

# The Royal Engineers Association



**Trustees' report and financial statements**

**For the year ended 31 December 2022**

# **The Royal Engineers Association**

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## **The Royal Engineers Association**

### **Trustee's Report For the year ending 31 December 2022**

The Board of Trustees present their annual report and the audited financial statements for the year ended 31 December 2022. 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 23 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 (b) 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 165 recipients, from whom many letters of appreciation have been received. The total number of benevolence cases considered in 2022 was 13% more than the previous year.

The Kitchener Fund supported the education of 12 children from Sapper families.

The Gabriel Fund supported the career development of 2 veterans suffering from life changing illness or injury.

## The Royal Engineers Association

### Trustee's Report (continued) For the year ending 31 December 2022

#### 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.

#### Grants Considered 2017 to 2022

Year	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Disabled & Illness	110	80	145	116	166	163
Old age	6	4	13	22	41	32
Widows	43	41	38	45	63	51
Unemployed	115	119	119	76	128	119
Miscellaneous	91	94	106	210	124	129
No grant made	<u>88</u>	<u>62</u>	<u>87</u>	<u>120</u>	<u>31</u>	<u>51</u>
<b>Totals</b>	<b>453</b>	<b>400</b>	<b>508</b>	<b>589</b>	<b>553</b>	<b>545</b>

#### Other Grants

As in previous years, a Branch and Unit Welfare Grant of £100,000 was allocated from Capital Reserves for the year 2022. 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: support for the provision of a holiday chalet for use by serving personnel, veterans, and dependants; improvements to single living accommodation in several regiments; support for a families and community centre at Carver Barracks; support for an Association Branch meeting room providing disabled access.

The 2022 welfare grant was a success with 100% 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, most 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.

## **The Royal Engineers Association**

### **Trustee's Report (continued) For the year ending 31 December 2022**

- Regular weekly allowances were made to 40 applicants and, where there is a need to assist financially with nursing home fees, some have further assistance from the Army Benevolent Fund the Soldiers' Charity.
- 1288 Christmas cards and some 140 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 £60,000 was provided to ABF The Soldiers' Charity.
- A grant of £33,970 was provided to SSAFA.

#### **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.

#### **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, 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 the Trustees decided no further fund raising activity should be undertaken. 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.

## **The Royal Engineers Association**

### **Trustee's Report (continued) For the year ending 31 December 2022**

#### **2022 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 HQ Mess receive a set percentage of officer subscriptions, and the Corps WOs' & Sgts' Mess receive an element of the SNCOs and WOs subscriptions (their respective membership fees) 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 £544,382 (2021: £118,350). The Charity did not authorise any further funds for investment in 2022.

#### **Balance Sheet**

The accumulated funds decreased by £2,321,000 to £12,091,630 (2021 increased by £1,021,236 to £14,412,630).

Notes to the Statement of Financial Activities and Balance Sheet provide supplementary information against each funding activity.

Expenditure on benevolence grants to individuals increased by £34,964 from £255,906 in 2021 to £290,870. Figures are now steadily recovering to pre-pandemic levels.

Christmas grants decreased by £450 to £8,855 in 2022 and weekly allowances decreased from £121,810 in 2021 to £104,191 in 2022. This directly because of deaths of those receiving weekly allowances and fewer cases replacing these. This is to be expected as the veteran population declines particularly in the most senior age group.

#### **Investment house & policy**

The REA invests in the Armed Forces Charities Growth & Income Fund, managed by BlackRock.

The Objective of the Fund is to achieve real growth in capital and income over the long term by investment mainly in equities and fixed income securities. Further investment details are given in the notes to the financial statements.

No additional investment units were purchased in 2022.

#### **Investment performance**

Investments delivered dividends of £417,306 in 2022 (2021: £427,900). During the period 1 January to 31 December 2022, the performance of the distribution units in the fund was -10.6% (2021: +13.1%) after fees and expenses. Since launch in September 2002, the fund has produced a return of +330.1%, +7.4% (2021: +309.3%, +7.2%). The fund's benchmark since inception has returned 346.3% and 8.0%. Investment property rental generated £17,938.

#### **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 2022 and members were content that systems have been established to mitigate those risks identified.

## **The Royal Engineers Association**

### **Trustee's Report (continued) For the year ending 31 December 2022**

#### **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 £544,382 (2021: £118,530) before gains on investments. Losses on investments amounted to £1,798,446 (2021: gains of £1,139,766) giving a negative net movement in funds of £2,321,000 (2021: positive net movement of £1,021,236). Gains on our investment property revaluation were £21,828. 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 £11,462,915 (2021: £13,658,073) 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**

##### **REA Strategy 2022-2027 Background**

The Royal Engineers Association came into being on 12 October 1912 as the Old Comrades Association, with Field Marshall Kitchener as the President. In 1918 King George V became the patron and this Royal patronage continues today with Her Majesty the Queen. During the intervening 109 years the Association has evolved; in 1952, from Old Comrades to the Royal Engineers Association, in 1968 amalgamating the RE Benevolent Fund Ltd with the REA under a new constitution.

The 5-year strategy adopted in 2021 has seen the following developments

1. All benevolence processing is now digital and online, all data is now held within the Mosaic database operated by SSAFA.
2. New website has been launched moving the majority of our administration to the digital space.
3. A new community platform is currently in test phase.
4. New branches are developing replacing branches which have been unable to continue.
5. Increase outreach to Regiments with regular visits to units and presentations to recruits in phase 1 and phase 2 training.
6. Introduction of new areas of support through the Ballard fund and Gabreil fund and expansion of the reach of the Kitchener fund.

## **The Royal Engineers Association**

### **Trustee's Report (continued) For the year ending 31 December 2022**

#### **Charitable Objects**

Our objects are shown below and have always provided a clear guide to what the purpose and role of the Association. These provide a very sound foundation for all our activities.

1. To promote and support the Corps among members of the Association in the following ways:
  - a. By fostering esprit de corps and a spirit of comradeship and service.
  - b. By maintaining an awareness of Corps traditions.
  - c. By acting as a link between serving and retired members of the Corps.
2. To provide financial and other assistance to serving and former members of the Corps, their spouses, widows, widowers, and dependents who are in need through poverty.
3. To make grants, within Association Guidelines, to the Army Benevolent Fund and to other charities that further the objectives of the Association.

#### **Governance**

We have in place all the required elements for the Association to fulfil our legal obligations as a charity. Our charity's governing document is a legal document. It works as a rulebook, setting out:

- Its name.
- Its charitable purposes ('objects').
- What it can do to carry out its purposes ('powers'), such as borrowing money;
- Who runs it ('trustees') and who can be a member;
- How meetings will be held, and trustees appointed;
- Any rules about paying trustees, investments and holding land;
- Whether the trustees can change the governing document, including its charitable objects ('amendment provisions');
- How to close the charity ('dissolution provisions').

#### **Vision**

Ensure that all members of the Sapper family have access to the comradeship and support that enables them to live full lives.

#### **Mission**

Reach out to all members of the Sapper family and provide support to those in need by maintaining the links between all serving soldiers, veterans, and their families.

#### **Strategic Aims**

To deliver our vision and mission our strategic aims are:

#### **Engagement**

We will actively engage with our stakeholders and strive to be recognised, known, and understood by our members, partners, and relevant agencies. Extending our reach into the wider community using all means at our disposal to ensure effective communication to promote the mission of the REA

#### **Support**

We will ensure we understand and adapt to the needs of our members and those we support across the Sapper family improving the lived experience of the sapper workforce and veteran community enabling them to reach full potential.

## **The Royal Engineers Association**

### **Trustee's Report (continued) For the year ending 31 December 2022**

#### **Benevolence (Aid)**

To aid the Sapper family by providing appropriate, timely and effective assistance to those in need.

#### **Sustainability**

We will ensure we have people with the right skills and sufficient time and resources deliver on our mission, underpinned by a sustainable income.

#### **Collaborative Working**

We will work together within the organisation and with internal and external partners and stakeholders to deliver our objects. Examples of this are our collaboration and ongoing commitment with RBLI Aylesford with the opening of Sapper House. Our Commitment to ABF and SSAFA and our participation in Cobseo and the Single Cap Badge Association plus numerous other charities and organisations

#### **Actions completed in 2022.**

A new REA website was launched in July 2022, this has proved to be very successful and has had good feedback, traffic to the website has increased by 167%.

The new website has enable the digitisation of the majority of our standard forms and reports improving the efficiency and responsiveness of REA HQ.

The development of the community platform was slowed until the website was completed with a launch of the test platform planned for February 2023

Succession Planning – with the imminent retirement of our Operations Manager in March 2023 the post was reviewed and the decision taken to develop the role to a full time position with increased responsibility for outreach, candidates were invited to interview in December 2022 and a replacement select to commence with the Association in March 2023

Gibraltar 250 – 2022 saw a return to full scale events following the pandemic and the Gibraltar 250 weekend lead the way with 400 veterans and 100 serving personnel attending a weekend of civic events, parades, dinners hosted by the Gibraltar branch attended by many of the local dignitaries including the Governor, Major and CBG.

Cassino – Amazon Bridge Memorial Dedication, The President of the REA accompanied by the dedicated team of REA members who designed and built the Amazon Bridge Memorial traveled to Cassino in Italy to take part in a dedication of memorial and wreath laying ceremonies at the various memorials of the units who took part in the action in May 1944.

Outreach - a number of unit visits were carried out by the REA HQ team including, to 26 Engr Regt, 24 Cdo Regt RE, Defence Diving School. Additionally, presentations to Recruit training organisations resumed by local groups and branches.

Support for TASS athletes and Adventure training - this is now fully embedded within the REA and an increasing number of elite athletes were supported by the REA in 2022 and into 2023.

#### **Plans for 2023**

Continuing with our current strategy 2023 has several important milestones to be achieved.

Introduction of the Community Platform – Sappercom. The aim is to provide a networking and communications tool for all members of the Association, families and serving soldiers to connect with the Association. The platform provides opportunities for users to communicate, create and promote events, share ideas and discuss issues.

Outreach - increased capacity in REA HQ means a program of outreach visits to Units and branches will be developed for 2023 to include collaborating with other Corps charities, Branches, Groups and linking to Corps events.

## **The Royal Engineers Association**

### **Trustee's Report (continued) For the year ending 31 December 2022**

Group Structure a further review of the Group Structure is being carried out in 2023 with a view to improving the strengths of groups and the liaison between units and branches.

Mission Activate – this is a recruitment initiative to encourage branches and groups to hold events to recruit new members for the Association. For 2023 we will look to increase the number of serving members and family members of the Association.

Research – following on from our survey of 2020 it is proposed that we undertake two further surveys in 2022 with the aim of researching the success of our outreach in terms of awareness of the Association among our target market. The second research piece is to look at the reasons why benevolence demand has not recovered to pre-pandemic levels.

#### **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.

#### **Trustees**

The current Board of Trustees are listed on page 10.

#### **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 Sergeant Major 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 Commanding Officer (CO) rotating round groups for duration of appointment.
- (8) Wider Community Trustee – externally recruited, position ratified by Board for maximum of six years over two, three-year, terms.
- (9) Governance Trustee – externally recruited, position ratified by Board for maximum of six years over two, three-year, terms.
- (10) Service Charity Trustee - externally recruited, position ratified by Board for maximum of six years over two, three-year, terms.
- (11) Fundraising Trustee – externally recruited, Position ratified by board for maximum of six years over two three-year terms.
- (12) Trustee – externally recruited, position ratified by board for a maximum of six years over two three-year terms.

The Chief Executive of the Association shall be Secretary to the Board. The Corps Treasurer and Operations Manager shall be in attendance.

## **The Royal Engineers Association**

### **Trustee's Report (continued) For the year ending 31 December 2022**

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 Chief Executive, 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.

### **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 matters and is responsible to the Board of Trustees.

The REA is divided into 17 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 108 Branches. Of these, 94 Branches are in towns and cities in the UK and overseas who normally meet up once a month for camaraderie and Esprit de Corps. The remaining 14 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 Chief Executive who 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 Operations Manager 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 Chief Executive, Operations Manager 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 2022

#### REA Board of Trustees

Major General (ret'd) Alastair Dickinson CBE	President	
Colonel (ret'd) Chris Davies MBE	Honorary Treasurer & Chair Finance Committee	(Tenure complete October 2022)
Colonel (ret'd) Jonathan Ruddy	Honorary Treasurer & Chair Finance Committee	(Appointed October 2022)
Air Commodore (ret'd) Colin Basnett CBE	Service Charities	
Lieutenant Colonel (ret'd) Jane Thomson	Wider Community	
Colonel Matthew Quare MBE ADC	Corps Colonel	(Tenure complete November 2022)
Colonel Richard Hawkins MBE ADC	Corps Colonel	(Appointed November 2022)
Warrant Officer Class One Marc Elliott MBE	Corps Sergeant Major	
Lieutenant Colonel Martin Heffer RE TD	Reserves	
Lieutenant Colonel Larry Inge	National Branches	(Tenure complete November 2022)
Lieutenant Colonel Claire James	Group Director	Chair Recruiting Committee
Mr Jeffrey Jupp	Governance	
Mr Eric Hargreaves	Local Branches	(Tenure complete November 2022)
Mr Brian Simm	Themed Branches	(Tenure complete November 2022)
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

## **The Royal Engineers Association**

### **Reference and administrative details of the charity, its trustees, and advisers For the year ended 31 December 2022**

#### **Independent auditor**

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

#### **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 5<sup>th</sup> May 2023



**Major General A S Dickinson CBE  
Chairman**

## **The Royal Engineers Association**

### **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 2022 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 2022 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.

## **The Royal Engineers Association**

### **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 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 can detect 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

## **The Royal Engineers Association**

### **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 are 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  
Registered Auditors  
Montague Place  
Quayside  
Chatham Maritime  
Chatham  
Kent ME4 4QU

Date: 25 May 2023

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 2022

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
<b>Income and endowments from:</b>					
Donations & Legacies	3	746,670	-	746,670	794,489
Other trading activities	9	137,064	-	137,064	78,603
Investment income	10	414,466	20,811	435,277	427,925
Other income	11	40,128	-	40,128	25,949
<b>Total income</b>		<b>1,338,328</b>	<b>20,811</b>	<b>1,359,138</b>	1,326,966
<b>Expenditure on:</b>					
Raising Funds	12	1,101	-	1,101	288
Charitable activities	13	1,843,836	58,584	1,902,420	1,445,208
<b>Total expenditure</b>		<b>1,844,937</b>	<b>58,584</b>	<b>1,903,521</b>	1,445,496
<b>Net expenditure before revaluations</b>		<b>(506,609)</b>	<b>(37,773)</b>	<b>(544,382)</b>	(118,530)
Net loss on investments	19	(1,710,377)	(88,069)	(1,798,446)	1,139,766
Net Gains on property	19a	21,828	-	21,828	
<b>Net movement in funds for year</b>		<b>(2,195,158)</b>	<b>(125,842)</b>	<b>(2,321,000)</b>	1,021,236
<b>Reconciliation of funds</b>					
Total funds at 1 January 2022		13,658,073	754,557	14,412,630	13,391,394
<b>Total funds at 31 December 2022</b>		<b>11,462,915</b>	<b>628,715</b>	<b>12,091,630</b>	14,412,630

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

All activities relate to continuing operations.

The notes on pages 19 to 32 form part of these financial statements

## The Royal Engineers Association

### Balance sheet

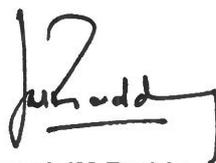
For the year ended 31 December 2022

	Note	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Tangible assets	18	79,676		89,226	
Investments	19	10,902,083		13,392,892	
Investment properties	20	500,000		-	
		<u>11,481,759</u>		<u>13,482,118</u>	
<b>Current assets</b>					
Debtors	21	173,453		345,364	
Cash at bank and in hand		<u>511,261</u>		<u>629,988</u>	
		684,714		975,352	
<b>Creditors:</b> amounts falling due within one year	22	<u>(74,843)</u>		<u>(44,840)</u>	
<b>Net current assets</b>		<u>609,871</u>		<u>930,512</u>	
<b>Net assets</b>		<u>12,091,630</u>		<u>14,412,630</u>	
<b>Charity Funds</b>					
Restricted funds	23	628,715		754,557	
Unrestricted funds	23	<u>11,462,915</u>		<u>13,658,073</u>	
<b>Total funds</b>		<u>12,091,630</u>		<u>14,412,630</u>	

The financial statements were approved by the Trustees on 5th May 2023 and signed on their behalf, by:



Major General AS Dickinson CBE,  
Chairman



Colonel JM Ruddy,  
Honorary Treasurer

The notes on pages 19 to 32 form part of these financial statements

**The Royal Engineers Association**

**Statement of Cash Flows  
For the year ended 31 December 2022**

	Note	2022	2021
		£	£
<b>Net cash used in operating activities</b>	27	<u>(771,910)</u>	<u>(702,283)</u>
<b>Cash flows from investing activities</b>			
Interest and dividends		435,277	427,925
Movement on branches fixed assets		3,715	(4,340)
Movement on Branch Investments		(7,637)	(3,431)
Purchase of investment properties		(478,172)	-
Disposal of fixed asset investments		700,000	250,000
<b>Cash provided by (used in) investing activities</b>		<u>653,183</u>	<u>670,154</u>
Increase/(decrease) in cash and cash equivalents in the year		<u>(118,727)</u>	<u>(32,129)</u>
Cash and cash equivalents at the beginning of the year		629,988	662,117
<b>Total cash and cash equivalents at the end of the year</b>		<u>511,261</u>	<u>629,988</u>

**Analysis of changes in net debt**

	At 31 Jan 2022 £	Cashflows £	At 31 Dec 2022 £
<b>Cash and cash equivalents</b>			
Cash	<u>629,988</u>	<u>(118,727)</u>	<u>511,261</u>

## The Royal Engineers Association

### Notes to the financial statements For the year ended 31 December 2022

#### 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).

The financial statements are presented in UK sterling which is the Charity's functional currency, and rounded to the nearest pound.

##### 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. istence 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 2022

#### 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 13.

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 £1000 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 held as fixed assets are included in the accounts at valuation based on their bid price at the balance sheet date. The Statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

**Accounting policies (continued)**

**2.8 Debtors**

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

**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 2022**

#### **Accounting policies (continued)**

##### **2.15 Taxation**

Institution of Royal Engineers Association is a registered charity and accordingly no provision is considered necessary for taxation.

##### **2.16 Critical accounting estimates and areas of judgement**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Charity does not currently have any significant accounting estimates or areas of judgement.

The Royal Engineers Association

Notes to the financial statements  
For the year ended 31 December 2022

	Unrestricted funds 2022	Restricted funds 2022	Total funds 2022	Total funds 2021
	£	£	£	£
<b>3 Donations &amp; Legacies</b>				
Donations (Note 4)	147,357	-	147,357	91,649
Legacies (Note 5)	88,419	-	88,419	211,462
Grants (Note 6)	2,500	-	2,500	2,500
Subscriptions (Note 7)	421,418	-	421,418	406,164
Donated services and facilities (Note 8)	86,976	-	86,976	82,714
	<b>746,670</b>	<b>-</b>	<b>746,670</b>	<b>794,489</b>

All of the donations and legacies income was unrestricted in 2022 and 2021.

**4 Donations**

	£	£	£	£
General donations	120,994	-	120,994	87,793
Donations from branches	30	-	30	260
Tax refund	2,582	-	2,582	123
Website donations	23,751	-	23,751	2,973
Sapper Network	-	-	-	500
	<b>147,357</b>	<b>-</b>	<b>147,357</b>	<b>91,649</b>

**5 Legacies**

	£	£	£	£
Other legacies	<b>88,419</b>	<b>-</b>	<b>88,419</b>	<b>211,462</b>

**6 Grants**

	£	£	£	£
H&M Charitable Trust	<b>2,500</b>	<b>-</b>	<b>2,500</b>	<b>2,500</b>

**7 Subscriptions and tax**

	£	£	£	£
Membership	26,947	-	26,947	16,736
Grant from RECCT (represents 50% of Day's Pay Scheme subscriptions to RECCT)	394,471	-	394,471	389,428
	<b>421,418</b>	<b>-</b>	<b>421,418</b>	<b>406,164</b>

The Royal Engineers Association

Notes to the financial statements

For the year ended 31 December 2022

	Unrestricted funds 2022	Restricted funds 2022	Total funds 2022	Total funds 2021
	£	£	£	£
<b>8 Donated services and facilities</b>				
Gas	1,807	-	1,807	1,770
Electricity	2,131	-	2,131	2,093
Water and sewage	860	-	860	847
Community charge	5,686	-	5,686	5,574
Utilities	1,478	-	1,478	1,451
MOD salaries	45,014	-	45,014	28,270
Administration salaries	30,000	-	30,000	42,709
Total	<u>86,976</u>	<u>-</u>	<u>86,976</u>	<u>82,714</u>

**9 Other trading activities**

	£	£	£	£
Activity Generating Income	616	-	616	-
Esprit de Corps income	136,448	-	136,448	78,603
	<u>137,064</u>	<u>-</u>	<u>137,064</u>	<u>78,603</u>

**10 Investment income**

	£	£	£	£
Investment Property Rent	17,938	-	17,938	-
Dividends – Armed Forces Charities Fund	396,527	20,779	417,306	427,900
Bank interest	1	32	33	25
	<u>414,466</u>	<u>20,811</u>	<u>435,277</u>	<u>427,925</u>

Of the total investment income received; £435,277 (2021: £427,925), £414,466 was from unrestricted funds (2021: £407,889) and £20,811 was from restricted funds (2021: £20,036).

**11 Other income**

	£	£	£	£
Sundry income	14,449	-	14,449	25,949
Refund of Previous Years Grants	25,679	-	25,679	-
	<u>40,128</u>	<u>-</u>	<u>40,128</u>	<u>25,949</u>

**12 Raising Funds**

	£	£	£	£
Recruiting	1,101	-	1,101	288

## The Royal Engineers Association

### Notes to the financial statements

For the year ended 31 December 2022

#### 13 Charitable Activities

	Direct costs	Support costs	Total	Total
	2022	2022	2022	2021
	£	£	£	£
Benevolence (Note 14)	777,886	177,145	955,031	740,639
Esprit de Corps (Note 15)	710,461	236,928	947,389	704,569
	<b>1,488,347</b>	<b>414,073</b>	<b>1,902,420</b>	1,445,208

£1,843,836 of the charitable activities expenditure was from unrestricted funds (2021: £1,405,858) and £58,584 was from restricted funds (2021: £39,350).

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2022	2022	2022	2021
	£	£	£	£
<b>Direct costs</b>				
Grants	232,286	58,584	290,870	255,906
Christmas grants	8,855	-	8,855	9,305
Weekly allowances	104,191	-	104,191	121,810
Army Benevolent Fund	60,000	-	60,000	-
SSAFA Families Help	33,970	-	33,970	-
Other charities	280,000	-	280,000	220,000
Refund Grants previous years	-	-	-	(6,972)
	<b>719,302</b>	<b>58,584</b>	<b>777,886</b>	600,049
<b>Support costs</b>				
Committee & Travel costs	1,985	-	1,985	910
Audit	4,200	-	4,200	3,591
Fees & Subscriptions	2,395	-	2,395	4,178
Insurance	750	-	750	1,517
Administration	29,162	-	29,162	7,746
Post & Telephone	4,475	-	4,475	4,838
Depreciation	292	-	292	294
Donated services support costs	24,788	-	24,788	24,174
Donated services MOD salaries	30,000	-	30,000	28,270
Staff costs	79,098	-	79,098	65,072
	<b>177,145</b>	<b>-</b>	<b>177,145</b>	140,590
	<b>896,447</b>	<b>58,584</b>	<b>955,031</b>	740,639

The Royal Engineers Association

Notes to the financial statements

For the year ended 31 December 2022

	Unrestricted funds 2022	Restricted funds 2022	Total funds 2022	Total funds 2021
	£	£	£	£
<b>15 Esprit de Corps</b>				
<b>Direct costs</b>				
Corps activities	432,538	-	432,538	346,281
Branch donations	24,565	-	24,565	24,294
Branch activities	243,678	-	243,678	138,405
Annual Conference	3,121	-	3,121	172
Sapper Sunday Lunch	1,295	-	1,295	-
Annual Dinner	5,264	-	5,264	-
	<u>710,461</u>	-	<u>710,461</u>	509,152
<b>Support costs</b>				
Committee & Travel costs	7,941		7,941	3,638
Audit	4,200		4,200	3,591
Fees & Subscriptions	2,395		2,395	4,178
Insurance	750		750	1,517
Administration	32,282		32,282	8,344
Post & telephone	4,475		4,475	4,838
Depreciation	5,543		5,543	5,583
Donated services support costs	32,188		32,188	30,272
Staff Costs	147,154	-	147,154	133,456
	<u>236,928</u>	-	<u>236,928</u>	195,417
	<u>947,389</u>	-	<u>947,389</u>	704,569

**16 Net Income / Expenditure**

This is stated after charging:	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	5,835	5,876
Auditor's remuneration	<u>8,400</u>	<u>7,182</u>

During the year, no Trustees received any remuneration (2021 - £NIL).

During the year, no Trustees received any benefits in kind (2021 - £NIL).

Trustees received reimbursement of expenses amounting to £Nil in the current year, (2021 - £Nil).

**The Royal Engineers Association**

**Notes to the financial statements  
For the year ended 31 December 2022**

	<b>Total funds 2022 £</b>	Total funds 2021 £
<b>17 Staff costs</b>		
Staff costs were as follows:		
Wages and salaries	<b>198,570</b>	172,360
Social security costs	<b>14,083</b>	13,703
Pension costs	<b>13,599</b>	12,466
	<b>226,252</b>	198,529

The average monthly number of employees during the year was as follows:	<b>No.</b>	No.
Management and administration of the charity	<b>7</b>	6
The number of employees whose benefits (excluding employer pension costs) exceeded £60,000 was:	<b>2022</b>	2021
	<b>No</b>	No
In the band £60,001 - £70,000	<b>1</b>	-

The total employment benefits including employer pension contributions of the key management personnel were £63,745 (2021 - £57,578).

**18 Tangible fixed assets**

	<b>Unrestricted Designated Fixtures &amp; fittings £</b>	<b>Unrestricted General Property £</b>	<b>Unrestricted General Computer equipment £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 January 2022	<b>89,915</b>	<b>115,591</b>	<b>25,651</b>	<b>231,157</b>
Movement in branches fixed assets	<b>(3,715)</b>	-	-	<b>(3,715)</b>
At 31 December 2022	<b>86,200</b>	<b>115,591</b>	<b>25,651</b>	<b>227,442</b>
<b>Depreciation</b>				
At 1 January 2022	<b>11,865</b>	<b>111,102</b>	<b>18,964</b>	<b>141,931</b>
Charge for the year	-	<b>2,282</b>	<b>3,553</b>	<b>5,835</b>
At 31 December 2022	<b>11,865</b>	<b>113,384</b>	<b>22,517</b>	<b>147,766</b>
<b>Net book value</b>				
At 31 December 2022	<b>74,335</b>	<b>2,207</b>	<b>3,134</b>	<b>79,676</b>
At 31 December 2021	<b>78,050</b>	<b>4,490</b>	<b>6,685</b>	<b>89,225</b>

**The Royal Engineers Association**

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**19 Fixed asset investments**

	<b>Listed securities £</b>	<b>Branch Investments £</b>	<b>Total £</b>
<b>Market value</b>			
At 1 January 2022	13,364,662	28,230	13,392,892
Disposals	(700,000)	-	(700,000)
Revaluations	(1,798,446)	-	(1,798,446)
Movement on branch investments	-	7,637	7,637
At 31 December 2022	<u>10,866,216</u>	<u>35,867</u>	<u>10,902,083</u>
Historical cost	<u>5,731,035</u>	<u>25,981</u>	<u>5,757,016</u>

**Investments at market value comprise:**

	<b>2022 £</b>	<b>2021 £</b>
Listed investments	<b>10,866,216</b>	13,364,662
Branch investments	<b>35,867</b>	28,230
Total market value	<u><b>10,902,083</b></u>	<u>13,392,892</u>

All of the fixed asset investments are held in the UK.

**Material investments**

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

**20 Investment Properties**

	<b>Freehold Investment Property</b>
<b>Valuation</b>	
Additions	478,172
Revaluation	21828
<b>At 31 December 2022</b>	<u><b>500,000</b></u>

Going forward the investment properties will be valued on an open market value for existing use basis

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**Notes to the financial statements  
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**21 Debtors**

	<b>2022</b>	2021
	<b>£</b>	£
Other debtors	<b>147,362</b>	316,791
Prepayments and accrued income	<b>26,091</b>	28,573
	<b>173,453</b>	<b>345,364</b>

**22 Creditors:**

**Amounts falling due within one year**

	<b>£</b>	£
Branch creditors	<b>728</b>	8,435
Other creditors	<b>74,115</b>	36,405
	<b>74,843</b>	<b>44,840</b>

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Notes to the financial statements  
For the year ended 31 December 2022

23 Statement of funds

Current Year	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Designated funds</b>						
Branch funds	578,879	290,996	(268,243)	-	-	601,632
<b>General funds</b>						
General funds	13,079,194	1,047,332	(1,576,694)	-	(1,688,549)	10,861,283
Total Unrestricted funds	13,658,073	1,338,328	(1,844,937)	-	(1,688,549)	11,462,915
<b>Restricted funds</b>						
Kitchener Scholarship Fund	754,557	20,811	(58,584)	-	(88,069)	628,715
Total Restricted Funds	754,557	20,811	(58,584)	-	(88,069)	628,715
Total of funds	14,412,630	1,359,139	(1,903,521)	-	(1,776,618)	12,091,630
<b>Prior Year</b>						
	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Designated funds</b>						
Branch funds	539,533	202,045	(162,699)	-	-	578,879
<b>General funds</b>						
General funds	12,131,260	1,104,974	(1,243,536)	-	1,086,496	13,079,194
Total Unrestricted funds	12,670,793	1,307,019	(1,406,235)	-	1,086,496	13,658,073
<b>Restricted funds</b>						
Kitchener Scholarship Fund	720,601	20,036	(39,350)	-	53,270	754,557
Total Restricted Funds	720,601	20,036	(39,350)	-	53,270	754,557
Total of funds	13,391,394	1,327,055	(1,445,585)	-	1,139,766	14,412,630

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Notes to the financial statements  
For the year ended 31 December 2022

24 Analysis of net assets between funds

Current Year	Unrestricted	Restricted	Total
	funds	funds	funds
	2022	2022	2022
	£	£	£
Tangible fixed assets	79,676	-	79,676
Fixed asset investments	10,358,722	543,361	10,902,083
Investment properties	500,000	-	500,000
Current assets	599,360	85,354	684,714
Creditors due within one year	(74,843)	-	(74,843)
	<b>11,462,915</b>	<b>628,715</b>	<b>12,091,630</b>
Prior Year	Unrestricted	Restricted	Total
	funds	funds	funds
	2021	2021	2021
	£	£	£
Tangible fixed assets	89,226	-	89,226
Fixed asset investments	12,761,462	631,430	13,392,892
Current assets	852,225	123,127	975,352
Creditors due within one year	(44,840)	-	(44,840)
	<b>13,658,073</b>	<b>754,557</b>	<b>14,412,630</b>

## The Royal Engineers Association

### Notes to the financial statements For the year ended 31 December 2022

#### 25 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 £13,599 (2021 - £12,466).

#### 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

	<b>Total funds 2022</b>	<b>Total funds 2021</b>
	<b>£</b>	<b>£</b>
Net movement in funds	<b>(2,321,000)</b>	1,021,236
Add back depreciation charge	<b>5,835</b>	5,876
Deduct interest income shown in investing activities	<b>(435,277)</b>	(427,925)
Deduct gains / add back losses on investments	<b>1,798,446</b>	(1,139,766)
Deduct gains / add back losses on investment properties	<b>(21,828)</b>	-
Decrease (increase) in debtors	<b>171,911</b>	(175,758)
Increase (decrease) in creditors	<b>30,003</b>	14,054
<b>Net cash used in operating activities</b>	<b><u>(771,910)</u></b>	<b><u>(702,283)</u></b>