chairman, Vice Chairman, Chairman Finance Committee and Honorary Treasurer) are consulted by the General Secretary 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 but several meetings occur that are in addition to the formal meetings described in the next paragraph.

There are a number of full and formal trustee (Council) meetings. The ACFA Council meets three times per year, after the production of the annual financial statements in July, before the Association's AGM in November, and towards the end of the financial year in March. Among other papers the Council receives in advance

- ♦ A report from the Finance Committee of the ACFA (see next paragraph) that shows expenditure to date in the current financial year and performance of the investment portfolio, for the July meeting this report incorporates the audited financial statements of the Association. The audited financial statements are agreed and signed off at this meeting.
- ♦ An updated register of the diverse risks being managed by the charity.

The Council has three smaller sub committees. The Finance Committee which carries out the overall financial management and governance of the Association, including the annual budget, the raising, investment and direction of funds and the oversight of office processes. The Committee is chaired by a senior trustee and consists of the Honorary Treasurer and at least two other trustees with financial or investment experience. It meets three times per year in advance of the main Council meeting so as to provide timely management information to the trustees. The second sub committee is the Remunerations' Committee, also chaired by the Chairman of the Finance Committee, but includes the ACFA Chairman as one of its trustee members. This committee sets the overall policy for remuneration of the salaried permanent staff and meets once per year before the ACFA Council meeting in March. The third committee was stood up for the first time in this financial year and is entitled the Development Committee. This meets on an as required basis to steer the development of the Charity as directed by the trustees.

The Council also calls upon 'activity committees' which are setup by them to manage and facilitate all of the activities mentioned in this report.

## **GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)**

### **Structure and management reporting (continued)**

The charity has three national branches based in Scotland, Northern Ireland and Wales. These branches have committees made up of volunteers from the ACF but have no full time staff or indeed premises from which to operate. Each branch runs a separate financial account for the support of local activities. These financial statements are included in the main ACFA financial statements. The Chairmen of these branches are committee members (trustees) of the main ACFA Council and provide the regional input and advice for the National Council. Other Trustees are appointed from the ACF in England to act and advise on a regional basis. In the case of Scotland, the charity is also regulated by the Office of the Scottish Regulator (OSCR) and is regarded by it as a 'Cross-Border Charity' with a separate Scottish Charity Number (SC039057).

### **Risk management**

The Council has a formal risk management process to assess business risks. This involves identifying the types of risks the charity faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. The charity's internal controls are regularly checked against the guidelines set down and recommended by the Charity Commission and yearly internal governance inspections are carried out by the Finance Committee Chairman.

The risks are formally reviewed at each of the three Council meetings that are held in the course of a year, and the trustees are satisfied that the processes are being implemented and that the internal controls are adequate and effective. Matters of a purely financial risk are closely managed by the Finance Committee and are brought to the attention of the Council as necessary to form part of the formal Council review.

## **OBJECTIVES, ACTIVITIES AND RELEVANT POLICIES**

### **Activities and specific objectives**

The charity's purpose is to provide members of the ACF across the whole of the United Kingdom with activities that will educate, develop and broaden the interests of its 41,500 12 to 18 year old cadet members. These young people volunteer from all walks of life and, with the charity's help, find a purpose to their lives that in some cases, for one reason or another, school and family may not have delivered. It also provides support and encouragement to the Adult Volunteers, without whom the ACF would not exist, these adult volunteers are automatically members of the charity.

In delivering these objectives, the charity strives wherever possible to link these activities to externally recognised academic or vocational qualifications such as the Duke of Edinburgh's Award (DofE), various BTECs and the awards of the Order of St John. In so doing the cadets, and indeed adult volunteers, are helped to develop and achieve careers that otherwise might have been difficult to attain.

## **OBJECTIVES, ACTIVITIES AND RELEVANT POLICIES (continued)**

### **Activities and specific objectives (continued)**

In more detail, the charity delivered

#### ***National Sports***

A series of national competitions in athletics, clay target shooting, hockey, tug-of-war, swimming, football, cross country running and 7-a-side rugby are organised in different parts of the United Kingdom in order to give many thousands of cadets the opportunity to travel to other parts of the United Kingdom to compete in individual and team sports at a national level. For most of the cadets taking part it will be their only opportunity to take part in a competitive physical challenge at this level.

The shortage of overnight accommodation for the cadets and accompanying adults continues to cause difficulties for the organisers. As the Army returns from Germany and the numbers of active Reserve soldiers increases the situation will only get worse, particularly in the south of England where the only large scale barracks at Longmoor, Hampshire seems already to be permanently booked by higher priority users. In fact it was this that forced ACFA to run the National Swimming Championships at RAF Cranwell instead of RMA Sandhurst. Nevertheless in 2013/14 the programme has been completed successfully and many hundreds of young people have travelled from their home counties to competitions widely spaced across the whole of England and Wales.

#### ***Adventurous Training***

Adventurous Training (AT) is delivered at a national level (CCAT and Army Cadet Expeditions) and at unit level. CCAT provides opportunities for older cadets to attain foundation skills level qualifications and CFAVs to attain foundation skills as well as nationally accredited leadership qualifications. The Army Cadet Expeditions provides opportunities for CFAVs and cadets to attain advanced skills awards as well as personal development in an expedition setting. AT provided at unit level is mostly at the introductory level but several counties undertake their own higher level training and expeditions.

#### ***Cadet Centre for Adventurous Training (CCAT)***

The student throughput achieved in the TY 2013/14 was 785. The student throughput divided into the budget expenditure of £220K worked out at £280.25 per person which remains extremely good value for money when compared against the market forces average price of £500+ for a 5-day residential course at a civilian National Training centre.

In 2014 CCAT introduced several new national qualification courses into the annual programme as well as a white water canoeing course in Southern France and, for the first time organised a CFAV specific expedition to Canada to undertake three weeks of Alpine mountaineering/rock climbing.

## OBJECTIVES, ACTIVITIES AND RELEVANT POLICIES (continued)

### Activities and specific objectives (continued)

#### **Army Cadet Force Expeditions**

**Mexico 2013.** Supported financially by ACFA, three CFAVs and 14 Cadets embarked on a trip to Mexico to offer their assistance to a Mexican Orphanage. The orphanage residents were 40 youngsters aged from 18 months to 20 years (all abused children)

Over 14 days the cadets helped the children in their lessons, made the orphanage safe to work and play in, built an extra play area for the babies, cleared ground for further play areas, built extra football games for the bigger children, cooked for the orphanage, carried out daily cleaning and helped in the kitchen. The cadets also embarked on local cultural visits and conducted day walks in the hills.

They gained good social awareness from other cultures and the exercise counted towards cadet gold DofE. One cadet was studying an A level in Spanish and used this as a project for her education. The exercise was an eye opener for the cadets and changed their thinking of other countries, most of them are still in contact and raising money for the orphanage, and are thinking about going back.

**Kenya 2014.** From an initial selection event involving 69 cadets and 25 adults a total of 40 cadets and 18 adults have successfully attended two five day training events in preparation for attending an expedition to Kenya in 2014. All non-qualified adults and cadets have gained the Summer Mountain Foundation award. A recce was undertaken in 2013. The main expedition takes place in July and August 2014 where an ascent of Point Lenana 3,985m on Mt Kenya will be attempted. This will be followed by a community project helping a primary school.

**Matthew Bacon Bursary.** 4 cadets attended 3 week long courses delivered by the Outward Bound Trust – unfortunately 2 cadets were unable to complete the full course due to injury. The Bursary which celebrates the life of a former ACF cadet turned soldier, who was killed in Iraq, is administered by the AT Adviser in collaboration with the parents of Matthew Bacon. Each course costs £1,800, the bursary pays £1,300, the cadet has to raise £250 which is matched by the ACFA. Two awards have been made for 2014.

**Navigation.** The new navigation syllabus, which matches that of the National Navigation Award Scheme (NNAS), has been introduced into the ACF APC syllabus replacing the old map and compass syllabus. Five successful 'Train the Trainer' events have been held and 95 ACF adults have become authorised NNAS Course Tutors. The ACFA pays the annual NNAS registration fee for the entire ACF. Hundreds of cadets and newly recruited adults are now being trained in navigation with the number growing annually.

## OBJECTIVES, ACTIVITIES AND RELEVANT POLICIES (continued)

### Activities and specific objectives (continued)

#### *Duke of Edinburgh's Award (DofE)*

ACFA is the Licensed Organisation through which ACF and some CCF cadets and young CFAV up to the age of 25 can obtain DofE awards, by including core activities within the Cadet Experience, and often activity engaged in outside the cadet forces, to plan and participate in their DofE programme. The Charity manages the development of the DofE for Army Cadets, organises and provides quality DofE training for leaders, monitors higher level expeditions, and approves awards to successful participants. ACFA is one of the major DofE Licensed Organisations in the UK.

#### *Achievements*

Almost 1,800 army cadets and young instructors completed a DofE award in 2012/13, which is the latest year for which we have statistics, of these, 158 gained the prestigious Gold Award. As now required by DofE, almost all participants planned, organised and recorded their programme and award through the electronic on-line eDofE system.

In the training year 2013/14, the ACFA DofE Advisory Panel and Training Network, composed of experienced volunteers from across the UK, ran a total of 42 DofE Modular Training Framework training courses at various locations, resulting in 683 modular certificates being awarded to leaders. 387 ACF/CCF leaders and senior cadets gained the *Introduction to the DofE Certificate*, with 32 going on to complete the more advanced *Certificate in DofE Leadership*. In cooperation with the Air Training Corps, the ACFA has now developed an advanced course in *Managing DofE Leaders*, aimed at supporting County / Wing DofE Officers to, in turn, support their DofE leaders back in their units.

Training in expedition leadership and assessment skills and techniques resulted in 79 leaders undergoing training in the Expedition Assessor Accreditation Scheme, only nationally accredited assessors are authorised to undertake DofE expedition assessment, so this course was an ongoing priority for training last year. Expedition leadership training emphasis is now tending to the important Expedition Supervisor Training Course which 62 leaders attended in the last year. Our aim is to make Regions and even Counties self sufficient in leadership training.

#### *The Future*

The cooperation between the DofE in the ACF and CVQO continues largely because success in DofE can lead to cadets having their BTEC awards enhanced. Accreditation of learning on the DofE Modular Training Framework courses has been taken on by CVQO using Institute of Leadership and Management (ILM) qualifications, with students on the *Certificate in DofE Leadership* course being given the option of enrolling for the ILM Level 2 Award in Team Leading.

## OBJECTIVES, ACTIVITIES AND RELEVANT POLICIES (continued)

### Activities and specific objectives (continued)

#### *First Aid*

The Charity supports all first aid training in the ACF, providing external accreditation through relevant awarding bodies for cadets and CFAVs, it provides externally accredited teaching courses and qualifications for first aid trainers, supports continuation and practical training for cadets through competitions, and assists in providing appropriate recognition to cadets and CFAVs who render praiseworthy first aid in real life

#### *Achievements*

ACFA supported all first aid related courses delivered at the Cadet Training Centre with 112 participants obtaining a total of 618 qualifications over 12 different courses offered in each of three weeks at CTC ACFA supported the first aid training carried out in counties and battalions that should result in up to 46,000 cadets undergoing first aid training every year This included in 2013/14 13,636 cadets obtaining Heartstart certificates, 5,060 cadets receiving Youth First Aid certificates, and 28,046 cadets obtaining a first aid qualification or APC first aid pass 2,536 cadets and adult volunteers also received externally accredited adult first aid certificates (valid for 3 years) reflecting training and assessment of at least 18 hours All ACF first aid training delivered through ACFA remains free of cost and delivered by the ACF's own volunteers

Since October 2013 ACFA has facilitated workplace first aid training that complies with Health & Safety Executive regulations ACFA facilitates at CTC a First Aid at Work award on the Qualifications Credit Framework (QCF) offering adult volunteers a valued, externally accredited qualification, and provides recognised QCF Education and Training awards for first aid trainers

In 2013 ACFA ran relocated national and inter-services first aid competitions over a full weekend at RAF Cranwell for participants from ACF, CCF, SCC and ATC, supported by adult staff including judges from St John Ambulance Although scaled down due to the constraints of relocation the competitions were delivered very successfully with 122 cadet participants and 89 supporting staff

ACFA also supported 73 awards for praiseworthy first aid that probably resulted in the saving of at least six lives Awards included Royal Humane Society Testimonials, Young First Aider of the Year certificates, and British Red Cross Humanitarian Citizen certificates and an ACF Cadet won the national Daily Mail 'Everyday Heroes' award

#### *The Future*

The national competitions will again be relocated – to Strensall – but with the support of the Army's 2 Medical Brigade This move will allow the competitions to return to their full scope

Due to the closing by St John Ambulance of the Young First Aider of the Year Awards ACFA will support a new event to recognise the most praiseworthy examples of first aid by cadets We look forward to working more closely with St John Ambulance on youth initiatives

## OBJECTIVES, ACTIVITIES AND RELEVANT POLICIES (continued)

### Activities and specific objectives (continued)

#### ***Competitive Target Shooting***

The Charity, through the ACFA Shooting Committee, supports army cadet competitions in 22 rifle, full-bore cadet target rifle and cadet GP service rifle shooting and in so doing stimulates the desire for excellence in the large number of young people that this involves. In addition, the Charity provides support to a large proportion of the cadet and youth teams that compete internationally on behalf of the GB and UK. In this, the ACFA works very closely with the Council for Cadet Rifle Shooting (CCRS), a separate charitable body that, for administrative convenience, was partially funded by the MoD through our charity (see below). This funding arrangement has now ceased.

#### ***Achievements***

Cadet shooting, including competitions in all disciplines, continues to contribute a great deal towards the recruitment and retention of army cadets and provides many opportunities to *Inspire to Achieve* at all levels. Research has shown that for the majority of cadets, target shooting remains the most popular activity.

The ACFA continues to provide advice and guidance to the HQ Support Command's Cadet Branch regarding cadet shooting policy matters. This has included reviews of the Skill at Arms and Shooting training syllabus, the Cadet Training Manual for Skill at Arms and Shooting, adult volunteer shooting and coaching training, the shooting training requirements for the ACF and the specification requirements for a rifle to replace the No 8 22 rifle.

The ACFA has also provided assistance and guidance to ACF counties on the training and testing of cadets in accordance with the training syllabus and the training of adult volunteers. This has included the delivery of national and regional coaching courses. Assistance and guidance has also been provided to counties for numerous shooting competitions in all disciplines and this has been another busy and successful year for ACF competition shooting.

**International Shooting** The ACF has been involved in all cadet and youth teams shooting overseas in 2013, the GB U19 Team to South Africa in April, the British Cadet Rifle Team (Athelings) to Canada in Jul/Aug and the UK Cadet Team to Jersey in Aug. In addition, 14 ACF Cadets and two ACF escort adult volunteers attended the Canadian Cadet Leader Instructor Marksman Course in Ottawa in Jul/Aug. The Charity provided preparation and training for the ACF members involved in those activities with some funding support.

#### ***The Future***

ACFA shall continue to encourage and support more cadets and counties to take part in regional, national and international shooting competitions and deliver the annual ACF Shooting Officers Conference and coaching courses for adults and cadets.

## **OBJECTIVES, ACTIVITIES AND RELEVANT POLICIES** (continued)

### **Activities and specific objectives** (continued)

#### ***Council for Cadet Rifle Shooting (CCRS)***

The ACFA administers the Support Command grant that funds the salaries of the three members of staff of the Council for Cadet Rifle Shooting, these staff run CCRS and the Territorial Army Rifle Association, two independent charities that administer and run shooting competitions, training and teams to international level for the Cadets of all three services and the Territorial Army. This administrative arrangement has now ceased and CCRS will from 1 April 14 be funded directly from Support Command and will also be responsible for its own pension deficit.

#### ***Public Relations (PR) Training Team***

As part of its remit to promote the ACF, the charity enables the activities of a volunteer PR Training Team, consisting of three professionally qualified trainers, an administrative officer and three supporting trainers (all ACF CFAVs), with experience in specialist areas, who provide support to the Directing Staff when training. The ACF Public Relations Training Team is responsible for coordinating a national approach to ACF PR and for training ACF County PR Officers UK-wide and occasionally ATC, SCC, CCF adult volunteers and Reserve/RFCA personnel.

#### ***Achievements***

162 CFAVs attended training courses during the year, with the Introduction to PR course being particularly successful attracting 97 delegates over the four courses. This is an increase on the previous year with the introductory course continuing to show healthy attendance. Once again the team delivered courses in Northern Ireland providing digital photography and newsletter training to 15 students. Many ACF PR officers maintain their continuous professional development training with the ACF PR Training Team, undertaking specialist skills courses whilst many others returned to their counties with the skills to support their cadet commandant's PR objectives.

The Team also now regularly uses dedicated social media feeds (Twitter and Facebook) as part of its continuing engagement with PROs in the regions. The 'closed' Facebook group has proved a valuable forum for PROs to share best practice and discuss relevant topics.

#### ***The Future***

Following the PROs' Conference the Team is currently reviewing the need for fundraising and marketing workshops to assist counties in developing the ACF's wider capability.

The key issues for the year ahead include the need to encourage the PRO role in counties to be appointed as a dedicated post, thereby overcoming the apparent lack of focus on PR training as a priority in some Counties. One recommendation from the Conference was that all CEOs and Commandants would benefit from attending a PR briefing workshop run by the PR Training Team to gain a better understanding of the value of the training and the importance of making PR a command responsibility.



## **OBJECTIVES, ACTIVITIES AND RELEVANT POLICIES (continued)**

### **Activities and specific objectives (continued)**

#### ***Signals Training***

Cadet Signals is now a progressive subject within the APC syllabus, from recruit to 4 star level, with the advanced courses held at HQ Defence School of Communications and Information Systems at Blandford Camp

#### ***Achievements***

Nearly 5,000 cadets received signals' training in the year. Nearly 4000 cadets were trained up to the APC 3\*level in their ACF units or CCF contingents by Signals Instructors who had been trained at the Defence School of CIS (DSCIS). Over 600 cadets achieved the APC 4\* qualification of Cadet Signaller either at "camp", at Regional Brigade Courses or at courses hosted by the DSCIS. The 4\*/Cadet Signaller qualification is a five-day Course, normally "residential"

In addition to Cadet Signaller Courses, the DSCIS also hosted "Cadet Communicator" and "Cadet Advanced Communicator" Courses. The Cadet Advanced Communicator Course also offers the Radio Society of Great Britain Amateur Radio Licence at Foundation level, this was achieved by 25 cadets

#### ***The future***

A Basic Signals Instructor (BSI) Course has been approved and will be introduced in the Year 14/15. The two-day BSI Course will allow the adult to train cadets to two-star level and will also qualify the adult as a Radio User. This is important for safety purposes

Our very old Clansman radios continue to give good service and have been declared "safe" until Sep 2015. Work is in hand to obtain funding for a modern radio system that will provide safety, control and training commensurate with the 21<sup>st</sup> Century

#### ***Cadet Force Music Bands and Corps of Drums***

The Charity organises and supports music training for large numbers of cadets and adults. The qualifications that are obtained are recognised nationally and link to the Vocational Qualifications also obtained through the charity

#### ***Achievements***

Throughout 2013/14 the Cadet Bands and Corps of Drums, once more, performed all over the UK and in Malta. In accordance with the music policy document, training took place at Longmoor, Hampshire and in Altcar, Merseyside with record numbers attending - over 500 taking part in the Easter camp. Cadet Force Bands has also invested in a larger pool of loan instruments to enable beginner Cadets to take up music

## **OBJECTIVES, ACTIVITIES AND RELEVANT POLICIES (continued)**

### **Activities and specific objectives (continued)**

#### ***Cadet Force Music Bands and Corps of Drums (continued)***

##### *Achievements (continued)*

Cadet Force Bands has enjoyed a rapid expansion of young Cadets taking up music. Five new Corps of Drums have been created (Cheshire, Leicestershire, Yorkshire and Norfolk) and one new Military Wind Band, in Northern Ireland. This has resulted in more instruments being purchased and repaired. Adult training has continued to flourish with the support of the Training and Development Team. A well planned and structured induction and instruction course, bespoke to music has now been introduced and will, hopefully, encourage more musically qualified adults to become involved.

##### *The Future*

Cadet Force Bands has begun to embrace contemporary music by encouraging Cadets to play guitars, keyboards and drums. ACFA has also encouraged Cadets to sing. This small investment into amplifiers, keyboards, microphones and PA systems has allowed us to attract more Cadets onto our music camps.

Only a few counties now remain not actively participating in music activities. With almost 200 cadets joining this year the future of Cadet Force Bands continues to look bright.

#### ***Cadet Force Music Piping and Highland Drumming***

ACFA facilitates the support, delivery and assessment of piping and drumming to all UK Army Cadets and CFAVs. The coordination of Pipes and Drums engagements both at home and overseas is achieved through the national ACF Pipes and Drums administration, an educational programme through the Scottish Qualification Authority (SQA) and the Cadet Vocational Qualification Office (CVQO).

##### *Achievements*

Piping and drumming continues to expand on a UK national basis.

The Cadet Pipes and Drums Centre in Edinburgh continues to be a lead provider of the Scottish Qualifications Authority (SQA) and Piping and Drumming Qualifications Board (PDQB) qualifications. A total of 412 qualifications were successfully delivered in 2013/14.

A fourth Piping Adviser has now joined the ACFA's national Training Team and a further Drum Major Adviser has been identified.

The introduction of a Novice piper and drummer course has been extremely successful resulting in an increase in cadets participating and the higher standards being achieved by the cadets.

## **OBJECTIVES, ACTIVITIES AND RELEVANT POLICIES (continued)**

### **Activities and specific objectives (continued)**

#### ***Cadet Force Music Piping and Highland Drumming (continued)***

##### *Achievements (continued)*

Over 100 engagements have been carried out by the various Pipes and Drums showing an incredible level of commitment by both the Cadets and Adult Volunteers. The ACFA's Training Team took an ACF Pipe Band to the Christmas Tattoo in Basel and Zurich in December 2013 resulting in invites to attend the Basel Tattoo and Christmas Tattoo in 2014. The Pipes and Drums will perform again at Balmoral in August 2014 for Her Majesty the Queen.

##### *The Future*

The Cadet Pipes and Drums Centre will continue to target high calibre instructors and to establish the piping and drumming activity in all Counties where the opportunity arises.

The CFAV (Music) Instructor training package will be completed and will be introduced in 2014 in line with the CFAV (Military) Instructor Induction training that has been introduced by the Training and Development Team (TDT).

The Pipes and Drums will continue to accept community engagements both at home and abroad and will participate in high profile events where possible. Where opportunity arises for combined events with the ACF Bands and Corps of Drums, opportunities will be explored. A combined ACF Music CD is in the planning stages.

#### ***Association with Cadet Forces from overseas***

The role of the ACFA is to foster the links between cadet forces of foreign countries, especially those in the commonwealth and ACF countries. Most countries now have links to overseas cadet forces and many organise exchange visits at no cost to the MoD. The ACFA provides some grants for these visits and, on particular exchanges, provides an escort officer for part or all of the inward part of the exchange. Each year ACFA manages and delivers (on behalf of Support Command) the central Canadian Exchange cadet visit to London and the South East.

#### ***Marketing & Communications***

The Marketing and Communications (Marcoms) team works to deliver the ACF Recruit Marketing Plan on behalf of Cadets Branch and to promote the ACF, its ideals and the benefit of the Army Cadet experience to the Army, across Defence and more widely to society as a whole. In so doing it also is responsible for raising awareness of the Charity and its multi layered support for the ACF.

## OBJECTIVES, ACTIVITIES AND RELEVANT POLICIES (continued)

### Activities and specific objectives (continued)

#### *Marketing & Communications (continued)*

##### *Achievements*

The ACF website, Facebook and YouTube pages and Twitter account are key channels for communicating with external and internal stakeholders. In 2013/14 the ACF national website [www.armycadets.com](http://www.armycadets.com) had 758,841 visits, up 4% on last year, and generated 5,748 adult joining requests. Adult joining requests were slightly higher than last year (5,704) despite the introduction of a two-stage recruitment process in September 2013, which was expected to result in fewer, but better quality, enquiries reaching the counties.

During the year major strides were made in encouraging counties to close down independent, competitor websites and move to using the ACF's microsite facility. An audit of the overall website reveals it is functioning extremely well. During the year a simple mobile version of the website was introduced as the ACF website receives 35.46% of website traffic from mobile phones and tablets. With the continuing growth of mobile traffic, optimising the ACF's digital channels to allow content to be read more easily on mobile devices is essential and further development work is likely to be needed over the next two years.

Over the year the ACF's strong Facebook presence [www.facebook.com/armycadetforce](http://www.facebook.com/armycadetforce) continued to grow. Additionally, the ACF's YouTube channel achieved significant coverage despite a lack of new content. Over 2013/14 the ACF also saw a 37% growth in its Twitter followers [www.twitter.com/ArmyCadetsUK](http://www.twitter.com/ArmyCadetsUK) who now number 5,137.

Three more highly successful editions of Army Cadet magazine were also published for ACF adult volunteers along with a new ACFA Annual Review brochure, explaining the charity's role, setting out its achievements and its offer to members.

##### *The Future*

Key targets for next year include ensuring 100% take-up of the county microsite facility on the website. During the year investment will also be made in providing new features and functionality for the microsites. This work, combined with investment in Search Optimisation Engine support for the microsites, is expected to help increase overall traffic to the website and microsites and provide a more seamless 'user journey' for website visitors. Achieving full take-up of the microsite facility should also support the marketing and communications team's efforts to work collaboratively with the RFCAs and counties to 'join-up' national, regional and county level recruit marketing activities.

In the first half of 2014/15 implementation of new brand messaging and a major refresh of the Brand Centre will also take place. This work will give CFAVs, cadets and stakeholders clearer information and better resources to help them present the ACF to the wider public and to support the ACF's recruit marketing activities.

## OBJECTIVES, ACTIVITIES AND RELEVANT POLICIES (continued)

### Activities and specific objectives (continued)

#### *Outreach*

The aim of ACFA sponsored Outreach is to help crime-vulnerable, socially & educationally disadvantaged young people improve their own potential in life, and in doing so to promote the Army Cadet Force in the community. Whilst recognised by the MoD as an authorised cadet activity and supported by them with some resources, the cash costs are 100% charity funded. It is early intervention in nature and targets youngsters who are starting to display signs of low achievement, as well as antisocial and criminal behaviour. Typical project referral criteria include poor behaviour in school, persistent truancy, exclusion, and low school achievement. National evidence shows that such young people are much more likely to become involved with alcohol and substance misuse, engage in criminal or antisocial behaviour, and are likely to continue to be low achievers into adulthood. The project is delivered by volunteer adult and cadet members of the ACF and covers the whole of UK. Outreach has run since 1994 and continues to produce many examples of life-changing successes which demonstrate the effectiveness of the learning model and ACF training processes used throughout the duration of the individual projects.

#### *Achievements*

Participants in Outreach numbered 1,041 (England 594, Wales 271, Scotland 142, Northern Ireland 34) with 27 Battalions and Counties taking part. They also achieved 1,041 Heart Start Certificates, 916 OCN Vocational Certificates and 108 BTEC Vocational Level 1 Certificates.

From the Youth Outreach Participant Evaluations 2013/14, 80% of participants showed improvement across the eight referral criteria.

The Youth Outreach Policy Document was finally issued in Apr 14.

#### *The Future*

GOC Sp Comd has now directed several changes to how Outreach is to work from 01 Apr 14.

- a) Outreach will be known as Youth Outreach
- b) It will come under Regional Brigade Commanders' control under the army's Community Engagement remit
- c) No PTDs for CFAV will be paid but they will be 'on duty' as regards ACFA and MoD insurance liability
- d) Brigades will provide DTE, Transport and Rations
- e) A simple Mission statement has been agreed

*'Re-engage socially and educationally disadvantaged young people, in order to promote the Army Cadet Force and the Army'*

## OBJECTIVES, ACTIVITIES AND RELEVANT POLICIES (continued)

### Activities and specific objectives (continued)

#### *Outreach (continued)*

##### *The Future (continued)*

The ACFA will now be required to fund 75-80% of project costs with Regional Brigades funding 20-25%. As such the Outreach fund has a present life of 1½ years. ACFA has therefore identified 2 possible funding streams. The first through the Department for Education's Military ethos in Schools Programme and the second through a Social Impact Bond (SIB) with the Department of Work and Pensions. It should be noted that this initial funding stream is for projects in England, work is also ongoing to achieve separate funding in the devolved nations.

#### *Insurance*

**Collective Personal Accident Insurance Scheme.** The ACFA offers adults and cadets of the ACF a cost effective and comprehensive Personal Accident Insurance Scheme (PA Scheme). The PA Scheme is in addition to the MoD Indemnity. The latter operates if the department, its service personnel, servants or agents are found to have been negligent when MoD property or facilities are used and as a result an adult volunteer or cadet suffers injury. The PA Scheme is renegotiated annually through the insurance broker (R K Harrison) and the insurer is currently Tokyo Marine. All ACF counties/battalions have joined the Scheme. For the 2013-2014 Scheme year this comprised 8,153 officers/adults and 41,378 cadets. Moreover, the policy of insurance includes cover for death or permanent disablement for Outreach participants at no extra cost.

**Collective Travel Insurance Scheme.** In addition the ACFA provides a travel insurance policy. This Scheme is also comprehensive and cost effective. It provides cover for overseas cadet expeditions, DofE activities, visits and training. ACFA negotiates and collects the premiums for the PA and Travel Schemes and remits payments to the broker. No charge is made to ACFs for this service as this is regarded by the trustees as a core part of the charity objects and meets the Association's obligations under the duty of care. The Insurer has, however, recognised the value of the work that we do on their behalf to administer the Schemes and has provided the ACFA with a rebate to offset some of the administrative costs. Part of this rebate has been utilised to pay the premium for the Legal Help Insurance described in the subsequent paragraph.

**Legal Help Insurance.** In response to the tragic death of a cadet whilst on training in 2007, and the subsequent investigations by the Marine Accident Investigation Branch and other statutory investigative bodies, the ACFA has purchased, for the sixth successive year, an insurance policy that provides a legal helpline to assist all of our members, the ACF's adult volunteers, who might be faced with criminal prosecution in relation to their authorised ACF activities. This action is designed to provide confidence for officers and adults. In the event that any criminal prosecution of an adult volunteer (in relation to ACF matters) goes to court, the Legal Help solicitors will, if appropriate, recommend a guilty plea or will fund a defence until the conclusion of the proceedings. The Legal Help insurance also includes legal support in connection with Coroners' Courts and Fatal Accident Inquiries.

## OBJECTIVES, ACTIVITIES AND RELEVANT POLICIES (continued)

### Activities and specific objectives (continued)

#### *Development*

The ACFA Strategy with its 3 pillars of Promote<sup>1</sup>, Foster<sup>2</sup> and Advance<sup>3</sup> has now been widely circulated across the CRFCA and MoD and its supporting Implementation Plan has been launched. Developed by the trustees in their review in 2013, central to this Implementation Plan has been the employment of an ACFA Development Manager and his remit to re-connect the Association more closely its members and to contribute to activities that will Promote and Foster the ACF. At the heart of this initiative is the work that the Association will undertake to improve the 'Offer' to Adult Instructors to demonstrate its relevance and the proactive support available from the Association to its members.

In line with the ACFA Strategy, this coming year will see the staffing and signing of a Service Level Agreement with Support Command. This activity will be complete by December of this year and will be developed in accordance with the Financial Framework that is already in place. This is a long overdue activity that will provide greater security for the Association but will also be a mechanism by which the ACFA can be Held to Account (H2A)<sup>4</sup> for the public monies it receives. When formulated and signed it will strengthen the ties between the Association and MoD immeasurably.

The Association has also been actively involved in a number of other projects that will come to fruition this year. Uppermost amongst these will be the DYER report and the bringing together of the 4 strands of work<sup>5</sup> into a long awaited vision for Cadet Forces 2020. In addition, the desire to experience a greater sense of 'military ethos' in schools and amongst school children continues to be a strong theme across Government and the PM's initiative to see 100 CCF units in State Schools by 2015 is on track to deliver. The arrangements for the funding of these units, however, have been closely guarded but they should be unveiled by the end of the year.

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<sup>1</sup> Promote the ACF, its ideals and the benefit of the Army Cadet experience to the Army and across Defence

<sup>2</sup> Foster the rounded development of the ACF's volunteer cadets, especially by the provision of well organised, relevant non-military themed activities

<sup>3</sup> Advance the interests of the ACF's adult volunteers, all of whom are members of ACFA throughout their ACF service and who have a right to expect the Association's fullest attention

<sup>4</sup> H2A terminology is now common place across the MoD

<sup>5</sup> Terms and conditions of Volunteering, Schools Review, Common MIS and ACFA Youth Outreach has been the subject of a revised funding paradigm that has seen funding removed for the payment of its Adult Instructors. As such, ACFA Outreach faces a huge challenge to raise some £600,000 and to adopt a new payment mechanism for the Adult Instructors involved. In response, the Association is planning to resource Outreach through either the 'Military Ethos in Schools Programme' fund for projects in England or a Social Impact Bond from the Department of Work and Pensions. This is a totally new way of working. However, in terms of raising the profile and reputation of the ACFA Associations and securing long term funding for the programme, if done professionally, engaging and working directly with the Cabinet Office, the Department for Education and Devolved Ministries' Departments provides an excellent opportunity to present the ACFA in a very strong light.

## OBJECTIVES, ACTIVITIES AND RELEVANT POLICIES (continued)

### Investment policy

#### **ACFA Statement of Investment Principles**

The charity has a portfolio of investments with a market value as at 31 March 2014 of £3,538,814. The charity maintains a portfolio of investments currently managed by Investec Wealth. The trustees of the ACFA pursue a policy of a balance between capital growth and income over the longer term, thereby allowing them to meet their present and future objectives in accordance with the purposes of the ACFA.

The trustees, in delegating their investment management, require the managers to pay attention to the standard investment criteria, namely the suitability of the class of investment and the need for diversification insofar as it is appropriate to the circumstances of the ACFA. Any restrictions on the type of investments or markets in which the manager may invest on the charity's behalf will be set out in writing.

The trustees' overriding wish is that the portfolio be managed to achieve a return better than that of a composite benchmark, made up of a number of indices, in line with the objectives of long-term capital growth. The trustees are mindful of the significant contribution that income has made to the long-term total return of equities. Therefore they would advocate a 'Total Return' approach, allowing the fund manager to move freely between higher-income-generating and growth areas of stock markets, as the fund manager sees fit.

Benchmarks and objectives, once agreed, will be subject to regular review. In particular, any performance target will be set on a minimum rolling three-year basis and reviewed at the regular February meeting of the Finance Committee. The objectives below were updated in line with market conditions at the Finance Committee meeting in February 2009 and are reviewed annually and remain unchanged to this date.

Asset Class	Weighting	Index	Ranges
Fixed Interest	15%	FT Government All Stocks	10-20%
UK Equities	50%	FTSE All Share	40-60%
Overseas Equities	25%	FTSE World Ex UK	15-35%
Property	10%	IPD (Investment Property Database)	0-15%
		Cash LIBOR	1-10%

The Finance Committee meets every four months to review the performance of the portfolio and the investment strategy and receives personal briefings once a year from the investment managers.

The investment managers Investec Wealth & Investment have now been in full control of the portfolio since September 2005. Investec Wealth's own comment on their performance in 2013-2014 is as follows:



## OBJECTIVES, ACTIVITIES AND RELEVANT POLICIES (continued)

### Investment policy (continued)

#### **ACFA Statement of Investment Principles (continued)**

*A further re-rating of equity markets over the past year, despite lacklustre company profits generally, has enabled the portfolio to make further progress, producing a total return of +7.2% for the year, broadly in line with both the benchmark (+7.4%) and the WM Total Charity Index (+7.2%). Although overseas equities were relatively weak, given the higher weighting in emerging markets, UK equity returns were in line with the FTSE All Share Index and fixed interest returns were ahead of the comparative index. An overweight position in equities and corresponding underweight stance in bonds was also helpful. The weighting in commercial property was increased significantly over the year as we see value in this asset class.*

*Given the continued rally in many western equity markets some areas are beginning to look more fairly valued, so future returns are likely to be more dependent upon dividends and earnings growth. We do not fear that monetary policy will be tightened to a degree that will greatly hinder risk assets, however. We also feel that sovereign bonds (gilts in the UK) offer minimal long term capital value, but are less expensive than they have been, with yields having risen sharply. Markets have displayed very low volatility in the last couple of years and probability suggests that this relaxed state of affairs might not continue. Having said that, the gradual return to health of the banking industry, the positive longer-term economic growth trends and the continued accommodative monetary policy encourage a bias in favour of equities, especially given their valuation relative to bonds.*

#### **ACFA comment on portfolio**

It has been a good year for equity markets which constitute the large proportion of our investment portfolio. Consequently we have seen a healthy rise in the value of our investments. The investment committee regularly reviews our investment strategy and this year we saw no reason for altering the course of our investments. The uncertainty surrounding 'Outreach' funding has meant that we have had to alter the asset mix and we will continue to monitor closely the direction of the Outreach project. Last year we concluded with 'In such an unpredictable economic environment our 'balanced' approach to investments continues to hold merit' and that still holds today.

#### **The Future**

**MoD Grant-in-Aid** HQ Support Command has now decided that as well as a Grant-in-Aid agreement, ACFA is required to have a Service Level Agreement (SLA) to provide more rigorous financial governance. Work is ongoing to have this in place by the end of 2014. In fact ACFA is already matching or exceeding the future reporting regime albeit not in the format now required by HQ Support Command. During the period Support Command also commissioned an Army Management Accountant's study into ACFA's accounts for the past five years citing difficulty in understanding the Charity Commission accounts. The report, which was not discussed in advance with the Finance Director, highlighted the fact that ACFA had been given £250k more by the MoD than it had spent over the past two years. However this surplus on the MoD grant had already been officially reported by ACFA to Support Command in a written submission.

## FINANCIAL REPORT FOR THE YEAR

**General** Charitable activity levels have been maintained or increased particularly where the reduction of ACF County resources at local level again impacted on national activities (eg National Sports). The overall Support Command budget, was initially agreed at £1.87m (2012-13 £1.87m), however during the year a further £1.6m was passed to ACFA by the MoD to achieve additional in-year activity and equipment purchases, including an amount of money (£750k) which will be required in accounting year 2014-2015 for the purchase of bergans, rank slides and other items for cadets, and approximately £36k for salaries to be paid in 2014-15. These last sums have therefore been carried forward and have not been recorded as income in this financial year. It is explained in detail at note 14.

**Project Westminster** The Army's Management Information System for cadet forces (ACF, CCF, and Sea Cadets), is supported by ACFA through the employment of contract workers and through donations to the sister charity, the Marine Society and Sea Cadets, the latter shares development costs of Project Westminster with the army. This year the money given to ACFA by the army for transfer to the Marine Society has reduced to £310k (£424,605 – 2012-2013) and is expected to reduce further in years to come as the Project matures.

**Outreach** Donations plateaued during the year at £153,644 whilst activity and direct expenditure increased to £290,049. The MoD however has now decided to change the way it seeks to support the Project. From 1 April 2014 the Project will be entirely an army output as part of the regional forces Civil Engagement programme and so all resources will be found from within the Brigade budgets. Perversely however this does not include Paid Training Days (PTDs) so ACF adults seeking to support the Project will either have to become 'Self Employed' or be contracted through RFCAs so that they may continue to receive financial incentives to supervise and deliver training.

**Insurance Services.** In a 'soft' insurance market we have been able to keep premiums at the same level for the past seven years whilst increasing the pay-out value at a level that has exceeded inflation. The insurers have returned part of the premiums back to ACFA in the form of a rebate to contribute towards the administrative costs of the scheme. However we have continued to use this return to fund a Legal Help Line for Cadet Force Adult Instructors since 2009. This will be continued in 2014/2015 paid for by the Charity as part of its membership services to the adults in the ACF.

## Results for the year

A summary of the year's results can be found on page 30 of this report and financial statements.

During 2013-2014 total incoming resources amounted to £4,351,366 (2013 - £6,204,709). Of this, £210,305 (2013 - £274,630) was restricted for use with project Outreach. The MoD grant, which did not include paid training days, was £3,571,627 (2013 - £5,339,279).

Resources expended totalled £4,179,891 (2013 - £5,346,787). Of this total, £353,345 (2013 - £220,031) has been spent specifically on Outreach activities.

## **FINANCIAL REPORT FOR THE YEAR (continued)**

### **Results for the year (continued)**

Net surplus for the year, therefore, was £171,475 (2013 - £857,922) and reflects very careful efficiencies being applied to all aspects of the ACFA activity including Outreach. Much of this surplus (£30k) is attributable to unspent membership and affiliation fees. The actual cash underspend on the MoD grant was therefore £80k (or just over 2% of MoD budget). This sum will be offered back to the MoD for expenditure on equipment in 2014-2015. Furthermore the investments have also done well giving a gain of £159,041 (2013-£353,970). The total value of the ACFA funds therefore is now £5,120,380 (2013 - £4,789,864) of which £467,603 (2013 - £579,170) relates to Outreach.

### **Reserves policy**

As explained above, the charity carries out a diverse range of activities, some of which comprise short term and externally funded projects whilst others comprise long term projects requiring significant ongoing financial commitment and investment (Outreach). The trustees have examined the requirement for free reserves i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed.

The trustees consider that, given the nature of the charity's work, and mainly the risk associated with any long term government funding, the level of free reserves should be approximately equivalent to 24 months' income on normal unrestricted funding (£1.6M). This 'normal' income figure has again been greatly exceeded this year (£3.5M) but this exceptional figure again included many one off payments for cadet equipment (berghans, waterproofs and rank slides). Therefore a baseline figure of £3M (c2 x £1.6M) is considered by the Trustees to be the adequate target for the reserves, which at £4M are therefore larger than necessary. The Trustees will review expenditure in 2014-15 with a view to increasing support to cadets over and above that required by Support Command, the aim being to reduce the size of the reserves over a period to a maximum of £3M.

The trustees are of the opinion that this policy will provide sufficient flexibility to cover temporary shortfalls in incoming resources due to timing differences in income flows, adequate working capital to cover core costs, and will allow the charity to cope and respond in the short term to unforeseen emergencies (such as the partial or even complete withdrawal of MoD funding) whilst specific action plans are implemented.

### **Financial position**

The balance sheet shows total funds of £5,120,380 (2013 - £4,789,864). The charity's free reserves of £4,488,144 (2013 - £4,049,750) at 31 March 2014 are now in excess of that set out in the reserves policy above and trustees will take action to increase financial support accordingly.

Also included in total funds is an amount of £467,603 (2013 - £579,170) which is Restricted. These monies have been raised for the Outreach project and their use is restricted to that. Full details of these restricted funds can be found in note 18 to the financial statements together with an analysis of movements in the year.

## **FINANCIAL REPORT FOR THE YEAR (continued)**

### **Results for the year (continued)**

#### ***Financial position (continued)***

ACFA provides employees with a pension through a separate charity called the Pensions Trust. Government rule changes mean that all employers participating in a particular pension scheme are now collectively responsible for making up the shortfall for firms (or charities) in the same schemes that have subsequently failed. This is called an employer's contingent liability and whilst we in the ACFA have not actually been asked to provide the money, if we left the pension scheme this would crystallise the debt which on 30 September 2013 was calculated at between £327,829 and £404,522.

ACFA does not intend to carry out any action that might crystallise this debt, and the Pensions Trust has indicated that the likelihood of the Trust winding up the fund is infinitesimally small. Nevertheless, the ACFA trustees have indicated a willingness to pay the liability should it fall to a reasonable level, thereby exiting the scheme and removing the risk altogether.

Poor market performances and government attempts to mitigate the effects of the banking crisis have affected the returns for pensions in general, this has led the actuary to declare a 'black hole' in the Pension Trust funding which required the Charity (and all those other Charities in the same scheme) to contribute further funds from April 2013 which for ACFA was at a rate of £33k per year for the next 10 years. This has now reduced to just under £30k a year as CCRS has departed from ACFA's payroll taking with it the pension liabilities for its members.

#### **The charity's assets**

Acquisitions and disposals of fixed assets during the year are recorded in the notes to the financial statements.

## **EMPLOYEES**

The charity is an equal opportunities employer and will apply objective criteria to assess merit. It aims to ensure that no job applicant or employee receives less favourable treatment on the grounds of age, race, colour, nationality, religion, ethnic or national origin, gender, marital status, sexual orientation or disability.

Selection criteria and procedures are reviewed regularly to ensure that individuals are selected, promoted and treated on the basis of their relevant merits and abilities. All employees are given equal opportunity and, where appropriate and possible, special training to enable them to progress both within and outside the organisation. Formal half yearly and yearly performance reviews are carried out.

During the year the Employee Handbook was reviewed and amended. Employees have access to a portable, contributory pension and a free healthcare scheme (taxed at source by the Government), although the latter is now closed to new employees as a result of large premium increases, it may also have to be reviewed further as a result of continuing very large premium increases, with total cancellation being the next option.

**Trustees' report** Year to 31 March 2014

**VOLUNTEERS**

The trustees are very grateful to the many volunteers who have given their time to the charity over the past year and who have provided invaluable assistance with fundraising, Outreach projects and particularly the activities that develop and enthuse the 41,500 cadets of the ACF

Approved by the trustees and signed on their behalf by



M D WOOD  
Chairman

Approved by the trustees on

9<sup>th</sup> July 2014

**Independent auditor's report to the trustees and members of The Army Cadet Force Association**

We have audited the financial statements of The Army Cadet Force Association for the year ended 31 March 2014 which comprise the statement of financial activities, the balance sheet, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charity's trustees as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, the charity's members as a body and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditor**

The trustees are also the directors of the charitable company for the purposes of company law. As explained more fully in the trustees' responsibilities statement set out in the trustees' report, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the accounts**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

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 2014 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, and
- ◆ have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements

**Matters on which we are required to report by exception**

The Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion

- ◆ the charitable company has not kept proper and adequate accounting records 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

We have nothing to report in respect of these matters



Edward Finch, Senior Statutory Auditor  
for and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

22/7/14

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

# Statement of financial activities Year to 31 March 2014

	Notes	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
<b>Income and expenditure</b>					
<b>Incoming resources</b>					
Generated funds					
Donations receivable	1	8,150	153,644	161,794	220,625
Investment income	2	119,354	9,068	128,422	109,334
Charitable activities					
Grants and contributions receivable	3	3,507,543	32,164	3,539,707	5,339,279
Non-financial charitable income (PTDs)		372,720	15,429	388,149	416,228
Affiliation fees		65,666	—	65,666	71,929
Members' subscriptions		4,799	—	4,799	4,955
Development - training and support services income	4	62,829	—	62,829	42,359
		<u>4,141,061</u>	<u>210,305</u>	<u>4,351,366</u>	<u>6,204,709</u>
<b>Resources expended</b>					
Cost of generating funds					
Investment management fees		20,451	3,328	23,779	20,487
Charitable activities					
Vocational qualifications	5	31,993	—	31,993	32,430
Activities, events and projects		3,141,090	—	3,141,090	4,433,716
Outreach		—	350,017	350,017	217,373
Development		564,309	—	564,309	576,726
Governance costs	7	68,703	—	68,703	66,055
		<u>3,826,546</u>	<u>353,345</u>	<u>4,179,891</u>	<u>5,346,787</u>
<b>Net incoming (outgoing) resources for the year</b>	8	314,515	(143,040)	171,475	857,922
<b>Statement of total recognised gains and losses</b>					
Net gains on investment	12	127,568	31,473	159,041	353,970
<b>Net movement in funds</b>		442,083	(111,567)	330,516	1,211,892
<b>Fund balances at 1 April 2013</b>		<u>4,210,694</u>	<u>579,170</u>	<u>4,789,864</u>	<u>3,577,972</u>
<b>Fund balances at 31 March 2014</b>		<u>4,652,777</u>	<u>467,603</u>	<u>5,120,380</u>	<u>4,789,864</u>

All of the charity's activities during the above two financial periods derived from continuing operations

All recognised gains and losses are included in the above statement of financial activities

The notes on pages 35 - 44 form part of these financial statements

## Historical cost net movement in funds

	2014 £	2013 £
Net movement in funds	330,516	1,211,892
Unrealised gains on investment	(161,624)	(353,469)
Difference between historic cost realised gains and the actual realised gains calculated on the revalued amounts	240,097	18,516
	<u>408,989</u>	<u>876,938</u>



**Balance sheet 31 March 2014**

	Notes	2014 £	2014 £	2013 £	2013 £
<b>Fixed assets</b>					
Tangible assets	11		3,689		1,501
Investments	12		<u>3,538,814</u>		<u>3,767,999</u>
			<b>3,542,503</b>		<b>3,769,500</b>
<b>Current assets</b>					
Debtors	13	29,758		21,444	
Cash at bank and in hand		<u>2,395,922</u>		<u>1,714,108</u>	
		<b>2,425,680</b>		<b>1,735,552</b>	
<b>Creditors</b> amounts falling due within one year	14	<u>(847,803)</u>		<u>(715,188)</u>	
<b>Net current assets</b>			<b>1,577,877</b>		<b>1,020,364</b>
<b>Total net assets</b>			<u><b>5,120,380</b></u>		<u><b>4,789,864</b></u>
<b>Represented by Funds</b>					
Unrestricted funds					
Designated funds	16	160,944		160,944	
General fund	17	<u>4,491,833</u>		<u>4,049,750</u>	
			<b>4,652,777</b>		<b>4,210,694</b>
Restricted funds	18		<u>467,603</u>		<u>579,170</u>
			<u><b>5,120,380</b></u>		<u><b>4,789,864</b></u>

Approved by the Council of The Army Cadet Force Association (Company Registration Number 00293432 (England and Wales) and signed on their behalf by



D I Fuller  
Vice Chairman

A Goodwin  
Honorary Treasurer

Approved on

94 July 2014



**Basis of accounting**

The financial statements have been prepared under the historical cost convention, as modified by the inclusion of investments at market value, and in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the regulations thereunder. Applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) have been followed in the preparation of these financial statements.

The statement of financial activities and balance sheet represent the financial statements of the charity and its national branches - The Army Cadet Force Association Northern Ireland, The Army Cadet Force Association Scotland, and The Army Cadet Force Association Wales.

**Incoming resources**

All incoming resources are included in the statement of financial activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

In order for the charity to achieve its objectives it is reliant on the services of volunteers. It is the custom of the Army Cadet Force for volunteers to receive part-payment for a minority of the time that they donate during the year – these payments are known as Paid Training Days (PTDs). The charity agrees a budget with the MoD for paid training days on an annual basis. The actual days provided by volunteers are managed by the charity, but payment is made directly to the individual by the MoD. Although the income and expenditure does not flow through the charity, in order to reflect the scale of the charity's activities fully the cost and related grant from the MoD has been brought into these financial statements as non-financial voluntary income.

No amounts are included in the financial statements for unpaid services donated by volunteers.

**Investment income and gains**

Listed investment income, including any tax recoverable thereon, is included in the financial statements in the year in which it is receivable. Bank deposit interest is included as income when receivable. Investment gains are incorporated in the financial statements as they occur.

**Resources expended and the basis of apportioning costs**

Expenditure is included in the statement of financial activities when incurred and includes attributable VAT which cannot be recovered.

**Resources expended and the basis of apportioning costs** (continued)

Resources expended comprise the following

- a The costs of generating funds include the costs of investment management
- b The costs of charitable activities comprise expenditure on the charity's primary charitable purposes as described in the trustees' report. The costs for each activity include direct costs and support costs, which are apportioned on the level of activity in each area
- c Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of financial procedures, provision of office services and equipment, and a suitable working environment
- d Governance costs comprise the costs directly attributable to the governance of the charity, including audit costs and the necessary legal procedures for compliance with statutory requirements

Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with use of the resources. Salary costs are apportioned on the basis of estimated time spent.

**Tangible fixed assets and depreciation**

All assets costing more than £500 and with an expected useful life exceeding one year are capitalised.

Provision for depreciation has been made in respect of furniture, fixtures, fittings, website development costs and computer equipment in accordance with their anticipated useful lives and is calculated at 25% per annum on cost.

**Investments**

Investments, listed and otherwise, are shown at market value and the gain or loss on revaluation is included in the statement of financial activities. Investments are continually revalued so that at any time throughout the year the investments are stated at their current market value.

**Fund accounting**

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

Designated funds comprise monies held within the unrestricted general fund but set aside for specific future purposes or projects.

**Fund accounting (continued)**

The general fund represents those monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects

**Cash flow**

The financial statements do not include a cash flow statement because the charity, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash flow statements"

**Pension contributions**

The Association participates in The Pension Trust's Growth Plan as well as several other pension vehicles all run by The Pensions Trust. The Growth Plan is in most respects a money purchase arrangement but has some guarantees. The Growth Plan is a multi-employer pension plan where it is not possible to separately identify the assets and liabilities of participating employers, therefore the Association's financial statements include pension costs payable in respect of the plan on a defined contribution basis. Additional disclosures in relation to the pension plan are given in note 20.

**Operating leases**

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged on a straight-line basis over the lease term.

## Notes to the financial statements 31 March 2014

### 1 Donations receivable

	Unrestricted funds £	Restricted funds £	2014 Total £	2013 Total £
Outreach appeal	—	153,644	153,644	206,178
Other donations	8,150	—	8,150	14,447
	<u>8,150</u>	<u>153,644</u>	<u>161,794</u>	<u>220,625</u>

This year has been the second full financial year of maximum Outreach fund-raising since the trustees directed a slow down in 2010. However a change of fundraiser and confusion over the army's stance on Outreach has combined to reduce the donations by 25%. Outreach activity has however increased and at a delivery cost of £353k, activity has exceeded the income by £143k. The army's strange decision to take on the project without funding the volunteer deliverers has caused many ACF Counties to reflect on whether the Project should go forward with the ACF at all. In the meantime ACFA is attempting to raise money for Outreach using the Social Investment Bond (SIB) vehicle but this is a long shot. The long term future of this project therefore remains very much in the balance.

### 2 Investment income

	Unrestricted funds £	Restricted funds £	2014 Total £	2013 Total £
Listed investment income	108,018	8,827	116,845	87,236
Bank and building society interest	11,336	241	11,577	22,098
	<u>119,354</u>	<u>9,068</u>	<u>128,422</u>	<u>109,334</u>

### 3 Grants and contributions receivable

	Unrestricted funds £	Restricted funds £	2014 Total £	2013 Total £
Ministry of Defence grants				
Activity support	3,419,958	—	3,419,958	5,210,716
Contributions from				
Combined Cadet Force Association	15,000	—	15,000	15,000
Scottish Executive (Outreach)	—	30,364	30,364	26,056
Outreach project partnership funding	—	1,800	1,800	22,587
Individual cadets for biennial expeditions	35,416	—	35,416	25,081
Other grants	37,169	—	37,169	39,839
	<u>3,507,543</u>	<u>32,164</u>	<u>3,539,707</u>	<u>5,339,279</u>

#### 4 Development - training and support services income

	Unrestricted funds £	Restricted funds £	2014 Total £	2013 Total £
First aid training	5,728	—	5,728	3,339
Collective insurance policy premiums (net)	31,549	—	31,549	15,960
Other income	25,552	—	25,552	23,060
	<b>62,829</b>	<b>—</b>	<b>62,829</b>	<b>42,359</b>

#### 5 Charitable activities

	Vocational qualifications £	Activities, events and projects £	Outreach £	Development £	2014 £	2013 £
Adventurous training	—	178,145	—	—	178,145	121,999
Promotional activity	—	—	—	33,661	33,661	22,990
Band costs	—	152,320	—	—	152,320	181,393
Pipes and drums	—	100,481	—	—	100,481	100,295
CCFA Cadet expansion grant	—	105,000	—	—	105,000	190,000
Expeditions	—	46,880	—	—	46,880	53,522
Duke of Edinburgh's award	—	21,473	—	—	21,473	23,756
Signals	—	35,251	—	—	35,251	32,069
First aid	—	108,464	—	—	108,464	100,579
Membership	—	399	—	—	399	198
Sports and regional grants	—	50,838	—	—	50,838	41,085
Grants to individuals	—	155,560	—	—	155,560	146,121
Publicity and marketing	—	34,509	—	319,874	354,383	322,822
Outreach project costs	—	—	290,049	—	290,049	160,147
Salaries and wages	25,593	803,480	48,235	169,173	1,046,481	914,390
Sundries	—	6,690	—	—	6,690	10,621
Training support costs	—	833,995	—	—	833,995	2,185,767
	25,593	2,633,485	338,284	522,708	3,520,070	4,607,754
Project Westminster Sea Cadets	—	310,000	—	—	310,000	424,605
Support costs	6,400	197,605	11,733	41,601	257,339	227,886
	<b>31,993</b>	<b>3,141,090</b>	<b>350,017</b>	<b>564,309</b>	<b>4,087,409</b>	<b>5,260,245</b>
2013	32,430	4,433,716	217,373	576,726	5,260,245	

- ◆ The CCFA Cadet Expansion grant was repeated in this financial year and has been spent on school facility development. In the future all grants of this nature will go directly to CCFA and will not pass through ACFA en route.
- ◆ Grants to Individuals - ACFA provides financial grants to ACF Counties, Adult Volunteers and cadets for a wide variety of individual developmental needs including sports equipment, help to attend courses and expeditions, and travel costs. In exceptional circumstances repair costs for Frimley Park have been provided when SERFCA is unable to find the resources.
- ◆ Sports & Regional Grants - ACFA provides grants to ACFA Branches across UK to assist them with the management and delivery of a wide variety of regional activities including sports. This figure also includes the costs of delivering national sports events across the UK involving thousands of cadets.
- ◆ Salaries and wages increased this year not because of an increase in the individual salaries but because of an increase in the number of people employed by ACFA on behalf of HQ Support Command.

## 5 Charitable activities (continued)

- ◆ Training Support Costs reduced sharply in this financial year as Support Command was not able to find underspends elsewhere in the MoD (Army's) budget. Most of the money spent this year (£749,574) was carried over from the previous year (12-13) however a sum of £750k was received late on which will now be spent in 14-15. ACFA provided its own funding to support the MoD grant and next year will do so again to a much greater extent.
- ◆ Project Westminster costs are shared by the Marine Society and Sea Cadets (MSSC) but some monies are passed to them by Support Command using ACFA as a conduit. The amount has reduced this year (£310,000) as the development phase of the project has now peaked.

The above costs include the "paid training days" expenditure attributed to each of the following activities

	2014 £	2013 £
Band costs	18,600	35,730
Pipes and drums	94,691	100,295
Duke of Edinburgh's award	13,316	16,592
Signals	35,251	32,069
First aid	89,168	78,597
Expeditions	9,510	32,916
Training support costs	84,421	78,237
Outreach Project costs	15,429	11,974
Salaries and wages	—	4,581
Publicity and marketing	27,763	25,237
	<b>388,149</b>	<b>416,228</b>

## 6 Support costs

	2014 £	2013 £
Bank charges	80	42
Depreciation	846	5,060
Insurance	21,287	14,287
IT costs	13,180	8,688
Legal and professional fees	5,058	3,348
Printing, postage and stationery	28,738	32,082
Salaries and wages	124,617	124,448
Staff costs (other)	18,915	15,808
Sundries costs	32,067	18,468
Telephone	2,445	2,561
Travel	19,440	12,590
	<b>266,673</b>	<b>237,382</b>

Support costs are allocated across the activities shown in notes 5 and 7 in proportion to the estimated time spent on those activities by support staff.

## Notes to the financial statements 31 March 2014

### 7 Governance

	Unrestricted funds £	Restricted funds £	2014 £	2013 £
Audit and accountancy	12,360	—	12,360	12,300
Legal and professional	4,296	—	4,296	3,816
Salaries and wages	37,463	—	37,463	37,325
Trustees' expenses	5,250	—	5,250	3,118
Support costs	9,334	—	9,334	9,496
	<u>68,703</u>	<u>—</u>	<u>68,703</u>	<u>66,055</u>

### 8 Net incoming (outgoing) resources for the year

This is stated after charging

	2014 £	2013 £
Auditor's remuneration (including VAT)		
Current year	12,000	12,300
Prior year	360	—
Depreciation	846	5,060
Operating lease charges	<u>10,939</u>	<u>11,995</u>

### 9 Staff costs

	2014 £	2013 £
Wages and salaries	905,585	807,320
Social security costs	93,956	86,502
Pension costs	87,335	57,221
	<u>1,086,876</u>	<u>951,043</u>

The charity employs a number of contracted staff on behalf of Army's Support Command. These staff work largely on the Westminster Project and at the Cadet Training Centre and have increased in number over the past year.

During the year the number of employees earning £60,000 or more (including taxable benefits but excluding employer pension contributions) was as follows:

	2014	2013
£70,000 - £79,999	1	1
£80,000 - £89,999	—	1
	<u>1</u>	<u>2</u>



## Notes to the financial statements 31 March 2014

### 9 Staff costs (continued)

The charity contributes towards the provision of pension benefits for some employees at the rate of 10% per annum. The contributions payable were £53,832 (2013 - £57,221). Of this total, £9,237 (2013 - £15,485) were contributions payable in respect of the one (2013 two) employees earning more than £60,000. In addition, the charity made additional contributions to the Pension Trust of £33,503 (2013 - £Nil) in accordance with the deficit recovery plan (note 20).

The average number of employees during the year was 26 (2013 - 21).

Neither the President, nor the Chairman, nor any other member of the Council received any emoluments from the Association. The Council comprised 19 members (2013 - 17).

This increase reflects the need to have representatives from each Brigade, rather than the old Divisional level of command which has now been dismantled. There is also now a legal representative on the Council.

Ten (2013 - seven) trustees were reimbursed £5,250 (2013 - £3,118) for travel and subsistence costs.

### 10 Taxation

The Army Cadet Force Association is not liable to corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

### 11 Tangible fixed assets

	Furniture, fixtures, fittings and computer equipment £
<b>Cost</b>	
At 1 April 2013	44,693
Additions	3,034
At 31 March 2014	<u>47,727</u>
<b>Accumulated depreciation</b>	
At 1 April 2013	43,192
Charge for the year	846
At 31 March 2014	<u>44,038</u>
<b>Net book values</b>	
At 31 March 2014	<u>3,689</u>
At 31 March 2013	<u>1,501</u>

## Notes to the financial statements 31 March 2014

### 12 Fixed asset investments

	2014 £	2013 £
<b>Listed investments</b>		
Market value at 1 April 2013	3,569,844	2,878,724
Cash additions to portfolio	—	300,000
Reinvestment of proceeds	653,947	301,576
Disposals at book value (proceeds £904,949, losses £2,583)	(907,532)	(263,925)
Unrealised gains	161,624	353,469
Market value at 31 March 2014	3,477,883	3,569,844
<b>Cash balances</b>		
Cash held for reinvestment	60,931	198,155
	<b>3,538,814</b>	<b>3,767,999</b>
 Cost of listed investments at 31 March 2014	 <b>2,962,305</b>	 <b>3,138,383</b>

The overall value of the Portfolio has reduced as the Outreach Portfolio has been liquidated in anticipation of higher demands for cash support

Listed investments held at 31 March 2014 comprised the following

	2014 £	2013 £
UK fixed interest	377,047	500,681
Overseas fixed interest	67,531	83,252
UK equities	1,756,529	1,867,927
Overseas equities	889,536	944,176
Property funds	387,240	173,808
	<b>3,477,883</b>	<b>3,569,844</b>

At 31 March 2014 listed investments included the following individual material holdings when compared to the total portfolio valuation as at that date

Holding	Market value of holding £	Percentage of portfolio %
Vanguard Investment Series S&P 500 Etf Inc NAV	<b>189,370</b>	<b>5.5%</b>

### 13 Debtors

	2014 £	2013 £
Other debtors	17,697	2,589
Prepayments and accrued income	12,061	18,855
	<b>29,758</b>	<b>21,444</b>

## Notes to the financial statements 31 March 2014

### 14 Creditors. amounts falling due within one year

	2014 £	2013 £
Trade creditors	6,809	6,388
Other creditors	13,047	—
Accruals and amounts received in advance	827,947	708,800
	<b>847,803</b>	<b>715,188</b>

Included in the accruals and amounts received in advance is deferred income as set out below.

	2013 £
Deferred income brought forward at 1 April 2013	696,800
Additional income deferred during the year	815,947
Brought forward funds spent in the year	(696,800)
Deferred income carried forward at 31 March 2014	<b>815,947</b>

ACFA was granted £750,000 in this financial year for expenditure in 2014-15 mainly for the purchase of cadet equipment (Bergans and Rank Slides) This process could again be repeated in subsequent years The remaining carried forward is comprised of £31,920 for the ACFA expeditions funds in relation to advance contributions for the Kenya 2014 expedition and £34,027 for salaries paid to ACFA in 13-14 for contracts ending in 14-15 Normally salaries are factored in to match the financial years but for two individuals this was not possible

### 15 Analysis of net assets between funds

	General fund £	Designated funds £	Restricted funds £	Total 2014 £
<b>Fund balances at 31 March 2014 are represented by</b>				
Tangible fixed assets	3,689	—	—	<b>3,689</b>
Fixed asset investments	3,538,814	—	—	<b>3,538,814</b>
Net current assets	949,330	160,944	467,603	<b>1,577,877</b>
	<b>4,491,833</b>	<b>160,944</b>	<b>467,603</b>	<b>5,120,380</b>

The Outreach Portfolio has now been liquidated (see note 12)

### 16 Designated funds

	At 1 April 2013 £	New designation £	Utilised/ released £	At 31 March 2014 £
ACFA expeditions' fund	160,944	—	—	<b>160,944</b>
	<b>160,944</b>	<b>—</b>	<b>—</b>	<b>160,944</b>

## 16 Designated funds (continued)

### *ACFA Expeditions' fund*

- ◆ The Expeditions' Fund contains the money that ACFA utilises to support two types of cadet expedition

a The ACFA Biennial Expedition to Africa This took 40 cadets and 12 adults to Kwa Zulu Natal (KZN) in 2012 and will take similar numbers to Kenya in 2014. In the intermediate years the expedition organisers select and train the adults and cadets for the subsequent year. Expenditure on these expeditions occasionally takes place in the preceding financial year depending on advance payments for flights etc.

b The ACFA Charitable Expedition Also biennially in the 'intermediate year' a smaller, more charitably targeted expedition is organised for cadets to visit and support an in-country charity. In 2011 the expedition went to KZN as a follow up to the main Cadet150 Expedition in 2010, whilst in 2013 the expedition went to Mexico. Advance payments toward the expedition in July 2014 to Kenya amounting to £31,920 have been deferred to FY 14/15.

## 17 General fund

	At 1 April 2013 £	Incoming resources £	Expenditure, gains losses and transfer £	At 31 March 2014 £
General fund	4,049,750	4,141,061	(3,698,978)	4,491,833

### *Training Support Fund*

HQ Support command identifies funding that can be passed to ACFA for expenditure in-year, and in subsequent years, on cadet equipment such as waterproofs, training vests, bergans and rank slides. In the current year £750,000 was passed to ACFA that was not spent and therefore carried forward to 2014/15.

ACFA does however spend its reserves on supporting the purchase of cadet equipment and whilst in this financial year it has not proved necessary, in 2014-2015 it is anticipated that at least £300k of charitable money will be spent purchasing cadet equipment.

## 18 Restricted funds

	At 1 April 2013 £	Incoming resources £	Expenditure, gains, losses and transfer £	At 31 March 2014 £
ACFA youth & community initiative fund and Outreach appeal	579,170	210,305	(321,872)	467,603
	579,170	210,305	(321,872)	467,603

## 18 Restricted funds (continued)

### *ACFA youth and community initiative fund and Outreach appeal*

The ACFA youth and community initiative fund and Outreach appeal is made up from income received to allow the ACFA to be targeted at vulnerable, socially disadvantaged youngsters with the aim of helping them get back on track and become better citizens. This year uncertainty over the MoD's stance on supporting the Project has caused the Trustees to liquidate the Outreach Portfolio in anticipation of larger cash demands.

## 19 Financial commitments

At 31 March 2014 the Association had annual commitments under non-cancellable operating leases as follows:

Expiring	Equipment	
	2014 £	2013 £
Within one year	—	8,996
In two to five years	9,598	—

## 20 Pension obligations

The charity participates in The Pensions Trust's Growth Plan as well as several other pension vehicles all run by The Pensions' Trust. The assets of the scheme are held separately from those of the charity in an independently administered fund. The Growth Plan in particular is a multi-employer pension plan which is in most respects a money purchase arrangement but it has some guarantees. The contributions from and investments made on behalf of participating employers are co-mingled and as a result it is not possible to identify the value of ACFA's share of the scheme's assets and liabilities on a reliable and consistent basis.

Contributions paid into the Growth Plan up to and including September 2001 were converted to defined amounts of pension payable from normal retirement date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Growth Plan or by the purchase of an annuity.

The trustee of the plan commissions an actuarial valuation every three years to determine the funding position of the plan. The actuarial valuation results as at 30 September 2011 were received in May 2012. The scheme's results show that the Plan's assets at 30 September 2011 were £780 million and liabilities were £928 million, resulting in a deficit of £148 million, equivalent to a funding level of 84%.

A proposed recovery plan has therefore been put in place and employers have been notified that they will be required to pay additional contributions to eliminate the Plan's deficit. ACFA has been notified by The Pensions Trust that the charity must make additional contributions of £33,502.92 per annum for ten years from 1 April 2013. After the first year this has now dropped to slightly less than £30k as CCRS (and responsibility for their pension deficit) has left the ACFA Payroll.

**20 Pension obligations (continued)**

It is possible that an employer debt might arise if the charity was to cease its participation in the plan or if the plan were to be wound up. In the opinion of the trustees, the likelihood of this is considered to be small and hence the debt is unlikely to crystallise in the foreseeable future. If, however it were to arise, the amount of this debt would depend on many factors including total plan liabilities, plan investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation and the insurance buy-out market. The Pensions Act 2011 has recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any Series except Series 4. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The calculation basis that applies to the Growth Plan was amended due to a change in the definition of money purchase contained in the Pension Act 2011 but the regulations that will determine exactly how the change will apply in practice are still awaited. As the law stands, it is not yet clear whether the statutory calculation should include or exclude Series 3 liabilities. However, based upon current advice, the most likely interpretation is that Series 3 liabilities will have to be included in the calculation of an employer's debt on withdrawal.

If an employer withdraws from the Growth Plan prior to the implementation of the regulations, the debt will be calculated on both bases and the Trustee will request payment of the higher amount with any adjustment being made when the regulations are implemented.

The charity has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2013. As of this date, the estimated employer debt on withdrawal for the charity was £327,829 if Series 3 liabilities are included within the calculation and £404,522 if Series 3 liabilities are excluded from the calculation. Should this figure reduce to one that the Trustees would find as 'acceptable', then ACFA may leave the fund and pay the debt attributable at that time.

The charity has 14 active members (2013 – 7) of the Growth Plan at the balance sheet date. The pension cost charge to the charity reflected in these accounts represents contributions payable by the charity to all Pensions Trust funds (22 active members) and amounted to £53,832 (2013 - £57,221).