

Honorary Treasurer's Report to the 2023 AGM
of the Royal Engineers Association
14th September 2024

1. In the current state of global political and financial uncertainty, it is pleasing to report that REA finances remain healthy. BlackRock has continued to ensure that our investments return a very satisfactory dividend (c£101k per quarter in 2023) and, overall, we continue to meet costs from current income.

2. The forecast surplus for 2023 was £62,601. The year closed on 31st December 2023 with a surplus of £71,628 against budget. As in previous years the budget was managed by judicious oversight of spend, plus a very generous legacy, and our cash flow remains healthy. The surplus would have been even larger had the £500K payment for the Chatham Pavilion, due to be paid in 2022, not slipped (due to completion delays) into 2023. The RE Days' Pay Scheme income remains buoyant as the Corps continues a 95% uptake however your Finance Committee will continue to monitor this key source of income as the Corps reduces in size over the next few years. Regular weekly allowances were made to 45 applicants totalling £111,542 and £8,275 distributed as Christmas grants. The annual grants to ABF (£66K) and SSAFA Forces Help (£30K) were also made.
 - a. **Benevolence:** This remains a key part of our *raison d'être*. In 2023, £750,346 was spent against a budget of £867,200.

 - b. **Unit and Branch Support Grants:** This annual allocation of £100K to support worthwhile initiatives that are not supported through the Public Purse has continued to be welcomed by Units and Branches. 2023 again saw great success with more than £152K being disbursed to subsidise a wide range of initiatives which have materially improved the 'wellnesses of the recipients.

 - c. **Other Grants:** These are perennial allocations designed to improve the lived experience of the Sapper Family and include:
 - i. Adventurous Training. Annual budget £68K. Expenditure 2023 - £24K.

 - ii. Op Tour Welfare Grants. Annual budget £10K (max of £5k for major units; £2.5k for minor units). Expenditure in 2023 - £2.7K.

 - iii. Recruits 'tribal' RE items (e.g., stable belts, TRFs, Short History of the Corps etc) – Annual budget £26K. Expenditure 2023 - £9K. New CRIII stable belts ordered but not yet approved for wearing.

- iv. Sports Scholarships (for aspiring National/Olympic sportsmen/women). Various grants based on Level achieved – annual budget is based on numbers selected. Expenditure in 2023 was £28K.

3. Investments:

- a. **Market Investments:** REA capital is invested in the Armed Forces Charities Growth & Income Fund. On 1st September this year the capital value (including the Kitchener and McCabe Funds) was £10,517,873. No further capital was invested during 2023 and £600K of stock was realised to fund the final element of the Chatham Station Pavilion project (£500K). Our portfolio manager, BlackRock, continues to achieve commendable income and have recently increased dividends to 2.25p per unit per quarter (up from 2.15p). That said, capital growth has not been as strong as we, and BlackRock, would like as they underperform against their benchmark. BlackRock is working hard to remedy this, and the Finance Committee continue to monitor their performance (as do the other Sapper charities invested).
 - b. **Investment Property:** At the end of 2021, the REA purchased a three-bed property in a new development in Ebbsfleet Valley for £475K (revalued at audit in 20203 as £505K). This was a conscious effort to diversify our portfolio in an uncertain market and generate rental income commensurate, as a minimum, to the yield returned from our market investments. This property continues to produce a 5.2% yield. After fees and costs, this delivers £24,540 per annum to the charity.
4. **Finally:** My third year as your Honorary Treasurer has flown by. My understanding of the role of the REA and the fiscal complexities of charity finances continues to grow and I am extremely grateful for the hard work that is done on the Association's behalf by the CEO, Ken Kirk, the Corps Treasurer, Ian Sidebottom, and the rest of the REA HQ team.

Once a Sapper, always a Sapper

Colonel (retd) Mark Ruddy
REA Honorary Treasurer