



**The  
Army  
Cadet  
Force  
Association**

**Annual Report and Financial  
Statements**

31 March 2015

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

**President of the Council/Trustee** Lieutenant General A J N Graham CB CBE

### **Directors/Trustees**

Chairman Major General M D Wood CBE

Vice Chairman Colonel D I Fuller OBE NMN DL

Finance Chairman Mr T Weale TD DL

Honorary Treasurer Mr A Goodwin

### **Members of the Council/Trustees**

Chairman Northern Ireland Colonel D G McCleery OBE

Chairman Scotland Colonel A H Cassidy

Chairman Wales Colonel J Brunt OBE TD

General Trustees Colonel M E Bennett OBE DL

Colonel M P Bryant DL

Colonel P Christian OBE DL

Mr R A C Duncan

Colonel D T Howells

Colonel E A Mulder

Colonel E J Mytton

Colonel C Tearney

Colonel P J F Webb

Colonel H M W Williams

Lieutenant Colonel J R C White TD JP

### **Co-opted Members**

Commander (Retd) G R Bushell

Mr D Haigh

Colonel P J Edwards MBE

Reverend JRB Gough CF

### **Secretary**

Brigadier (Retd) D S Short CBE

### **Company Secretary**

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 2015

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 2015.

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 both the 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. Trustees give of their advice and direction using their experience garnered in various fields, however there is no link between their trustee work and their parent companies.

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 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 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 2014/15 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, 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 each main Council meeting so as to provide timely management information to the trustees. The second sub committee is the Remuneration Committee, also chaired by the Chairman of the Finance Committee, but including 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 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 set up 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 each have committees made up of volunteers from the ACF with a part time, remunerated Secretary who works from home. 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 Charity 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 have, until 2015, automatically been members of the charity. More recently the Charity's Memorandum & Articles are being revised to bring them up to date and at the same time amend the Membership status better to support the adult volunteers.

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)**

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. Resourcing the competitions has also been a challenge as Support Command has changed the ground rules several times during the year. Nevertheless in 2014/15 the programme, because of strong support from RFCA and the regional chains of command, 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 (Cadet Centre for Adventurous Training (CCAT) and Army Cadet Expeditions) and at unit level. CCAT provides opportunities for senior cadets (16-18) to attain foundation skills level qualifications, and CFAVs to attain foundation skills as well as nationally accredited leader / instructor / coach qualifications. The Army Cadet Expeditions provide 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 (annual camp) but several counties undertake their own higher level training and expeditions.

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

The student throughput achieved in the TY 2014/15 was 725. The student throughput divided into the budget expenditure of £197K worked out at £271.72 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 such as the new Mountain Training England Lowland Leader Award, Climbing Coaching Foundation Award, a white water canoeing course in Southern France and, for the first time, a CFAV specific expedition to Canada to undertake three weeks of Alpine mountaineering/rock climbing which proved to be highly successful.

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

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

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

Kenya 2014. Following an initial selection event and two 5-day training events a total of 12 adults and 47 cadets travelled to Kenya. Once there they followed a five day acclimatisation programme before ascending Point Lenana (4,985m) on Mt Kenya as part of a 6-day traverse of the mountain. A total of 57 out of 58 participants reached the summit. A short spell of R&R was spent in a wildlife conservancy camping in the bush and undertaking drive safaris. The final week was spent completing a major community project which involved the building and fitting out of a new classroom for a rural primary school. This project was supported by a team of ACF CFAVs who spent two weeks building the walls and roof of the classroom before the cadet teams arrived and completed the rendering, roofing, doors and windows.

South Africa 2016. The selection process is underway for the ACE South Africa 2016. A selection event is to be held in late May 2015.

Matthew Bacon Bursary. Two cadets attended three week long courses delivered by the Outward Bound Trust - both completed the courses creditably. 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. No awards have been made for 2015.

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

ACFA is the Licensed Organisation through which ACF and some CCF cadets and CFAVs 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. The Army Cadet Force Association is the third largest operating authority of the Award in the UK, behind the Air Training Corps and Scout Association who are first and second respectively.

#### ***Achievements***

The number of cadets and CFAVs between the ages of 14 and 25 who completed a DofE Award fell slightly between the years 12/13 to 13/14, but is now increasing steadily with almost 1,700 participants having achieved an Award at Bronze, Silver and Gold in the past twelve months.

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

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

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

In 2014/15, 40 DofE-specific adult training courses were run in line with the DofE's Modular Training Framework comprising of leadership, expedition supervisors and expedition assessors' classroom based training. As well as this, the integral 'Introduction to the DofE' course which is considered to be the bread and butter of adult training has been rolled out extensively across the ACF; this gives adult leaders the skills to run the Award at their Detachments for their cadets. The training resulted in 674 certificates being awarded to ACF/CCF CFAVs from across the cadet piece.

There are currently 11,000 participants enrolled on eDofE, the online record keeping system, with enrolments increasing year on year. The target, as set by the DofE, is to have 50% of those cadets who are enrolled in the DofE to complete their Awards every year. ACFA is currently operating at just over 30% completions with a clear focus now being on encouraging those on the ground to assist their cadets to complete, which has already been discussed with the ACFA DofE Advisory Panel.

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

At present, the members of the DofE Advisory Panel are the main course directors for the Modular Training Framework courses, and as the majority cover whole Brigade areas, it is the intention to increase this pool of qualified tutors to enable more courses to be run over a wider geographical area.

Another focus will be to support participants better in their journey to completion. This will be undertaken through increased ACF-specific literature available to both cadets and their leaders, a focus being on materials which SMEs can use to link their activities in with the DofE. This will see cadets gaining double accreditation for the activities which they are already undertaking, thus increasing the attractiveness of gaining a full Duke of Edinburgh's Award.

#### ***First Aid***

The Charity supports all first aid training in the ACF, provides external accreditation through relevant awarding bodies for cadets and CFAVs; 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.

#### ***Achievements***

ACFA support first aid training carried out in counties and battalions that should result in all cadets undergoing progressive first aid training every year. This included in 2014/15 12,971 cadets obtaining Heartstart certificates; 4,589 cadets receiving Youth First Aid certificates; and 28,786 cadets obtaining an APC first aid pass. 2,161 cadets and adult volunteers 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.

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

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

#### ***First Aid (continued)***

ACFA supported all first aid related courses delivered at the Cadet Training Centre with 108 participants obtaining a total of 607 qualifications over 12 different courses offered in each of three weeks at CTC.

ACFA delivered the County First Aid Training Officers Conference; participated in the Joint Services National First Aid Conference and facilitated workplace first aid training that complies with Health & Safety Executive regulations including at CTC First Aid at Work and Assessment awards on the Qualifications Credit Framework (QCF) offering adult volunteers valued externally accredited qualifications; and providing recognised QCF Education and Training awards for first aid trainers.

In 2014 ACFA ran relocated national and inter-services first aid competitions over a full weekend for the first time at Strensall with support from 2 Medical Brigades for participants from ACF, CCF and SCC, supported by adult staff including judges from St John Ambulance with 143 cadet participants and 100 supporting staff.

ACFA supported 76 awards for praiseworthy first aid that probably resulted in the saving of at least 11 lives. Awards included Royal Humane Society Testimonials; Young First Aider of the Year certificates; and British Red Cross Humanitarian Citizen certificates. Cadet Lance Corporal Sam Herbert of Derbyshire ACF as a result of a public vote was awarded the St John Ambulance/Mail on Sunday Young Hero of the Year title and Sergeant Instructor Jessica Bradley won 2014 British Red Cross Humanitarian Citizen of the Year.

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

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

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

The Charity, through the ACF Shooting Committee, supports army cadet competitions in .22 rifle, full-bore cadet target rifle and cadet 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.

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

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

#### ***Competitive Target Shooting (continued)***

##### *Achievements*

Cadet shooting, including competitions in all disciplines, contributes 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 is the most popular activity.

The Shooting Committee has provided advice and guidance to HQ Support Command 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 resource determination; the specification requirements for a rifle to replace the No. 8 .22 rifle; the use of locally procured weapons.

The Committee has also provided assistance and guidance to 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 2014; the GB U19 Team to South Africa in April; the British Cadet Rifle Team (Athelings) to Canada in July/August and the UK Cadet Team to Jersey in August. In addition, 14 ACF Cadets and two ACF escort adult volunteers attended the Canadian Cadet Leader Instructor Marksman Course in Ottawa in July/August. The Charity supported the preparation and training for the ACF members involved in those activities with some funding support.

Key Aims & Objectives 2015-16. We shall continue to encourage and support more cadets and counties to take part in regional, national and international shooting competitions. We shall support the annual ACF Shooting Officers Conference and coaching courses for adults and cadets.

#### ***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.

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

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

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

##### *Achievements*

As the team celebrated 20 years of delivering PR training for the ACF at Altcar in January, 2014/15 proved to be another year of increased numbers attending courses with 85% of courses being fully loaded. The PR Team returned to Northern Ireland providing digital photography and newsletter training to 15 students at Ballykinler camp. Sadly one planned weekend in Scotland was cancelled due to lack of bids. This was particularly frustrating since there had been requests to run courses north of the border for some time. Hopefully this will go ahead in 2016.

##### *The Future*

Training programmes were reviewed and revised to take account of more in-depth training needs, new skill sets (such as more focus on the use of digital and social media) and to enable more robust embedding of the new brand guide lines and positioning created by the marketing team at ACFA.

Subsequent to last year's PRO conference, a number of RFCAs have responded very positively to the call for PROs to have the appropriate kit to carry out their role effectively, and some RFCAs have been equipping the PROs accordingly.

The key issues for the year ahead remain 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 2014 Conference (and again at the 2015 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. This is to be investigated further.

#### ***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.



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

**Activities and specific objectives (continued)**

***Signals Training (continued)***

***The Future***

A Basic Signals Instructor (BSI) Course has been introduced. 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 September 2015. MoD funding has been obtained for a modern radio system that will provide safety, control and training commensurate with the 21<sup>st</sup> Century. This funding (£7M) has been passed to ACFA in March 2015 to look after until such time as the purchase and delivery process is complete. This is expected sometime in the latter part of financial year 2015/16.

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

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

***Achievements***

Throughout 2014/15 the Cadet Bands and Corps of Drums have, once again, performed all over the UK and Malta with a very successful display in the Tate Modern. They have also played a major part in the recent World War 1 commemorations. Concerts and other performances were well attended and repeat bookings taken for similar events next year. In accordance with the music policy document, training took place at Longmoor, Hampshire and in Altcar Merseyside along with regional training weekends. In total over 1280 Cadets and Staff were in attendance, with a record of over 500 taking part in this year's Easter camp. Cadets also continue to attain DofE, BTEC and their 4 star award in ever increasing numbers.

Adult training has flourished 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 that will encourage more musically qualified adults to become involved. This is also now being extended into promotion and further training courses.

Contemporary music is now part of the training offered concluding with a major talent show at the end of each camp. We hope to be able to tour with a Cadet 'pop group' later in the year to further promote Cadet Force Music and more web based learning is being introduced. With more Cadets joining this year the future of Cadet Force Music continues to look as bright as ever.

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

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

#### ***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 is a lead provider of qualifications from the Scottish Qualifications Authority (SQA) and Piping and Drumming Qualifications Board (PDQB). A total of 362 qualifications were successfully delivered in 2014/15 with some of the senior cadets now being enrolled on the SCQF Level 7 course which is HNC or an Advanced Higher level of qualification.

The ACFA's National Piping & Drumming training team has undergone a restructure as its Executive Officer Major Jim Stout has moved on to Oman and has been replaced by Major Ross Munro. The Novice piper and drummer course recently introduced has been extremely successful resulting in an increase in cadets participating and the higher standards being achieved by the cadets.

Over 100 engagements have been carried out by the various Pipes and Drums showing an strong level of commitment by both the Cadets and Adult Volunteers. The ACFA's Piping & Drumming Training Team took an ACF Pipe Band to the Christmas Tattoo in Basel and Zurich in December 2014, resulting in another invitation to attend the Basel Tattoo in December 2015. The Pipes and Drums also battled terrible weather conditions to perform successfully 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 has been completed with the first Intermediate Induction for Music taking place in April, this complies with and is in line with the CFAV (Military) Instructor Induction training that has been introduced by the Training and Development Team (TDT). An Advanced Induction course for Music will be run during October 2015.

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.

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

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

#### ***Association with Cadet Forces from Overseas***

One role of the ACFA is to foster the links between cadet forces of foreign countries, especially those in the commonwealth and ACF counties. Most counties 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. At the request of Support Command, ACFA hosted an inward visit of a team from Ghana's army keen to develop their own cadet forces. An outward visit by members of ACFA has been requested by Ghana but not yet authorised by the MoD. Each year ACFA manages and delivers (on behalf of Support Command) the central Canadian Cadet Exchange visit to London and the South East which includes a day visit to two Canadian WW1 War memorials and battlefields in France.

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

The Marketing and Communications (Marcoms) team works to deliver the ACF Recruit Marketing Plan and to promote the ACF and ACFA on behalf of Cadets' Branch and ACFA. The Team focusses upon the ACF 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 ACFA and its multi layered support for the ACF.

#### ***Achievements***

The ACF's website and Facebook page (and linked Facebook and Google adwords advertising campaigns) play a major role in helping to recruit adults and cadets. In 2014/15 the ACF national website [www.armycadets.com](http://www.armycadets.com) had 943,535 visits, up 24.3% on last year, and generated 4,527 adult joining requests.

Following concerns that many potential adult volunteers drop out of the recruitment process, the Marcoms team introduced a regular web-based survey of applicants. The survey revealed that 21% of applicants found communications with counties 'very unhelpful' or 'quite unhelpful' and, two-months after their application, 31% felt less positive about joining. In response the Marcoms team introduced a 'two-stage process' on the website (to filter out applications from unsuitable or non-eligible applicants) and introduced a 'Best Practice in Adult Recruitment' pilot project, in collaboration with four ACF counties. The pilot project, which concludes in June 2015, aims to identify a new process and standardised materials, which can be rolled out across all counties in late 2015.

During the year the Army's Recruit Marketing Group (RMG) introduced a new system to encourage counties and RFCAs to bid for funds for specific marketing projects. The new system – with sign off from the Head of ACF Marketing and Communications and the RMG's RFCA representative – provides greater visibility of regional marketing projects and more opportunities to join up local and national marketing initiatives.

## OBJECTIVES, ACTIVITIES AND RELEVANT POLICIES (continued)

### Activities and specific objectives (continued)

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

##### *Achievements (continued)*

Most counties have now complied with a Support Command directive to close down independent, competitor websites and move to using the ACF's 'county website' facility – a key change in building the ACF's image as a major national youth organisation. To aid this change the Marcoms team held a special workshop at the 2014 PRO Conference to ask counties to identify the improvements they wanted in the county website facility. All of the improvements identified have now been delivered by the ACF's web developers and the new county website template will be launched in April 2015.

During the year a major project to rebrand the ACF 'from the ground up' took place - based on detailed input from almost 1,000 adults, cadets, parents and stakeholders. Following this work new guidance on 'talking about the ACF' was issued to all adult volunteers and a wide range of new publicity materials rolled out across the UK. Signalling the introduction of the new brand, a new look 'responsive' website [www.armycadets.com](http://www.armycadets.com) was launched in January 2015, which allows users to view the same content from a range of mobile devices.

Over the year efforts were made to increase the ACF's already strong Facebook presence [www.facebook.com/armycadetforce](http://www.facebook.com/armycadetforce). The Facebook page now has over 101,000 followers – up by 42.7% on May 2014. New videos were developed for the ACF's YouTube channel – which has seen a growth in traffic of 37% from last year. Over 2014/15 the ACF also saw a strong growth (21%) in its Twitter followers [www.twitter.com/ArmyCadetsUK](http://www.twitter.com/ArmyCadetsUK) who now number 6,545. Three more highly successful editions of Army Cadet magazine were also published for ACF adult volunteers along with a new-look ACF Annual Review booklet.

##### *The Future*

Key goals for next year include ensuring effective take-up of the county website facility and widespread adoption of the new brand messaging and materials. Work will also take place to provide more support to the counties in delivering local and regional marketing campaigns. (Key materials are now in place – or in development - to help counties to deliver more effective and professional marketing campaigns.) From April 2015 the ACF Marcoms team will be taking on responsibility for delivering CCF communications. A new CCF Marcoms officer has been recruited but work in setting up a comprehensive CCF communications programme will divert attention from a number of ACF activities. Despite this the team aims to deliver a major ACF marketing/PR campaign in a region with significant recruitment needs - to test whether this is a model worth following in the future.

## OBJECTIVES, ACTIVITIES AND RELEVANT POLICIES (continued)

### Activities and specific objectives (continued)

#### *Youth Outreach*

The aim of ACFA sponsored Youth Outreach (YO) 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 the 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

Gender Mix: 63% Male - 37% Female

Referring Partners: 84% Schools – 13% Police – 3% Other Youth agencies

#### Participant Outcomes

- ◆ 81% showed an overall improvement against their referral criteria.
- ◆ All 893 in the cohorts gained 'Heartstart' BHF certificates.
- ◆ 659 gained OCN (Open College Network) accreditation in Team Skills.
- ◆ 71 cohorts gained BTEC Level 1.

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

**Activities and specific objectives (continued)**

***Youth Outreach (continued)***

Achievements by Region

<u>Region</u>	<u>ACF Units</u>	<u>Projects Run</u>	<u>Participants</u>
<u>Scotland</u>	4	4	137
<u>N Ireland</u>	2	2	52
<u>Wales</u>	2	7	170
<u>Northern</u>	5	9	245
<u>East Midlands</u>	3	3	89
<u>South East</u>	1	2	98
<u>South West</u>	2	2	102
<b><u>TOTAL</u></b>	<b>19</b>	<b>29</b>	<b>893</b>

***Concerns***

This has proved to be a difficult year and one of uncertainty generated by a change in stance and policy in respect of YO support by HQ Support Command. This uncertainty led to ACFA taking the decision to implement six months' additional top up insurance by way of 'belt and braces' top cover, until HQ Support Command could assure ACFA of its intentions and direction of policy. YO had for the academic year 2014/15 secured a grant of £270K from the DfE in England, in recognition of the programme's capabilities as an approved provider of Military Ethos in Schools.

***Look Forward 2015/16***

Now that the GOC's direction for YO has been clarified and an army grant of £150K agreed, the YO SMT will focus in the coming months on re-costing the programme and negotiated arrangements for the provision of accommodation, feeding and transport. There are not likely to be any major changes to the programme framework other than an enhancement in the levels of accreditation available to CFAV, cadets and cohorts involved in the programme.

Fundraising will continue and it is anticipated the new government post May 2015 will continue with a strong youth agenda with grant funding streams to match. In August 2015 HQ Support Command will be in a position to agree an MOU relating to YO moving forward. The challenge will be to convince ACF Commandants that there is still value in committing to the programme despite the hurdles raised by the army.

## OBJECTIVES, ACTIVITIES AND RELEVANT POLICIES (continued)

### Activities and specific objectives (continued)

#### ***Cadet to Career***

In 2013 the Project called "Cadet to Career" (C2C) was launched by an ACFA Trustee Colonel M Bennett.

The course consists of four days designed to engage with senior cadets who are not high academic achievers but have learnt skills during their cadet service which will assist them in obtaining employment or further training, for instance as apprentices.

This is a joint programme with the major UK recruitment company, Remploy Ltd , whose employees volunteer their time as part of the company's Community Service commitment. Remploy do not levy a charge for their services.

The course includes CV presentation particularly mentioning their cadet achievements, how to apply for jobs, researching potential employers and dummy interviews. On the final day local employers are invited to attend presentations by the cadets and to network over lunch.

The pilot course was in Worcester in 2013 followed by a course in Plymouth in 2014. As a direct result of both courses some cadets were able to gain employment or work experience. Employers who were not aware of the ACF were very impressed with the quality of the cadets and most were not previously aware of the Cadet movement.

In 2015 courses are being planned in Newcastle on Tyne, Preston, Manchester and Birmingham.

#### ***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. 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's 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.

## OBJECTIVES, ACTIVITIES AND RELEVANT POLICIES (continued)

### Activities and specific objectives (continued)

#### *Insurance (continued)*

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.

#### *Development.*

Following on from last year's strategy work<sup>1</sup>, 2014 has seen the development and signing of a Memorandum of Understanding and a new Financial Framework between ACFA and HQ Support Command. This is a significant achievement and one which places the Association in a much stronger position than hitherto. Although the Association will be subject to a more robust reporting regime, we are confident that we will be able to achieve all of the Key Performance Indicators demanded by the Memorandum of Understanding. 2015 will also see the amendment of the ACFA's Memorandum of Association and Articles which while it will retain its essential Cadet and Adult Volunteer focus will simplify and update the document considerably. All in all, we have gone a long way in a short time to update and modernise our key Governing documents to ensure their suitability, relevance and transparency for business in the 21<sup>st</sup> Century.

Also this year has seen the recruiting and employment of an ACFA Development Manager. The post has added much needed staff capacity to the team at Holderness House and provided much greater reach to help us interface with our Adult Volunteers. Given the high level of Government interest in Cadets and the positive manner in which it can help develop young people, ACFA remains fully engaged in all of the related work-strands.

As we look forward, we see yet another busy year ahead and one which will see, amongst other initiatives, the establishment of 100 Cadet Units in State Schools. As in previous years, we feel it is important to be on the front foot and to contribute to and be part of these change programmes rather than have change imposed upon us. In this regard, 2015 will be another challenging but rewarding year and one that we are looking forward to immensely.

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<sup>1</sup> The ACFA Strategy with its 3 pillars of Promote, Foster and Advance.



## 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 2015 of £2,397,093 (2014 - £3,538,814)<sup>2</sup>. The charity maintains a portfolio of investments currently managed by Investec Wealth. Up until 2012 surplus money from operating activities was re-invested. Since then no further money has been added to the portfolio in line with MoD strictures on the use of public money. 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 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%

<sup>2</sup> This large reduction in value has been caused by Support Command's firm encouragement to expend monies given to the Charity by their predecessors over many years, through extraordinary support to cadet supporting charities such as The Cadet Vocational Qualification Organisation (CVQO). Further realisation of the portfolio will take place in 2015-2016 in furtherance of the same policy.

## OBJECTIVES, ACTIVITIES AND RELEVANT POLICIES (continued)

### Investment policy (continued)

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

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 2014-2015 is as follows:

*A continuation of accommodative monetary policy from multiple central banks caused equity markets to continue to make progress over the year. More of a surprise was the return achieved by bonds which was much greater than expected and powered higher by longer-dated issues. Our caution in bonds, on the grounds of valuations being expensive in our view, led us to pursue a shorter duration in bonds which was costly in terms of relative performance over the year. We believe that the risks outweigh the rewards in bonds and so we have maintained our bias towards shorter-dated issues and have an underweight stance compared with the benchmark. This influenced the overall return achieved for the year which, at 9.5%, was healthy in absolute terms, but behind the benchmark return of 12.1%. The other area of disappointment was in UK equities which registered an uncharacteristic year of underperformance, caused primarily by stock specific issues in healthcare and oils. A far stronger return was achieved in overseas equities, led by a rampant US. Asset allocation decisions were positive, in particular the overweight positions in overseas equities and commercial property.*

*Valuations have certainly become more expensive in many asset classes over the year. Equities remain better value than bonds but that is on the basis that bonds are very expensive. The recent commencement of a quantitative easing programme in the eurozone and ongoing support in Japan, combined with interest rate cuts in many countries, are likely to remain supportive to markets, as is the significant fall in the oil price. However volatility is likely to pick up this year as markets continue to speculate over the timing of the first interest rate rise in the US.*

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

It has been another good year in general for both bonds and risk assets and the value of our portfolio has experienced a healthy increase. Looking forward we have realised some of our investments for extraordinary spend on cadet support after firm encouragement from Support Command. This process will be repeated again in 2015-2016. Our long-term strategy remains unchanged with a balanced approach to the management of our reserves. 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.

## OBJECTIVES, ACTIVITIES AND RELEVANT POLICIES (continued)

### Investment policy (continued)

#### *The Future*

**MoD Grant-in-Aid and Grant.** Support Command and ACFA spent much of the year negotiating an MOU (originally entitled Service Level Agreement SLA). Now signed, this agreement should provide more certainty over the MoD funding stream but as a quid pro quo it requires the Charity to report more formally on Key Performance Indicators (KPIs). The ongoing relationship between Support Command and the Charity will define how this process will be conducted. The MoD money in future will be split into a Grant-in-Aid (GinA) – the money required to deliver the agreed activity, and a Grant – money required to deliver one-off requests from Support Command.

**ACFA Reserves.** Over a seven year period between 2005 and 2012 ACFA was consciously given more funding by the MoD than it actually required for its activity delivery. These surpluses either were created by the MoD placing money with the Charity to prepare for future activities that in the end did not take place (or cost less than originally planned), or were created by in-year efficiencies by the Charity. During the same period at the behest of the army, ACFA expended (and continues to do so) a large portion of this money in the form of equipment purchases on behalf of the MoD in support of cadets. However a new regime in Support Command has not been satisfied that this is a proper way to do business and has demanded the expenditure of all of the remaining surplus money, plus any money made through its investment by dint of large donations to associated cadet supporting charities such as the Army Mountaineering Association, CVQO and The Ulysses Trust. This additional expenditure has started and will be complete by March 2017, but in the process much of the financial flexibility for ACFA to help the ACF and the MoD will have been lost, and much of the mutual trust and respect upon which business and charitable support has been conducted over decades has been damaged.

## FINANCIAL REPORT FOR THE YEAR

**General.** Charitable activity levels have been increased exponentially through the year as it became clear that Support Command was not content with the size of the ACFA Reserves which had grown over many years (despite regular requests from the Charity to the army for increased spending). Donations during the year to cadet related causes rose to £886k and included substantial financial help to the Cadet Training Centre at Frimley Park to maintain and repair its iconic structure.

**Detailed Income.** The overall Support Command operating budget was initially agreed at £1.98M (2013/14 £1.87M) however for reasons that are still unclear Support Command then removed a large portion of the budget (£143k) during the year (and after it had been committed by ACFA). This, along with the increase in donations, is the main reason for the overall deficit (£890k) in the financial year. Operating budget aside, a further £11.66M was passed to ACFA by the MoD as grant to achieve additional in-year activity and equipment purchases. Much of this extraordinary sum arrived with ACFA in the final months of the financial year; £10.97M of this sum has been carried forward to 2015-2016 to be shown as future income rather than in the year that it arrived. The sum will be spent largely on a new radio system for cadets which is being sourced and paid for in 2015/6.

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

**Projects Westminster & Grosvenor.** 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 increased to £555,580 (£310k in 2013-2014) as an additional joint MSSC/ACF project (Project Grosvenor) is under development.

**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 2015/2016 paid for by the Charity as part of its membership services to the adults in the ACF.

**Results for the Year 2014-2015**

A summary of the year's results can be found on page 38 of this report and financial statements.

During 2014-2015 total incoming resources amounted to £3,741,525 (2014 £4,351,366). This drop in income is largely due to Support Command removing ACFA's ability to authorise Paid Training Days (PTDs) which for statutory financial statements purposes were shown as a receipt and application of donated services. Of this reduced sum, £149,277 (2014 £210,305) was income restricted for use with project Outreach. The MoD grant, which did not include paid training days, was £3,353,077 (2014 £3,571,627). The sum included a £683k grant brought forward from 2013/14 and spent on cadet equipment.

Resources expended totalled £4,632,044 (2014 £4,179,891). Of this total, £300,802 (2014 £353,345) has been spent specifically on Outreach activities.

The net deficit for the year, therefore, was £890,519 (2014 - surplus of £171,475). These losses reflect the changing circumstances of the relationship in which the Charity finds itself with its traditional funding partner the MoD; the latter is unhappy with the level of reserves held by the Charity. The £890k operating loss has been partially offset by an increase in the value of the investments of £237,822, however these sorts of gains will not be achievable in future years as the MoD, our traditional funding partner, has requested the disbursement of much of the value of the portfolio. The total value of the ACFA funds therefore is now £4,467,683 (2014 £5,120,380) of which £316,078 (2014 £467,603) relates to Outreach. It is expected to reduce again in 2015-16 and 2016-17 as further funds are returned to the MoD.

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

### **Results for the year 2014-2015 (continued)**

#### ***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 12 months' income on normal unrestricted funding (£2.1M). This 'normal' income figure has again been greatly exceeded this year (£3.59M) but this exceptional figure again included many one off payments for cadet equipment (bergans, waterproofs and rank slides). Therefore a baseline figure of £2.1M is considered by the Trustees to be the adequate target for the reserves, which at £4M are still larger than necessary. However Support Command is not content with this approach and has demanded that the Charity's Reserves should be based upon a three month operating cost basis as the MoU now guarantees a Grant-in-Aid from the MoD at least three months in advance. An exercise to determine the split between MoD generated funds and Charity funds resulted in an agreement between the GoC and the ACFA Chairman that ACFA 'Charity only' funds amounted to £2.4M. The remaining amount - £3.57M - was to be removed from the Reserves, over a two year period, through grants to associated charities and purchase of cadet related equipment. This process has already started. In the meantime ACFA intends to maintain a high level of charitable support to the ACF in order to keep the reserves within the 12 month figure agreed by the Trustees.

#### ***Financial position***

The balance sheet shows total funds of £4,467,683 (2014 £5,120,380). The charity's free reserves of £4,096,856 (2014 £4,488,144) at 31 March 2015 remain in excess of that set out in the reserves' policy above and trustees will take further action to increase financial support accordingly, bearing in mind that Support Command has already required additional monies to be expended on their direction.

Also included in total funds is an amount of £316,078 (2014 £467,603) 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 17 to the financial statements together with an analysis of movements in the year.

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 December 2014, the last time the actuary calculated the amount, stood at £481,381.

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

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

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

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.

Historic market performances, government changes in pension funding requirements and government efforts to mitigate the effects of the banking crisis (Quantitative Easing) have all affected the returns for pensions in general; this, along with increased demographic longevity have led the actuary to recalculate the sums required to meet the likely pension commitment. In 2012 the Actuary declared a 'black hole' in the Pension Trust funding which required ACFA (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 although the latter has been closed to new employees for some years as a result of large premium increases. Due to employees leaving or retiring the scheme now contains only four active members and the costs have dropped commensurately.

**Trustees' report** Year to 31 March 2015

**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, Youth 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:

Major General M D Wood CBE

Chairman



Approved by the trustees on:

8<sup>th</sup> July 2015

**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 2015 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 2015 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**

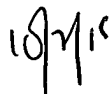
The Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- ◆ 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;
- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

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



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 2015

	Notes	Unrestricted funds £	Restricted funds £	Total 2015 £	Total 2014 £
<b>Income and expenditure</b>					
<b>Incoming resources</b>					
Generated funds					
. Donations receivable	1	5,571	145,200	150,771	161,794
. Investment income	2	105,916	827	106,743	128,422
Charitable activities					
. Grants and contributions receivable	3	3,423,471	3,250	3,426,721	3,539,707
. Non-financial charitable income (PTDs)		—	—	—	388,149
. Affiliation fees		—	—	—	65,666
. Members' subscriptions		4,600	—	4,600	4,799
. Development - training and support services income	4	52,690	—	52,690	62,829
		<u>3,592,248</u>	<u>149,277</u>	<u>3,741,525</u>	<u>4,351,366</u>
<b>Resources expended</b>					
Cost of generating funds					
. Investment management fees		22,399	—	22,399	23,779
Charitable activities					
. Vocational qualifications	5	28,336	—	28,336	31,993
. Activities, events and projects		3,512,398	—	3,549,620	3,141,090
. Outreach		—	300,802	300,802	350,017
. Development		697,308	—	697,308	564,309
Governance costs	7	70,801	—	70,801	68,703
		<u>4,331,242</u>	<u>300,802</u>	<u>4,632,044</u>	<u>4,179,891</u>
<b>Net incoming (outgoing) resources for the year</b>	8	(738,994)	(151,525)	(890,519)	171,475
<b>Statement of total recognised gains and losses</b>					
Net gains on investment	12	237,822	—	237,822	159,041
<b>Net movement in funds</b>		(501,172)	(151,525)	(652,697)	330,516
<b>Fund balances at 1 April 2014</b>		<u>4,652,777</u>	<u>467,603</u>	<u>5,120,380</u>	<u>4,789,864</u>
<b>Fund balances at 31 March 2015</b>		<u>4,151,605</u>	<u>316,078</u>	<u>4,467,683</u>	<u>5,120,380</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 37 - 45 form part of these financial statements.

### Historical cost net movement in funds

	2015 £	2014 £
Net movement in funds	(652,697)	330,516
Unrealised gains on investment	(165,890)	(161,624)
Difference between historic cost realised gains and the actual realised gains calculated on the revalued amounts	263,146	240,097
	<u>(555,441)</u>	<u>408,989</u>

# **Balance sheet 31 March 2015**

	Notes	2015 £	2015 £	2014 £	2014 £
<b>Fixed assets</b>					
Tangible assets	11		3,669		3,689
Investments	12		<u>2,404,046</u>		<u>3,538,814</u>
			<b>2,407,715</b>		<b>3,542,503</b>
<b>Current assets</b>					
Debtors	13	19,724		29,758	
Cash at bank and in hand		<u>13,001,406</u>		<u>2,395,922</u>	
		<b>13,021,130</b>		<b>2,425,680</b>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(10,961,162)</u>		<u>(847,803)</u>	
<b>Net current assets</b>			<b>2,059,968</b>		<b>1,577,877</b>
<b>Total net assets</b>			<u><b>4,467,683</b></u>		<u><b>5,120,380</b></u>
<b>Represented by:</b>					
<b>Funds</b>					
Unrestricted funds					
Designated funds	16	51,080		160,944	
General fund	15	<u>4,100,525</u>		<u>4,491,833</u>	
			<b>4,151,605</b>		<b>4,652,777</b>
Restricted funds	17		<u>316,078</u>		<u>467,603</u>
			<u><b>4,467,683</b></u>		<u><b>5,120,380</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:

8th July 2015

**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.

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 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.

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

- 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.

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.

**1 Donations receivable**

	Unrestricted funds £	Restricted funds £	2015 Total £	2014 Total £
Outreach appeal	—	145,200	145,200	153,644
Other donations	5,571	—	5,571	8,150
	<u>5,571</u>	<u>145,200</u>	<u>150,771</u>	<u>161,794</u>

This year has been the third full financial year of maximum Outreach fund-raising since the trustees directed a slow down in 2010. However confusion over the army's stance on Outreach has continued to distract the fundraiser's efforts from fundraising towards wrestling with Outreach Delivery and in so doing has again reduced the donations received. In the confusion over the army's stance Outreach activity has also reduced and the costs have as a result fallen to just over £300k, exceeding the income by £150k for the second year in a row. The army's vacillation over the status of the project and its unwillingness to fund the volunteer deliverers has caused many ACF Counties to reflect on whether the Project should go forward with the ACF at all. The long term future of this project therefore remains very much in the balance.

**2 Investment income**

	Unrestricted funds £	Restricted funds £	2015 Total £	2014 Total £
Listed investment income	102,116	—	102,116	116,845
Bank and building society interest	3,800	827	4,627	11,577
	<u>105,916</u>	<u>827</u>	<u>106,743</u>	<u>128,422</u>

This sum is expected to reduce sharply in 2015-2016 as the size of the Portfolio reduces to comply with the MoD strictures.

**3 Grants and contributions receivable**

	Unrestricted funds £	Restricted funds £	2015 Total £	2014 Total £
Ministry of Defence grants				
Activity support	3,353,077	—	3,353,077	3,419,958
Contributions from:				
Combined Cadet Force Association	15,000	—	15,000	15,000
Scottish Executive (Outreach)	—	—	—	30,364
Outreach project partnership funding	—	3,250	3,250	1,800
Individual cadets for biennial expeditions	50,673	—	50,673	35,416
Other grants	4,721	—	4,721	37,169
	<u>3,423,471</u>	<u>3,250</u>	<u>3,426,721</u>	<u>3,539,707</u>

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

	Unrestricted funds £	Restricted funds £	2015 Total £	2014 Total £
First aid training	1,790	—	1,790	5,728
Collective insurance policy premiums (net)	19,548	—	19,548	31,549
Other income	31,352	—	31,352	25,552
	<b>52,690</b>	<b>—</b>	<b>52,690</b>	<b>62,829</b>

#### 5 Charitable activities

	Vocational qualifications £	Activities, events and projects £	Outreach £	Development £	2015 £	2014 £
Adventurous training	—	140,819	—	—	140,819	178,145
Promotional activity	—	—	—	30,653	30,653	33,661
Band costs	—	88,708	—	—	88,708	152,320
Pipes and drums	—	19,239	—	—	19,239	100,481
CCFA Cadet expansion grant	—	—	—	—	—	105,000
Expeditions	—	196,039	—	—	196,039	46,880
Duke of Edinburgh's award	—	10,346	—	—	10,346	21,473
Signals	—	5,073	—	—	5,073	35,251
First aid	—	18,123	—	—	18,123	108,464
Membership	—	4	—	—	4	399
Sports and regional grants	—	60,245	—	—	60,245	50,838
Grants to individuals	—	886,404	—	—	886,404	155,560
Publicity and marketing	—	8,148	—	443,480	451,628	354,383
Outreach project costs	—	—	222,461	—	222,461	290,049
Salaries and wages	25,451	1,008,884	70,445	200,552	1,305,332	1,046,481
Sundries	—	—	—	—	—	6,690
Training support costs	—	400,757	—	—	400,757	833,995
	<b>25,451</b>	<b>2,842,789</b>	<b>292,906</b>	<b>674,685</b>	<b>3,835,831</b>	<b>3,520,070</b>
Projects Westminster & Grosvenor	—	555,580	—	—	555,580	310,000
Support costs	2,885	114,029	7,896	22,623	147,433	257,339
	<b>28,336</b>	<b>3,512,398</b>	<b>300,802</b>	<b>697,308</b>	<b>4,538,844</b>	<b>4,087,409</b>
2014	<b>31,993</b>	<b>3,141,090</b>	<b>350,017</b>	<b>564,309</b>	<b>4,087,409</b>	

- ◆ CCFA Expansion Grant. No MoD grants were received this year for cadet expansion however the sister charity CCFA has now assumed the mantle of 'Charity Banker' to the whole CCFA Expansion project by managing the Cadet Bursary Fund on behalf of the MoD and DfES.
- ◆ Expeditions – 2014 was the Expedition Year to Kenya in a biennial cycle of a training year followed by an expedition year. The increase in expenditure reflects this and will be followed in 2015/16 by a similar reduction.



**5 Charitable activities (continued)**

- ◆ 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. The overall sum has increased greatly (£886K) in order to reduce the size of the ACFA reserves in accordance with the Trustees' wishes.
- ◆ Sports & Regional Grants - ACFA provides grants to ACFA Branches across the 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. Unfortunately much of this funding was removed by Support Command after the year started and too late to prevent the expenditure. 2015/16 will be a difficult period for the regional ACFA branches without this support, and the opportunities for ACFA Main to help have been sharply curtailed.
- ◆ Salaries and wages increased this year not because of an increase in the individual salaries but because of a further increase in the number of people employed by ACFA.
- ◆ 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 (£401K) was carried over from the previous year (2013-14) however a sum of £11M was received late on which will now be spent in 2015-16. ACFA provided its own funding to support the MoD grant and next year will do so again to an even greater extent.
- ◆ Projects Westminster & Grosvenor 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 increased this year to £556K as the project now includes a further IT Project – Project Grosvenor.
- ◆ First Aid, Signals, DofE, Band & Pipes & Drums. All these activities show large reductions in expenditure. This is because the cost of Paid Training Days (PTDs) has been removed and only cash expenditure is shown.
- ◆ Publicity & Marketing The budget for Publicity & Marketing has shown a large increase over the years as Support Command has directed (and paid for) increased publicity. This will increase again in 15-16 as Support Command has taken on responsibility for the CCF which is the subject of a government initiative to expand in State Schools.

## 6 Support costs

	2015 £	2014 £
Bank charges	—	80
Depreciation	1,352	846
Insurance	15,122	21,287
IT costs	12,830	13,180
Legal and professional fees	4,566	5,058
Printing, postage and stationery	32,945	28,738
Salaries and wages	89	124,617
Staff costs (other)	18,475	18,915
Sundries costs	39,192	32,067
Telephone	1,847	2,445
Travel	25,418	19,440
	<b>151,836</b>	<b>266,673</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. The large drop in Salaries and Wages reflects that ACFA no longer processes and pays wages for CCRS.

## 7 Governance

	Unrestricted funds £	Restricted funds £	2015 £	2014 £
Audit and accountancy	13,440	—	13,440	12,360
Legal and professional	9,091	—	9,091	4,296
Salaries and wages	39,002	—	39,002	37,463
Trustees' expenses	4,865	—	4,865	5,250
Support costs	4,403	—	4,403	9,334
	<b>70,801</b>	<b>—</b>	<b>70,801</b>	<b>68,703</b>

The increase in Legal fees reflects the Charity's negotiations with Support Command over the MoU.

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

This is stated after charging:

	2015 £	2014 £
Auditor's remuneration (including VAT)		
· Current year audit services	12,840	12,000
· Prior year audit services	600	360
· Current year non-audit services	481	—
Depreciation	1,352	846
Operating lease charges	9,598	10,939

## 9 Staff costs

	2015 £	2014 £
Wages and salaries	1,141,890	905,585
Social security costs	118,295	93,956
Pension costs	84,239	87,335
	<b>1,344,424</b>	<b>1,086,876</b>

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 two years.

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

	2015	2014
£70,000 - £79,999	2	1

The charity contributes towards the provision of pension benefits for some employees at the rate of 10% per annum. The contributions payable were £55,622 (2014 - £53,832). Of this total, £7,418 (2014 - £9,237) were contributions payable in respect of the two (2014 - one) employees earning more than £60,000. In addition, the charity made additional contributions to the Pension Trust of £28,617 (2014 - £33,503) in accordance with the deficit recovery plan (note 19).

The average number of employees during the year was 32 (2014 - 26).

Neither the President, nor the Chairman, nor any other member of the Council received any emoluments from the Association. The Council comprised 19 members (2014 - 19).

Seven (2014 - ten) trustees were reimbursed £4,865 (2014 - £5,250) 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 2014	47,727
Additions	1,333
Disposals	(1,776)
At 31 March 2015	47,284
<b>Accumulated depreciation</b>	
At 1 April 2014	44,038
Charge for the year	1,352
Disposals	(1,775)
At 31 March 2015	43,615
<b>Net book values</b>	
At 31 March 2015	3,669
At 31 March 2014	3,689

## 12 Fixed asset investments

	2015 £	2014 £
<b>Listed investments</b>		
Market value at 1 April 2014	3,477,883	3,569,844
Reinvestment of proceeds	407,881	653,947
Disposals at book value (proceeds £1,752,051; gains £71,932)	(1,680,119)	(907,532)
Unrealised gains	165,890	161,624
Market value at 31 March 2015	2,371,535	3,477,883
<b>Cash balances</b>		
Cash held for reinvestment	32,511	60,931
	<b>2,404,046</b>	<b>3,538,814</b>
 Cost of listed investments at 31 March 2015	 <b>1,923,950</b>	 <b>2,962,305</b>

The overall value of the Portfolio has reduced sharply as the investments have been realised to meet the demands of Support Command. Further reductions can be expected in 2015-2016.

## Notes to the financial statements 31 March 2015

### 12 Fixed asset investments (continued)

Listed investments held at 31 March 2015 comprised the following:

	2015 £	2014 £
UK fixed interest	309,144	377,047
Overseas fixed interest	—	67,531
UK equities	1,054,245	1,756,529
Overseas equities	637,100	889,536
Property funds	371,046	387,240
	<b>2,371,535</b>	<b>3,477,883</b>

At 31 March 2015 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 %
Charities Property Fund	204,776	8.7%
Vanguard Investment Series S&P 500 Etf Inc NAV	146,506	6.2%

### 13 Debtors

	2015 £	2014 £
Other debtors	17,781	17,697
Prepayments and accrued income	1,943	12,061
	<b>19,724</b>	<b>29,758</b>

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

	2015 £	2014 £
Trade creditors	241	6,809
Other creditors	—	13,047
Accruals and amounts received in advance	10,960,921	827,947
	<b>10,961,162</b>	<b>847,803</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 2014	815,947
Additional income deferred during the year	10,878,000
Brought forward funds spent in the year	(745,866)
Deferred income carried forward at 31 March 2015	<b>10,948,081</b>

This large sum reflects grants passed to ACFA in February and March to purchase cadet related equipment in 2015-16. It also contains the unspent remnants of the £750k passed to ACFA in 2012-13.

**15 Analysis of net assets between funds**

	General fund £	Designated funds £	Restricted funds £	Total 2015 £
<b>Fund balances at 31 March 2015 are represented by:</b>				
Tangible fixed assets	3,669	—	—	3,669
Fixed asset investments	2,404,046	—	—	2,404,046
Net current assets	1,692,810	51,080	316,078	2,059,968
	<u>4,100,525</u>	<u>51,080</u>	<u>316,078</u>	<u>4,467,683</u>

**16 Designated funds**

	At 1 April 2014 £	New designation £	Utilised/ released £	At 31 March 2015 £
ACFA Expeditions' fund	160,944	50,673	(160,537)	51,080
	<u>160,944</u>	<u>50,673</u>	<u>(160,537)</u>	<u>51,080</u>

*ACFA Expeditions' fund*

The Expeditions' Fund contains the money that ACFA utilises to support the biennial cadet expedition. Most of the Expedition Fund has now been spent however Support Command has agreed to provide £100k in FY16-17 to fund the South Africa Expedition 2016 after which it is seeking to deliver a national cadet expedition in a different way, and one not involving ACFA.

**17 Restricted funds**

	At 1 April 2014 £	Incoming resources £	Expenditure, gains, losses and transfer £	At 31 March 2015 £
ACFA youth & community initiative fund and Outreach appeal	467,603	149,277	(300,802)	316,078
	<u>467,603</u>	<u>149,277</u>	<u>(300,802)</u>	<u>316,078</u>

*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 further uncertainty over the MoD's stance on supporting the Project has called into question the survivability of the Project.

**18 Financial commitments**

At 31 March 2015 the Association had annual commitments under non-cancellable operating leases as follows:

	Equipment	
	2015 £	2014 £
Expiring		
Within one year	—	—
In two to five years	9,598	9,598

## 19 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.

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.

**19 Pension obligations (continued)**

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 2014. As of this date, the estimated employer debt on withdrawal for the charity was £376,853. 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 18 active members (2014 – 14) 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 £55,622 (2014 - £53,832).





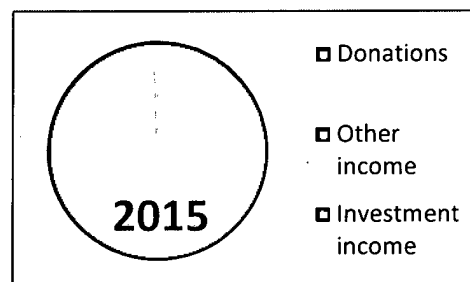
## ARMY CADET FORCE OUTREACH PROJECT

### Income and expenditure statement for the year ended 31 March 2015

(This page does not form part of the statutory accounts)

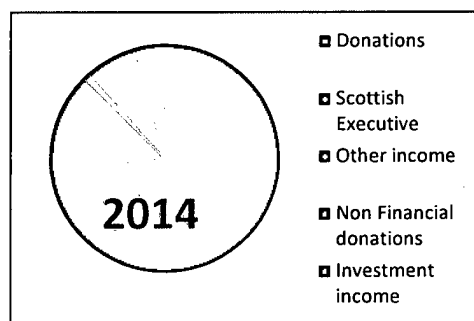
#### Income 2015

Donations	£145,200
Scottish Executive	—
Other income	£3,250
Non Financial donations	—
Investment income	£827
	£149,277



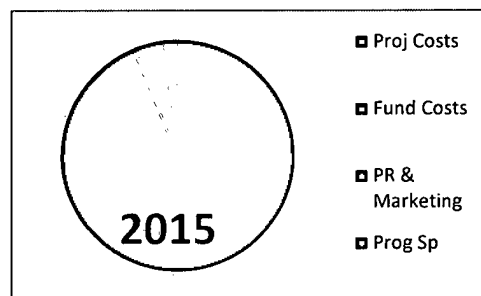
#### Income 2014

Donations	£153,644
Scottish Executive	£30,364
Other income	£1,800
Non Financial donations	£15,429
Investment income	£9,068
	£210,305



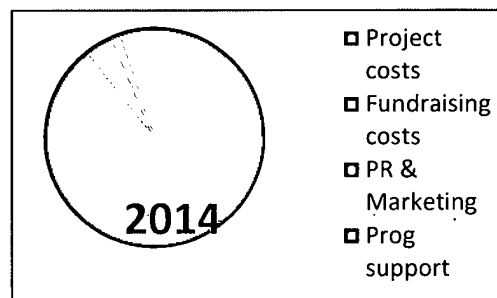
#### Expenditure 2015

Project costs	£193,173
Fundraising costs	£88,920
PR & Marketing	£964
Programme support	£11,745
OCN Affiliation fees	£6,000
	£300,802



#### Expenditure 2014

Project costs	£315,715
Fundraising costs	£15,041
PR & Marketing	£4,300
Programme support	£17,789
OCN Affiliation fees	£500
	£353,345



**Income and expenditure statement for the year ended 31 March 2015 (continued)**

	<b>2015</b>	<b>2014</b>
Net expenditure for the year	(£151,525)	(£143,040)
Net investment gains	—	£31,473
Net movement in funds	(£151,525)	(£111,567)
Funds as at 1 April 2014	£467,603	£579,170
Funds as at 31 March 2015	£316,078	£467,603
Represented by:		
Investments	—	—
Cash	£316,078	£467,603
Funds as at 31 March 2015	£316,078	£467,603

**Trustees' statement**

The Outreach programme is run as a self-funding activity supported by ACFA. As it is not legally independent of ACFA; its finances are included in the charity's overall financial statements and no separate legal accounts are prepared. The Outreach programme is not funded from ACFA's core budget, though administrative resources are provided without cross charging. The carried forward reserve represents income received towards the following year's programme as well as a contingency fund equal to one year's planned expenditure.

This financial year the costs of delivering the programme exceeded income by £151,525 and that was with help from the MoD in the provision of facilities, transport and rations at no cost. This is not happening again and all cash project costs, and responsibility for the programme, will now fall to ACFA. Without much MoD support and taking into account planned activity and likely fund raising levels, the Outreach fund will run out completely by late 2016. ACFA will continue to lobby the MoD to maintain its support as it is generally recognised by the government that the Project is extremely successful in reducing offending as well as raising the status of the armed forces in the eyes of the public. ACFA is also seeking alternative funding streams through the Department for Education's Military Ethos in Schools Programme. However the project relies upon volunteers in ACF Counties delivering the project locally. Uncertainties created by the army constantly changing the rules for cadet engagement has impacted upon this willingness of volunteers to give up their time. It is this, more than the shortage of resources, which could destroy the whole project.

The above statement is provided to give an overview of the Outreach programme as the financial statements for the whole ACFA are not relevant to understanding the programme. The statement is an extract from the full statutory financial statements.

The trustees of The Army Cadet Force Association confirm that this is an extract from the full financial statements which were approved by the trustees in July 2015. This extract will not contain sufficient information to allow for a full understanding of the financial affairs of The Army Cadet Force Association and does not constitute full financial statements within the meaning of the Companies Act 2006. A copy of the full financial statements, upon which the auditor has reported without qualification, has been delivered to the Registrar of Companies and the Charity Commission, and copies are available from the charity.

**Chairman****On behalf of the trustees of The Army Cadet Force Association****Auditor's statement**

We have examined the extract from the full financial statements set out on this page. In our opinion this information has been correctly extracted from the full financial statements and the trustees' report of The Army Cadet Force Association for the year ended 31 March 2015.

**Buzzacott LLP** Statutory Auditor, 130 Wood Street, London EC2V 6DL