

The Royal Engineers Association



Trustees' report and financial statements

For the year ended 31 December 2020

The Royal Engineers Association

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The Royal Engineers Association

Trustee's Report

For the year ending 31 December 2020

The Trustees ("Council") present their annual report and the audited financial statements for the year ended 31 December 2020. The financial statements have been prepared in accordance with the accounting policies set out at note 2 to the accounts and comply with the charity's trust deed, the Charities Act 2011 and the Charities SORP FRS 102. Trustees consider that in preparing these financial statements they have taken into account all information that could reasonably be expected to be available (including levels of reserves held). Therefore, the going concern basis of accounting is deemed appropriate and there are no material uncertainties.

Constitution

The Royal Engineers Association ("the Association" or "REA") is established under authority of a Deed of Declaration of Trust dated 19 November 1968 and Supplemental Deed dated 1 December 1974 as varied by a scheme of the Commissioners dated 11 August 1997, and supplemented by the Rules of the Royal Engineers Association 2009, hereafter referred to as 'The Deed'.

Restrictions on Funds

The Deed describes two Funds, A and B, which are restricted for the benevolence respectively of commissioned and of warrant officer and other rank members and past members of the Corps of Royal Engineers, together with their dependants. Both the A and B Funds were reduced to zero in 2015 and will not be re-used unless a specific grant is made in support of commissioned officers or other rank members of the Corps. A further restricted fund, the Gabriel Fund, was established during 1997, following receipt of a legacy from the estate of the late Colonel R C Gabriel (see note 24 to the financial statements). The General Fund is not restricted. Another restricted fund, The Kitchener Fund, which was the subject to an administrative transfer on 31 December 2008, was accepted by the REA Trustees from The Institution of Royal Engineers at their meeting in May 2009 and is now administered through the REA Benevolence committee.

OBJECTS AND ACTIVITIES

Objects of the Association, as set out in the Deed, are:

To promote the efficiency of the Corps in all or any of the following ways:

- (a) by fostering Esprit de Corps and a spirit of comradeship amongst serving and former members of the Corps;
- (b) to provide financial and other assistance to serving and former members of the Corps, their spouses, widows, widowers and dependants who are in need;
- (c) to make grants to the Army Benevolent Fund The Soldiers Charity and to such other Charities as the Council think fit which further the objectives of the Association.

Volunteers

REA branches are autonomous and are organised democratically in accordance with the REA Rules 2018 by members who take on the stewardship and running of the branch voluntarily. The many hundreds of volunteers who act as branch officials encouraging, supporting, recruiting and guiding their branches and members to ensure that the branches provide a national network that supports the entire sapper family.

ACHIEVEMENTS AND PERFORMANCE

The charity set out to ensure that grants are made in a speedy, efficient and cost-effective way. This was achieved, and grants, periodical allowances and Christmas benevolence gifts were made to 421 recipients, from whom many letters of appreciation have been received. The total number of benevolence cases considered in 2020 was 14% less than the previous year.

The Kitchener Fund supported the education of 3 children from Sapper families.

The Gabriel Fund supported the career development of 3 veterans suffering from life changing illness or injury.

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Trustee's Report (continued)

For the year ending 31 December 2020

Sappers Network

The operation and management of Sappers Network were transferred to REA HQ, the service has been continued, with the emphasis being on providing employment support to Service Leavers. The service is free to employers and candidates and offers jobs across the UK and Internationally. Here is a precis of activity:

Number of vacancies advertised	181
Number of registered candidates (serving & veteran)	336
Number of candidates put forward for jobs	65
Number of candidates placed in work	3

Grants Considered 2015 to 2020

Year	2020	2019	2018	2017	2016	2015
Disabled & Illness	145	116	166	163	174	175
Old age	13	22	41	32	53	71
Widows	38	45	63	51	55	86
Unemployed	119	76	128	119	107	118
Miscellaneous	106	210	124	129	136	149
No grant made	87	120	31	51	40	51
Totals	508	589	553	545	565	650

Other Grants

A Welfare Grant of £100,000 was allocated from Capital Reserves for the year 2020. This was to enhance *Esprit de Corps* – a specific objective of the REA - by providing the opportunity for Units and Branches to bid for support in funding projects or activities which had no – or incomplete – support from other resources. The overall result both in 'PR' for the REA and benefit for recipients was most encouraging. Grants included: campervans for various RE Units; improvements to the communal areas in single living accommodation; and the provision of gazebos for REA Branches to undertake recruiting and outreach activities.

The 2020 welfare grant was a success with 85% of the fund available being disbursed.

As a result of this changes were implemented for future Welfare Grant Applications, with a greater awareness being promoted to both Units and Branches through direct briefings, email and social media and support from REA HQ when needed. It has been decided to continue the welfare grant opportunities on an ongoing basis subject to annual reviews.

Delivery – Benevolence

- Benevolence to those in need is considered of paramount importance. Applications for benevolence assistance are dealt with within two or three days after checks on service records and establishing financial need. All applications received from the Sapper family are considered sympathetically, the vast majority of applicants receive financial assistance.
- There will be many eligible persons in need of assistance of whom the Association is unsighted. Following the appointment of a Controller and Assistant has given the resources to begin looking at how better the Association can reach further, a review is currently underway to look at bring additional funds to bear in outreach/training and direct support in areas such as mental health, housing, supported living and how to access support.
- Cases requiring financial assistance greater than £1,000 (Controllers financial threshold increased from £500 in 2016) are referred to the REA Benevolence Committee that, since the increase in the Controller's delegated powers, sits quarterly rather than monthly. Cases of an urgent nature that exceed the Controller's delegated powers are considered out-of-committee in consultation with the Chairman of the Benevolence Committee and the Hon Treasurer REA. There is no financial limit on grants that the Committee can authorise for benevolence. The Committee also deals with applications for weekly allowances. Cases, having been in front of the Committee, are despatched within a week of the Committee decision.
- Regular weekly allowances were made to about 52 applicants and, where there is a need to assist

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Trustee's Report (continued)

For the year ending 31 December 2020

financially with nursing home fees, some have further assistance from the Army Benevolent Fund The Soldiers' Charity.

- 1,094 Christmas cards and some 179 monetary gifts were sent out in November to those in elderly people homes, in hospitals or homes for the mentally infirm, to those who are in receipt of weekly allowances and those being treated through Combat Stress.
- A grant of £50,000 (2019: £50,000) was made to ABF for the work they do on behalf of the wider Services' benevolence systems.
- A grant of £20,000 (2019: £20,000) was made to SSAFA Forces Help.

ABF The Soldiers' Charity

The Trustees are most appreciative of the financial support provided by the ABF The Soldiers' Charity towards the cost of welfare grants to serving and former members of the Corps and their dependants. In this financial year. The Soldiers' Charity has supported 233 serving and retired Sapper cases with grants of £243,342.

Delivery – Membership

- Applications for Membership are handled on the day of receipt with a service record check and issuing of a membership card.
- Meetings and reunions are held at numerous locations under arrangements of Groups and Branches.
- The REA Recruiting Committee sits when needed to consider the wider marketing of the Association and Public Relation issues and initiatives.
- Command courses held at both Minley and Chatham are addressed to inform them of the activities of the REA.

Assistance

The Association acknowledges with gratitude the assistance provided by the caseworkers of SSAFA, TRBL and REA branches for their contribution to the benevolence system.

Fundraising activities

In 2002 the Trustees considered whether fund raising activities should be undertaken and, other than an information campaign to the serving officers and soldiers of the merits of the Days' Pay Scheme. In 2020, it was considered we should review once more our approach to fund raising. This has been considered by the Finance Committee and a focus on areas such as Legacy and Donation and fund raising by Branches in support of the Association has been accepted to ensure that the Association maintains its long term ability to provide benevolence and welfare services to the Sapper Family.

REA Branch Accounts

In March 2004 Trustees were informed by their auditor that SORP 2000 required them to include the income, expenditure, assets and liabilities of those REA Branches that did not have separate legal status in their annual charity account, if material. Subsequent legal advice confirmed that the current REA Branches do not have separate legal status and that the extant Rules of the REA did not require Branches to furnish this information to HQ REA. Trustees have changed the Rules of the REA and directed REA Branches to provide this financial information to HQ REA by 31 January each year. The funds associated with these branches are designated.

Activities in Scotland

The Association has nine active branches in Scotland under the control of the Scotland & Northern Ireland Group Headquarters based at Leuchars, Fife. Because of this presence in Scotland the Association is registered with the Scottish Charity Regulator. As with the remaining UK and overseas branches, those branches based in Scotland do not carry out fundraising, but aim to promote and support the Corps in accordance with the Objects of the Association.

2020 FINANCIAL REVIEW

Serving RE officers, warrant officers and soldiers subscribe to the Royal Engineers Central Charitable Trust under the Army's 'Days Pay Scheme' (a payroll giving scheme). After the Institution of Royal Engineers has received a set percentage of officer and soldier subscriptions the Association receives 50% of the monies received from the Days Pay Scheme (DPS). Any shortfall of income compared to expenditure comes from investment income. Donations and legacies that are retained are available for investment towards future benevolence. The Association's combined income from DPS, 38% of income, investments 50% of income, legacy and donations 12% of income is sufficient to sustain our annual operating expenditure in all the key areas of benevolence, welfare and esprit de corps.

Summary

Net expenditure before other recognised gains and losses was £219,596 (2019: £272,975). The Charity did not authorise any further funds for investment in 2020.

Balance Sheet

The accumulated funds increased by £360,430 to £13,391,394 (2019 increased by £1,247,910 to £13,030,964). Notes to the Statement of Financial Activities and Balance Sheet provide supplementary information against each funding activity.

Expenditure on benevolence grants to individuals decreased by £27,126 from £300,485 in 2019 to £273,359.

Christmas grants decreased by £707 to £11,503 in 2020 and weekly allowances decreased from £137,671 in 2019 to £125,767 in 2020.

Investment house & policy

During 2019, the Armed Forces Common Investment Fund (AFCIF) completed the legal requirements to become a Charity Authorised Investment Fund (CAIF). On 6 December 2019, the CIF closed and the assets were transferred to the CAIF, on a one-for-one basis, which is being run with the same investment objective and policy.

The Objective of the Fund is unchanged and seeks to achieve real growth in capital and income over the long term by investment predominately in equities.

Investment performance

Investments delivered dividends of £430,686 in 2020 (2019: £424,627). During the period 1 January to 31 December 2020, the performance of the distribution units in the fund was +9.0% (2019: +18.1%) after fees and expenses. Since launch in September 2002, the fund has produced a return of +325.10%, +8.22% (2019: +289.70%, +2.90%). The fund's benchmark since inception has returned 295.29% and 7.79%.

Risk statement

The risks to which the Charity are exposed are reviewed by the REA Management Committee at each of its meetings. The basis of the review is a Risk Management Matrix that identifies and defines the risk, its impact and likelihood, and those mitigation measures the Trustees feel need to be applied. The Risk Management Matrix was reviewed at the September Board meeting in 2020 and members were content that systems have been established to mitigate those risks identified.

Key Risk

The key risks are financial and reputational with loss of income from our investments potentially restricting the services we deliver and thus our reputation among our members and beneficiaries which could further affect our income. In mitigation of this the Board ensures that we maintain sufficient investment funds to provide resilience and regularly reviews the status of our reserves.

Reserves

The accounts show net expenditure of £219,596 (2019: £272,975) before gains on investments. Gains on investments amounted to £580,026 (2019: £1,520,885) giving a positive net movement in funds of £360,430 (2019: positive net movement of £1,247,910). It is the Trustees policy to realise capital from the Restricted Fund's investment portfolios when required to provide funds in support of grant making or project funding.

Trustees review the reserves policy annually and aim to match the amount held in reserves to mitigate against potential financial threats over the long term. The charity relies upon the MoD for administration of the Day's Pay Giving Scheme, provision of infrastructure, utilities, and a proportion of staff costs. If these MoD donated services were to be withdrawn, the charity would suffer an operational shock. The charity's reserves must be able to meet such a shock if it were to occur.

Furthermore, it is the intention of the Trustees to maintain free reserves amounting to a minimum of 15 years' operating costs (essentially benevolence payments and staffing costs). This is intended to provide adequate security against market volatility, and future risks to both income and expenditure whilst maintaining long-term benevolence support to the Corps' beneficiaries. Current unrestricted reserves are £12,672,333 (2019: £12,333,777) which Trustees consider is consistent with this policy.

Public Benefit

The REA Trustees have paid due regard to the Charity Commission's guidance on public benefit in deciding what activities the charity should undertake. This fund provides public benefit by assisting service personnel to more effectively perform their role within the Corps of Royal Engineers and assisting those of the wider family of the Corps (those who have left uniform). Where there is "need" the fund helps those who have fallen on hard times like debt, family separation, mobility aids for the infirm (such as stair lifts and electric powered scooters and wheelchairs) and walk-in showers at home where the applicant is unable to use a bath safely. In addition the Fund has helped some of our serving Sappers where there is a "need".

PLANS FOR THE FUTURE

The Association has continued to seek new opportunities to develop its branch structure to meet the demands of new generations of Sappers and following the establishment of themed branches for Cycling, Football, the Blue Light Emergency Services Branch and a new National Diving Branch, work is now underway to establish an esports branch, to support the activities and interests of the current generation of Sappers and also to connect with more recent Service leavers.

The pandemic has accelerated the Associations' need to develop a strategy for digital transformation to enable us to reach our membership through a variety of digital media. This has included remote online meetings for all committees and even the AGM. Moving to online submission of routine branch reports and plans to roll out our new digital platforms for individuals and equipment for branches.

A need to connect more effectively with the serving Corps was identified by the Recruiting Committee and to build on the current direct support it has been proposed that an Association App is developed in 2021.

The study of the use of the Association's Reserves continued and proposals were presented to the new Board in September 2019. The board requested further information on the proposals with the working group requested to report back in January 2020. Following the report of the working group, the Board authorised the provision of a substantial grant of £880,000 to RBLI as part of a collaborative agreement to support members of the Sapper Family in need at various stages in their lives. 29 Sappers were being supported by RBLI in 2020 and the build of the new Centenary Village has progressed well with £18million raised and less than £4million needed to complete the project. The first of our phased contributions of £220,000 was made in 2020 with a further two contributions planned for 2021 totalling £320,000. This leaves a balance of £340,000.

The Queens Gurkha Engineers (QGE) is part of the family of the Corps of Royal Engineers. At the same time, Gurkha Sappers also belong to the Gurkha family. From 01 May 2019 members and veterans of the Queens QGE Sappers may become members of the REA, and any benevolence requirements are directed to the Gurkha Welfare Fund. Those QGE Sappers who subsequently transfer to the Corps of Royal Engineers and donate to RE DPS may also receive support from the REA benevolence funds.

COVID-19 Impact Statement

Trustees are aware of their responsibility to consider, as far as possible with the information available to them, the impact of the COVID-19 pandemic and its effect on the global economic climate, on all aspects of the charity's financial and narrative reporting.

Trustees confirm that all representations made in this report include due consideration of these factors. In particular this included, but is not limited to, the following:

- Appropriate disclosure has been included in the charity's narrative reporting regarding the impact of COVID-19 on the charity's performance during the period, Trustees assessment of principal risks and uncertainties and the future of the charity;
- The financial statements reflect the conditions which existed at the reporting date, to the extent that the spread of COVID-19 was known, together with its impact on the global economic climate. The effect of material non-adjusting events subsequent to the reporting date has been disclosed in the financial statements;
- Trustees have considered whether the charity's tangible fixed assets have been impaired due to COVID-19. Trustees have also considered whether their estimate of useful economic lives remains appropriate. Trustee consideration has included a review of the current market value of those assets and their future economic performance;
- Trustees have considered whether the net realisable value of stock has been affected by COVID-19;
- At the reporting date, any additional liabilities arising as a result of COVID-19 have been recognised.

Following review, Trustees believe they have continued to follow the principles of the Charity Governance Code and confirm the following:

- COVID-19 did not impact on the charity's payments to HMRC;
- The charity did not apply for any Government grants including the Job Retention Scheme (JRS);
- As the charity operate a Defined Contribution Pension Scheme, and all employees continued to be fully paid, there was no impact on the scheme (less the impact on investments made by the pension provider) or pension deficit;
- The charity does not have any loans therefore financing or refinancing is not impacted;
- None of the physical checks (financial and stocktake) were replaced by virtual checks;
- COVID-19 had not impacted on the charity's reserves or governance (internal controls) and had a limited, predictable, effect on our achievements. Trustees do not envisage the current situation, at year-end, hindering our future plans;
- Investments suffered initially in a volatile market but recovered well which has been captured in the investment narrative of the report;
- Financial staff have reviewed their accounting policy for recognising legacy income to ensure that it remains appropriate in light of the situation;
- All grant commitments were met without postponement;
- Principal risks and uncertainties have been updated within the Risk Register to encompass lessons learnt from the COVID-19 pandemic.

Auditors

Kreston Reeves LLP remain the Trustees choice as Corps auditors.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The REA is governed by the Deeds of Trust dated 19 November 1968 and Supplemental Deed dated 1 December 1974 as varied by a scheme of the Commissioners dated 11 August 1997, and supplemented by the Rules of the Royal Engineers Association 2009.

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Trustee's Report (continued) For the year ending 31 December 2020

Trustees

The current Board of Trustees are listed on page 9.

The Board

The affairs of the Association shall be directed by the Board of the Association.

The composition of the Board shall be:

- (1) President, a Colonel Commandant of the Corps nominated by the Chief Royal Engineer ratified by the Board. Appointment for maximum of six years.
- (2) Chair of the Association nominated by the President and ratified by the Board, maximum of six years over two, three-year, terms.
- (3) The Corps Colonel for duration of appointment.
- (4) Honorary Treasurer elected by the Board for maximum of six years over two, three-year, terms.
- (5) The Corps SM for duration of appointment.
- (6) Reservist – nominated by President and ratified by vote of the Board maximum six years over two, three-year, terms.
- (7) Group Director – Serving CO rotating round groups for duration of appointment.
- (8) Branch Rep – proposed by Groups on three-year term rotating round Groups.
- (9) National Rep – proposed by Groups on a three-year term rotating round National Branches.
- (10) Themed Rep – proposed by Groups on a three-year term rotating round Themed Branches.
- (11) Wider Community Trustee – externally recruited, position ratified by Board for maximum of six years over two, three-year, terms.
- (12) Governance Trustee – externally recruited, position ratified by Board for maximum of six years over two, three-year, terms.
- (13) Service Charity Trustee - externally recruited, position ratified by Board for maximum of six years over two, three-year, terms.

The Controller of the Association shall be Secretary to the Board. The Corps Treasurer and Assistant Controller shall be in attendance.

The Board shall exercise its responsibilities through subordinate committees subject to the provision that at least two members of any such committee shall be members of the Board.

The standing subordinate committees of the Board are:

- The Management Committee, Chaired by the Controller, responsible to the Board for the management of the Association including administration, membership, reunions and awards.
- The Benevolence Committee, Chaired by the REA Chair, responsible to the Board for all questions relating to the charitable business of the Association.
- The Finance Committee, Chaired by the Honorary Treasurer, responsible to the Board for the financial affairs of the Association.
- The Recruiting Committee, Chaired by a nominated Trustee, responsible to the Management Committee for monitoring and prompting recruiting and awareness issues within the Association.

Indemnity

An order from the Charity Commission authorising the Trustees to provide indemnity insurance for themselves out of the charity funds was issued on 15 September 2001 and has been complied with.

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Trustee's Report (continued)

For the year ending 31 December 2020

Organisational structure and networks

The Association is directed by its Board of Trustees, constituted as described in the Deed, and consisting of ex-officio, nominated and elected members. Its members are the Trustees of the Association's funds. The Board meets as often as is necessary to fulfil its responsibilities, normally twice a year.

Certain routine business of a non-financial nature is delegated to the Management Committee, which meets twice a year. A benevolence committee meets quarterly to consider the more complicated applications for assistance and those requiring sums beyond the Controller's authorised powers.

A finance committee deals with particular matters and is responsible to the Board of Trustees.

The REA is divided into 17 geographical Groups throughout the UK and overseas. Each group has a Group Director who is appointed by the Corps Colonel and, in most cases, the Group Director is the senior serving Royal Engineer officer in the Group area. Within these Groups are 106 Branches. Of these, 93 Branches are located in towns and cities in the UK and overseas who normally meet up once a month for camaraderie and Esprit de Corps. The remaining 13 branches are national and themed branches who represent specialist trades/functions or particular interests with affiliated members throughout the UK and overseas; they will normally meet up once a year. While all Branches are self-financing grants are made to Groups, National and Themed branches to support annual meetings and travel, all branches have the same objectives as those of the Association.

The Headquarters or Secretariat of the Association is managed by the Controller who, as Chief Executive, oversees all activities with particular emphasis on engaging and involving the REA and other veteran organisations in wider Corps affairs and business development. He is supported by an Assistant Controller who works part time and deals primarily with Esprit de Corps and benevolence matters.

With Sappers Network, HQ REA is established for four full time administrative and clerical staff. One of the Secretariat staff is established and paid as a Civil Servant within the Regimental Headquarters of the Royal Engineers. The Assistant Controller and three full time members of staff are employed solely by the Association.

The Royal Engineers Association

**Reference and administrative details of the charity, its trustees and advisers
For the year ended 31 December 2020**

REA Board of Trustees

Major General (ret'd) Alastair Dickinson CBE	President	
Brigadier (ret'd) Andrew Craig OBE	Chair	Chair Benevolence Committee
Colonel (ret'd) Chris Davies MBE	Honorary Treasurer	Chair Finance Committee
Air Commodore (ret'd) Colin Basnett CBE	Service Charities	
Lieutenant Colonel (ret'd) Jane Thomson	Wider Community	
Colonel Matthew Quare MBE ADC	Corps Colonel	
Warrant Officer Class 1 Paul Clark	Corps Sergeant Major	
Lieutenant Colonel Martin Heffer RE TD	Reserves	
Lieutenant Colonel Larry Inge	National Branches	
Lieutenant Colonel Claire James	Group Director	Chair Recruiting Committee
Mr Jeffrey Jupp	Governance	
Mr Eric Hargreaves	Local Branches	
Mr Brian Simm	Themed Branches	
Mr Kenneth Kirk	Chief Executive	Chair Management Committee Secretary to Board of Trustees
Major (ret'd) Iain George	Operations Manager	
Major (ret'd) Ian Sidebottom	Advisor	Corps Treasurer Secretary to Finance Committee

Charity registered numbers

258322 and SC041832

Principal office

Regimental Headquarters Royal Engineers
Brompton Barracks
Chatham
Kent
ME4 4UG

Independent auditor

Kreston Reeves LLP
Chartered Accountants
Montague Place
Quayside
Chatham Maritime
Chatham
Kent
ME4 4QU

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Reference and administrative details of the charity, its trustees and advisers (continued)
For the year ended 31 December 2020

Bankers

Lloyds plc
Piccadilly Branch
PO Box 1000
BX1 1LT

Solicitors

Furley Page LLP
39 St Margaret's Street
Canterbury
Kent
CT1 2TX

Investment managers

BlackRock Investment Managers
12 Throgmorton Avenue
London
EC2N 2DL

Approved by the Trustees
and signed on behalf of the Trustees 14th May 2021

Alastair Dickinson

Major General A S Dickinson CBE
Chairman

Independent auditor's report to the Trustees of the Royal Engineers Association

We have audited the financial statements of Royal Engineers Association (the 'charity') for the year ended 31 December 2020 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, 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).

The financial statements have been prepared in accordance with Accounting and Reporting by Charities in preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2019.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 December 2020 and of its income 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.

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 United Kingdom, including the Financial Reporting Council'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 twelve months from when the financial statements are authorised for issue.

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statement or our knowledge obtained in 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 the fact.

We have nothing to report in this regard.

Independent Auditor's report to the Trustees of Royal Engineers Association (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

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

Respective responsibilities of Trustees and auditor

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of the 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 the Act and relevant regulations made or having effect thereunder.

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 ISA's (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 economic decisions of users taken on the basis of these financial statements.

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

Capability of the audit in detecting irregularities, including fraud

The objectives of our audit are to identify and assess the risks of material misstatement of the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud or error; and to respond appropriately to those risks.

Based on our understanding of the charity and sector, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Statement of Recommended Practice. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Audit procedures performed by the audit engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud; and
- Assessment of identified fraud risk factors; and

Independent Auditor's report to the Trustees of Royal Engineers Association (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- Review of cash expenditure to confirm no evidence of personal benefit; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Reading minutes of meetings of those charged with governance; and
- Physical inspection of tangible assets susceptible to fraud or irregularity; and
- Review of significant and unusual transactions; and
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in my Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of my Auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Royal Engineers Association

Independent Auditor's report to the Trustees of Royal Engineers Association (continued)

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. 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 its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Kreston Reeves LLP
Chartered Accountants
Statutory Auditor
Chatham Maritime

Date: 16 July 2021

Kreston Reeves LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

The Royal Engineers Association

**Statement of financial activities
For the year ended 31 December 2020**

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income and endowments from:					
Donations & Legacies	3	716,162	-	716,162	570,243
Other trading activities	9	22,571	-	22,571	138,047
Investment income	10	411,088	19,702	430,790	425,080
Other income	11	11,289	-	11,289	22,059
Total income		1,161,110	19,702	1,180,812	1,155,429
Expenditure on:					
Raising Funds	12	5,342	-	5,342	3,052
Charitable activities	13	1,370,163	24,903	1,395,066	1,425,352
Total expenditure		1,375,505	24,903	1,400,408	1,428,404
Net expenditure before revaluations		(214,395)	(5,201)	(219,596)	(272,975)
Net gains on investments	19	552,951	27,075	580,026	1,520,885
Net movement in funds for year		338,556	21,874	360,430	1,247,910
Reconciliation of funds					
Total funds at 1 January 2020		12,333,777	697,187	13,030,964	11,783,054
Total funds at 31 December 2020		12,672,333	719,061	13,391,394	13,030,964

All activities relate to continuing operations.

The notes on pages 18 to 29 form part of these financial statements

The Royal Engineers Association

**Balance sheet
For the year ended 31 December 2020**

	Note	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	18		90,762		85,943
Investments	19		<u>12,499,695</u>		<u>12,164,035</u>
			12,590,457		12,249,978
Current assets					
Debtors	20	169,606		173,471	
Cash at bank and in hand		<u>662,117</u>		<u>663,053</u>	
		831,723		836,524	
Creditors: amounts falling due within one year	21	<u>(30,786)</u>		<u>(55,538)</u>	
Net current assets			<u>800,937</u>		<u>780,986</u>
Net assets			<u>13,391,394</u>		<u>13,030,964</u>
Charity Funds					
Restricted funds	22		720,601		696,516
Unrestricted funds	22		<u>12,670,793</u>		<u>12,334,448</u>
Total funds			<u>13,391,394</u>		<u>13,030,964</u>

The financial statements were approved by the Trustees on 14th May 2021 and signed on their behalf, by:

Alastair Dickinson

CM Davies

**Major General AS Dickinson CBE,
Chairman**

**Colonel CM Davies MBE,
Honorary Treasurer**

The notes on pages 18 to 29 form part of these financial statements

The Royal Engineers Association

Statement of Cash Flows

For the year ended 31 December 2020

	Note	2020	2019
		£	£
Net cash used in operating activities	27	<u>(665,396)</u>	<u>(706,844)</u>
Cash flows from investing activities			
Interest and dividends		430,790	425,080
Purchase of tangible fixed assets		(10,696)	(7,615)
Movement on Branch Investments		(5,634)	4,162
Disposal of fixed asset investments		250,000	-
Cash provided by (used in) investing activities		<u>664,460</u>	<u>421,627</u>
Increase/(decrease) in cash and cash equivalents in the year		<u>(936)</u>	<u>(285,217)</u>
Cash and cash equivalents at the beginning of the year		663,053	948,269
Total cash and cash equivalents at the end of the year		<u>662,117</u>	<u>663,053</u>

The Royal Engineers Association

Notes to the financial statements

For the year ended 31 December 2020

1 General administrative information

Royal Engineers Association is an unincorporated charity in England & Wales and Scotland with the registration number 258322 and SC041832. The address of the registered office is Headquarters Royal Engineers, Brompton Barracks, Chatham, Kent, ME4 4UG. The Charity's principal objectives continued to be to promote the efficiency of the Corps in all or any of the following ways: by fostering Esprit de Corps and a spirit of comradeship amongst serving and former members of the Corps; to provide financial and other assistance to serving and former members of the Corps, their spouses, widows, widowers and dependants who are in need; to make grants to the Army Benevolent Fund The Soldiers Charity and to such other charities as the Council think fit which further the objectives of the Association.

2 Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - (Charities SORP (FRS 102) (effective 1 January 2019).

The Royal Engineers Association meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

2.2 Preparation of the accounts on a going concern basis

The Trustees assess whether the use of going concern is appropriate, i.e., whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Charity to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Charity has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Charity's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Whilst the impact of the Covid-19 pandemic has been assessed by the Trustees, so as far as is reasonably possible, due to its unrepresented impact on the worldwide economy it is difficult to evaluate with any certainty the potential outcomes on the Charity's future activities. However taking into consideration the Charity's level of reserves and the actions they've taken, the Trustees believe that the Charity will be able to continue in operational existence for the foreseeable future.

2.3 Fund Accounting

General unrestricted funds represent unrestricted income of subscriptions, donations and legacies which is expendable at the discretion of the Council in the furtherance of the objects of the Association. Such funds may be held in order to finance both working capital and capital investment.

Designated funds represent amounts which have been put aside out of unrestricted funds at the discretion of the Trustees to meet specific purposes.

Restricted funds represent grants, donations and legacies received which are allocated by the donor for specific purpose. These are Gabriel, Kitchener Scholarship, funds which are explained in detail on page 1 in the Trustees' report.

Investment income, gains and losses are allocated to the appropriate fund.

The Royal Engineers Association

Notes to the financial statements

For the year ended 31 December 2020

Accounting policies (continued)

2.4 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Subscriptions

Serving officers, warrant officers and soldiers subscribe to the Royal Engineers Central Charitable Trust under the Army's Day's Pay Scheme. The Association received 50% of the monies received from the Day's Pay Scheme.

Donations

Donations are included in full in the income and expenditure accounts on a receipts basis. Gift Aid donations are included in the income and expenditure account on a receivable basis.

2.5 Expenditure

Liabilities are recognised as expenditure as soon as there is an obligation to committing the charity to the expenditure. All expenditure is accounted for on an accruals basis.

Grants payable are payments made to third parties in the furtherance of the charitable objects of the trust which are always authorised by Trustees.

Cost of charitable activities includes grants made and the apportionment of support costs shown in note 12.

The cost of generating funds consists of investment, management and certain legal fees.

2.6 Tangible fixed assets and depreciation

REA assets, including those purchases by Branches, costing more than £250 are capitalised. Depreciation is charged on assets using a straight line basis over their estimated life on the following basis:

Fixtures and fittings	10% per annum
General property	10% per annum
Computer equipment	20% per annum

REA Branch Standards are capitalised and maintained at their expected replacement value, £650.

2.7 Investments

Investments are included in the financial statements at the mid market value of the units held by the Royal Engineers Association in the Armed Forces Common Investment Fund.

Accounting policies (continued)

2.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.9 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.

2.10 Liabilities

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

2.11 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.12 Pensions

The charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the charity to the fund in respect of the year.

2.13 Donated services and facilities

Intangible income, which comprises donated services, is included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. This amount is matched by intangible expenditure.

2.14 Tender policy

Trustees introduced a tender policy that covers expenditure:

- a. Between £2.5k and £5k
- b. Between £5k and £10k
- c. Over £10k

The Royal Engineers Association

Notes to the financial statements
For the year ended 31 December 2020

	Unrestricted funds 2020	Restricted funds 2020	Total funds 2020	Total funds 2019
	£	£	£	£
3 Donations & Legacies				
Donations (Note 4)	125,847	-	125,847	82,761
Legacies (Note 5)	125,000	-	125,000	26,728
Grants (Note 6)	2,500	-	2,500	2,500
Subscriptions (Note 7)	384,193	-	384,193	382,759
Donated services and facilities (Note 8)	78,622	-	78,622	75,495
	716,162	-	716,162	570,243

In 2020 all £716,162 of income from donations and legacies was unrestricted (2019: £570,243).

4 Donations

	£	£	£	£
General donations	119,879	-	119,879	74,764
Donations from branches	830	-	830	5,381
Tax refund	952	-	952	-
Website donations	2,836	-	2,836	2,616
Sapper Network	1,350	-	1,350	-
	125,847	-	125,847	82,761

5 Legacies

	£	£	£	£
Other legacies	125,000	-	125,000	26,728

6 Grants

	£	£	£	£
H&M Charitable Trust	2,500	-	2,500	2,500

7 Subscriptions and tax

	£	£	£	£
Membership	17,472	-	17,472	24,554
Grant from RECCT (represents 50% of Day's Pay Scheme subscriptions to RECCT)	366,721	-	366,721	358,205
	384,193	-	384,193	382,759

The Royal Engineers Association

**Notes to the financial statements
For the year ended 31 December 2020**

	Unrestricted funds 2020	Restricted funds 2020	Total funds 2020	Total funds 2019
8 Donated services and facilities				
	£	£	£	£
Gas	1,757	-	1,757	1,744
Electricity	2,068	-	2,068	2,044
Water and sewage	835	-	835	822
Community charge	5,519	-	5,519	5,465
Utilities	1,421	-	1,421	1,421
MOD salaries	28,093	-	28,093	26,000
Administration salaries	38,929	-	38,929	37,999
Total	78,622	-	78,622	75,495

9 Other trading activities

	£	£	£	£
Esprit de Corps income	22,571	-	22,571	138,047

REA Branches generated £22,571 (2019 - £138,047) from activities.

10 Investment income

	£	£	£	£
Dividends – Armed Forces Charities Fund	411,041	19,645	430,686	424,627
Bank interest	47	57	104	453
	411,088	19,702	430,790	425,080

Of the total investment income received, of £430,790 (2019: £425,080), £411,088 was to unrestricted funds (2019: £405,680) and £19,702 was to restricted funds (2019: £19,400).

11 Other income

	£	£	£	£
Sundry income	11,289	-	11,289	22,059

12 Raising Funds

	£	£	£	£
Recruiting	5,342	-	5,342	3,052

The Royal Engineers Association

Notes to the financial statements For the year ended 31 December 2020

13 Charitable Activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total 2020 £	Total 2019 £
Benevolence (Note 14)	476,534	134,617	611,151	627,090
Esprit de Corps (Note 15)	594,593	189,322	783,915	798,262
	1,071,127	323,939	1,395,066	1,425,352

£1,370,163 of the charitable activities expenditure was from unrestricted funds (2019: £1,415,728) and £24,903 was from restricted funds (2019: £9,624).

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
14 Benevolence grants and allowances				
Activities undertaken directly				
Grants	248,456	24,903	273,359	300,485
Christmas grants	11,503	-	11,503	12,210
Weekly allowances	125,767	-	125,767	137,671
Army Benevolent Fund	50,000	-	50,000	50,000
SSAFA Families Help	20,000	-	20,000	20,000
Other charities	-	-	-	402
Refund Grants previous years	(4,095)	-	(4,095)	(7,607)
	451,631	24,903	476,534	513,161
Support Costs				
Committee & Travel costs	600	-	600	1,907
Audit	3,576	-	3,576	3,360
Fees & Subscriptions	3,773	-	3,773	2,446
Insurance	1,435	-	1,435	1,355
Administration	4,344	-	4,344	3,355
Post & Telephone	2,340	-	2,340	2,120
Depreciation	294	-	294	252
Donated services support costs	22,173	-	22,173	21,831
Donated services MOD salaries	28,093	-	28,093	26,000
Staff costs	67,989	-	67,989	51,303
	134,617	-	134,617	113,929
	586,248	24,903	611,151	627,090

The Royal Engineers Association

Notes to the financial statements
For the year ended 31 December 2020

	Unrestricted funds 2020	Restricted funds 2020	Total funds 2020	Total funds 2019
15 Esprit de Corps				
	£	£	£	£
Activities undertaken directly				
Corps activities	539,659	-	539,659	325,545
Branch donations	10,332	-	10,332	21,974
Branch activities	43,204	-	43,204	218,038
Annual Conference	1,398	-	1,398	7,440
Annual Dinner	-	-	-	7,515
Sapper Sunday Lunch	-	-	-	1,285
REVETT Grant	-	-	-	30,000
Refund previous year	-	-	-	(5,103)
	594,593	-	594,593	606,694
Support Costs				
Committee & Travel costs	2,399		2,399	7,627
Audit	3,576		3,576	3,360
Fees & Subscriptions	3,773		3,773	2,446
Insurance	1,435		1,435	1,355
Administration	4,803		4,803	4,188
Post & telephone	2,340		2,340	2,120
Depreciation	5,583		5,583	4,792
Donated services support costs	28,356		28,356	27,664
Staff Costs	137,057	-	137,057	138,016
	189,322	-	189,322	191,568
	783,915	-	783,915	798,262

16 Net Income / Expenditure

This is stated after charging:

Depreciation of tangible fixed assets:

- owned by the charity

Auditor's remuneration

	£	£
	5,877	5,044
	7,152	6,720

During the year, no Trustees received any remuneration (2019 - £NIL).

During the year, no Trustees received any benefits in kind (2019 - £NIL).

6 Trustees received reimbursement of expenses amounting to £403 in the current year, (2019 - 10 Trustees - £4,193)

The Royal Engineers Association

Notes to the financial statements For the year ended 31 December 2020

	Total funds 2020 £	Total funds 2019 £
--	-----------------------------	-----------------------------

17 Staff costs

Staff costs were as follows:

Wages and salaries	179,961	165,391
Social security costs	12,423	11,649
Other pension costs	12,662	12,279
	205,046	189,319

The average monthly number of employees during the year was as follows:	No.	No.
Management and administration of the charity	6	6

No employee received remuneration amounting to more than £60,000 in either year.
The total employment benefits including employer pension contributions of the key management personnel were £58,190 (2019 - £53,412).

18 Tangible fixed assets

	Unrestricted Designated Fixtures & fittings £	Unrestricted General Property £	Unrestricted General Computer equipment £	Total £
Cost				
At 1 January 2020	79,043	115,591	21,487	216,121
Additions	6,532	-	4,164	10,696
At 31 December 2020	85,575	115,591	25,651	226,817
Depreciation				
At 1 January 2020	11,865	106,455	11,858	130,178
Charge for the year	-	2,324	3,553	5,877
At 31 December 2020	11,865	108,779	15,411	136,055
Net book value				
At 31 December 2020	73,710	6,813	10,238	90,762
At 31 December 2019	67,178	9,137	9,629	85,944

The Royal Engineers Association

**Notes to the financial statements
For the year ended 31 December 2020**

19 Fixed asset investments

	Listed securities £	Branch Investments £	Total £
Market value			
At 1 January 2020	12,144,870	19,165	12,164,035
Disposals	(250,000)		(250,000)
Revaluations	580,026		580,026
Movement on branch investments	-	5,634	5,634
At 31 December 2020	12,474,896	24,799	12,499,695
Historical cost	5,847,891	22,550	5,870,441

Investments at market value comprise:

	2020 £	2019 £
Listed investments	12,474,896	12,144,870
Branch investments	24,799	19,165
Total market value	12,499,695	12,164,035

Material investments

All invested funds were held in the BLK Armed Forces Charities Growth & Income Fund, managed by BlackRock Investment Managers Limited.

20 Debtors

	2020 £	2019 £
Branch debtors	-	1,116
Other debtors	137,441	137,862
Prepayments and accrued income	32,165	34,493
	169,606	173,471

21 Creditors:

Amounts falling due within one year

	£	£
Branch creditors	4,735	4,604
Other creditors	26,051	50,934
	30,786	55,538

The Royal Engineers Association

Notes to the financial statements
For the year ended 31 December 2020

22 Statement of funds

Current Year	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
Branch funds	432,257	160,813	(53,537)	-	-	539,533
General funds						
General funds	11,902,191	1,000,297	(1,321,968)	(2,211)	552,951	12,131,260
Total Unrestricted funds	12,334,448	1,161,110	(1,375,505)	(2,211)	552,951	12,670,793
Restricted funds						
Gabriel Fund	2,691	-	(7,460)	4,769	-	-
Kitchener Scholarship Fund	693,825	19,702	(17,443)	(2,558)	27,075	720,601
Total Restricted Funds	696,516	19,702	(24,903)	2,211	27,075	720,601
Total of funds	13,030,964	1,180,812	(1,400,408)	-	580,026	13,391,394
Prior Year						
	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
Branch funds	420,660	251,609	(240,012)	-	-	432,257
General funds						
General funds	10,744,668	1,136,029	(1,430,379)	-	1,451,873	11,902,191
Total Unrestricted funds	11,165,328	1,387,638	(1,670,391)	-	1,451,873	12,334,448
Restricted funds						
Gabriel Fund	3,362	2	(673)	-	-	2,691
Kitchener Scholarship Fund	614,364	19,400	(8,951)	-	69,012	693,825
Total Restricted Funds	617,726	19,402	(9,624)	-	69,012	696,516
Total of funds	11,783,054	1,407,040	(1,680,015)		1,520,885	13,030,964

The Royal Engineers Association

Notes to the financial statements
For the year ended 31 December 2020

23 Analysis of net assets between funds
Current Year

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	90,762		90,762
Fixed asset investments	11,923,675	576,020	12,499,695
Current assets	687,142	144,581	831,723
Creditors due within one year	(30,786)	-	(30,786)
	12,670,793	720,601	13,391,394

Prior Year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	85,943	-	85,943
Fixed asset investments	11,612,950	551,085	12,164,035
Current assets	691,093	145,431	836,524
Creditors due within one year	(55,538)	-	(55,538)
	12,334,448	696,516	13,030,964

The Royal Engineers Association

Notes to the financial statements For the year ended 31 December 2020

24 Pension commitments

The charity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £12,662 (2019 - £12,279).

25 The Gabriel Fund

In 1966 a legacy of £25,000 was received from the estate of Colonel RC Gabriel. No restriction was placed on these funds at the time, hence, it was included in the General Fund at 31 December 1966.

During 1997 the Association applied for, and was granted a further legacy of £20,000 from the estate of Colonel RC Gabriel. In accordance with the conditions of the additional legacy a restricted fund has been established for the purpose of providing retraining, further education and contributing towards the costs of obtaining a qualification and / or licence to work for those who are serving or have served as officers and soldiers of the Royal Engineers. A further £5,000 was received in 1998.

The original legacy was transferred to the restricted fund at 31 December 1997 since the restrictions are considered to apply to all the funds from the estate of Colonel RC Gabriel.

26 Related party transactions

All transactions with related parties are disclosed in the Trustees Report and notes to the accounts.

27 Reconciliation of net movement in funds to net cash flow from operating activities.

	Total funds 2020	Total funds 2019
	£	£
Net movement in funds	360,430	1,247,910
Add back depreciation charge	5,877	5,044
Deduct interest income shown in investing activities	(430,790)	(425,080)
Deduct gains / add back losses on investments	(580,026)	(1,520,884)
Decrease (increase) in debtors	3,865	1,702
Increase (decrease) in creditors	(24,752)	(15,536)
Net cash used in operating activities	(665,396)	(706,844)