



**AFF annual report
and accounts 2021/22**

CONTENTS

Report of the Trustees	2
Report of the independent auditors	8
Statement of financial activities	10
Balance sheet	11
Statement of cash flows	12
Notes to the financial statements	13

TRUSTEE REPORT AND ACCOUNTS

2021-2022

The Trustees present their report with the financial statements of the Charitable Incorporated Organisation (CIO) for the year ended 31 March 2022.

OBJECTIVES AND ACTIVITIES

Vision

AFF will be a leading Armed Forces families organisation, representing and communicating to everyone with a soldier in their life.

Mission

The AFF mission statement is:

AFF communicates, questions and influences policy at all levels to improve the lives of the serving and resettling British Armed Forces community across the world. We offer support, information and guidance to individuals and Army communities on issues that impact on the quality of their lives.

Objectives

The objectives for 2021/22 were:

1. Listen to, respond to and support Army families;
2. Provide information and guidance that empowers Army families, recognises diversity and encourages resilience;
3. Gather robust evidence, using credible methods, to support and challenge change for Army families;
4. Engage effectively with command and the MOD in order to promote the interest of the diverse range of Army families;
5. Collaborate with public, private, and third sector to provide the support and service that Army families need;
6. Influence change to policy, products and services that disadvantage Army families;
7. Build a strong organisation in line with statutory guidelines and manage charitable funds effectively; and
8. Promote an organisational culture that values diversity and tolerates differences by facilitating the recruitment, retention and promotion of individuals irrelevant of background, gender or ethnicity.

Structure, governance and management

The charity is a Charitable Incorporated Organisation (CIO) governed according to the constitution dated 6 December 2017, (as amended on 11 May 2021). It was established to take forward the work of the Unincorporated registered charity number 291202.

Activities

Listening to, responding to and supporting Army families are at the heart of all of our work. Foreign & Commonwealth issues remained our top area of enquiry from families, making up over a third of the total. Housing was our second largest area of enquiry with families asking questions about repairs

and maintenance issues and allocation and entitlement to SFA, with growing queries regarding entitlement for families in long-term relationships.

Money made up our third largest area of enquiry, with families predominantly wanting a greater understanding of military allowances. We also saw increasing enquiries regarding housing for families with additional needs and families facing significant challenges accessing NHS dental care.

AFF has continued to see families contact us predominantly by email, with Regular spouses and Service personnel being our main source of enquirers. We've also seen families engage with us through our social media channels, helping AFF to establish robust evidence to liaise with the chain of command and decision makers on key issues facing Army families. With the introduction of the new Future Defence Infrastructure Services contract, we held a Facebook Live, with families able to ask our Housing Specialist and the Head of DIO Regional Delivery Accommodation questions about the impact of the new contract on families in SFA, and have used this model to increase our engagement with families throughout the year.

We have focussed on securing increased funding in 2021/22, to extend the support we can give to Army families in our identified high priority areas. Integrated alongside the core and project funding that we already receive, this has allowed us to provide targeted research to allow us to influence policy and process change, as well as increase our direct support to families.

We have been able to complete the recruitment of several new roles to meet increased demands in key growth areas, including Foreign & Commonwealth, money and allowances and the overseas space. We continue to allocate resources to facilitate growth as it is needed and invest in becoming an ever more professionally run organisation.

In 2021/22 the COVID-19 pandemic continued to have a significant impact on Army families. In mitigation, we were able to deliver a number of annual subscriptions to the Headspace app for Army spouses, partners and children with funding from the Annington Trust. The campaign was oversubscribed but 500 Army family members were able to benefit from the advice and guidance that the app offers.

Funding from NHS England and NHS Improvement enabled us to work with the Naval and RAF Families Federations to commission research from the Veterans and Families Institute for Military Social Research at Anglia Ruskin University to investigate disadvantage faced by military families in terms of healthcare and mobility. The aim was to support practitioners across Defence and the NHS in making practical changes for families.

The resulting report, Duty & Care: Armed Forces Family Mobility and Healthcare, provides nine recommendations

to inform and tackle disadvantage as well as improve health outcomes for mobile military families.

We were also able to invest in three professionally produced videos to showcase Forces Families Jobs, the tri-Service employment platform we launched with the other Families Federations in 2019. The success of the platform continues to grow year on year with more than 14,000 jobs advertised, and more than 11,400 candidates and 1,100 employers registered. The number of jobs viewed since the site launched in September 2019 stands at nearly 280,000.

In addition to our ongoing work, we ran an Overseas Survey in autumn 2021 to gather updated evidence about the benefits and challenges of an overseas assignment. There were 1,194 responses and we are working with the MOD and the chain of command to ensure they understand the evidence and views of Army families.

Work also continued in 2021/22 on the Defence Families' Strategy, which was published in January 2022. We were able to influence the direction of the strategy through evidence from our enquiries and surveys, as well as through our policy specialists participating in workshops and steering groups. This has ensured that this 10-year strategy, and supporting action plan, reflects the needs and voice of Army families.

ACHIEVEMENTS AND PERFORMANCE

Achievements

Within the organisation, there are four teams, who work together to meet our objectives.

The Policy & Research (P&R) team delivers specialist support in housing, education, childcare, health, additional needs, training, employment, allowances, money and Foreign & Commonwealth visa and immigration issues. As well as providing support to families, this team develops policy positions based on the evidence that families share with us, and uses these to inform and push for appropriate changes to government and Defence policies, and improvements in service delivery. Over the last year, they have supported the introduction of the new FDIS accommodation contracts and focused on areas such as, overseas assignments (following our Overseas Survey), support for Foreign & Commonwealth families, and healthcare provision across the UK.

The UK & Overseas team provides, through regionally-focussed roles and a central enquiries team, day-to-day support to Army families across the UK and overseas. This team works with local chain of command, service deliverers and local authorities, and the governments of the devolved nations to ensure families are supported. Longer hours were originally trialled for the central enquiries team but these were subsequently scaled back to deliver a contact point for families from 0800-1700 Monday-Thursday, and 0800-1500 Friday. Overall, due to a continued lack of effective face-to-face contact with families, AFF has focussed on providing online and telephone support, which has been welcomed as being more flexible and accessible for families

The Communications team provides the expertise within AFF to ensure that information and guidance is available to

families across a range of digital and hard copy material and media. Providing information and guidance to Army families is one of AFF's key objectives, and this team leads that work with a focus on ensuring that information is accessible, appropriate and engaging. In 2021 we had more than 400,000 unique views on our website, reached more than 11,000 followers on Facebook, 9,500 on Twitter and 2,100 on Instagram. The regular quarterly editions of Army&You magazine were produced and delivered to an average of 35,000 families per edition.

The Operations team provided continuous administrative support across the finance, governance and HR functions to ensure that the organisation remained 'fit to deliver'. This team has focussed on: continual improvement of our data protection and cyber security processes, and internal IT support; on ensuring that all internal policies and processes follow best practice for our size of charity and that all statutory obligations are met in full; and that our workforce management is both professional and responsive to the needs of our team members. In addition, they extended their knowledge and expertise on the digital communications platforms now used by external stakeholders as COVID-19 restrictions continued.

Performance

We have reviewed our performance against the needs of Army families; these needs and how we've met them, are evident in our activities as described above.

FINANCIAL REVIEW

Income & allocated funding

AFF receives its main funding from MOD Grant in Aid (public money) and a charitable grant from the Army Central Fund. In addition to this core funding, AFF receives smaller, project specific funding from LIBOR funds, ABF The Soldiers' Charity, Annington Homes, Lloyd's Patriotic Fund and the Royal British Legion. Details of this funding are at Note 13 to the Financial Statement. AFF continued to spend funds received in earlier financial years from Aspire and NHS England.

Total funds

At the end of the financial year, AFF held funds of £1,362,980 with £648,199 being held in the Armed Forces Charities Growth and Income Fund (AFCGIF).

At 31 March 2022, AFF had unspent restricted funds (funds committed to a specific project or event) of £235,645.

Investment powers

The constitution permits the investment of monies not immediately required for the objects of the CIO.

Investment performance

AFF holds its reserves in units of the AFCGIF, a mixed asset class Charity Authorised Investment Fund (CAIF) managed by BlackRock Investment Managers. The fund has an advisory committee, which oversees the investment performance and governance of the AFCGIF. AFCGIF offers two types of

units to Armed Forces charities' investors – accumulation (reinvestment) units and distribution (income) units.

AFF currently holds only accumulation units (which reinvest income into the fund).

At 31 March 2022, the total value of investments was £648,199, and during the year, £17,003 (2021 £17,135) was reinvested.

AFF's holding in the Armed Forces Charities Growth and Income Fund reported a net unrealised gain, after taking into account the reinvested income, of £55,801. AFCGIF reported a 9.28% annualised return.

Reserves policy

AFF is run as a charitable incorporated organisation and is responsible for all internal functions including employment practices and payment of wages, employee insurance and liability, direct and indirect running costs and project capital.

The Trustees reviewed the reserves policy in February 2022 to ensure it was relevant, adequate and reflected current best practice across the sector. As a result of this review the policy was amended based on current risk.

The CIO's policy is to hold reserves for the following purposes:

- Flexibility of cash flow to support expenditure between deliveries of income.
- A minimum of six months' basic running costs in the eventuality of the CIO either losing its primary sources of income, or having to close down completely. A sum of around £650,000 would be optimal.

Reserves

In line with the above policy at 31 March 2022, the required reserves would be £650,000. At the year end, the CIO is holding unrestricted reserves of £1,127,335 of which £35,000 has been designated towards future projects.

In addition, the CIO is holding restricted reserves of £235,645, which are not available for the general purposes of the CIO.

The increase in reserve holdings continues to be as a direct result of the unexpected and prolonged reduction in activity levels due to COVID-19 restrictions, and the volatility of returns on investments. All travel was curtailed, and several posts were gapped as they became vacant when it was apparent that national restrictions would not allow them to function effectively. During 2022/23 the Trustees have approved the use of some of these reserves to fill posts that had previously been gapped, in response to the increasing levels of activity. In addition they are reviewing the reserves policy, with reference to the risk register, to determine the optimal level of reserves post-COVID and to look to the best use of the excess general reserves including the designation of some of these funds against future projects.

Investment risk management

The Trustees constantly review the investment and the investment risks to which AFF may be exposed. Their overall assessment of specific risk to the CIO is low.

The Trustees are confident that the AFCGIF overall widespread investment strategy, which encompasses many different asset classes, is sound. The Trustees feel that the investment of the CIO, namely its reserves which are currently held in AFCGIF accumulation units, are sufficiently well diversified and are likely to provide long-term capital growth.

The CAIF has an advisory committee which continues to oversee the investment performance and governance of AFCGIF.

The fund is managed by BlackRock Investment Management (UK) (BRIM) under a charity authorised investment fund (CAIF) managed by BlackRock Financial Management.

PLANS FOR FUTURE PERIOD

In 2022/23 we will ensure that AFF is structured to meet the requirements of the Army families coming to us. We will continue to focus on developing and making more accessible our communications to adapt to the needs of more dispersed Army families. We will develop our engagement strategy and capacity, to support both provision of information and evidence collection. Building resilience into our supporting technology and business processes remains a priority, including the acquisition of cyber liability insurance. And we will focus on growing our strong stakeholder networks at both regional and national level to ensure that the concerns of Army families are addressed during a period of post-COVID policy and service delivery adjustment. We will continue to commit to the continuing professional development of all staff with regular training events, both virtual and in person.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Trustees

The AFF Board sets the strategic direction and is responsible for ensuring that AFF upholds its values and governance, and delivers its objectives. The Board offers guidance, advice and support to the Chief Executive.

The AFF Board has capacity for eight Trustees and four new trustees were in process of being recruited at 31 March 2022. The Board met five times during the reporting period and they communicated frequently between meetings.

The AFF Trustees' Code of Practice document and Trustee role responsibilities are reviewed annually.

Trustee appointments

The appointment of Trustees is governed by the Army Families Federation Constitution, which states that the Chair of the Board shall appoint Trustees, with the majority agreement of the rest of the Trustees. Appointments are for an initial period of three years. Following this first term, Trustees can be re-elected for a further term of three years. If required due to exceptional circumstances, Trustees may serve one additional and final year. Trustee positions will be reviewed based on the skills, experience and knowledge required, and advertised on the AFF website and other advertising

methods agreed by the Trustees, appropriate to the skills required by the position. The Chair, a Trustee and the Chief Executive interview candidates and a recommendation is made to the Board.

Trustee induction and training

On appointment, each Trustee undergoes an induction programme tailored to their knowledge and experience. The Trustees deploy a wide range of skills and experience essential to good governance. A register of Trustees' skills is held centrally and reviewed on an annual basis.

New Trustees are provided with the NCVO Good Trustee Guide, the Charity's Constitution, minutes of the last Trustees' meeting, latest copy of the annual report accounts, risk assessment and business plan, and copies of all recent AFF publications. The Chair of Trustees and Chief Executive of AFF both invite new Trustees to meet them. Trustees are encouraged to attend appropriate external training events.

Executive Management Board (EMB)

The day-to-day administration of the CIO is delegated to the Chief Executive and EMB. At the end of the reporting period, the EMB comprised of the Chief Executive and the Operations Director, Finance and Governance Director, and Director of Policy and Research.

The way that AFF is governed fully complies with the Charity Governance Code.

The EMB sets AFF policies as endorsed by the Trustees.

Committees

In 2021/22, the Remuneration Committee met in December 2021 and February 2022. The Governance Committee met in May 2021.

The aim of AFF's committees is to examine the recommendations of the Chief Executive and the Executive Management Board in order to take forward and ratify recommended actions.

The committees also carry out the detailed work, which is then recommended to the full Board of AFF Trustees for approval.

Employees

The employees are line managed by the Chief Executive and the directors, either as direct reports or indirectly through their line managers.

Remuneration to key management personnel

An annual review of all staff remuneration is carried out by the Remuneration Committee, which consists of a sub set of the Trustee Board, the Chief Executive, Finance and Governance Director and the HR Manager. Recommendations for this committee for any staff increases are put to the full Trustee Board for their approval. Remuneration of the Chief Executive is set by the Trustees.

Our charitable objectives

The Constitution of the CIO is laid down in the Army Families Federation Constitution adopted on 7 December 2017 (as amended on 11 May 2021).

The objects of the Federation are:

1. Promotion of social inclusion and military efficiency, for the public benefit, by assisting in the prevention of Army families being disadvantaged through military Service.
2. Such other charitable purposes for the general benefit of Army families as the Trustees from time-to-time think fit.

Interpretation clause

'Army families' means persons who have a family member in the Army. This could be a spouse, child or indeed a parent, grandparent or sibling. For children, their serving family member may be a step parent.

Public benefit statement

The Trustees have given due regard to the Charity Commission's guidance on reporting Public Benefit when planning the charity's activities.

The paragraphs on pages 2-3 set out the CIO's objectives, activities, achievements and performance during the year, which directly relate to the objects and purposes for which the CIO exists. The CIO achieves its objects and purposes through a series of projects and services to deliver employment, training, housing and welfare support to Army families. The benefits of this support are fully compliant with the Charity Commission principles on public benefit.

Risk management

The Trustees are satisfied that the risk management process has been reviewed and is now well established. The risk register and risk heat maps are reviewed at all Trustee Board meetings. The Chief Executive reports on key movement in risk, and mitigations are identified and actioned. The Executive Management Board reviews and assesses risks as they arise and routinely as part of the EMB meeting. An Opportunities template has recently been added to the business risk register.

In 2021/22, the highest risks were associated with data protection and cyber security, given the ever developing nature of these risks to organisations.

REFERENCE AND ADMINISTRATION DETAILS

REGISTERED CHARITY NUMBER

1176393 (England and Wales)
SC048282 (Scotland)

CHARITY OFFICES

Army HQ, Ramillies Building, Marlborough Lines,
Monxton Road, Andover, SP11 8HJ

PATRON

HRH The Duchess of Gloucester GCVO

TRUSTEES

Heather Key - (appointed as Chair 14 April 2021)
Julia Warren – Chair (resigned as Chair 14 April 2021)
Fiona Ellison
Pari Spencer Smith
Julie Vere-Whiting

SENIOR MANAGEMENT

Collette Musgrave – Chief Executive
Kate Finlayson – Finance and Governance Director
Michelle Alston – Director of Policy and Research
Paddy Bleakley MBE – Director of Operations and
Engagement (appointed 4 October 2021)

INVESTMENT MANAGERS

BlackRock Investment Management (UK) Ltd, 12
Throgmorton Avenue, London EC2N 2DL

AUDITORS

Azets Audit Services
Athenia House
10 – 14 Andover Road
Winchester
Hampshire
SO23 7BS

BANKERS

Barclays Bank Plc
Leicester
LE87 2BB

Signed by order of the Trustees:



Ms Heather Key
Chair of the Trustees

Approved by the Board of Trustees on 7 September 2022

ARMY FAMILIES FEDERATION

REPORT OF THE TRUSTEES for the year ended 31 March 2022

RESPONSIBILITIES OF THE TRUSTEES

The Trustees are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England, Wales, and Scotland 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 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 Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008, Charities and Trustee Investment (Scotland) Act 2005, the Charity Accounts (Scotland) Regulations 2006 (as amended), and the provisions of the trust deed. 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.

The Trustees are responsible for the maintenance and integrity of the charity and 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.

Signed by order of the Trustees



Ms Heather Key

Chair of the Trustees

Army Families Federation

Approved by the Board of Trustees on 7 September 2022

ARMY FAMILIES FEDERATION
REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF ARMY FAMILIES FEDERATION

We have audited the financial statements of Army Families Federation (the 'Charity') for the year ended 31 March 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 March 2022, and of its incoming resources and application of resources, 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 requirements of the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the Trustees' annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' report; or
- the charity has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

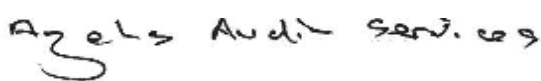
- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the charity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008 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 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 and the charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Azets Audit Services (Statutory Auditor)
Athenia House
10 – 14 Andover Road
Winchester SO23 7BS

Dated: 29 September 2022

Azets Audit Services is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

ARMY FAMILIES FEDERATION
STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2022

	Notes	2022			2021
		£ Unrestricted	£ Restricted	£ Total	£ Total
INCOME AND EXPENDITURE					
INCOME FROM:					
Donations and grants	2	1,082,987	226,633	1,309,620	1,305,800
Other income		858	-	858	50
Investment income	3	17,055	-	17,055	17,221
Total income		1,100,900	226,633	1,327,533	1,323,071
EXPENDITURE FROM:					
Charitable activities	7	859,819	284,964	1,144,783	1,044,614
Total expenditure		859,819	284,964	1,144,783	1,044,614
NET INCOME/(EXPENDITURE) BEFORE GAINS AND LOSSES		241,081	(58,331)	182,750	278,457
Net gains on investments	11	38,798	0	38,798	106,530
NET INCOME FOR THE YEAR		279,879	(58,331)	221,548	384,987
Reconciliation of funds:					
Total funds brought forward at 1 April 2021		847,456	293,976	1,141,432	756,445
TOTAL FUNDS CARRIED FORWARD AT 31 MARCH 2022		1,127,335	235,645	1,362,980	1,141,432

The Statement of Financial Activities includes all gains and losses recognised in the year.

All incoming resources and resources expended derive from continuing activities.

The notes form part of these financial statements

ARMY FAMILIES FEDERATION

BALANCE SHEET

31 March 2022

		2022		2021	
	NOTES	£	£	£	£
FIXED ASSETS:					
Tangible assets	8	34,454		3,774	
Investments	11	648,199		592,398	
			682,653		596,172
CURRENT ASSETS:					
Debtors	9	1,608		16,420	
Cash at bank and in hand		715,030		546,772	
		716,638		563,192	
CREDITORS: Amounts falling due within one year	10	(36,311)		(17,932)	
NET CURRENT ASSETS:			680,327		545,260
TOTAL ASSETS LESS CURRENT LIABILITIES:			1,362,980		1,141,432
FUNDS:					
Unrestricted funds: general reserve	12		1,092,335		817,456
Unrestricted funds: designated funds	12		35,000		30,000
Restricted funds	13		235,645		293,976
			1,362,980		1,141,432

The financial statements were approved and authorised for issue by the members of the Board of Trustees on 7 September 2022 and signed on their behalf by Heather Key (Chair).



Ms Heather Key
Chair of the Trustees

Dated: 7 September 2022

The notes form part of these financial statements

ARMY FAMILIES FEDERATION
STATEMENT OF CASH FLOWS
31 March 2022

		2022	2021
	NOTES	£	£
		Total	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net cash provided by operating activities	a	208,278	289,611
Cash flows from investing activities:			
Interest from investments		52	86
Purchase of tangible fixed assets		(40,072)	(1,528)
Purchase of investment units		-	-
Proceeds from sale of investments		-	-
CHANGE IN CASH AND CASH EQUIVALENTS FOR THE YEAR		168,258	288,169
Cash and cash equivalents brought forward at 1 April 2021	b	546,772	258,603
CASH AND CASH EQUIVALENTS CARRIED FORWARD AT 31 MARCH 2022	b	715,030	546,772
a) Reconciliation of net income/(expenditure) to net cash flow from operating activities			
		2022	2021
		£	£
Net (expenditure)/income for the year as per the Statement of Financial Activities		221,548	384,987
Adjusted for:			
Depreciation		9,392	1,979
(Gains)/Losses on investments		(38,798)	(106,530)
Interest from investments		(17,055)	(17,221)
Decrease/(Increase) in debtors		14,812	27,108
Decrease in creditors		18,379	(712)
Net cash provided by operating activities		208,278	289,611
b) Analysis of cash and cash equivalents			
		2022	2021
		£	£
Cash at bank and in hand		715,030	546,772

ARMY FAMILIES FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2022

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the Charities Act 2011 on the historical cost convention, except investment assets that are carried at market value. The financial statements are prepared in accordance with applicable accounting standards and the Statement of Recommended Practice on Accounting and Reporting by Charities: Charities SORP FRS102.

The Trust constitutes a public benefit entity as defined by FRS102.

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

The following principal accounting policies have been consistently applied in preparing these financial statements which remain unchanged from the previous year.

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements. Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

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. Such income is only deferred when the donor specifies that the grant or donation must only be used in future accounting periods or when the donor has imposed conditions which must be met before the charity has unconditional entitlement. For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received.

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold. Donated facilities are included at the value to the charity where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with use of the resources.

Tangible fixed assets

Expenditure on fixed assets over £1,000 is capitalised. Repair expenditure is written off as expenditure in the statement of financial activities. The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer and office equipment - 33% on cost

Income and funds policy

Voluntary income and donations are accounted for as received by the charity.

Investments and investment income

Investments are included at closing mid-market value at the balance sheet date. Any gain or loss on revaluation is taken to the statement of financial activities. Investment income is accounted for on an accruals basis.

Cash at bank and in hand

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

Value added tax

Value added tax is not recoverable by the charity, and as such is included in the relevant costs in the Statement of Financial Activities.

Governance costs

Governance costs include all expenditure which is not directly related to the charitable activity. This includes salaries for administrative staff, auditors' remuneration and Trustees' meeting expenses.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the Statement of Financial Activities.

2. DONATIONS AND GRANTS	2022	2021
	£	£
Grant in Aid (Public money funding)	588,967	587,624
Army Central Fund (non-public money)	500,853	491,042
NHS England	-	103,215
Annington Homes	10,080	50,000
Army Benevolent Fund	45,000	40,000
UKSC (Germany)	9,692	12,257
Lloyd's Patriotic Fund	-	10,000
British Forces Cyprus (Honorarium)	7,041	7,516
HMRC Furlough Grants (COVID-19)	-	2,671
Miscellaneous Donations	45	1,293
Andover Skills Fund	500	182
Royal Navy and Royal Marines Charity	5,000	-
Royal Air Forces Association	5,000	-
Royal British Legion	137,442	-
	<u>1,309,620</u>	<u>1,305,800</u>

The majority of AFF staff are part-time. This takes the actual number of employees to 38 (2021 - 39).

One employee received a salary between £60,000 and £70,000 in the year.

The total amount paid to key management personnel in the year was £163,467 (2021 £150,030)

No remuneration was paid to Trustees, or persons closely connected with them, in the period. No Trustees received travel expenses in the period (2021 – no remuneration paid).

3. INVESTMENT INCOME

The Charity's investment income arises from both interest bearing deposit accounts and dividends from the accumulation units held within the Armed Forces Charity Growth & Income Fund. Funds invested in the AFCGIF are in accumulation units where income is reinvested.

4. EXPENDITURE

Expenditure for the year is stated after charging:

	2022	2021
	£	£
Auditors' remuneration - for audit	<u>5,820</u>	<u>5,550</u>

5. PENSION COMMITMENTS

The Charity operates a defined contribution pension scheme in respect of certain employees. The assets of the scheme are administered by Trustees in a fund independent from those of the charity.

Contributions are charged in the Statement of Financial Activities as they fall due and amounted to £14,593 in the year (2021 - £13,008). At the balance sheet date there were outstanding contributions of Nil (2021 - Nil).

6. STAFF COSTS	2022	2021
	£	£
Wages and salaries	755,964	712,894
Employer's National Insurance	52,106	46,672
Employer's pension contributions	14,593	13,008
	<u>822,663</u>	<u>772,574</u>

The average number of employees during the year, calculated on a full-time equivalent basis, was as follows:

	2022	2021
	No.	No.
Core staffing	26	26
Governance	<u>1</u>	<u>1</u>
	<u>27</u>	<u>27</u>

7. ANALYSIS OF EXPENDITURE

	Staff salaries and costs £	Support costs £	2022 Total £	2021 Total £
Charitable activities				
Core staff	794,258	302,495	1,096,753	1,014,864
Governance costs	28,405	19,625	48,030	29,750
	<u>822,663</u>	<u>322,120</u>	<u>1,144,783</u>	<u>1,044,614</u>

The Federation occupies premises on MOD sites at no cost. Certain utility and premises costs are also provided free. It is not currently possible to quantify the value of these services so they have not been included in the accounts.

8. TANGIBLE FIXED ASSETS

	Computer and office equipment £
COST:	
At 1 April 2021	40,523
Additions	40,072
Disposals	<u>(19,630)</u>
At 31 March 2022	<u>60,965</u>
DEPRECIATION:	
At 1 April 2021	36,749
Charge for year	9,392
Eliminated on disposal	<u>(19,630)</u>
At 31 March 2022	<u>26,511</u>
NET BOOK VALUE:	
At 31 March 2022	34,454
At 31 March 2021	<u>3,774</u>

9. DEBTORS: AMOUNTS FALLING DUE WITHIN

ONE YEAR	2022 £	2021 £
Trade debtors	580	15,783
Prepayments and accrued income	1,028	637
	<u>1,608</u>	<u>16,420</u>

10. CREDITORS: AMOUNTS FALLING DUE

WITHIN ONE YEAR	2022 £	2021 £
Trade creditors	28,937	7,965
Accruals and deferred income	7,374	9,967
	<u>36,311</u>	<u>17,932</u>

11. INVESTMENTS

	2022 £	2021 £
Balance as at 1 April 2021	592,398	468,733
Additions	-	-
Disposals	-	-
Reinvested income	17,003	17,135
Unrealised (Losses)/Gains	38,798	106,530
Listed investments as at 31 March 2022	<u>648,199</u>	<u>592,398</u>

Historic cost is £442,264 (2021 – £425,261).

The listed investment is held in the Armed Forces Charities Growth and Income Fund.

12. UNRESTRICTED FUNDS

	General reserve £	Designated funds £	Total £
Balance at 1 April 2021	817,456	30,000	847,456
Surplus for the year	279,879	-	279,879
Transfers between funds	-5,000	5,000	-
Balance at 31 March 2022	<u>1,092,335</u>	<u>35,000</u>	<u>1,127,335</u>

The designated funds represent an annual amount (£30,000) committed by the Trustees to enable the improvement of IT capabilities, both hardware and software, to ensure these adequately support the Charity's work. This follows a one-off grant in March 2017 from GIA to replace all staff laptops. A further £5,000 represents the Charity's contribution to Forces Family Jobs (FFJ). The Charity will be working with the Trustees to look at the designation of funds for future years.

13. RESTRICTED FUNDS

The income funds of the charity include restricted funds comprising the following balances of grants held on trust to be applied for specific purposes:

	Balance at	Movement in funds		Balance at
	1 April 2021	Incoming resources	Resources expended/transfers	31 March 2022
The Army Benevolent Fund	40,000	45,000	40,000	45,000
GiA (additional funding)	26,532	24,000	50,029	503
Royal British Legion	-	137,442	5,140	132,302
LIBOR funding – 2018 (five-year)	105,485	-	60,629	44,856
Lloyd's Patriotic Fund	7,320	-	4,336	2,984
Forces Families Jobs funding	26,411	10,000	26,411	10,000
Andover Skills Fund	-	500	500	-
UKSC(G)/BFC funding	-	9,691	9,691	-
NHS England	62,714	-	62,714	-
Annington COVID-19	25,000	-	25,000	-
Aspire	514	-	514	-
	<u>293,976</u>	<u>226,633</u>	<u>284,964</u>	<u>235,645</u>

Comparative information from the previous financial year as follows:

	Balance at	Movement in funds		Balance at
	1 April 2020	Incoming resources	Resources expended/transfers	31 March 2021
The Army Benevolent Fund	37,077	40,000	37,077	40,000
UKSC(G)/BFC funding	-	19,773	19,773	-
Army Central Fund (additional funding)	10,000	-	10,000	-
Lloyd's Patriotic Fund	3,271	10,000	5,951	7,320
LIBOR funding – 2018 (five-year)	151,888	-	46,403	105,485
GiA (additional funding)	-	48,268	21,736	26,532
Forces Families Jobs funding	41,965	-	15,554	26,411
Andover Skills Fund	-	182	182	-
NHS England	-	103,215	40,501	62,714
Annington COVID-19	-	50,000	25,000	25,000
Aspire	2,675	-	2,161	514
	<u>246,876</u>	<u>271,438</u>	<u>224,338</u>	<u>293,976</u>

The Army Benevolent Fund (ABF The Soldiers' Charity)

The grant was made to assist the charity with the employment of a Health & Additional Needs Specialist, an Employment & Training Specialist and Money & Allowances Specialist.

GiA (additional funding)

The funding received in the financial year 2021/22 was provided to support the purchase of new IT equipment and mobile phone handsets.

The funding carried forward into the financial year 2020/21 was provided to support the implementation of a bespoke database, social media support, and the purchase of new IT equipment and mobile phone handsets.

Royal British Legion

The funding was provided to increase the capacity of the Foreign and Commonwealth team who provide visa and immigration advice to non-British UK service personnel and their families, and push for change to government and defence policy and processes.

LIBOR funding

The 2018 funding carried forward was made to support additional costs associated with supporting the rebasing of Army families back to the UK and to support the employment of an additional Foreign and Commonwealth Assistant. This grant is to cover a five-year time period.

Lloyd's Patriotic Fund

The grant was made to assist the charity with continuing a project on domestic abuse in Foreign and Commonwealth families.

Forces Families Jobs funding

Funding was received to support the initial set-up, launch event and ongoing support costs of the FFJ website from the following funders: The Army Benevolent Fund, Army Central Fund, Annington, Defence Relationship Management, Royal Navy and Royal Marines Society, Royal Air Forces Association, and University of Wolverhampton.

Andover Skills Fund

The grant was made to assist the charity with the costs of training for the Business Support Manager.

UKSC(G) and BFC funding

The funding was made to assist the charity with the employment costs associated with the provision of services in Germany and Cyprus.

NHS England

The funding was provided to work with the tri-Service families federations and Anglia Ruskin University on a collaborative research project entitled Duty and Care: Armed Forces Family Mobility and Healthcare.

Annington COVID-19

The funding was provided to support military families during the COVID-19 lockdowns in two tranches. The first tranche provided dongles to support families with poor internet connections, and a 'Brighten your day' campaign provided activity boxes, entertainment gift cards and magazine subscriptions. The second tranche provided the opportunity for families to receive an annual subscription for a Headspace app.

Aspire

The funding was made to facilitate Additional Needs Support Groups for families in the Aldershot and Tidworth areas and a stakeholder study day.

Army Central Fund

The funding was made to support the commissioning of a bespoke database in the 2020/21 financial year.

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Fixed assets £	Current assets £	Current liabilities £	Total net assets at 31 March 2022 £
Unrestricted funds	582,653	545,993	(36,311)	1,092,335
Designated funds	-	35,000	-	35,000
Restricted funds	100,000	135,645	-	235,645
Balance at 31 March 2022	<u>682,653</u>	<u>716,638</u>	<u>(36,311)</u>	<u>1,362,980</u>

Comparative information from the previous financial year as follows:

	Fixed assets £	Current assets £	Current liabilities £	Total net assets at 31 March 2021 £
Unrestricted funds	496,172	339,216	(17,932)	817,456
Designated funds	-	30,000	-	30,000
Restricted funds	100,000	193,976	-	293,976
Balance at 31 March 2021	<u>596,172</u>	<u>563,192</u>	<u>(17,932)</u>	<u>1,141,432</u>

THANKS TO OUR AFF FUNDERS

Army Central Fund
Grant in Aid
ABF The Soldiers' Charity
Lloyd's Patriotic Fund
LIBOR funds
Annington Trust
Aspire
Royal British Legion

THANKS TO OUR FFJ FUNDERS AND PARTNERS

Defence Relationship Management
Manpower
Annington Trust



Defence Relationship Management (DRM)





Army Families Federation is a charitable incorporated organisation registered in England and Wales.

**1176393 (England and Wales)
SC048282 (Scotland)**

**AFF
IDL 414, Floor 1, Zone 6
Ramillies Building, Marlborough Lines
Monxton Road, Andover SP11 8HJ
T: 01264 554004
E: contact@aff.org.uk
W: aff.org.uk**

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