

The Royal Engineers Association

(Registered under the Charities Act 1992 and a charity registered in Scotland)

Patron: HER MAJESTY THE QUEEN



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Distribution:

Chairman REA
Members of the REA Finance Committee

9th April 2021

MINUTES OF THE 125th MEETING OF THE ROYAL ENGINEERS ASSOCIATION FINANCE COMMITTEE, HELD REMOTELY, AT 1030HRS ON WEDNESDAY 7th APRIL 2021

PRESENT

Col (Retd) CM Davies MBE
Col M Quare MBE ADC
Lt Col MJ Heffer TD
Mr K Kirk
Maj (Retd) I Sidebottom

Chairman
Corps Colonel
Trustee Member
Controller
Corps Treasurer and Secretary

ITEM 1 – CHAIRMAN'S INTRODUCTION

1. The Chairman welcomed all and opened the meeting which was being held remotely due to the current COVID-19 situation. Committee members agreed the Boardable / Zoom meeting solutions worked extremely well and the format should continue post-COVID.

ITEM 2 – DECLARATION OF CONFLICTS OF INTEREST

2. As a standing agenda item, the Committee were given the opportunity to declare any actual or potential conflicts of interest they were aware of. The Corps Col stated he had a conflict of interest connected to one of the welfare grant bids (garden furniture for the RE HQ Mess) to be discussed under Item 9. The Committee agreed he would take no part in the discussion of that bid.

ITEM 3 – TO CONFIRM THE MINUTES OF THE 124th MEETING

3. The Committee accepted the Minutes of the 124th meeting as a true record of the proceedings.

4. The Secretary confirmed he would send a copy of the minutes to the Chairman for signature.

Action: Corps Treasurer

ITEM 4 – MATTERS ARISING FROM THE 124th MEETING

5. The Chairman asked the Corps Treasurer to confirm the budgetary conditions at Item 6 were still extant which he did.

6. The COVID Impact Statement and Reserves Statement for the 2020 audit report (at Items 8 and 9) had been inserted to the TAR being reviewed in today's meeting under Item 7.

7. The Corps Col gave an update on the Salty Sappers Ocean Rowing Team followed by a short update from the Controller on the potential for the boat to be re-used in 2022.

8. The Committee wanted to provide an update to the next Board meeting with reference to the ongoing plan to purchase an investment property.

Action: Corps Treasurer and Controller

ITEM 5 – BRANCH ACCOUNTING - OVERVIEW 2020

9. The Controller informed the Committee there were again a number of branches that failed to submit on time, or did not submit at all, their annual figures for inclusion in the 2020 REA annual audit. This was highlighted in the auditors' comments covered under Item 6 below.

ITEM 6 – AUDITORS - KEY AUDIT FINDINGS

10. The Corps Treasurer presented the Auditor's 2020 Key Audit Findings. There was only one misstatement identified (but unadjusted as it did not exceed materiality thresholds). This was for -£46,193 which is the difference between the investment mid-price and bid price¹.

11. The only key finding specific to the REA was in respect of the Branch returns and sample selections for audit. A number were not received in time for the on-site audit and the online submissions process was not fully utilised. The Committee agreed this comment, although identified as a major issue by the auditors, is to be taken in context during a global pandemic and a national lockdown.

Action: Controller

ITEM 7 – REVIEW THE 2020 DRAFT REA TRUSTEE REPORT AND AUDITED ACCOUNTS

12. The Chairman and Committee had already had time to study the documents prior to the meeting and asked a number of questions of, or asked for clarification from, the Corps Treasurer in several areas of the report. The Corps Treasurer answered all queries satisfactorily.

13. The Corps Treasurer summarised the years' accounts as follows:

- a. In 2020 the charity's expenditure exceeded income resulting in a net deficit of £220k (before investment revaluations).
- b. Income remained consistent in 2020, increasing by £25k (2%) to £1.18m.

¹ We usually publish the mid-price value (halfway between the bid and offer price) of our investments. With effect from 2021 we must use the bid price which will be lower.

- c. Expenditure decreased by £28k to £1.4 million (mainly due to decreases in grant payments of £37k and Branch activities down (as one would expect) by £175k).
- d. Investment revaluations resulted in a gain of £580k² (compared to a gain £1.5m in 2019).
- e. The investment gain (£580k) when combined with the net deficit (£220k) gave an overall gain for the year of £360k which increased the worth of the Charity from £13m to £13.4m.

14. The Committee commended the Trustees' Report and Financial Statements to the REA Trustee Board. The document is at **Enclosure 1**.

ITEM 8 – INVESTMENT UPDATE

15. The Corps Treasurer presented the investment update as at 29th March 2021 totalling £12,445,006.48 (REA General Fund plus Kitchener Fund). The REA Armed Forces Charities Growth & Income Fund (managed by BlackRock) valuation is at **Enclosure 2**. The latest quarterly dividend had just been received (£105,973) and was expected to remain at this level (1.95p per unit per quarter) for the remainder of the year.

ITEM 9 – 2021 REA WELFARE GRANT UPDATE

16. Following a short update from the Controller on the 7 applications received thus far, the Committee agreed the following:

- | | | | |
|----|---|---|--------------|
| a. | Portakabin for RESPA (£38,676) | - | Not approved |
| b. | Support to Ex TIGER SCOTBIKER (£1,500) | - | Approved |
| c. | Mental Health Awareness event (£2,500) | - | Approved |
| d. | Upgrade to 48 Fd Sqn welfare facilities (£1,413.78) | - | Approved |
| e. | Branded gazebo for Sapper Shop (£2,120.64) | - | Approved |
| f. | Community Centre renovation (£5,160) | - | Approved |
| g. | Garden furniture for RE HQ Mess (£4,080) | - | Approved |

17. The Committee were particularly impressed with the bid from the Wethersfield families for the Community Centre (para 16f above) and empowered the Controller (following CoC engagement) to grant up to £7,500 in support of this project.

ITEM 10 – ANY OTHER BUSINESS

18. REA Gibraltar Weekend 2022 (REAW22). The Controller led the discussion noting the event has been scheduled for the weekend 20-23 May 2022. It was agreed to approve a grant of £10,000 with a £2,000 contingency being held by the Controller for release to the event if required. The Committee would expect to see a financial commitment from HM Government of Gibraltar.

ITEM 11 – DATE OF NEXT METING

19. The next meeting of the REA Finance Committee was confirmed for 1030hrs on Thursday 26th August 2021.

² Noting the market downturn and we sold £250k worth of shares in Oct 20.

9th April 2021

Secretary

Minutes Approved

Date:

Chairman

Enclosures:

1. Trustee's Annual Report (TAR) and Audited Accounts 2020.
2. Investment Update as at 29 Mar 21.