ROYAL ENGINEERS CENTRAL CHARITABLE TRUST

England & Wales · Charity number 1003032

Details

Other names	RECCT
Status	Registered
Legal form	Trust
Registered	1991-05-28
Register	View on the Charity Commission register

Contact

Address	Hqre Brompton Barracks Dock Road Chatham Kent ME4 4UG
Phone	03001665212
Email	corps.treasurer@rhqre.co.uk

Activities

Objects: (A)TO PROMOTE THE EFFICIENCY OF THE ARMED FORCES AND IN PARTICULAR THE CORPS OF ROYAL ENGINEERS (HEREAFTER REFERRED TO AS THE ROYAL ENGINEERS);(B) TO PROMOTE THE ACTIVITIES OF THE ROYAL ENGINEERS ASSOCIATION, THE INSTITUTION OF ROYAL ENGINEERS, THE ROYAL ENGINEERS MUSEUM AND THE ROYAL ENGINEERS HEADQUARTER MESS AS LAID DOWN IN THEIR RESPECTIVE CHARTERS;(C)TO FOSTER AN ESPRIT DE CORPS IN THE ROYAL ENGINEERS;(D)TO RELIEVE EITHER GENERALLY OR INDIVIDUALLY NECESSITOUS PERSONS BEING MEMBERS OF THE ROYAL ENGINEERS OR THE DEPENDANTS OF SUCH PERSONS (HEREINAFTER REFERRED TO AS BENEFICIAIRIES).

Activities: Grant making

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Classification

- **How:** Makes Grants To Individuals, Makes Grants To Organisations, Acts As An Umbrella Or Resource Body
- **What:** General Charitable Purposes, The Prevention Or Relief Of Poverty, Amateur Sport
- **Who:** Other Defined Groups

Geography

- Kent

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£1,436,592	£1,510,523	£10,486,420	21
2023-12-31	£1,403,875	£1,499,114	£10,186,055	11
2022-12-31	£1,448,904	£1,366,194	£10,194,931	11
2021-12-31	£1,353,688	£1,173,388	£11,420,364	10
2020-12-31	£1,356,455	£1,211,214	£10,466,207	10

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Trustees

Name	Role	Appointed
Sir Christopher Linley Tickell	Chair	2023-12-14
BRIGADIER JAMES WEBSTER		2023-12-01
BRIGADIER Jason Ainley		2024-10-01
BRIGADIER SIMON JOHN CARVEL		2023-08-01
COLONEL GUY CHEESMAN ADC		2026-01-12
CSM Spencer Eardley		2023-06-20
Col Daniel Hall VR MInstRE		2025-08-06
MAJOR GENERAL ALASTAIR DICKINSON CBE		2015-10-01
MAJOR GENERAL DAVID SOUTHALL CBE		2020-12-11
MAJOR GENERAL ELDON NICHOLAS SOMERVILLE MILLAR MBE		2023-10-01
MAJOR GENERAL NICHOLAS JOHN CAVANAGH		2017-01-01
MAJOR GENERAL PETER ROWELL MBE		2025-06-20

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ROYAL ENGINEERS CENTRAL CHARITABLE TRUST

England & Wales - Charity number 1003032

Accounts

Royal Engineers Central Charitable Trust

Charity number: 1003032



Trustees' report and financial statements

For the year ended 31 December 2024

ARMED FORCES COVENANT

EMPLOYER RECOGNITION SCHEME

GOLD AWARD 2022

Proudly supporting those who serve

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Royal Engineers Central Charitable Trust

Reference and administrative details of the charity

REGISTERED NUMBER

1003032

HEAD OFFICE AND REGISTERED OFFICE

Headquarters Royal Engineers
Brompton Barracks
Chatham
Kent
ME4 4UG

INDEPENDENT AUDITORS

Kreston Reeves LLP
2nd Floor
Maritime Place
Quayside
Chatham Maritime
Chatham
Kent
ME4 4QZ

BANKERS

Lloyds Bank plc
Coxs & Kings Branch
PO Box 1000
London
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

Royal Engineers Central Charitable Trust

Trustees and advisers

Trustees and advisers who served during the year ending 31 December 2024 were as follows:

Lieutenant General Sir Christopher Tickell KBE
Chief Royal Engineer and Chair

Major General Richard Semple CBE
Chair, Corps Finance Committee

Major General Kev Copsey OBE
Representative Colonel Commandant

Major General Nick Cavanagh CB
President, Institution of Royal Engineers

Major General Alastair Dickinson CBE
Chair, Royal Engineers Association

Major General David Southall CBE
Chair, Royal Engineers Museum

Major General Eldon Millar MBE
Chair, Royal Engineers Regimental Affairs Committee

Brigadier Jim Webster
Commandant Royal School of Military Engineering Group

Brigadier Simon Carvel
Commander, 8 Engineer Brigade

Brigadier Irena Dzisiewska
Chief Engineer & Civil Military Co-operation, HQ Allied Rapid Reaction Corps (tenure complete October 2024)

Brigadier Jason Ainley
Chief Engineer & Civil Military Co-operation, HQ Allied Rapid Reaction Corps (assumed post October 2024)

Colonel Dickie Hawkins MBE ADC
Corps Colonel

Colonel Alastair Cooper QVRM TD
Corps Colonel (Reserves)

Warrant Officer Class 1 Spencer Eardley
Corps Sergeant Major

Mrs Dawn Marriott
Non-Executive Director

Mr Russell Lovell
Corps Secretary

Major (retired) Ian Sidebottom
Corps Treasurer

Chair's Review



I would like to welcome you to the Royal Engineers Central Charitable Trust (RECCT) 2024 Annual Report and Financial Statements. The aim of this report is, as well as meeting our mandated legal requirement for audit, to demonstrate to our stakeholders how we protect, manage, and utilise the charity's funds on your behalf.

The enclosed accounts demonstrate the high standard of financial management and governance required by law, managed and monitored by the Corps Finance Committee, and delivered by your staff in the Corps Funds department of Regimental Headquarters Royal Engineers.

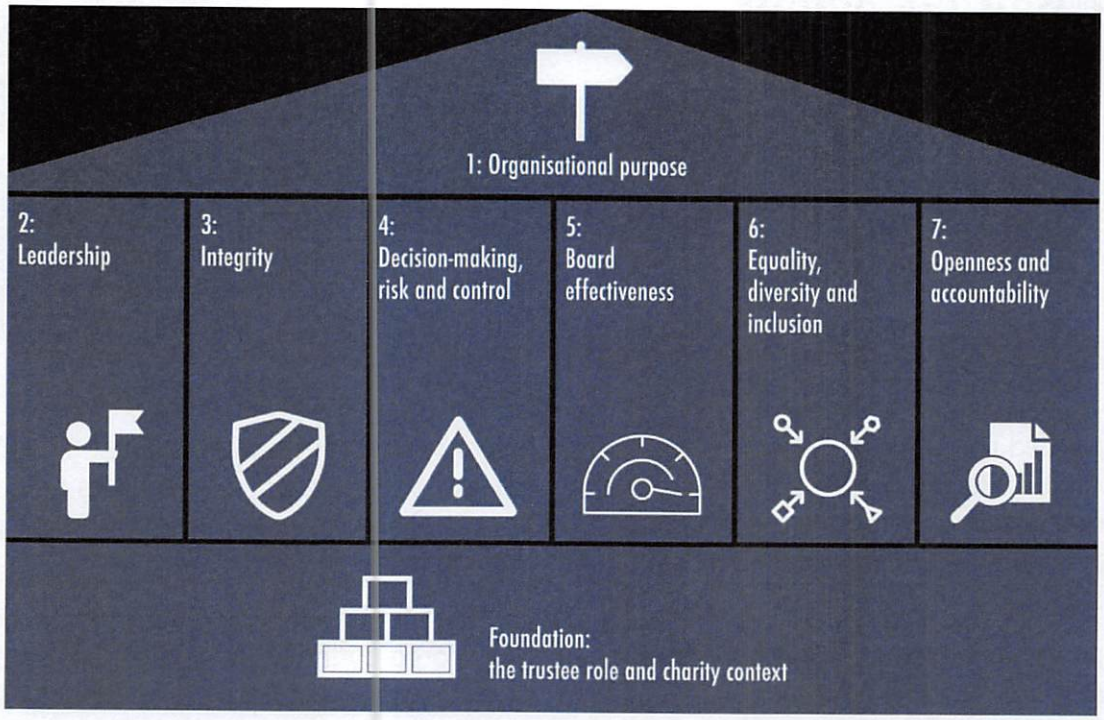
It is pleasing to report that our investments with the BlackRock run Armed Forces Charities Growth & Income Fund have continued to deliver increasing dividend payments. We have therefore been able to continue to increase the level of disbursements in support of the Corps. Our three investment properties continue to add diversity to our portfolio and currently generate around £50,000 per annum, after costs, to be used in support of our charitable aims. We also purchased a fourth property at the end of 2024 which will add to the steady rate of income to supplement our other investments.

Finally, this is my last Annual Report and Financial Statements as Chair of the Corps Finance Committee as I handover to Major General Peter Rowell MBE in 2025. I would like to take this opportunity to record my thanks to the Corps Treasurer and his team, and the Corps Finance Committee, for their hard work and diligence in ensuring the charity remains buoyant and delivers tangible benefits to the Sapper Family.

Once a Sapper, always a Sapper.

Major General Richard Semple CBE

Trustees' Report
For the year ended 31 December 2024



The Trustees have reviewed their activities against the criteria set out within the latest (2020) Charity Governance Code (see above) and present their annual report and the audited consolidated financial statements of the charity and its subsidiaries for the year ended 31 December 2024. 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. This is confirmed by the completion of a 'Going Concern Assessment' which was passed to our auditors. The Trustees have appointed professional advisers and other organisations to support them in delivering the charity's objectives. These advisers and organisations are listed on page 1. The Trustees have written agreements in place with each of them.

OBJECTIVES, AIMS AND ACTIVITIES

Armed Forces charities today offer a broad range of services and support to the Armed Forces community which can range from enhancing quality of life through to direct assistance and intervention. Every charity has its own vision, mission, aim, as well as eligibility criteria to support a specific beneficiary group or groups. The objects of the Royal Engineers Central Charitable Trust, which were formally reviewed in 2020, and are reconsidered annually, continue to be:

- *"To promote the efficiency of the Armed Forces and in particular The Corps of Royal Engineers;*
- *To promote the activities of the Royal Engineers Association and the Institution of Royal Engineers, as laid down in their respective Charters;*
- *To foster an esprit de corps in the Royal Engineers;*
- *To relieve either generally or individually necessitous persons being members or former members of the Royal Engineers or the dependants of such persons."*

Specific activities for 2024 were set by Trustees against 8 planned budgets. Further details are provided under Achievements and Performance. Trustees achieved their objectives for 2024 through a dedicated secretariat and maintaining annual income from:

- The Day's Pay Scheme (Regular and Reserve);
- Market Investments (dividends) and Investment Properties (rental income);
- Occasional legacies;
- Trading through our subsidiary Limited Company (RECE Ltd).

PUBLIC BENEFIT

The Trustees confirm they have referred to the information contained in the Charity Commission's general guidance on public benefit when reviewing their aims and objectives and in deciding what activities the charity should undertake. The charity provides public benefit by assisting regular and reserve service personnel in the Corps of Royal Engineers to perform their roles and duties within the British Army more effectively. The charity also supports the veteran community and their families and thus enhances esprit de corps by promoting the concept of support to the Sapper family for life. It does this by providing the support funding for sports, adventurous training, in-house publications, welfare, gatherings, and events. The Charity promotes the efficiency of the armed forces of the Crown by enhancing the British Army's capability to undertake the roles demanded of it including the defence of the UK and its interests. By supporting the wider Sapper family, it assists the Government in fulfilling its promise in the Armed Forces Covenant (which the RECCT signed up to in 2019) to treat Serving personnel, Veterans, and their families fairly. In 2022, for its commitment to serving the Armed Forces community, the RECCT was awarded a Gold Award under the Employer Recognition Scheme (ERS).

In addition to promoting the efficiency of the Army and, in particular, the military efficiency of the Corps of Royal Engineers by promoting Esprit de Corps, the work of the RECCT benefits the public by:

- Allocating 50% of the charitable income it receives from the Day's Pay Scheme to the Royal Engineers Association (REA) whose prime objective is to provide financial assistance to those in need and benevolence cases from serving and former members of the Royal Engineers and their families.
- Providing financial support to the Royal Engineers Museum, which is open to the general public and provides an educational outreach programme.
- Providing financial support to further education via the Institution of Royal Engineers.
- Providing financial support to serving officers and soldiers (Regular and Reserve) participating in sports & games and adventurous training.

ACHIEVEMENTS AND PERFORMANCE

Trustees pursued the following activities against planned and authorised budgets:

1. Continued support to network charities.
2. Promoted esprit de corps throughout the Royal Engineers.
3. The publication of six 'The Sapper' magazines in 2024 (in print and digital format).
4. Financial support to 34 sports and games associations, unions and clubs, and several individuals who participated in high profile sports activities.
5. Maintained the Pension Plan Scheme for private employees compliant with Auto Enrolment legislation.
6. Maintained a 'Regimental Activity' fund of c£120k per annum.
7. Introduced grants to assist the Corps' Female Soldiers (on promotion to Sergeant) to purchase their Mess Kit uniform.
8. Completed the Corps 'flag refresh' programme.
9. Continued grants in support of formal dinners for Senior NCOs attending their Sergeant's Course.
10. Continued grants in support of lunches for Junior NCOs during their Army Leadership Development Programme.
11. Generated income from investments (including investment properties).
12. Provided a retail service (in store, online, and 'on the road') for Corps memorabilia and related items.

Supporting Network Charities

The historic Trustee arrangement that allocates a percentage from the Payroll Giving Scheme direct to nominated network charities provided them with the following income:

	2024	2023
	£	£
Royal Engineers Association	429,519	404,923
Institution of Royal Engineers	205,994	198,649
Royal Engineers Museum	50,000	50,000

Grants to Foster Esprit de Corps

Trustees authorised the following grants in 2024:

	2024	2023
	£	£
RE Sports & Games	380,195	333,274
Communications Hub (incl The Sapper Magazine)	70,869	72,920
Esprit de Corps	235,251	226,848

Publishing 'The Sapper' Magazine

Trustees provided £70,869 (2023: £72,920) to fund the Comms Hub publication of an all ranks 'The Sapper' magazine. Some 4,000 copies of The Sapper magazine were published bi-monthly. Free copies of the magazine are sent to Regular Royal Engineer units for the benefit of the officers and soldiers who subscribe to the RECCT. Free copies were also sent to Royal Engineer Reserve units, affiliated Army Cadet units, Royal Engineer officers and soldiers serving in non-Royal Engineer units. The Sapper continues to be well received both by units and individuals, including former members of the Corps and Royal Engineers Association branches, who make a donation. The Sapper provides a focal point in publicising the Corps' activities and in engendering esprit de corps. The Sapper magazine has been remodelled and is now a hybrid, print and digital, publication. The Sapper magazine now sits within the Corps Communications Hub and enhances the Corps' opportunities to deliver consolidated messaging across both social media and print.

Supporting Corps Sports Clubs

Trustees approved financial grants supporting more than 5,000 personnel (serving and veteran) through 34 sports associations, unions, and clubs. The charity also made grants totalling £65,000 in support of the annual Sapper Games, hosted by 39 Engineer Regiment in Kinloss. Sapper Games 2024 attracted 1,500 competitors to take part in 27 sports & Highland Games as well as highlighting wellbeing and mindfulness. Trustees have already approved financial support to Sapper Games 2025 being hosted by 35 Engineer Regiment (EOD&S) in Wimbish.

Optimising Income from the Days Pay Scheme (DPS)

Since 1 April 2007, DPS subscriptions have been collected by a Payroll Giving scheme via the Joint Personnel and Administration (Centre). On 1 April 2007 officers' subscriptions, including an element for their membership of the Institution of Royal Engineers and the Royal Engineers' Association, increased from 150% to 160% of a day's assessable pay per annum. Officers also make a voluntary subscription of 70% of a day's assessable pay to the Royal Engineers Headquarter Mess. Soldiers' subscriptions increased from 100% to 110%. Warrant Officers' and Senior Non-Commissioned Officers' elected to increase their subscriptions from 110% to 115% in August 2010. The 5% increase being used to set up a new designated fund for their use. In 2012 serving soldier subscriptions were increased to 120% and 125%. Reserves officers and soldiers have been able to make annual contributions (12%) via JPA since 2015 which, since 1 October 2023, has been increased to 20%.

Generating Income & Growth from Investments

Investments delivered dividends of £326,923 in 2024 (2023: £333,068). During the period 1 January to 31 December 2024, the performance of the distribution units in the fund was +8.1% (2023: +4.3%) after fees and expenses. Since launch in September 2002, the fund has produced a return of +338.27% cumulative, +6.8% annual (2023: +305.5% cumulative, +6.8% annual). The fund's benchmark since inception has returned +400.0% cumulative and 7.5% annual. Details of the Corps Investment Powers, House and Policy are contained in the Financial Review of this report.

In 2019, the Charity realised investment units and purchased two houses in a local development (previously the site of a Royal Engineers barracks). The rationale being to diversify during a difficult market period whilst generating an additional funding stream, through rental income. Both houses are occupied and generated rental income of £25,546 in 2024 (2023: £25,356). This 4.3% yield is in line with RECCT Trustee direction. The charity completed its purchase of a third property (in the Ebbsfleet Garden City development) in Q1 of 2022 which has, in 2024, generated rental income of £24,350 (a 5.2% yield). Trustees agreed the purchase of a fourth (and final) property in December 2024[1] whilst remaining cognisant of the changes in the property market.

FINANCIAL REVIEW

Summary

The consolidated account generated net expenditure for the charity, before other recognised gains and losses, of £73,931 (2023: net expenditure of £95,239).

The accumulated funds of the Charity increased by £311,686 to £10,474,038 (2023: decreased by £7,426 to £10,162,352). The consolidated funds increased by £300,365 to £10,486,420 (2023 decreased by £8,876 to £10,186,055).

Balance Sheet

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

Investment Powers

The Trust Deed provides full and unrestricted powers of investment to the Trustees, who sub-delegate investment decisions to a professional Investment House, within the parameters of overall guidance by the Trustees.

Investment House & Policy

RECCT invests in the Armed Forces Charities Growth & Income Fund, managed by BlackRock. The aim of the Fund is to provide a return on investment (net of fees) over a period of 5 or more consecutive years beginning at the point of investment, generated through an increase to the value of the assets held by the Fund and/or income received from those assets. Further investment details are given in the notes to the financial statements. No additional investment units were purchased in 2024.

Investment Manager's Fund Commentary

This year has been one of transition for BlackRock's Armed Forces Charities Growth & Income Fund, marked by a shift to a global benchmark to capture the broader global opportunity set, and a shift to a total return approach to ensure the long-term security of dividends. We are pleased to see that these changes are already having an increasingly positive effect on the Fund's performance, and we have high conviction in the positioning of the portfolio as we head into 2025. Whilst we are disappointed that the Fund underperformed the benchmark over the course of 2024, the Fund delivered strong absolute returns as well as continued to grow its distribution. In addition, changing the benchmark at the start of the year has been key to improved performance versus peers; already the new benchmark has significantly outperformed the old one.

[1] Contracts exchanged and completed 16 Feb 25.

More broadly, we continue to take a long-term view when managing the Armed Forces Charities Growth & Income Fund. With this in mind, whilst the fund's underperformance over the short term is disappointing and we have taken steps to address this, our focus remains on safeguarding against permanent losses in capital. We do this by:

- Being diversified across asset classes, sectors, and geographies. We will strive to maintain this diversification even as benchmarks become ever more concentrated;
- Utilizing underlying managers who carry out thorough due diligence and seek to identify companies that have strong balance sheets, competitive advantages, and management teams with a proven track record;
- A strong focus on risk management and downside protection

We were able to maintain our income distribution policy over the course of the year, providing unitholders with a stable and growing income distribution. We increased the distribution in Q1 2024 to 2.25 pence per unit (ppu) and held it constant throughout the year. The Fund will distribute 2.25 ppu for the Q4 2024 distribution (received in January) which would represent 9.0 ppu paid out in 2024, a 5.3% increase in the distribution year-on-year. Our policy going forward, market permitting, is to increase the distribution in respect of the first quarter of every year (in other words, the distribution paid in April) and to then hold it constant for the remainder of the year.

Investment Environment, Social, and Corporate Governance (ESG)

The BlackRock Armed Forces Growth & Income Fund actively seeks out investments they believe are well aligned to the increasing preference for charities to invest in environmentally sustainable companies. These thematic investments not only provide diversification to the Fund but also ensure that client's capital is being used to drive positive change. An example of this within the Fund is the investments in renewable energy and energy efficiency exposures. BlackRock identified renewable energy as a sector that needed capital back in 2013 and which presented a good investment opportunity as well as driving positive environment change. They have also identified energy efficiency as a sector which requires capital in order to help retrofit heating systems in buildings and provide solutions to energy waste, something that will be key to achieving net-zero commitments by 2050. More recently they have allocated to battery storage technology to help address the intermittency issues associated with renewables, in order to facilitate their continued roll-out.

Where BlackRock do hold oil and mining companies, they do so selectively with those companies that have clear and credible plans for a transition to net zero, including investment in renewable energy projects and associated technology. Accelerating the transition to net-zero is critical and will required significant investment in renewables, however, in the interim the world will continue to require fossil fuels to prevent a disorderly transition and the social implications that will have. BlackRock are committed to holding companies to account on issues such as climate change and they leverage their position as a major shareholder to encourage positive environmental and societal change on behalf of their clients.

Reserves Policy

The account posts net expenditure of £73,931 (2023: net expenditure of £95,239) before realised and unrealised gains. Gains on investments amounted to £347,393 (2023: losses of £534), and losses on revaluations of fixed assets were £5,707 (2023: £86,897) giving a positive net movement in funds of £300,365 (2023: negative net movement of £8,876). Trustees review the reserves policy and investments during the annual budgetary cycle.

The Charity is heavily dependent on current members of the Corps supporting the Day's Pay Giving Scheme (c30% of total income). Any major change in the structure or strength of the Corps could impact the levels of future support available to the Sapper Family. 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. With high inflation and deposit rates very low, this year has again highlighted the need to consider ways to mitigate the impact of price and salary increases (wage inflation) on our long-term objectives. The performance of the Charity's investment portfolio is subject to global market movements and, while the present value of the portfolio produces (generally) 30% of total required income, the value and/or dividend income can fluctuate, potentially markedly, due to market volatility. The aim of our Reserves is to ensure the charity thrives and survives.

To mitigate the identified financial risks, adequate reserves are required to meet the Charity's objectives. Reserves should be able to meet potential operational shocks and increases in demands whilst also enabling Trustees to deliver on the Charity's objects. The Charity's commitment is to support the Sapper Family now and particularly in the future. Therefore, Trustees have assessed the level of reserves and related investments required to meet these contingencies and to mitigate against the current risk profile, to be in the range of £10 million. Lastly, high inflation means cash could be losing its value in real terms, so cash reserves are being invested. Current unrestricted reserves are £10,486,420 of which £39,549 is shop stock (2023: £10,186,055 of which £55,173 was shop stock) which Trustees consider is consistent with this policy. £54,555 of our unrestricted reserves are designated funds.

Grant Making Policy

Trustees invite applications from network charities and organisations, external establishments with a past or extant connection to the Corps and from individuals who subscribe to the Days' Pay Scheme who embark on major sporting or challenging pursuits. Details of how to apply for routine or annual grants are communicated in writing to network charities and organisations, briefings to new subscribers or by telephone to the Corps Treasurer. Details of grants made in 2024 are covered under Achievements and Performance.

Remuneration Policy

Privately employed personnel working for the RECCT have their salaries authorised by the appropriate charity committee, agreed by means of an individual employment contract, and are paid from the appropriate charity fund. As far as possible, salary scales are to be linked to the Civil Service pay system with staff placed on the initial 'starters rate' salary for the agreed Civil Service pay band (this to be expressed in their contract of employment). Payment is made through a registered PAYE payroll via the respective charity. Corps Colonel RE is responsible to Trustees for ensuring parity where appropriate. In line with extant Civil Service policy, the charities operate an in-year reward scheme for exceptional performance with Corps Colonel RE as the arbiter for the scheme to ensure parity across all charities. Trustees are not paid by the charity for their services as a Trustee but are reimbursed for expenses incurred during performance of their duties, in accordance with the Trustee's agreed policy.

Equality, Diversity & Inclusion

Our female beneficiaries make up approximately 3% of the serving Corps of Royal Engineers (10% are officers and 2% soldiers) with the Army as a whole being 11.7% female (as at 1 April 2024). Reporting in line with the UK Equality Act 2010 (Gender Pay Gap Information) Regulations 2017: 63% of RECCT staff are female and 37% male. There is no pay gap between male and female staff who carry out the same job, similar jobs, or work of equal value and there is no ethnicity pay gap. The Corps of Royal Engineers, like the rest of the Army, is proud to be ethnically diverse and inclusive. Lastly, 25% of RECCT employees are veterans or veteran's spouses.

PLANS FOR FUTURE PERIODS

The RECCT plans to:

- Continue to develop the RECCT short, medium, and long-term financial planning and forecasting.
- Continue to maintain the RE Private Pension Plan, in line with Auto Enrolment legislation.
- Monitor, review and refine the RE Days Pay Scheme.
- Assist Royal Engineer units with funds to purchase portraits of Their Majesties King Charles III and Queen Camilla.

SUMMARY

The Trustees remain confident of their ability to continue to meet the Objects of the Charity in the future.

INDEPENDENT AUDITORS

Kreston Reeves LLP remained the Trustees' choice as charity auditor.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Trust Deed

The Royal Engineers Central Charitable Trust (RECCT, Charity number 1003032) Trust Deed dated 14 March 1991 was made by the Members of the Chief Royal Engineer's Committee (the Original Trustees). The Trust Deed allowed the Original Trustees to remain as Trustees whilst they continued to serve on the Chief Royal Engineer's Committee. The Original Trustees have been superseded by new Members of the Chief Royal Engineer's Board, all of whom have indicated their willingness and eligibility to serve as Trustees. In 2025, the Trust deed will be revised to reflect the new structure of the Board of Trustees and Finance Committee.

Background

The RECCT combined and superseded the former funds called the 'Royal Engineers Officers' Charitable Fund' and the 'Royal Engineers General Charitable Purposes Fund'. These funds were classified as excepted from registration as charities under the provisions of Statutory Instrument 1965 No.1056 being charities *"wholly or mainly concerned with the promotion of the efficiency of any of the armed forces of the Crown...."* Due to the increasing size of their assets and on advice sought from the Charity Commission, action was taken to draw up a Deed of Trust and to have the RECCT formally registered as a Charity.

ORDERS AND RESOLUTIONS

Based on subsequent resolutions made by the Trustees, the Charity Commissioners have approved:

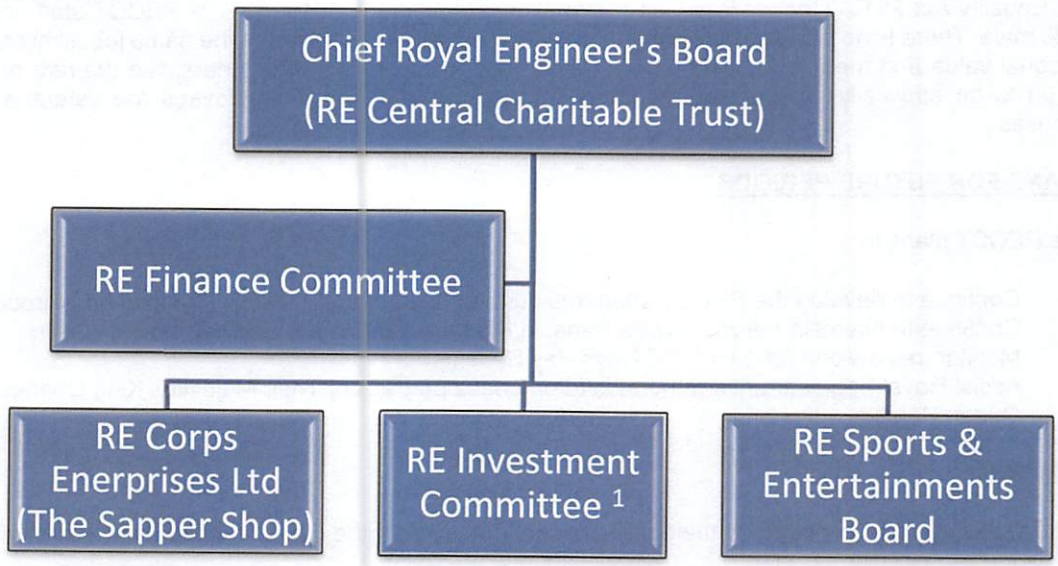
Investment

An Order providing the Trustees power to appoint an investment manager and to delegate to him/her discretionary powers in relation to the Charity's investments.

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.

ORGANISATION



Note 1: RE Investment Committee dormant (see below).

At their quarterly Trustee meetings members of the Chief Royal Engineer's Board agree the broad strategy and areas of activity for the charity, including consideration of grant making, investment, reserves, risk management, HRM policies and performance. The Trustees are served by subordinate committees with delegated responsibility for fulfilling their role, each chaired by a Trustee who is responsible for reporting back to the Chief Royal Engineer's Board. The subordinate committees are:

- **RE Finance Committee**

In 2009 Trustees approved Terms of Reference for the RE Finance Committee which were reviewed in 2017 as part of The Chief Royal Engineer's governance policy review and again in 2019 as part of the Corps' Quinquennial review. The Committee advises the Trustees on financial policy and the control of funds based on an annual budget system incorporating a five-year forecast.

- **RE Investment Committee**

This Committee fulfils a combined responsibility together with nominated representative Trustees of the connected charities i.e. The Royal Engineers Association, Charity Nos. 258322 and SC041832, The Institution of Royal Engineers, Charity No. 249882, and the Royal Engineers Vocational Educational Training Trust (REVETT), Charity No. 1068709, to lay down a detailed generic investment policy for the Corps Charities and for informing the investment manager of the extent of the investment powers for each Charity and for all other matters laid down in the Order for the delegation of investment powers. Since joining the Armed Forces Common Investment Fund (AFCIF) the need for regular committee meetings diminished. It is still considered appropriate to remain in the AFCIF (now a CAIF) with future meetings being held at the discretion of the Chair or a convincing request by a committee member.

- **RE Sports and Games and Entertainments Board**

Responsible for vetting and recommending to Trustees, via the RE Finance Committee, the level of annual grant appropriate to recognised Corps Sports, Games, and other challenging pursuits. Responsible for the annual review and allocation of funds from the Corps entertainment and esprit de corps budgets and for making grant recommendations to Trustees, via the Corps Finance Committee. Responsible for drafting relevant policy (sponsorship etc) for approval by the RE Finance Committee.

RHQ RE

Day to day administration of the RECCT is vested in RHQ RE. Grant applications are processed to the relevant sub-committee by the Corps Treasurer who administers and accounts for approved grants.

TRUSTEES

The Trustees who served during the year are detailed on page 2. Trustees (part of Chief Royal Engineer's Board) held formal meetings in February, July, October, and December 2024. In July they approved the 2023 Statement of Financial Affairs and in December reviewed their 2024 expenditure prior to authorising annual budgets for 2025. The Corps Finance Committee met in June and October.

Appointment of Trustees

New Trustees are invited to hold office after discussion by the appropriate committee and at the personal invitation of the Chief Royal Engineer or his nominated representative. As part of their induction process each Trustee is provided with a copy of the Trust Deed, a copy of the Charity Commission leaflet explaining the responsibilities of Trustees, a locally produced Trustee Handbook and copies of the Charity's fraud policy, conflict of interest policy, whistleblowing policy, and access to previous audited accounts. Each Trustee signs a certificate to confirm their eligibility and willingness to act as a Trustee. In 2024 new Trustees attended formal Charity Trustee Training Programmes (run virtually) and several existing Trustees undertook refresher training. People with Significant Control (PSC) and all Conflicts of Interest (actual or perceived) are recorded in registers held and maintained by the Corps Treasurer.

NETWORK CHARITIES

THE ROYAL ENGINEERS ASSOCIATION

The responsibility for undertaking all benevolence work on behalf of the Corps is vested in the Royal Engineers Association (REA). In addition to using their accrued trust funds, investment income and occasional legacies for benevolence purposes, the REA, receive 50% of the Day's Pay Scheme income received by the RECCT for charitable purposes. A separate Trustees' annual report is prepared by the REA together with the Charity's financial statements, Charity Nos. 258332 and SC041832.

THE INSTITUTION OF ROYAL ENGINEERS

The Objects of the Institution of Royal Engineers, as set out in its Royal Charter and Bye-Laws, are to promote and advance the science of military engineering and to promote military efficiency and particularly the military efficiency of the Corps of Royal Engineers. In addition to using their accrued trust funds and investment income for this purpose, the Trustees of the Institution, which routinely includes members of the Chief Royal Engineers Board, receive 71.5% of the income drawn down from serving officer contributions (gathered via payroll giving), and since 2012, received payroll giving scheme contributions from serving WOs & SNCOs (5%) and Junior Ranks (5%). A separate Trustees' Annual Report is prepared by the Institution of Royal Engineers together with the Charity's financial statements, Charity No. 249882.

THE ROYAL ENGINEERS MUSEUM (REM)

Overall control of the Royal Engineers Museum (REM) is vested in the Trustees of the Institution of Royal Engineers. Financial support towards the running costs of the Museum is provided by The Institution of Royal Engineers and the RECCT. Financial control of the Museum is delegated to the Royal Engineers Museum Committee which draws up an annual budget against planned activities for Trustee approval. A separate Trustees' report is included with the Statement of Financial Affairs prepared by the Royal Engineers Museum, Charity No. 295173. In 2024, REM transitioned to a CIO Foundation structure.

TRUST FUNDS OF DISBANDED UNITS AND ESTABLISHMENTS

The Trust Deed dated 8 March 1957 was made by members of the Chief Royal Engineer's Committee (the original Trustees). The Trustees operate under the terms of a Scheme approved and established on 8 March 1957 for the regulation of the Trust Funds of Disbanded Units and Establishments (DUTF) of the Corps of Royal Engineers "Central Charities" comprising:

- Officers' Mess Funds;
- Warrant Officers' and Sergeants' Mess Funds; and
- President of the Regimental Institute (PRI) Funds

On 13 December 2007, the Trustees passed a resolution, subsequently supported by the Charity Commission, to transfer the remaining assets in each fund to a restricted fund within the RECCT. The last separate Trustees' report and statement of financial affairs for the DUTF was issued by the Chief Royal Engineer's Committee in 2007. The final funds from the DUTF were expended in 2023 in support of a Corps-wide (Regular & Reserve) 'flag refresh' programme although the fund will remain open to receive any subsequent income from disbanded RE units.

ROYAL ENGINEERS NETWORK

RE HQ Mess

In 2023, The Royal Engineers HQ Mess was converted from an Excepted Charity (under the provisions of the Charities (Exception from Registration and Accounts) Regulations 1965 (Statutory Instrument 1965 No.1056)) to a Registered Charity, Charity No 1202413.

RE Establishments and Units

As well as receiving an annual grant, Royal Engineer establishments and regular/reserve/hybrid units are invited to seek and justify additional grants to offset the cost of entertainment that they undertake for the benefit of the Corps as opposed to the individual establishment or unit. The Corps Entertainment Committee review each bid and make grant recommendations to Trustees via the Corps Finance Committee. In 2022, to recognise the increased costs involved, the Committee agreed, with effect from 2023, to increase all entertainments grants by 10% and in 2023 agreed to uplift 2024 allocations by a further 10%.

RE Sports Clubs

RHQ RE, through the RE Sports Board, has approved thirty-four Corps Sports & Games Clubs. Each sport and club are managed by a designated Chair, Manager and Treasurer. Club Chairs are invited to seek and justify financial support for their planned activities each year through the RE Sports and Games Board.

RISK MANAGEMENT STATEMENT *What could stop us achieving our aims?*

The Trustees review risks to which the Charity is exposed at each of their meetings. The basis of the review is a Risk Management and Opportunity[2] 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 is reviewed annually by the RE Finance Committee and Chief Royal Engineer's Board to satisfy Trustees that appropriate internal controls are in place and remain effective with systems established to mitigate those risks identified.

Key Risks

The two key risks identified to which the charity could be exposed are shown below:

Risk	Consequence	Impact	Likelihood / Trend	Mitigation/Preventative Action
Failure to generate sufficient income to cover planned / known expenditure	• Failure to deliver outputs • Failure to meet charitable objects • Failure to sustainably finance our people • Members withdrawing from RE Days Pay Scheme (RE DPS) • Loss of credibility and reputation • Degradation of existing capital / investments	Medium	Medium →	• Robust financial reserves policy and prudent investment • Monitor Corps manning strength and contributions to RE DPS (Regular and Reserves) to identify trends • Produce accurate monthly FOOs • Link budgets to business planning and Charitable Objects • Promote legacy giving and donations • Ensure max long-term occupancy of Corps property portfolio minimising 'void' periods
Significant reduction in Public funding	• Inability to deliver Chief Royal Engineer's mandated outputs • Corps' charities forced to fund additional staff costs • Inability to preserve and maintain Regimental identity and resilience • Over-reliance on Colonels Commandant	High	Medium →	• Improve financial planning and forecasting • Promote sponsorship for Sapper Sport • Monitor financial reserves policy • Continue to promote RE Reserves Days Pay Scheme

[2] Risk and opportunity are two sides of the same coin (Yvan Byajee)

Statement of Trustees' responsibilities

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

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of its income and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102) (2019);

- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Memorandum of Association. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Trustees
and signed on behalf of the Trustees



Colonel RB Hawkins MBE ADC
Trustee

20th June 2025

Royal Engineers Central Charitable Trust

Independent Auditor's report to the Trustees of the Royal Engineers Central Charitable Trust

We have audited the financial statements of Royal Engineers Central Charitable Trust (the 'parent charity) and its subsidiaries (the 'group') for the year ended 31 December 2024 which comprise the Consolidated Statement of financial activities, the Consolidated Balance sheet, the Consolidated 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).

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 2024 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 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.

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 the Royal Engineers Central Charitable Trust (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
- 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
- Performing analytical procedures with automated data analytics tools to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; 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.

Independent Auditor's report to the Trustees of the Royal Engineers Central Charitable Trust (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

Samantha Rouse FCCA DChA
for and on behalf of

Kreston Reeves LLP
Chartered Accountants
Statutory Auditor
Chatham Maritime

Date: 20 June 2025

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

Royal Engineers Central Charitable Trust

Consolidated statement of financial activities
For the year ended 31 December 2024

	Note	Unrestricted funds 2024	Restricted funds 2024	Total funds 2024	Total funds 2023
		£	£	£	£
Income and endowments from:					
Donations and legacies	3	851,469	-	851,469	764,593
Other trading activities	7, 8	199,352	-	199,352	251,581
Investment income	9	381,571	-	381,571	383,501
Charitable activities	10	4,200	-	4,200	4,200
Total income		1,436,592	-	1,436,592	1,403,875
Expenditure on:					
Raising funds	8	206,380	-	206,380	248,256
Charitable activities	11	1,304,143	-	1,304,143	1,250,858
Total expenditure		1,510,523	-	1,510,523	1,499,114
Net income/(expenditure) before gains and losses on investments		(73,931)	-	(73,931)	(95,239)
Net Gain on investments		347,393	-	347,393	(534)
Net gains on revaluations of tangible fixed assets		26,903	-	26,903	86,897
Net movement in funds for the year		300,365	-	300,365	(8,876)
Total funds at 1 January 2024		10,186,055	-	10,186,055	10,194,931
Total funds at 31 December 2024		10,486,420	-	10,486,420	10,186,055

The statement of financial activities includes all gains and losses in the year

All activities relate to continuing operations.

The notes on pages 23 to 38 form part of these financial statements.

Royal Engineers Central Charitable Trust

Consolidated balance sheet
For the year ended 31 December 2024
Charity Number: 1003032

	Note	£	2024 £	£	2023 £
Fixed assets					
Tangible assets	23		**211,115**		213,129
Investments	24		**7,825,425**		7,978,032
Investment properties	25		**1,316,000**		1,295,000
			9,352,540		9,486,161
Current assets					
Stocks	26	**39,549**		55,173	
Debtors	27	**247,290**		129,470	
Cash at bank and in hand		**887,772**		576,550	
		1,174,611		761,192	
Creditors: amounts falling due within one year	28	**(40,731)**		(61,299)	
Net current assets			**1,133,880**		699,894
Net assets			**10,486,420**		10,186,055
Charity Funds					
Unrestricted funds	29		**10,486,420**		10,186,055
Total funds			**10,486,420**		10,186,055

The financial statements were approved by the Trustees on 20 June 2025 and signed on their behalf, by:

Major General R J Semple CBE
Trustee

Colonel R B Hawkins MBE ADC
Trustee

The notes on pages 23 to 38 form part of these financial statements.

Royal Engineers Central Charitable Trust

Consolidated balance sheet
For the year ended 31 December 2024
Charity Number: 1003032

	Note	£	2024 £	£	2023 £
Fixed assets					
Tangible assets	23		**211,115**		213,129
Investments	24		**7,825,425**		7,978,032
Investment properties	25		**1,316,000**		1,295,000
			9,352,540		9,486,161
Current assets					
Debtors	27	**271,468**		158,920	
Cash at bank and in hand		**883,922**		562,133	
		1,155,390		721,052	
Creditors: amounts falling due within one year	28	**(33,892)**		(44,861)	
Net current assets			**1,121,498**		676,191
Net assets			**10,474,038**		10,162,352
Charity Funds					
Restricted funds			-		-
Unrestricted funds			**10,474,038**		10,162,352
Total funds			**10,474,038**		10,162,352

The financial statements were approved by the Trustees on **20 June 2025** and signed on their behalf, by:

Major General R J Semple CBE
Trustee

Colonel R B Hawkins MBE ADC
Trustee

The notes on pages 23 to 37 form part of these financial statements.

Royal Engineers Central Charitable Trust

Consolidated Statement of Cash Flows
For the year ended 31 December 2024

	Note	2024	2023
		£	£
Net cash used in operating activities	33	**(570,349)**	(1,374,711)
Cash flows from investing activities			
Interest and dividends		**381,571**	383,501
Investment Disposal		**500,000**	880,000
Cash provided by investing activities		**881,571**	1,263,501
Cash used in financing activities			
Increase/(Decrease) in cash and cash equivalents in the year		**311,222**	**(99,313)**
Cash and cash equivalents at the beginning of the year		**576,550**	675,863
Total cash and cash equivalents at the end of the year		**887,772**	576,550

Analysis of changes in net debt

	At 1 Jan 2024	Cashflows	At 31 Dec 2024
	£	£	£
Cash and cash equivalents			
Cash	**576,550**	**311,222**	**887,772**

Notes to the financial statements
For the year ended 31 December 2024

1 General administrative information

Royal Engineers Central Charitable Trust is an unincorporated charity in England & Wales with the registration number 1003032. 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 Armed Forces and in particular The Corps of Royal Engineers; to promote the activities of the Royal Engineers Association and the Institution of Royal Engineers, as laid down in their respective Charters; to foster an esprit de corps in the Royal Engineers; and to relieve either generally or individually necessitous persons being members or former members of the Royal Engineers or the dependants of such persons.

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) (effective 1 January 2019).

Royal Engineers Central Charitable Trust 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 financial currency, and rounded to the nearest pound.

No separate SOFA has been presented for the charity alone.

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.

2.3 Fund accounting

The Charity maintains the following types of funds:

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

General unrestricted funds represent unrestricted funds which are expendable at the discretion of the Trustees in the furtherance of the objects of the Trust. Such funds may be held in order to finance both working capital and capital investment.

Restricted fund for DUTF, which operates under a separate Trust Deed dated 8 March 1957.

2.4 Turnover

Turnover is recognised when counter goods from either the shop or foyer trading are sold or dispatched and invoiced to customers via the company's mail order service.

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2 Accounting policies (continued)

2.5 Basis of consolidation

The financial statements consolidate the accounts of Royal Engineers Central Charitable Trust and its subsidiary undertaking.

2.6 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.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

The cost of 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 donated expenditure, apportioned against charitable activities and support.

2.7 Expenditure

Liabilities are recognised as resources 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 to third parties in the furtherance of the charitable objectives of the Trust are always authorised by the Trustees.

2.8 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Fixtures and fittings	10% straight line
General Property	10% straight line
Computers	20% straight line

2.9 Investment properties

Investment properties are being long-term assets, which generate income. The are included at market value in accordance with the Statement of Recommended Practice on accounting by charities. Please see note 26 to the financial statements.

2.10 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.

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2 Accounting policies (continued)

2.11 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2.12 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.

2.13 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.

2.14 Liabilities and provisions

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.

2.15 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.

2.16 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.

2.17 Tender Policy

Trustees have a tender policy that covers expenditure:

a. Between £2,500 and £5,000
b. Between £5,000 and £10,000
c. Over £10,000

2.18 Taxation

Royal Engineers Central Charitable Trust is a registered charity and accordingly no provision is considered necessary for taxation.

2.19 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.

		Unrestricted funds 2024 £	Restricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
3 Donations and legacies					
Subscriptions	(Note 4)	**468,333**	-	**468,333**	444,796
Donations	(Note 5)	**111,608**	-	**111,608**	64,449
Donated services and facilities	(Note 6)	**271,378**	-	**271,378**	255,348
Government Grants receivable		-	-	-	-
Legacies		**150**	-	**150**	-
		851,469	-	**851,469**	764,593

All Income from Donations and Legacies was unrestricted in 2024 and 2023.

4 Subscriptions					
Serving officers' subscriptions		**87,696**	-	**87,696**	85,277
Retired officers' subscriptions		**11,291**	-	**11,291**	11,807
Soldiers' subscriptions		**333,221**	-	**333,221**	314,282
Tax refund - Retired Officers & Reserves		**1,520**	-	**1,520**	2,104
Reserves DPS		**8,602**	-	**8,602**	5,364
WOs' & SNCOs' (5% subscription)		**9,693**	-	**9,693**	9,009
The Sapper Magazine		**16,310**	-	**16,310**	16,953
		468,333	-	**468,333**	444,796
5 Donations & Grants					
General		**3,033**	-	**3,033**	1,498
WOs' & Sgts' Silver Fund		**3,575**	-	**3,575**	2,410
Comms Hub		**60,000**	-	**60,000**	60,000
Commercial Donation		-	-	-	541
ASCB Grant		**45,000**	-	**45,000**	-
Legacies		**150**			
		111,758	-	**111,608**	64,449
6 Donated services and facilities					
Gas		**997**	-	**997**	984
Electricity		**1,168**	-	**1,168**	1,154
Water and sewage		**472**	-	**472**	466
Community charge		**5,915**	-	**5,915**	5,856
Administration utilities		**812**	-	**812**	803
MOD salaries		**206,606**	-	**206,606**	194,540
Administration salaries		**55,408**	-	**55,408**	51,545
		271,378	-	**271,378**	255,348

	Unrestricted funds 2024	Restricted funds 2024	Total funds 2024	Total funds 2023
7 Other trading activities - RECCT				
Advertisements	**2,250**	-	**2,250**	2,150
Miscellaneous & graphic sales	**12**	-	**12**	333
Project Funding	**2,031**	-	**2,031**	2,292
	4,293	-	**4,293**	4,775
8 Other trading activities - RECE Ltd				
	£	**£**	**£**	£
Income				
RECE Ltd Sales	**195,059**	-	**195,059**	246,806
Expenditure				
Cost of sales	**116,567**	-	**116,567**	155,607
Staff costs	**60,259**	-	**60,259**	56,556
Postage & telephone	**18,101**	-	**18,101**	19,869
Printing & stationery	**1,109**	-	**1,109**	2,165
IT costs	**3,615**	-	**3,615**	5,841
Miscellaneous	**123**	-	**123**	435
Cardnet terminal services	**4,392**	-	**4,392**	4,804
Bank charges	**231**	-	**231**	587
Professional Fees	**104**		**104**	
Depreciation	-	-	-	-
Insurance	**1,596**	-	**1,596**	1,342
Audit fee	**283**	-	**283**	220
Advertising	-	-	-	830
	206,380	-	**206,380**	248,256
	(11,321)	-	**(11,321)**	(1,450)

All income and expenditure on trading activities was unrestricted in 2024 and 2023.

9 Investment income				
	£	**£**	**£**	£
Dividends	**326,923**	-	**326,923**	333,068
Lloyds bank interest	**4,752**	-	**4,752**	537
Kitchener & Ebbsfleet Properties	**49,896**	-	**49,896**	49,896
	381,571	-	**381,571**	383,501

Income from investments was £383,571 (2023: £381,501) of which £383,571 was unrestricted (2023: £381,501) and £Nil was restricted (2023: Nil).

10 Income from charitable activities				
	£	**£**	**£**	£
Burgoyne House	**4,200**	-	**4,200**	4,200

All income from charitable activities was unrestricted in 2024 and 2023.

11 Analysis of expenditure by activities	Direct costs 2024	Support costs 2024	Total funds 2024	Total funds 2023
	£	£	£	£
Burgoyne House (Note 12)	1,484	-	1,484	1,984
Sports & Games (Note 13)	380,195	84,103	464,298	415,101
Heritage (Note 14)	50,000	-	50,000	50,000
Esprit de Corps (Note 15)	235,251	92,046	327,297	323,756
RE HQ Mess (Note 16)	30,911	-	30,911	29,518
Comms Hub (Note 17)	70,869	183,750	254,619	244,800
WOs' & Sgts' (Note 18)	9,444	24,079	33,523	47,696
RE Corps Enterprises (Note 19)	-	81,735	81,735	77,215
Day's Pay Scheme (Note 20)	-	60,277	60,277	60,788
	778,154	525,989	1,304,143	1,250,858

Expenditure on charitable activities was £1,304,143 (2023: £1,250,858) of which £1,304,143 was unrestricted (2023: £1,250,858) and £Nil was restricted (2023: £Nil).

12 Burgoyne House

Direct costs:	£	£
General Maintenance	1,065	1,165
Land Rent	21	21
Gas contract	398	371
Depreciation	-	427
	1,484	1,984

13 Sports & Games

Direct costs:	£	£
RE Sports Board	383,242	336,268
Refund sports grant from previous year	(3,047)	(2,995)
	380,195	333,273
Support costs:		
Audit Fee	1,364	1,114
Insurance	469	405
Administration	2,041	1,156
IT Support	960	1,227
Depreciation	1,246	6,100
Donated services support costs	8,948	8,385
Donated services MOD Salaries	22,727	21,399
Staff costs	46,348	42,042
	84,103	81,828
	464,298	415,101

14 Heritage

Direct costs:	£	£
RE Museum	50,000	50,000
	50,000	50,000

Notes to the financial statements
For the year ended 31 December 2024

	Total funds 2024	Total funds 2023
15 Esprit de Corps		
Direct costs:	£	£
Donations and presentations	**496**	1,091
Other Corps events	**71,708**	86,778
Corps entertainment	**52,254**	121,530
Colonels Comdt	**-**	3,286
Clive Beckett Legacy	**8,187**	1,577
Senior Soldier Uniform Grant	**7,008**	18,666
Regimental Sctivity Grants	**101,784**	
Refund of previous years' grant	**(6,186)**	(6,080)
	235,251	226,848
Support costs:		
Audit fee	**2,727**	2,228
Insurance	**938**	809
Administration	**4,082**	3,860
IT Support	**1,920**	2,454
Depreciation	**2,493**	12,200
Donated services support costs	**17,896**	16,769
Donated services MOD Salaries	**45,453**	42,799
Staff costs	**16,537**	15,788
	92,046	96,907
	327,297	323,755
16 HQ Mess		
Direct costs:		
Mess Secretary salary	**30,911**	29,518

	Total funds 2024	Total funds 2023
17 Comms Hub		
Direct costs:		
Printing & distribution	**70,567**	70,250
Miscellaneous	**302**	2,669
	70,869	72,919
Support costs:		
Audit fee	**1,364**	1,114
Insurance	**469**	405
Administration	**3,653**	2,664
IT support	**8,067**	10,370
Depreciation	**2,931**	1,297
Donated services support costs	**9,416**	8,848
Donated services MOD Salaries	**33,057**	31,126
Staff costs	**124,793**	116,057
	183,750	171,881
	254,619	244,800
18 WOs' & Sgts' Fund		
Direct costs:		
Individual E2 Grants	**600**	600
Corps Dinner Nights	**5,844**	1,623
Unit WOs' & Sgts' Mess Nights	**3,000**	23,000
	9,444	25,223
Support costs:		
Audit Fee	**1,364**	1,114
Insurance	**469**	404
Administration	**2,041**	1,156
Miscellaneous	**135**	665
IT support	**960**	1,227
Donated services support costs	**8,369**	7,813
Donated services MOD salaries	**10,330**	9,727
Staff costs	**411**	368
	24,079	22,474
	33,523	47,697
19 RE Corps Enterprises Ltd		
Support costs:		
Donated services support costs	**10,821**	10,237
Donated services MOD Salaries	**64,048**	60,307
Staff costs	**6,866**	6,671
	81,735	77,215

Notes to the financial statements
For the year ended 31 December 2024

	Total funds 2024	Total funds 2023
20 Day's Pay Scheme		
Support costs:		
Audit Fee	**1,364**	1,114
Insurance	**469**	405
Administration	**2,041**	1,156
IT support	**960**	1,227
Depreciation	**1,246**	6,100
Donated services support costs	**9,322**	8,755
Donated services MOD Salaries	**30,991**	29,181
Staff costs	**13,884**	12,850
	60,277	60,788

21 Net Income / (Expenditure)

This is stated after charging:		
Depreciation of tangible fixed assets:	**£**	£
-owned by the charitable group	**(80,347)**	26,124
Auditor's remuneration	**8,182**	6,684

During the year, no Trustees received any remuneration (2023: £Nil).
During the year, no Trustees received any benefits in kind (2023: £Nil).
During the year, no Trustees received any re-imbursement of expenses

	Total funds 2024	Total funds 2023
22 Staff costs	**£**	**£**
Staff costs were as follows:		
Wages and salaries	**209,201**	195,627
Social security costs	**14,260**	12,363
Pension costs	**16,289**	15,304
	239,750	223,294

The average number of persons employed by the Charity during the year was as follows:

	No.	No.
Management and administration of the charity	**16**	17
RECE Ltd	**5**	6
	21	23

The average headcount expressed as full-time equivalents was:

	No.	No.
Management and administration of the charity	**9**	9
RECE Ltd	**2**	2
	11	11

The total employment benefits including employer pension contributions of the key management personnel were £52,617 (2023: £29,518).

No employee received numeration amounting to more than £60,000 in either year.

23 Tangible fixed assets

Group	**Shop fixtures, fittings and equipment £**	**General fund £**	**WOs' & Sgts' fund £**	**Comms Hub property £**	**Total £**
Cost or valuation					
At 1 January 2024	**1,074**	**121,993**	**186,539**	**28,814**	**338,420**
Disposals	**(1,074)**	**(73,352)**	**-**	**(13,838)**	**(88,264)**
Re-Valuation	**-**	**-**	**5,903**	**-**	**5,903**
At 31 December 2024	**-**	**48,641**	**192,442**	**14,976**	**256,059**
Depreciation					
At 1 January 2024	**1,074**	**102,342**	**-**	**21,875**	**125,291**
Charge for the year	**-**	**4,988**	**-**	**2,929**	**7,917**
Disposals	**(1,074)**	**(73,352)**	**-**	**(13,838)**	**(88,264)**
At 31 December 2024	**-**	**33,978**	**-**	**10,966**	**44,944**
Net book value					
At 31 December 2024	**-**	**14,663**	**192,442**	**4,010**	**211,115**
At 31 December 2023	**-**	**19,651**	**186,539**	**6,939**	**213,129**

23 Tangible fixed assets (continued)

	General fund £	WOs' & Sgts' fund £	Comms Hub property £	Total £
Charity				
Cost or valuation				
At 1 January 2024	**121,993**	**186,539**	**28,814**	**337,346**
Adjustments	**(73,352)**	**5,903**	**(13,838)**	**(81,287)**
At 31 December 2024	**48,641**	**192,442**	**14,976**	**256,059**
Depreciation				
At 1 January 2024	**102,342**	**-**	**21,875**	**124,217**
Charge for the year	**4,988**	**-**	**(10,909)**	**(5,921)**
Disposals	**(73,352)**	**-**	**-**	**(73,352)**
At 31 December 2024	**33,978**	**-**	**10,966**	**44,944**
Net book value				
At 31 December 2024	**14,663**	**192,442**	**4,010**	**211,115**
At 31 December 2023	19,651	186,539	6,939	213,129

24 Fixed asset investments

	Listed securities £
Group & Charity	
Market value	
At 1 January 2024	**7,978,032**
Investment Sold	**(500,000)**
Revaluations	**347,393**
At 31 December 2024	**7,825,425**
Historical cost	**7,458,874**

Group & charity investments at market value comprise:

	2024 £	2023 £
Listed investments	**-**	**7,978,032**

All the fixed asset investments are held i

Material Investments

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

25 Investment properties

Group & Charity	Freehold Investment Property £
Valuation	
At 1 January 2024	**1,295,000**
Re-valuation	**21,000**
At 31 December 2024	**1,316,000**
Support Costs	
Annual Fees	**1,200**
Comprising	
Cost	**1,316,000**

During the financial year the Charity incurred costs amounting to £1,200 in the development of the properties held in Chatham & Ebsfleet

The investment properties are valued on an open market value for existing use basis.

26 Stocks:

	Group		Charity	
	2024	2023	**2024**	2023
	£	£	£	£
Finished goods and goods for resale	**39,549**	55,173	**-**	-

27 Debtors:

	Group		Charity	
	2024	2023	**2024**	2023
	£	£	£	£
Amounts owed by group undertakings	**-**	-	**25,155**	35,002
Other debtors	**247,290**	129,470	**246,313**	123,918
	247,290	129,470	**271,468**	158,920

28 Creditors:
Amounts falling due within one year

	Group		Charity	
	2024	2023	**2024**	2023
	£	£	£	£
Other creditors	**40,731**	61,299	**33,892**	44,861

29 Statement of funds

Current Year	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
Comms Hub	5,642	78,572	(212,146)	131,942	-	4,010
Project Funding	46,973	2,031	-	-	-	49,004
	52,615.00	80,603.00	(212,146)	131,942.00	0.00	53,014
General funds						
RE Central Charitable Trust	9,865,646	1,147,662	(1,082,418)	(131,942)	368,393	10,167,341
WOs' & Sgts' Fund	244,091	13,268	(9,579)	-	5,903	253,683
RECE Ltd	23,703	195,059	(206,380)	-	-	12,382
	10,133,440	1,355,989	(1,298,377)	(131,942)	374,296	10,433,406
Total Unrestricted funds	10,186,055	1,436,592	(1,510,523)	-	374,296	10,486,420
Restricted funds						
DUTF	-	-	-	-	-	-
Total of funds	10,186,055	1,436,592	(1,510,523)	-	374,296	10,486,420

Prior Year	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
Comms Hub	8,235	79,436	(204,826)	122,797	-	5,642
Project Fund	44,681	2,292	-	-	-	46,973
	52,916	81,728	(204,826)	122,797	-	52,615
General funds						
RE Central Charitable Trust	9,870,201	1,063,922	(1,020,145)	(122,797)	74,466	9,865,647
WOs' & Sgts' Fund	246,662	11,419	(25,887)	-	11,897	244,091
RECE Ltd	25,153	246,806	(248,256)	-	-	23,703
	10,142,016	1,322,147	(1,294,288)	(122,797)	86,363	10,133,440
Total Unrestricted funds	10,194,932	1,403,875	(1,499,114)	-	86,363	10,186,055
Restricted funds						
DUTF	-	-	-	-	-	-
Total of funds	10,194,932	1,403,875	(1,499,114)	-	86,363	10,186,055

Notes to the financial statements
For the year ended 31 December 2024

30 Analysis of net assets between funds

Current Year	Unrestricted Funds	Restricted Funds	Total funds	Total funds
	2024	2024	2024	2023
	£	£	£	£
Tangible fixed assets	211,115	-	211,115	213,129
Fixed asset investments	7,825,425	-	7,825,425	7,978,032
Investment properties	1,316,000	-	1,316,000	1,295,000
Current assets	1,174,611	-	1,174,611	7,610,192
Creditors due within one year	(40,731)	-	(40,731)	(61,299)
	10,486,420	-	10,486,420	17,035,055

Analysis of net assets between funds Prior Year	Unrestricted Funds	Restricted Funds	Total funds	Total funds
	2023	2023	2023	2022
	£	£	£	£
Tangible fixed assets	213,129	-	213,129	227,356
Fixed asset investments	7,978,032	-	7,978,032	8,858,566
Investment properties	1,295,000	-	1,295,000	1,220,000
Current assets	761,192	-	761,192	908,295
Creditors due within one year	(61,299)	-	(61,299)	(1,019,286)
	10,186,054	-	10,186,054	10,194,931

31 Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £16,289 (2023: £15,304).

32 Principal subsidiaries

Company name	Country	Percentage Shareholding
Royal Engineers Corps Enterprises	United Kingdom	100

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

	Total funds 2024	Total funds 2023
	£	£
Net movement in funds	300,365	(8,876)
Add back depreciation charge	7,917	26,124
Deduct interest income shown in investing activities	(381,571)	(383,501)
Deduct gains / add back losses on investments	(347,393)	534
Deduct Gain on revaluation of tangible fixed assets	(5,903)	(11,897)
Deduct gain on revaluation of investment property	(21,000)	(86,897)
Decrease (increase) in stock	15,624	7,044
Decrease (increase) in debtors	(117,820)	40,745
Increase (decrease) in creditors	(20,568)	(957,987)
Net cash used in operating activities	(570,349)	(1,374,711)

34 Related party transactions

Brigadier James Webster and Colonel Richard Bouke Hawkins MBE ADC, both Trustees of the Royal Engineers Central Charitable Trust (RECCT) are also Trustees of Royal Engineers Headquarter Mess (RE HQ Mess) for which transactions have taken place during the year. RECCT collected subscriptions income on behalf of RE HQ Mess totalling £160,944 which was transferred during the year. In addition, £2,351 of other reimbursements were made in relation to sundry donations, grants and gift aid. There were also reimbursements to RECCT from RE HQ Mess of £73,849 during the year, relating to recharges of staff salaries and various admin charges. As of 31 December 2024 no balance was owed to RECCT (2023: £nil), and a balance of £23 was owed to RECCT (2023: £nil).

Colonel Richard Bouke Hawkins MBE ADC, CSM Spencer Eardley and Colonel Alastair Cooper QVRM TD, all Trustees of the Royal Engineers Central Charitable Trust (RECCT) are also Trustees of Royal Engineers Vocational Education and Training Trust (REVETT) for which transactions have taken place during the year. RECCT paid £149 relating to sundry recharges and donations, whish was transferred during the year. There were also reimbursements to RECCT from REVETT of £49,411 during the year relating to recharges of staff salaries and various admin charges. As of 31 December 2024 no balance was owed from RECCT (2023: £nil), and a balance of £23 was owed to RECCT (2023: £nil).

Brigadier James Webster, Colonel Richard Bouke Hawkins MBE ADC, Colonel Alastair Cooper QVRM TD, Brigadier Simon John Carvel and Major General David W Southall CBE, Trustees of the Royal Engineers Central Charitable Trust (RECCT are also Trustees of the Institution of Royal Engineers for which transactions have taken place during the year. During the year RECCT collected subscription income of behalf of the Institution of Royal Engineers totalling £443,079 and gift aid of £16,983 which was transferred during the year. A further £276 of other donations and sundry charges were also transferred. As of 31 December 2024 no balance was owed from RECCT (2023: £nil).

During the year, the Institution of Royal Engineers also reimbursed £80,107 to RECCT for recharges relating to salaries and pensions, postage, and other admin costs. As of 31 December 2024 a balance of £23 was owed to RECCT (2023: £nil).

Brigadier James Webster, Colonel Richard Bouke Hawkins MBE ADC, Colonel Alastair Cooper QVRM TD, Brigadier Simon John Carvel and Major General David W Southall CBE, Trustees of the Royal Engineers Central Charitable Trust (RECCT) are also Trustees of the Royal Engineers Museum for which transactions have taken place during the year. During the year RECCT paid The Royal Engineers Museum grants totalling £50,000. In addition RECCT collected subscription income on behalf of the Royal Engineers Museum totalling £7,833 and reimbursed admin charges of £3,750 which was transferred during the year. As of 31 December 2024 no balance was owed from RECCT (2023: £nil).

The Royal Engineers Museum also paid over £75,432 to RECCT during the year in relation to recharges for salaries and pension costs, as well as admin recharges. As of 31 December 2024 no balances were owed to RECCT (2023: £nil).

Colonel Richard Bouke Hawkins MBE ADC and CSM Spencer Eardley, both Trustees of the Royal Engineers Central Charitable Trust (RECCT) are also Trustees of The Royal Engineers Association (REA) for which transactions have taken place during the year. RECCT collected subscription income on behalf of REA totalling £427,394, as well as dividends collected of £21,590 which was transferred to the REA during the year. A further £1,865 of other reimbursements were made to the REA in relation to sundry recharges. As of 31 December 2024, no balance was owed from RECCT (2023: £nil).

The REA also paid £121,916 to RECCT during the year in relation to recharges for salaries and pensions, grants and admin recharges. As of 31 December 2024, no balance was owed to RECCT (2023: £nil).

35 Post balance sheet events

Since the year end the charity has purchased a new investment property for £515,000.

ROYAL ENGINEERS CENTRAL CHARITABLE TRUST

England & Wales - Charity number 1003032

Accounts

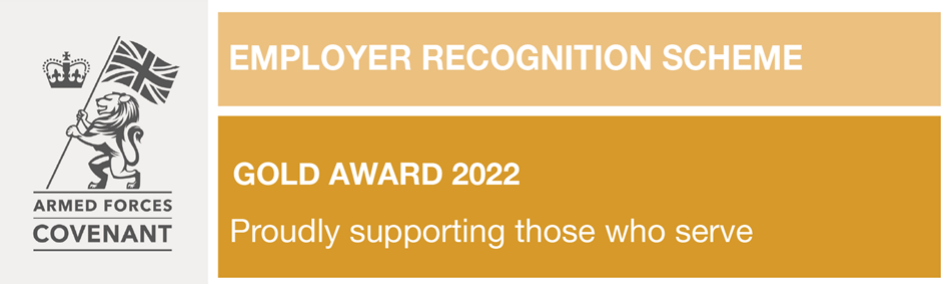
Royal Engineers Central Charitable Trust

Charity number: 1003032



Trustees' report and financial statements

For the year ended 31 December 2023



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Reference and administrative details of the charity

REGISTERED NUMBER

1003032

HEAD OFFICE AND REGISTERED OFFICE

Headquarters Royal Engineers
Brompton Barracks
Chatham
Kent
ME4 4UG

INDEPENDENT AUDITORS

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

BANKERS

Lloyds Bank plc
Coxs & Kings Branch
PO Box 1000
London
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

Royal Engineers Central Charitable Trust

Trustees and advisers

Trustees and advisers who served during the year ending 31 December 2023 were as follows:

Lieutenant General Sir Tyrone Urch KBE
Chief Royal Engineer and Chair (tenure complete September 2023)

Lieutenant General Sir Christopher Tickell KBE
Chief Royal Engineer and Chair (assumed post September 2023)

Major General Richard Semple CBE
Chair, Corps Finance Committee

Major General Kev Copsey OBE
Representative Colonel Commandant

Major General Nick Cavanagh CB
President, Institution of Royal Engineers

Major General Alastair Dickinson CBE
Chair, Royal Engineers Association

Major General David Southall CBE
Chair, Royal Engineers Museum

Major General Bobby Walton-Knight CBE
Chair, Royal Engineers Regimental Affairs Committee (tenure complete October 2023)

Major General Eldon Millar MBE
Chair, Royal Engineers Regimental Affairs Committee (assumed post October 2023)

Brigadier Guy Boxall MBE
Commandant Royal School of Military Engineering Group (tenure complete October 2023)

Brigadier Jim Webster
Commandant Royal School of Military Engineering Group (assumed post November 2023)

Brigadier Dave Bickers MBE
Commander, 8 Engineer Brigade (tenure complete August 2023)

Brigadier Simon Carvel
Commander, 8 Engineer Brigade (assumed post August 2023)

Brigadier Chas Story MBE
Chief Engineer Civil Military Interaction, HQ Allied Rapid Reaction Corps (tenure complete August 2023)

Brigadier Irena Dzisiewska
Chief Engineer Civil Military Interaction, HQ Allied Rapid Reaction Corps (assumed post August 2023)

Colonel Dickie Hawkins MBE ADC
Corps Colonel

Colonel Alastair Cooper QVRM TD
Corps Colonel (Reserves)

Warrant Officer Class 1 Marc Elliott MBE
Corps Sergeant Major (tenure complete June 2023)

Warrant Officer Class 1 Spencer Eardley
Corps Sergeant Major (assumed post June 2023)

Mr Ambrose McGuire
Non-Executive Director (tenure complete September 2023)

Mr Russell Lovell
Corps Secretary

Major (retired) Ian Sidebottom
Corps Treasurer

Chair's Review



I would like to welcome you to the Royal Engineers Central Charitable Trust (RECCT) 2023 Annual Report and Financial Statements. The aim of this report is, as well as meeting our mandated legal requirement for audit, to demonstrate to stakeholders (which includes the entire Sapper Family) how we protect, manage, and utilise the charity's funds on your behalf.

The enclosed accounts demonstrate the high standard of financial management and governance required by law, managed and monitored by the Corps Finance Committee, and delivered by your staff in the Corps Funds department of Regimental Headquarters Royal Engineers. My thanks go to them all for their considerable dedication and continued hard work in support of the Sapper Family.

As was the case last year, I am pleased to report that our investments with the BlackRock run Armed Forces Charities Growth & Income Fund have continued to deliver increasing dividend payments. We have therefore been able to continue to increase the level of disbursements in support of the Corps. Our three investment properties continue to add diversity to our portfolio and currently generate around £50,000 per annum, after costs, to be used in support of our charitable aims. We will purchase a fourth property in 2024.

I would also like to make you aware that RECCT approved and introduced several new initiatives in 2023 for the benefit of the serving Corps (Regular & Reserve) including:

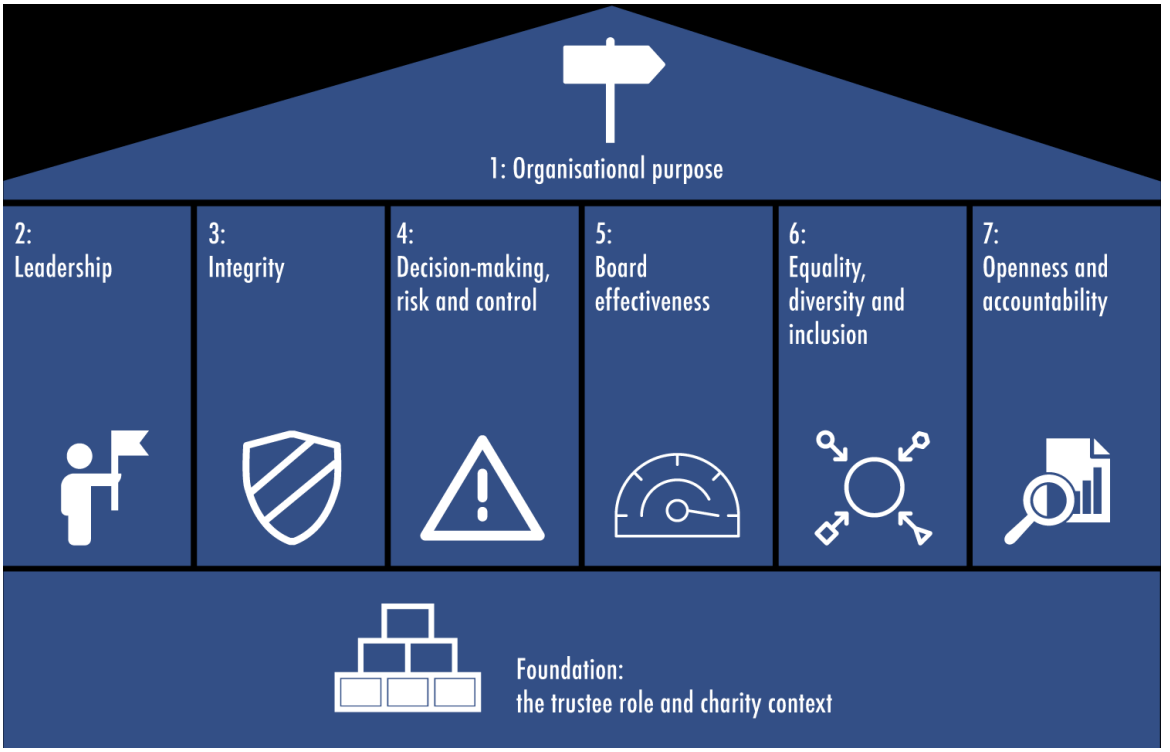
- A Corps flag 'refresh' programme, purchasing new unit and sub-unit flags across the Corps (£25,000);
- Regimental Activity Grants (£120,000 per year);
- Funding uniform and accoutrements for the Corps Senior Soldiers (on promotion to WO1) (£16,000 per year);
- Grants in support of all RE Sgts' Course dinners (£6,000 per year);
- Grants in support of all JNCO ALDP Course lunches (£3,000 per year).

Finally, the charity has again spent more than £300,000 this year in support of sport with Trustees continually discussing other opportunities to enhance the lived experience for the Corps of Royal Engineers.

Once a Sapper, always a Sapper.

Major General Richard Semple CBE

Trustees' Report
For the year ended 31 December 2023



The Trustees have reviewed their activities against the criteria set out within the latest (2020) Charity Governance Code (see above) and present their annual report and the audited consolidated financial statements of the charity and its subsidiaries for the year ended 31 December 2023. 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. This is confirmed by the completion of a 'Going Concern Assessment' which was passed to our auditors. The Trustees have appointed professional advisers and other organisations to support them in delivering the charity's objectives. These advisers and organisations are listed on page 1. The Trustees have written agreements in place with each of them.

OBJECTIVES, AIMS AND ACTIVITIES

Armed Forces charities today offer a broad range of services and support to the Armed Forces community which can range from enhancing quality of life through to direct assistance and intervention. Every charity has its own vision, mission, aim, as well as eligibility criteria to support a specific beneficiary group or groups. The objects of the Royal Engineers Central Charitable Trust, which were formally reviewed in 2020, and are reconsidered annually, continue to be:

- *"To promote the efficiency of the Armed Forces and in particular The Corps of Royal Engineers;*
- *To promote the activities of the Royal Engineers Association and the Institution of Royal Engineers, as laid down in their respective Charters;*
- *To foster an esprit de corps in the Royal Engineers;*
- *To relieve either generally or individually necessitous persons being members or former members of the Royal Engineers or the dependants of such persons."*

Specific activities for 2023 were set by Trustees against 8 planned budgets. Further details are provided under Achievements and Performance. Trustees achieved their objectives for 2023 through a dedicated secretariat and maintaining annual income from:

- The Day's Pay Scheme (Regular and Reserve);
- Market Investments (dividends) and Investment Properties (rental income);
- Occasional legacies;
- Trading through our subsidiary Limited Company (RECE Ltd).

PUBLIC BENEFIT

The Trustees confirm they have referred to the information contained in the Charity Commission's general guidance on public benefit when reviewing their aims and objectives and in deciding what activities the charity should undertake. The charity provides public benefit by assisting regular and reserve service personnel in the Corps of Royal Engineers to perform their roles and duties within the British Army more effectively. The charity also supports the veteran community and their families and thus enhances esprit de corps by promoting the concept of support to the Sapper family for life. It does this by providing the support funding for sports, adventurous training, in-house publications, welfare, gatherings, and events. The Charity promotes the efficiency of the armed forces of the Crown by enhancing the British Army's capability to undertake the roles demanded of it including the defence of the UK and its interests. By supporting the wider Sapper family, it assists the Government in fulfilling its promise in the Armed Forces Covenant (which the RECCT signed up to in 2019) to treat Serving personnel, Veterans, and their families fairly. In 2022, for its commitment to serving the Armed Forces community, the RECCT was awarded a Gold Award under the Employer Recognition Scheme (ERS).

In addition to promoting the efficiency of the Army and, in particular, the military efficiency of the Corps of Royal Engineers by promoting Esprit de Corps, the work of the RECCT benefits the public by:

- Allocating 50% of the charitable income it receives from the Day's Pay Scheme to the Royal Engineers Association (REA) whose prime objective is to provide financial assistance to those in need and benevolence cases from serving and former members of the Royal Engineers and their families.
- Providing financial support to the Royal Engineers Museum, which is open to the general public and provides an educational outreach programme.
- Providing financial support to further education via the Institution of Royal Engineers.
- Providing financial support to serving officers and soldiers (Regular and Reserve) participating in sports & games and adventurous training.

ACHIEVEMENTS AND PERFORMANCE

Trustees pursued the following activities against planned and authorised budgets:

1. Continued support to network charities.
2. Promoted esprit de corps throughout the Royal Engineers.
3. The publication of six 'The Sapper' magazines in 2023 (in print and digital format).
4. Financial support to 34 sports and games associations, unions and clubs, and several individuals who participated in high profile sports activities.
5. Maintained the Pension Plan Scheme for private employees compliant with Auto Enrolment legislation.
6. Introduced a 'Regimental Activity' fund of c£120k per annum.
7. Introduced grants to assist the Corps' Senior Soldiers (on promotion to WO1) to purchase additional uniform and accoutrements.
8. Continued to fund a Corps flag 'refresh' to ensure quality and branding were appropriate.
9. Introduced grants in support of formal dinners for Senior NCOs attending their Sergeant's Course.
10. Introduced grants in support of lunches for Junior NCOs during their Army Leadership Development Programme.
11. Generated income from investments (including investment properties).
12. Provided a retail service (in store, online, and 'on the road') for Corps memorabilia and related items.

Supporting Network Charities

The historic Trustee arrangement that allocates a percentage from the Payroll Giving Scheme direct to nominated network charities provided them with the following income:

	2023	2022
	£	£
Royal Engineers Association	404,923	393,571
Institution of Royal Engineers	198,649	219,940
Royal Engineers Museum	50,000	50,000

Grants to Foster Esprit de Corps

Trustees authorised the following grants in 2023:

	2023	2022
	£	£
RE Sports & Games	333,274	366,372
Communications Hub (incl The Sapper Magazine)	72,920	79,458
Esprit de Corps	226,848	120,338

Publishing 'The Sapper' Magazine

Trustees provided £72,920 (2022: £79,458) to fund the publication of an all ranks 'The Sapper' magazine. Some 4,000 copies of The Sapper magazine were published bi-monthly. Free copies of the magazine are sent to Regular Royal Engineer units for the benefit of the officers and soldiers who subscribe to the RECCT. Free copies were also sent to Royal Engineer Reserve units, affiliated Army Cadet units, Royal Engineer officers and soldiers serving in non-Royal Engineer units. The Sapper continues to be well received both by units and individuals, including former members of the Corps and Royal Engineers Association branches, who make a donation. The Sapper provides a focal point in publicising the Corps' activities and in engendering esprit de corps. The Sapper magazine has been remodelled and is now a hybrid, print and digital, publication. The Sapper magazine now sits within the Corps Communications Hub and enhances the Corps' opportunities to deliver consolidated messaging across both social media and print.

Supporting Corps Sports Clubs

Trustees approved financial grants supporting more than 5,000 personnel (serving and veteran) through 34 sports associations, unions, and clubs. This included two new sports club this year (Volleyball & Jiu Jitsu).

Optimising Income from the Days Pay Scheme (DPS)

Since 1 April 2007, DPS subscriptions have been collected by a Payroll Giving scheme via the Joint Personnel and Administration (Centre). On 1 April 2007 officers' subscriptions, including an element for their membership of the Institution of Royal Engineers and the Royal Engineers' Association, increased from 150% to 160% of a day's assessable pay per annum. Officers also make a voluntary subscription of 70% of a day's assessable pay to the Royal Engineers Headquarter Mess. Soldiers' subscriptions increased from 100% to 110%. Warrant Officers' and Senior Non-Commissioned Officers' elected to increase their subscriptions from 110% to 115% in August 2010. The 5% increase being used to set up a new designated fund for their use. In 2012 serving soldier subscriptions were increased to 120% and 125%. Reserves officers and soldiers have been able to make annual contributions (12%) via JPA since 2015 which, since 1 October 2023, has been increased to 20%.

Generating Income & Growth from Investments

Investments delivered dividends of £333,068 in 2023 (2022: £338,766). During the period 1 January to 31 December 2023, the performance of the distribution units in the fund was +4.3% (2022: -10.6%) after fees and expenses. Since launch in September 2002, the fund has produced a return of +305.5%, +6.8% (2022: +330.1%, +7.4%). The fund's benchmark since inception has returned +344.2% and +7.2%. Details of the Corps Investment Powers, House and Policy are contained in the Financial Review of this report.

In 2019, the Charity realised investment units and purchased two houses in a local development (previously the site of a Royal Engineers barracks). The rationale being to diversify during a difficult market period whilst generating an additional funding stream, through rental income. Both houses are occupied and generated rental income of £25,356 in 2023 (2022: £25,118). This 4.2% yield is in line with RECCT Trustee direction. The charity completed its purchase of a third property (in the Ebbsfleet Garden City development) in Q1 of 2022 which has, in 2023, generated rental income of £24,540 (a 5.2% yield). Trustees agreed to approve the purchase of a fourth (and final) property in 2024 whilst remaining cognisant of the changes in the property market.

FINANCIAL REVIEW

Summary

The consolidated account generated net expenditure for the charity, before other recognised gains and losses, of £95,239 (2022: net income of £82,711).

The accumulated funds of the Charity decreased by £7,426 to £10,162,352 (2022: decreased by £1,250,586 to £10,169,778). The consolidated funds decreased by £8,876 to £10,186,055 (2022 decreased by £1,247,774 to £10,194,931).

Balance Sheet

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

Investment Powers

The Trust Deed provides full and unrestricted powers of investment to the Trustees, who sub-delegate investment decisions to a professional Investment House, within the parameters of overall guidance by the Trustees.

Investment House & Policy

RECCT invests in the Armed Forces Charities Growth & Income Fund, managed by BlackRock. The aim of the Fund is to provide a return on investment (net of fees) over a period of 5 or more consecutive years beginning at the point of investment, generated through an increase to the value of the assets held by the Fund and/or income received from those assets. Further investment details are given in the notes to the financial statements. No additional investment units were purchased in 2023.

Investment Environment, Social, and Corporate Governance (ESG)

The BlackRock Armed Forces Growth & Income Fund actively seeks out investments they believe are well aligned to the increasing preference for charities to invest in environmentally sustainable companies. These thematic investments not only provide diversification to the Fund but also ensure that client's capital is being used to drive positive change. An example of this within the Fund is the investments in renewable energy and energy efficiency exposures. BlackRock identified renewable energy as a sector that needed capital back in 2013 and which presented a good investment opportunity as well as driving positive environment change. They have also identified energy efficiency as a sector which requires capital in order to help retrofit heating systems in buildings and provide solutions to energy waste, something that will be key to achieving net-zero commitments by 2050. More recently they have allocated to battery storage technology to help address the intermittency issues associated with renewables, in order to facilitate their continued roll-out.

Where BlackRock do hold oil and mining companies, they do so selectively with those companies that have clear and credible plans for a transition to net zero, including investment in renewable energy projects and associated technology. Accelerating the transition to net-zero is critical and will required significant investment in renewables, however, in the interim the world will continue to require fossil fuels to prevent a disorderly transition and the social implications that will have. BlackRock are committed to holding companies to account on issues such as climate change and they leverage their position as a major shareholder to encourage positive environmental and societal change on behalf of their clients.

Reserves Policy

The account posts net expenditure of £95,239 (2022: net income of £82,711) before realised and unrealised gains. Losses on investments amounted to £534 (2022: losses of £1,436,814), and gains on revaluations of fixed assets were £86,897 (2022: £106,329) giving a negative net movement in funds of £8,876 (2022: negative net movement of £1,247,774). Trustees review the reserves policy and investments during the annual budgetary cycle.

The Charity is heavily dependent on current members of the Corps supporting the Day's Pay Giving Scheme (c30% of total income). Any major change in the structure or strength of the Corps could impact the levels of future support available to the Sapper Family. 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. With high inflation and deposit rates very low, this year has again highlighted the need to consider ways to mitigate the impact of price and salary increases (wage inflation) on our long-term objectives. The performance of the Charity's investment portfolio is subject to global market movements and, while the present value of the portfolio produces (generally) 30% of total required income, the value and/or dividend income can fluctuate, potentially markedly, due to market volatility. The aim of our Reserves is to ensure the charity thrives and survives.

To mitigate the identified financial risks, adequate reserves are required to meet the Charity's objectives. Reserves should be able to meet potential operational shocks and increases in demands whilst also enabling Trustees to deliver on the Charity's objects. The Charity's commitment is to support the Sapper Family now and particularly in the future. Therefore, Trustees have assessed the level of reserves and related investments required to meet these contingencies and to mitigate against the current risk profile, to be in the range of £10 million. Lastly, high inflation means cash could be losing its value in real terms, so cash reserves are being invested. Current unrestricted reserves are £10,186,055 of which £55,173 is shop stock (2022: £10,194,931 of which £62,217 was shop stock) which Trustees consider is consistent with this policy. £52,615 of our unrestricted reserves are designated funds.

Grant Making Policy

Trustees invite applications from network charities and organisations, external establishments with a past or extant connection to the Corps and from individuals who subscribe to the Days' Pay Scheme who embark on major sporting or challenging pursuits. Details of how to apply for routine or annual grants are communicated in writing to network charities and organisations, briefings to new subscribers or by telephone to the Corps Treasurer. Details of grants made in 2023 are covered under Achievements and Performance.

Remuneration Policy

Privately employed personnel working for the RECCT have their salaries authorised by the appropriate charity committee, agreed by means of an individual employment contract, and are paid from the appropriate charity fund. As far as possible, salary scales are to be linked to the Civil Service pay system with staff placed on the initial 'starters rate' salary for the agreed Civil Service pay band (this to be expressed in their contract of employment). Payment is made through a registered PAYE payroll via the respective charity. Corps Colonel RE is responsible to Trustees for ensuring parity where appropriate. In line with extant Civil Service policy, the charities operate an in-year reward scheme for exceptional performance with Corps Colonel RE as the arbiter for the scheme to ensure parity across all charities. Trustees are not paid by the charity for their services as a Trustee but are reimbursed for expenses incurred during performance of their duties, in accordance with the Trustee's agreed policy.

Equality, Diversity & Inclusion

Our female beneficiaries make up approximately 3% of the serving Corps of Royal Engineers (9% are officers and 2% soldiers) with the Army as a whole being 10.2% female (as at 1 April 2023). Reporting in line with the UK Equality Act 2010 (Gender Pay Gap Information) Regulations 2017: 67% of RECCT staff are female and 33% male. There is no pay gap between male and female staff who carry out the same job, similar jobs, or work of equal value and there is no ethnicity pay gap. The Corps of Royal Engineers, like the rest of the Army, is proud to be ethnically diverse and inclusive. Lastly, 33% of RECCT employees are veterans or veteran's spouses.

PLANS FOR FUTURE PERIODS

The RECCT plans to:

- Continue to develop the RECCT short, medium, and long-term financial planning and forecasting.
- Continue to review investment property opportunities to enhance our income generation portfolio.
- Continue to maintain the RE Private Pension Plan, in line with Auto Enrolment legislation.
- Monitor, review and refine the RE Days Pay Scheme.
- Support the Regular & Reserve Corps with gradual transition from QEII cypher to CRIII (including cap badges, belts, flags etc).
- Fund the launch of the latest volume (Volume XIII) of the History of the Corps of Royal Engineers.
- Assist Royal Engineers units with funds to purchase portraits of Their Majesties King Charles III and Queen Camilla.

SUMMARY

The Trustees remain confident of their ability to continue to meet the Objects of the Charity in the future.

INDEPENDENT AUDITORS

Kreston Reeves LLP remained the Trustees' choice as charity auditor.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Trust Deed

The Royal Engineers Central Charitable Trust (RECCT, Charity number 1003032) Trust Deed dated 14 March 1991 was made by the Members of the Chief Royal Engineer's Committee (the Original Trustees). The Trust Deed allowed the Original Trustees to remain as Trustees whilst they continued to serve on the Chief Royal Engineer's Committee. The Original Trustees have been superseded by new Members of the Chief Royal Engineer's Board, all of whom have indicated their willingness and eligibility to serve as Trustees.

Background

The RECCT combined and superseded the former funds called the 'Royal Engineers Officers' Charitable Fund' and the 'Royal Engineers General Charitable Purposes Fund'. These funds were classified as excepted from registration as charities under the provisions of Statutory Instrument 1965 No.1056 being charities *"wholly or mainly concerned with the promotion of the efficiency of any of the armed forces of the Crown...."* Due to the increasing size of their assets and on advice sought from the Charity Commission, action was taken to draw up a Deed of Trust and to have the RECCT formally registered as a Charity.

ORDERS AND RESOLUTIONS

Based on subsequent resolutions made by the Trustees, the Charity Commissioners have approved:

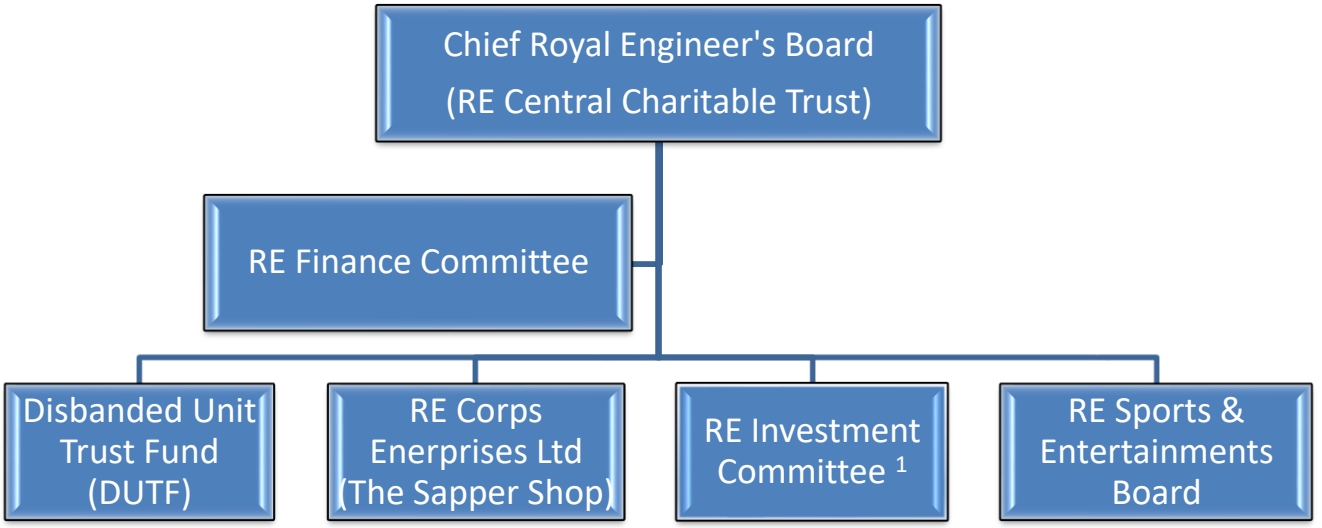
Investment

An Order providing the Trustees power to appoint an investment manager and to delegate to him/her discretionary powers in relation to the Charity's investments.

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.

ORGANISATION



Note 1: RE Investment Committee dormant (see below).

At their quarterly Trustee meetings members of the Chief Royal Engineer's Board agree the broad strategy and areas of activity for the charity, including consideration of grant making, investment, reserves, risk management, HRM policies and performance. The Trustees are served by subordinate committees with delegated responsibility for fulfilling their role, each chaired by a Trustee who is responsible for reporting back to the Chief Royal Engineer's Board. The subordinate committees are:

- **RE Finance Committee**

In 2009 Trustees approved Terms of Reference for the RE Finance Committee which were reviewed in 2017 as part of The Chief Royal Engineer's governance policy review and again in 2019 as part of the Corps' Quinquennial review. The Committee advises the Trustees on financial policy and the control of funds based on an annual budget system incorporating a five-year forecast.

- **RE Investment Committee**

This Committee fulfils a combined responsibility together with nominated representative Trustees of the connected charities i.e. The Royal Engineers Association, Charity Nos. 258322 and SC041832, The Institution of Royal Engineers, Charity No. 249882, and the Royal Engineers Vocational Educational Training Trust (REVETT), Charity No. 1068709, to lay down a detailed generic investment policy for the Corps Charities and for informing the investment manager of the extent of the investment powers for each Charity and for all other matters laid down in the Order for the delegation of investment powers. Since joining the Armed Forces Common Investment Fund (AFCIF) the need for regular committee meetings diminished. It is still considered appropriate to remain in the AFCIF (now a CAIF) with future meetings being held at the discretion of the Chair or a convincing request by a committee member.

- **RE Sports and Games and Entertainments Board**

Responsible for vetting and recommending to Trustees, via the RE Finance Committee, the level of annual grant appropriate to recognised Corps Sports, Games, and other challenging pursuits. Responsible for the annual review and allocation of funds from the Corps entertainment and esprit de corps budgets and for making grant recommendations to Trustees, via the Corps Finance Committee. Responsible for drafting relevant policy (sponsorship etc) for approval by the RE Finance Committee.

RHQ RE

Day to day administration of the RECCT is vested in RHQ RE. Grant applications are processed to the relevant sub-committee by the Corps Treasurer who administers and accounts for approved grants.

TRUSTEES

The Trustees who served during the year are detailed on page 2. Trustees (part of Chief Royal Engineer's Board) held formal meetings in February, July, and December 2023. In July they approved the 2022 Statement of Financial Affairs and in December reviewed their 2023 expenditure prior to authorising annual budgets for 2024. The Corps Finance Committee met in June and October.

Appointment of Trustees

New Trustees are invited to hold office after discussion by the appropriate committee and at the personal invitation of the Chief Royal Engineer or his nominated representative. As part of their induction process each Trustee is provided with a copy of the Trust Deed, a copy of the Charity Commission leaflet explaining the responsibilities of Trustees, a locally produced Trustee Handbook and copies of the Charity's fraud policy, conflict of interest policy, whistleblowing policy, and access to previous audited accounts. Each Trustee signs a certificate to confirm their eligibility and willingness to act as a Trustee. In 2023 new Trustees attended formal Charity Trustee Training Programmes (run virtually) and several existing Trustees undertook refresher training. People with Significant Control (PSC) and all Conflicts of Interest (actual or perceived) are recorded in registers held and maintained by the Corps Treasurer.

NETWORK CHARITIES

THE ROYAL ENGINEERS ASSOCIATION

The responsibility for undertaking all benevolence work on behalf of the Corps is vested in the Royal Engineers Association (REA). In addition to using their accrued trust funds, investment income and occasional legacies for benevolence purposes, the REA, receive 50% of the Day's Pay Scheme income received by the RECCT for charitable purposes. A separate Trustees' annual report is prepared by the REA together with the Charity's financial statements, Charity Nos. 258332 and SC041832.

THE INSTITUTION OF ROYAL ENGINEERS

The Objects of the Institution of Royal Engineers, as set out in its Royal Charter and Bye-Laws, are to promote and advance the science of military engineering and to promote military efficiency and particularly the military efficiency of the Corps of Royal Engineers. In addition to using their accrued trust funds and investment income for this purpose, the Trustees of the Institution, which routinely includes members of the Chief Royal Engineers Board, receive 71.5% of the income drawn down from serving officer contributions (gathered via payroll giving), and since 2012, received payroll giving scheme contributions from serving WOs & SNCOs (5%) and Junior Ranks (5%). A separate Trustees' Annual Report is prepared by the Institution of Royal Engineers together with the Charity's financial statements, Charity No. 249882.

THE ROYAL ENGINEERS MUSEUM (REM)

Overall control of the Royal Engineers Museum (REM) is vested in the Trustees of the Institution of Royal Engineers. Financial support towards the running costs of the Museum is provided by The Institution of Royal Engineers and the RECCT. Financial control of the Museum is delegated to the Royal Engineers Museum Committee which draws up an annual budget against planned activities for Trustee approval. A separate Trustees' report is included with the Statement of Financial Affairs prepared by the Royal Engineers Museum, Charity No. 295173.

TRUST FUNDS OF DISBANDED UNITS AND ESTABLISHMENTS

The Trust Deed dated 8 March 1957 was made by members of the Chief Royal Engineer's Committee (the original Trustees). The Trustees operate under the terms of a Scheme approved and established on 8 March 1957 for the regulation of the Trust Funds of Disbanded Units and Establishments (DUTF) of the Corps of Royal Engineers "Central Charities" comprising:

- Officers' Mess Funds;
- Warrant Officers' and Sergeants' Mess Funds; and
- President of the Regimental Institute (PRI) Funds

On 13 December 2007, the Trustees passed a resolution, subsequently supported by the Charity Commission, to transfer the remaining assets in each fund to a restricted fund within the RECCT. The last separate Trustees' report and statement of financial affairs for the DUTF was issued by the Chief Royal Engineer's Committee in 2007. The final funds from the DUTF were expended in 2023 in support of a Corps-wide (Regular & Reserve) 'flag refresh' programme although the fund will remain open to receive any subsequent income from disbanded RE units.

ROYAL ENGINEERS NETWORK

RE HQ Mess

In 2023, The Royal Engineers HQ Mess was converted from an Excepted Charity (under the provisions of the Charities (Exception from Registration and Accounts) Regulations 1965 (Statutory Instrument 1965 No.1056)) to a Registered Charity, Charity No 1202413.

RE Establishments and Units

As well as receiving an annual grant, Royal Engineer establishments and regular/reserve/hybrid units are invited to seek and justify additional grants to offset the cost of entertainment that they undertake for the benefit of the Corps as opposed to the individual establishment or unit. The Corps Entertainment Committee review each bid and make grant recommendations to Trustees via the Corps Finance Committee. In 2022, to recognise the increased costs involved, the Committee agreed, with effect from 2023, to increase all entertainments grants by 10% and in 2023 agreed to uplift 2024 allocations by a further 10%.

RE Sports Clubs

RHQ RE, through the RE Sports Board, has approved thirty-four Corps Sports & Games Clubs. Each sport and club are managed by a designated Chair, Manager and Treasurer. Club Chairs are invited to seek and justify financial support for their planned activities each year through the RE Sports and Games Board.

RISK MANAGEMENT STATEMENT *What could stop us achieving our aims?*

The Trustees review risks to which the Charity is exposed at each of their 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 by the RE Finance Committee on 20th October 2023 and Chief Royal Engineer's Board on 6th December 2023 with Trustees satisfied that appropriate internal controls are in place and remain effective with systems established to mitigate those risks identified.

Key Risks

The two key risks identified to which the charity could be exposed are shown below:

Risk	Consequence	Impact	Likelihood / Trend	Mitigation/Preventative Action
Failure to generate sufficient income to cover planned / known expenditure	• Failure to deliver outputs • Failure to meet charitable objects • Failure to sustainably finance our people • Members withdrawing from RE Days Pay Scheme (RE DPS) • Loss of credibility and reputation • Degradation of existing capital / investments	Medium	Medium 	• Robust financial reserves policy and prudent investment • Monitor Corps manning strength and contributions to RE DPS (Regular and Reserves) to identify trends • Produce accurate monthly FOOs • Link budgets to business planning and Charitable Objects • Promote legacy giving and donations • Ensure max long-term occupancy of Corps property portfolio minimising 'void' periods
Significant reduction in Public funding	• Inability to deliver Chief Royal Engineer's mandated outputs • Corps' charities forced to fund additional staff costs • Inability to preserve and maintain Regimental identity and resilience • Over-reliance on Colonels Commandant	High	Medium 	• Improve financial planning and forecasting • Promote sponsorship for Sapper Sport • Monitor financial reserves policy • Continue to promote RE Reserves Days Pay Scheme

Statement of Trustees' responsibilities

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

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of its income and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102) (2019);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Memorandum of Association. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Trustees
and signed on behalf of the Trustees



Colonel RB Hawkins MBE ADC
Trustee

12th July 2024

Royal Engineers Central Charitable Trust
Independent Auditor's report to the Trustees of the Royal Engineers Central Charitable Trust

We have audited the financial statements of Royal Engineers Central Charitable Trust (the 'charity) for the year ended 31 December 2023 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 2023 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 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.

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.

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

- 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.

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

Date: 31 July 2024

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

Royal Engineers Central Charitable Trust

Consolidated statement of financial activities
For the year ended 31 December 2023

	Note	Unrestricted funds 2023	Restricted funds 2023	Total funds 2023	Total funds 2022
		£	£	£	£
Income and endowments from:					
Donations and legacies	3	**764,593**	**-**	**764,593**	813,673
Other trading activities	7, 8	**251,581**	**-**	**251,581**	249,609
Investment income	9	**383,501**	**-**	**383,501**	381,422
Charitable activities	10	**4,200**	**-**	**4,200**	4,200
Total income		**1,403,875**	**-**	**1,403,875**	1,448,904
Expenditure on:					
Raising funds	8	**248,256**	**-**	**248,256**	234,521
Charitable activities	11	**1,250,858**	**-**	**1,250,858**	1,131,673
Total expenditure		**1,499,114**	**-**	**1,499,114**	1,366,194
Net income/(expenditure) before gains and losses on investments		**(95,239)**	**-**	**(95,239)**	82,711
Net loss on investments		**(534)**	**-**	**(534)**	(1,436,814)
Net gains on revaluations of tangible fixed assets		**86,897**		**86,897**	106,329
Net movement in funds for the year		**(8,876)**	**-**	**(8,876)**	(1,247,774)
Total funds at 1 January 2023		**10,194,931**	**-**	**10,194,931**	11,442,705
Total funds at 31 December 2023		**10,186,055**	**-**	**10,186,055**	10,194,931

The statement of financial activities includes all gains and losses in the year

All activities relate to continuing operations.

The notes on pages 23 to 37 form part of these financial statements.

Royal Engineers Central Charitable Trust

Consolidated balance sheet
As at 31 December 2023
Charity Number: 1003032

	Note	£	2023 £	£	2022 £
Fixed assets					
Tangible assets	23		**213,129**		227,356
Investments	24		**7,978,032**		8,858,566
Investment properties	25		**1,295,000**		1,220,000
			9,486,161		10,305,922
Current assets					
Stocks	26	**55,173**		62,217	
Debtors	27	**129,470**		170,215	
Cash at bank and in hand		**576,550**		675,863	
		761,192		908,295	
Creditors: amounts falling due within one year	28	**(61,299)**		(1,019,286)	
Net current assets			**699,894**		**(110,991)**
Net assets			**10,186,055**		**10,194,931**
Charity Funds					
Restricted funds	29		-		-
Unrestricted funds	29		**10,186,055**		10,194,931
Total funds			**10,186,055**		10,194,931

The financial statements were approved by the Trustees on 12 July 2024 and signed on their behalf, by:

Major General R J Semple CBE
Trustee

Colonel R B Hawkins MBE ADC
Trustee

The notes on pages 23 to 37 form part of these financial statements.

Royal Engineers Central Charitable Trust

Charity balance sheet
As at 31 December 2023
Charity Number: 1003032

	Note	£	2023 £	£	2022 £
Fixed assets					
Tangible assets	23		**213,129**		227,356
Investments	24		**7,978,032**		8,858,566
Investment properties	25		**1,295,000**		1,220,000
			9,486,161		10,305,922
Current assets					
Debtors	27	**158,920**		199,448	
Cash at bank		**562,133**		667,124	
		721,053		866,572	
Creditors: amounts falling due within one year	28	**(44,861)**		(1,002,716)	
Net current assets			**676,191**		(136,144)
Net assets			**10,162,352**		10,169,778
Charity Funds					
Restricted funds	29		-		-
Unrestricted funds	29		**10,162,352**		10,169,778
Total funds			**10,162,352**		10,169,778

The financial statements were approved by the Trustees on 12 July 2024 and signed on their behalf, by:

Major General R J Semple CBE
Trustee

Colonel R B Hawkins MBE ADC
Trustee

The notes on pages 23 to 37 form part of these financial statements.

Royal Engineers Central Charitable Trust

Consolidated Statement of Cash Flows
For the year ended 31 December 2023

	Note	2023	2022
		£	£
Net cash used in operating activities	33	**(1,374,711)**	621,744
Cash flows from investing activities			
Interest and dividends		**383,501**	381,422
Cash provided by investing activities		**383,501**	381,422
Cash used in financing activities			
Decrease in cash and cash equivalents in the year		**(99,313)**	(713,993)
Cash and cash equivalents at the beginning of the year		**675,863**	1,389,856
Total cash and cash equivalents at the end of the year		**576,550**	675,863

Analysis of changes in net debt

	At 1 Jan 2023	Cashflows	At 31 Dec 2023
	£	£	£
Cash and cash equivalents			
Cash	**675,863**	**(99,313)**	**576,550**

Notes to the financial statements
For the year ended 31 December 2023

1 General administrative information

Royal Engineers Central Charitable Trust is an unincorporated charity in England & Wales with the registration number 1003032. 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 Armed Forces and in particular The Corps of Royal Engineers; to promote the activities of the Royal Engineers Association and the Institution of Royal Engineers, as laid down in their respective Charters; to foster an esprit de corps in the Royal Engineers; and to relieve either generally or individually necessitous persons being members or former members of the Royal Engineers or the dependants of such persons.

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) (effective 1 January 2019).

Royal Engineers Central Charitable Trust 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 financial currency, and rounded to the nearest pound.

No separate SOFA has been presented for the charity alone.

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.

2.3 Fund accounting

The Charity maintains the following types of funds:

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

General unrestricted funds represent unrestricted funds which are expendable at the discretion of the Trustees in the furtherance of the objects of the Trust. Such funds may be held in order to finance both working capital and capital investment.

Restricted fund for DUTF, which operates under a separate Trust Deed dated 8 March 1957.

2.4 Turnover

Turnover is recognised when counter goods from either the shop or foyer trading are sold or dispatched and invoiced to customers via the company's mail order service.

2.5 Basis of consolidation

The financial statements consolidate the accounts of Royal Engineers Central Charitable Trust and its subsidiary undertaking.

2 Accounting policies (continued)

2.6 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.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

The cost of 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 donated expenditure, apportioned against charitable activities and support.

2.7 Expenditure

Liabilities are recognised as resources 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 to third parties in the furtherance of the charitable objectives of the Trust are always authorised by the Trustees.

2.8 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Fixtures and fittings	10% straight line
General Property	10% straight line
Computers	20% straight line

2.9 Investment properties

Investment properties are being long-term assets, which generate income. The are included at market value in accordance with the Statement of Recommended Practice on accounting by charities. Please see note 26 to the financial statements.

2.10 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.

2.11 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2 Accounting policies (continued)

2.12 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.

2.13 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.

2.14 Liabilities and provisions

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.

2.15 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.

2.16 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.

2.17 Tender Policy

Trustees have a tender policy that covers expenditure:

a. Between £2,500 and £5,000
b. Between £5,000 and £10,000
c. Over £10,000

2.18 Taxation

Royal Engineers Central Charitable Trust is a registered charity and accordingly no provision is considered necessary for taxation.

2.19 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.

		Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £	Total funds 2 £
3 Donations and legacies					
Subscriptions	(Note 4)	**444,796**	**-**	**444,796**	431,107
Donations	(Note 5)	**64,449**	**-**	**64,449**	95,373
Donated services and facilities	(Note 6)	**255,348**	**-**	**255,348**	234,070
Government Grants receivable		**-**	**-**	**-**	6,918
		764,593	**-**	**764,593**	767,468

All Income from Donations and Legacies was unrestricted in 2023 and 2022.

4 Subscriptions					
Serving officers' subscriptions		**85,277**	**-**	**85,277**	82,726
Retired officers' subscriptions		**11,807**	**-**	**11,807**	12,999
Soldiers' subscriptions		**314,282**	**-**	**314,282**	301,514
Tax refund - Retired Officers & Reserves		**2,104**	**-**	**2,104**	1,458
Reserves DPS		**5,364**	**-**	**5,364**	5,189
WOs' & SNCOs' (5% subscription)		**9,009**	**-**	**9,009**	9,052
The Sapper Magazine		**16,953**	**-**	**16,953**	18,169
		444,796	**-**	**444,796**	431,107
5 Donations & Grants					
General		**1,498**	**-**	**1,498**	4,606
WOs' & Sgts' Silver Fund		**2,410**	**-**	**2,410**	12,067
Comms Hub		**60,000**	**-**	**60,000**	78,700
Commercial Donation		**541**	**-**	**541**	
		64,449	**-**	**64,449**	95,373
6 Donated services and facilities					
Gas		**984**	**-**	**984**	932
Electricity		**1,154**	**-**	**1,154**	1,102
Water and sewage		**466**	**-**	**466**	446
Community charge		**5,856**	**-**	**5,856**	5,574
Administration utilities		**803**	**-**	**803**	764
MOD salaries		**194,540**	**-**	**194,540**	182,543
Administration salaries		**51,545**	**-**	**51,545**	42,709
		255,348	**-**	**255,348**	234,070

	Unrestricted funds 2023	Restricted funds 2023	Total funds 2023	Total funds 2022
7 Other trading activities - RECCT				
Advertisements	**2,150**	**-**	**2,150**	2,225
Miscellaneous & graphic sales	**333**	**-**	**333**	178
Project Funding	**2,292**	**-**	**2,292**	9,873
	4,775	**-**	**4,775**	12,276
8 Other trading activities - RECE Ltd				
	£	**£**	**£**	£
Income				
RECE Ltd Sales	**246,806**	-	**246,806**	237,333
Expenditure				
Cost of sales	**155,607**	-	**155,607**	141,730
Staff costs	**56,556**	-	**56,556**	52,849
Postage & telephone	**19,869**	-	**19,869**	22,133
Printing & stationery	**2,165**	-	**2,165**	2,885
IT costs	**5,841**	-	**5,841**	6,783
Miscellaneous	**435**	-	**435**	388
Cardnet terminal services	**4,804**	-	**4,804**	4,144
Bank charges	**587**	-	**587**	316
Depreciation	**-**	-	**-**	115
Insurance	**1,342**	-	**1,342**	1,483
Audit fee	**220**	-	**220**	200
Advertising	**830**	-	**830**	1,495
	248,256	**-**	**248,256**	234,521
	(1,450)	**-**	**(1,450)**	2,812

All income and expenditure on trading activities was unrestricted in 2023 and 2022.

9 Investment income				
	£	**£**	**£**	£
Dividends	**333,068**	**-**	**333,068**	338,766
Lloyds bank interest	**537**	**-**	**537**	1,178
Kitchener & Ebbsfleet Properties	**49,896**	**-**	**49,896**	41,478
	383,501	**-**	**383,501**	381,422

Income from investments was £383,501 (2022: £381,422) of which £383,501 was unrestricted (2022: £381,417) and £Nil was restricted (2022: £5).

10 Income from charitable activities				
	£	**£**	**£**	£
Burgoyne House	**4,200**	**-**	**4,200**	4,200

All income from charitable activities was unrestricted in 2023 and 2022.

	Direct costs 2023	Support costs 2023	Total funds 2023	Total funds 2022
11 Analysis of expenditure by activities	**£**	**£**	**£**	£
Burgoyne House (Note 12)	**1,984**	**-**	**1,984**	6,045
Sports & Games (Note 13)	**333,273**	**81,828**	**415,101**	429,963
Heritage (Note 14)	**50,000**	**-**	**50,000**	50,000
Esprit de Corps (Note 15)	**226,848**	**96,908**	**323,756**	207,538
RE HQ Mess (Note 16)	**29,518**	**-**	**29,518**	30,037
Comms Hub (Note 17)	**72,919**	**171,881**	**244,800**	244,760
WOs' & Sgts' (Note 18)	**25,223**	**22,473**	**47,696**	32,805
RE Corps Enterprises (Note 19)	**-**	**77,215**	**77,215**	75,402
Day's Pay Scheme (Note 20)	**-**	**60,788**	**60,788**	55,123
	739,766	**511,092**	**1,250,858**	1,131,673

Expenditure on charitable activities was £1,250,858 (2022: £1,131,673) of which £1,250,858 was unrestricted (2022: £1,116,048) and £Nil was restricted (2022: £15,624).

12 Burgoyne House

Direct costs:	**£**	£
General Maintenance	**1,165**	3,300
Land Rent	**21**	21
Gas contract	**371**	321
Depreciation	**427**	2,403
	1,984	6,045

13 Sports & Games

Direct costs:	**£**	£
RE Sports Board	**336,268**	372,412
Refund sports grant from previous year	**(2,995)**	(6,040)
	333,273	366,372
Support costs:		
Audit Fee	**1,114**	1,040
Insurance	**405**	423
Administration	**1,156**	1,507
IT Support	**1,227**	774
Depreciation	**6,100**	2,367
Donated services support costs	**8,385**	7,421
Donated services MOD Salaries	**21,399**	21,340
Staff costs	**42,042**	28,719
	81,828	63,591
	415,101	429,963

14 Heritage

Direct costs:	**£**	£
RE Museum	**50,000**	44,600
RE Museum Dockyard Rent	**-**	5,400
	50,000	50,000

		Total funds 2023	Total funds 2022
15	**Esprit de Corps**		
	Direct costs:	**£**	£
	Donations and presentations	**1,091**	716
	Other Corps events	**86,778**	32,902
	Corps entertainment	**121,530**	63,039
	Project Funding	**-**	10,305
	Colonels Comdt	**3,286**	1,066
	Unit grants - DUTF	**-**	15,624
	War Memorials	**-**	8,950
	Clive Beckett Legacy	**1,577**	-
	Senior Soldier Uniform Grant	**18,666**	-
	Refund of previous years' grant	**(6,080)**	(12,264)
		226,848	120,338
	Support costs:		
	Audit fee	**2,228**	2,080
	Insurance	**809**	846
	Administration	**3,860**	4,934
	IT Support	**2,454**	1,549
	Depreciation	**12,200**	4,734
	Donated services support costs	**16,769**	14,842
	Donated services MOD Salaries	**42,799**	42,680
	Staff costs	**15,788**	15,535
		96,908	87,200
		323,756	207,538
16	**HQ Mess**		
	Direct costs:		
	Mess Secretary salary	**29,518**	30,307

		Total funds 2023	Total funds 2022
17	**Comms Hub**		
	Direct costs:		
	Printing & distribution	**70,250**	72,693
	Miscellaneous	**2,669**	6,765
		72,919	79,458
	Support costs:		
	Audit fee	**1,114**	1,040
	Insurance	**405**	423
	Administration	**2,664**	3,270
	IT support	**10,370**	6,163
	Depreciation	**1,297**	3,705
	Donated services support costs	**8,848**	7,871
	Donated services MOD Salaries	**31,126**	31,040
	Staff costs	**116,057**	111,790
		171,881	165,302
		244,800	244,760
18	**WOs' & Sgts' Fund**		
	Direct costs:		
	Individual E2 Grants	**600**	750
	Corps Dinner Nights	**1,623**	1,080
	Adjustment Silver Fund 2021	**-**	9,454
	Unit WOs' & Sgts' Mess Nights	**23,000**	-
		25,223	11,284
	Support costs:		
	Audit Fee	**1,114**	1,040
	Insurance	**404**	423
	Administration	**1,156**	1,507
	Miscellaneous	**665**	927
	IT support	**1,227**	774
	Donated services support costs	**7,813**	6,869
	Donated services MOD salaries	**9,727**	9,700
	Staff costs	**368**	281
		22,473	21,521
		47,696	32,805
19	**RE Corps Enterprises Ltd**		
	Support costs:		
	Donated services support costs	**10,237**	9,219
	Donated services MOD Salaries	**60,307**	60,140
	Staff costs	**6,671**	6,043
		77,216	75,402

		Total funds 2023	Total funds 2022
20	**Day's Pay Scheme**		
	Support costs:		
	Audit Fee	**1,114**	1,040
	Insurance	**405**	423
	Administration	**1,156**	1,507
	IT support	**1,227**	774
	Depreciation	**6,100**	2,367
	Donated services support costs	**8,755**	7,781
	Donated services MOD Salaries	**29,181**	29,100
	Staff costs	**12,850**	12,131
		60,788	55,123

21 Net Income / (Expenditure)

This is stated after charging:

	£	£
Depreciation of tangible fixed assets:		
-owned by the charitable group	**26,124**	15,575
Auditor's remuneration	**6,684**	6,240

During the year, no Trustees received any remuneration (2022: £Nil).
During the year, no Trustees received any benefits in kind (2022: £Nil).
During the year, no Trustees received any re-imbursement of expenses (2022: £Nil).

		Total funds 2023	Total funds 2022
22	**Staff costs**	**£**	£
	Staff costs were as follows:		
	Wages and salaries	**195,627**	227,979
	Social security costs	**12,363**	11,882
	Pension costs	**15,304**	17,523
		223,294	257,384

The average number of persons employed by the Charity during the year was as follows:

	No.	No.
Management and administration of the charity	**17**	17
RECE Ltd	**6**	6
	23	23

The average headcount expressed as full-time equivalents was:

	No.	No.
Management and administration of the charity	**9**	9
RECE Ltd	**2**	2
	11	11

The total employment benefits including employer pension contributions of the key management personnel were £29,518 (2022: £30,037).

No employee received numeration amounting to more than £60,000 in either year.

23 Tangible fixed assets

Group	**Shop fixtures, fittings and equipment £**	**General fund £**	**WOs' & Sgts' fund £**	**Comms Hub property £**	**Total £**
Cost or valuation					
At 1 January 2023	**1,074**	**121,993**	**174,642**	**28,814**	**326,523**
Re-Valuation	**-**	**-**	**11,897**	**-**	**11,897**
At 31 December 2023	**1,074**	**121,993**	**186,539**	**28,814**	**338,420**
Depreciation					
At 1 January 2023	**1,074**	**77,515**	**-**	**20,578**	**99,167**
Charge for the year	**-**	**24,827**	**-**	**1,297**	**26,124**
At 31 December 2023	**1,074**	**102,342**	**-**	**21,875**	**125,291**
Net book value					
At 31 December 2023	**-**	**19,651**	**186,539**	**6,939**	**213,129**
At 31 December 2022	**-**	**44,478**	**174,642**	**8,236**	**227,356**

23 Tangible fixed assets (continued)

	General fund £	WOs' & Sgts' fund £	Comms Hub property £	Total £
Charity				
Cost or valuation				
At 1 January 2023	**121,993**	**174,642**	**28,814**	**325,449**
Re-Valuation	**-**	**11,897**	**-**	**11,897**
At 31 December 2023	**121,993**	**186,539**	**28,814**	**337,346**
Depreciation				
At 1 January 2023	**77,515**	**-**	**20,578**	**98,093**
Charge for the year	**24,827**	**-**	**1,297**	**26,124**
At 31 December 2023	**102,342**	**-**	**21,875**	**124,217**
Net book value				
At 31 December 2023	**19,651**	**186,539**	**6,939**	**213,129**
At 31 December 2022	44,478	174,642	8,236	227,356

24 Fixed asset investments

Group & Charity	Listed securities £
Market value	
At 1 January 2023	**8,858,566**
Investment Sold	**(880,000)**
Revaluations	**(534)**
At 31 December 2023	**7,978,032**
Historical cost	**7,930,210**

Group & charity investments at market value comprise:

	2023 £	2022 £
Listed investments	**7,978,032**	8,858,566

All 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 Ltd.

25 Investment properties

Group & Charity	**Freehold Investment Property £**
Valuation	
At 1 January 2023	**1,220,000**
Re-valuation	**75,000**
At 31 December 2023	**1,295,000**
Support Costs	
Annual Fees	**1,200**
Comprising	
Cost	**1,295,000**

During the financial year the Charity incurred costs amounting to £1,200 in the development of the properties held in Chatham & Ebsfleet

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

	Group		**Charity**	
26 Stocks:	**2023**	2022	**2023**	2022
	£	£	**£**	£
Finished goods and goods for resale	**55,173**	62,217	**-**	-

	Group		**Charity**	
	2023	2022	**2023**	2022
27 Debtors:	**£**	£	**£**	£
Amounts owed by group undertakings	-	-	**35,002**	44,235
Other debtors	**129,470**	170,215	**123,918**	155,213
	129,470	170,215	**158,920**	199,448

28 Creditors:
Amounts falling due within one year

	Group		**Charity**	
	2023	2022	**2023**	2022
	£	£	**£**	£
Other creditors	**61,299**	1,019,286	**44,861**	1,002,716

29 Statement of funds

Current Year	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
Comms Hub	**8,235**	**79,436**	**(204,826)**	**122,797**	**-**	**5,642**
Project Funding	**44,681**	**2,292**	**-**	**-**	**-**	**46,973**
	52,916	**81,728**	**(204,826)**	**122,797**	**-**	**52,615**
General funds						
RE Central Charitable Trust	**9,870,201**	**1,063,922**	**(1,020,145)**	**(122,797)**	**74,466**	**9,865,646**
WOs' & Sgts' Fund	**246,662**	**11,419**	**(25,887)**	**-**	**11,897**	**244,091**
RECE Ltd	**25,153**	**246,806**	**(248,256)**	**-**	**-**	**23,703**
	10,142,016	**1,322,147**	**(1,294,288)**	**(122,797)**	**86,363**	**10,133,440**
Total Unrestricted funds	**10,194,932**	**1,403,875**	**(1,499,114)**	**-**	**86,363**	**10,186,055**
Restricted funds						
DUTF	**-**	**-**	**-**	**-**	**-**	**-**
Total of funds	**10,194,932**	**1,403,875**	**(1,499,114)**	**-**	**86,363**	**10,186,055**

Prior Year	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
Comms Hub	11,941	94,611	(205,849)	107,531	-	8,235
Project Fund	45,113	9,873	(10,305)	-	-	44,681
	57,054	104,484	(216,154)	107,531	-	52,916
General funds						
RE Central Charitable Trust	11,095,210	1,096,665	(883,658)	(107,531)	(1,330,485)	9,870,201
WOs' & Sgts' Fund	252,481	10,417	(16,236)	-	-	246,662
RECE Ltd	22,341	237,333	(234,521)	-	-	25,153
	11,370,032	1,344,415	(1,134,415)	(107,531)	(1,330,485)	10,142,016
Total Unrestricted funds	11,427,086	1,448,899	(1,350,569)	-	(1,330,485)	10,194,931
Restricted funds						
DUTF	15,619	5	(15,624)	-	-	-
Total of funds	11,442,705	1,448,904	(1,366,193)	-	(1,330,485)	10,194,931

30 Analysis of net assets between funds

Current Year	**Unrestricted Funds**	**Restricted Funds**	**Total funds**	Total funds
	2023	**2023**	**2023**	2022
	£	**£**	**£**	£
Tangible fixed assets	**213,129**	**-**	**213,129**	227,356
Fixed asset investments	**7,978,032**	**-**	**7,978,032**	8,858,566
Investment properties	**1,295,000**	**-**	**1,295,000**	1,220,000
Current assets	**761,192**	**-**	**761,192**	908,295
Creditors due within one year	**(61,299)**	**-**	**(61,299)**	(1,019,286)
	10,186,055	**-**	**10,186,055**	10,194,931

Analysis of net assets between funds Prior Year	Unrestricted Funds	Restricted Funds	Total funds	Total funds
	2022	2022	2022	2021
	£	£	£	£
Tangible fixed assets	227,356	-	227,356	243,046
Fixed asset investments	8,858,566	-	8,858,566	10,295,380
Investment properties	1,220,000	-	1,220,000	640,000
Current assets	908,295	-	908,295	1,640,201
Creditors due within one year	(1,019,286)	-	(1,019,286)	(1,375,922)
	10,194,931	-	10,194,931	11,442,705

31 Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £15,304 (2022: £17,523).

32 Principal subsidiaries

Company name	Country	Percentage Shareholding
Royal Engineers Corps Enterprises	United Kingdom	100

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

	Total funds 2023	Total funds 2022
	£	£
Net movement in funds	**(8,876)**	(1,247,774)
Add back depreciation charge	**26,124**	15,690
Deduct interest income shown in investing activities	**(383,501)**	(381,422)
Deduct gains / add back losses on investments	**534**	1,436,814
Deduct Gain on revaluation of tangible fixed assets	**(11,897)**	-
Deduct gain on revaluation of investment property	**(86,897)**	(106,329)
Decrease (increase) in stock	**7,044**	8,931
Decrease (increase) in debtors	**40,745**	8,982
Increase (decrease) in creditors	**(957,987)**	(356,636)
Net cash used in operating activities	**(1,374,711)**	(621,744)

34 Related party transactions

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

ROYAL ENGINEERS CENTRAL CHARITABLE TRUST

England & Wales - Charity number 1003032

Accounts

Royal Engineers Central Charitable Trust

Trustees' report and financial statements

For the year ended 31 December 2022

ARMED FORCES COVENANT

EMPLOYER RECOGNITION SCHEME

GOLD AWARD 2022

Proudly supporting those who serve

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Royal Engineers Central Charitable Trust

Reference and administrative details of the charity

REGISTERED NUMBER

1003032

HEAD OFFICE AND REGISTERED OFFICE

Headquarters Royal Engineers
Brompton Barracks
Chatham
Kent
ME4 4UG

INDEPENDENT AUDITORS

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

BANKERS

Lloyds plc
Coxs & Kings Branch
PO Box 1000
London
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

Trustees and advisers Trustees and advisers who served during the year ending 31 December 2022 were as follows:

Lieutenant General Sir Tyrone Urch KBE
Chief Royal Engineer and Chair

Major General Richard Semple CBE
Chair, Corps Finance Committee

Major General Kev Copsey OBE
Representative Colonel Commandant

Lieutenant General Sir Christopher Tickell KBE
Deputy Chief of the General Staff

Major General Shaun Burley CB MBE
Director, Army Sport Control Board (tenure complete October 2022)

Major General Nick Cavanagh CB
President, Institution of Royal Engineers

Major General Alastair Dickinson CBE
Chair, Royal Engineers Association

Major General David Southall CBE
Chair, Royal Engineers Museum

Major General Bobby Walton-Knight CBE
Chair, Royal Engineers Regimental Affairs Committee

Brigadier Peter Rowell MBE
Commandant, Royal School of Military Engineering Group (tenure complete February 2022)

Brigadier Guy Boxall MBE
Commandant Royal School of Military Engineering Group (assumed post February 2022)

Brigadier Dave Bickers MBE
Commander, 8 Engineer Brigade

Brigadier Chas Story MBE
Chief Engineer Civil Military Interaction, HQ Allied Rapid Reaction Corps

Colonel Matt Quare MBE ADC
Corps Colonel (tenure complete December 2022)

Colonel Dickie Hawkins MBE ADC
Corps Colonel (assumed post December 2022)

Colonel Andrew Ryan TD
Corps Colonel (Reserves) (tenure complete November 2022)

Colonel Alastair Cooper QVRM TD
Corps Colonel (Reserves) (assumed post November 2022)

Warrant Officer Class 1 Marc Elliott MBE
Corps Sergeant Major

Mr Ambrose McGuire
Non-Executive Director

Mr Russell Lovell
Corps Secretary

Major (retired) Ian Sidebottom
Corps Treasurer

Chair's Review



I would like to welcome you to the Royal Engineers Central Charitable Trust (RECCT) 2022 Annual Report and Financial Statements. The aim of this report is, as well as meeting our mandated legal requirement for audit, to demonstrate to stakeholders (which includes the entire Sapper Family) how we protect, manage, and utilise the charity's funds on your behalf.

The enclosed accounts demonstrate the high standard of financial management and governance required by law, managed and monitored by the Corps Finance Committee, and delivered by your staff in the Corps Funds department of Regimental Headquarters Royal Engineers. My thanks go to them all for their considerable dedication and hard work in support of the Sapper Family.

As I reported last year, the two properties (in the Kitchener Barracks development) that we purchased in 2019 have been occupied and already generated close to £70,000 of income. The success of this initiative convinced the Committee, in 2021, to approve the purchase of a third, new build, property (in Ebbsfleet) which has, since April 2022, already returned more than £16,000. So, the combined annual rental income from these 3 properties will be at least £50,000 to be used in support of our charitable objects (aims).

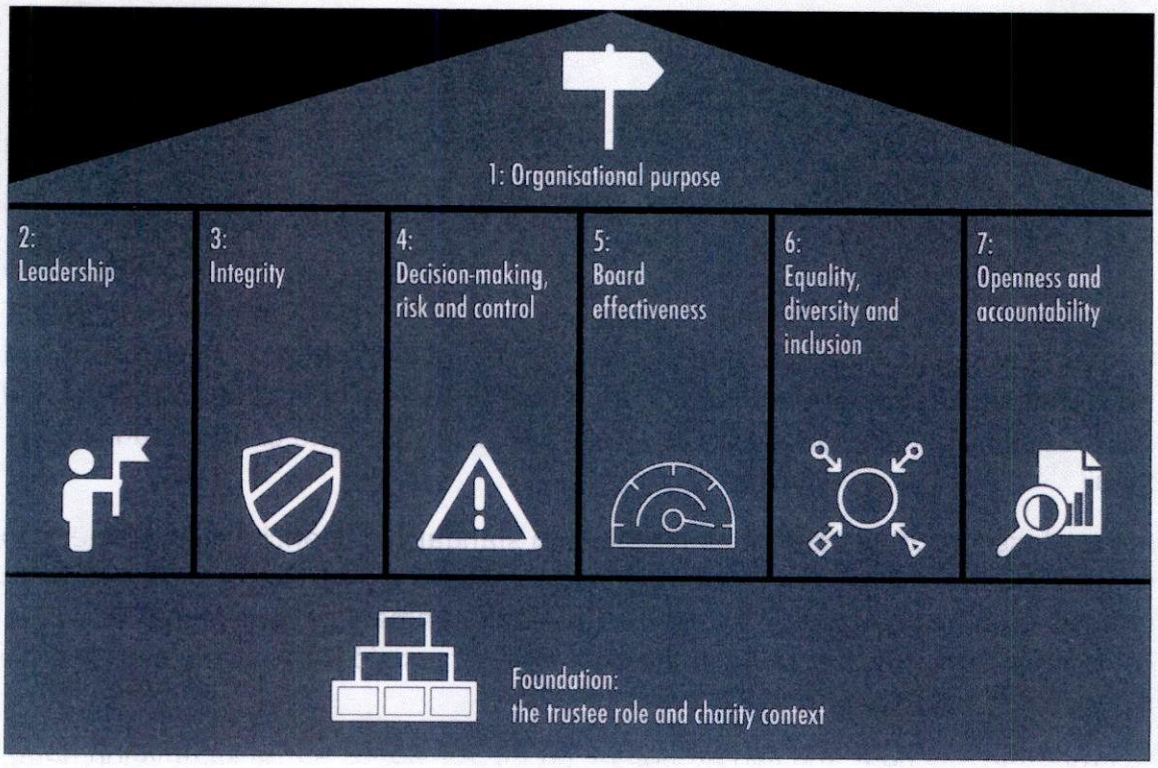
The current tough economic environment creates challenges for all charities. However, I am pleased to report that our investments with the BlackRock run Armed Forces Charities Growth & Income Fund have continued to increase their dividend payments. We have therefore been able to continue to increase the level of disbursements in support of the Corps. High inflationary pressure is something that we will continue to monitor carefully, but I am confident that we have the financial resilience to ride out this storm.

Finally, you may recall the Royal Engineers Central Charitable Trust was selected as a Silver Award winner in 2021 under the Employer Recognition Scheme in appreciation of their work in support of the Sapper Family and the wider Armed Forces' community. I am thrilled to announce, the charity continued to progress and received the highest award available, Gold, in 2022. The scheme encompasses awards for employers that pledge, demonstrate or advocate support to Defence, including Reserves, Veterans, the wounded, injured and sick, Cadets, military spouses or partners and their families.

Once a Sapper, always a Sapper.

Major General Richard Semple CBE

Trustees' Report
For the year ended 31 December 2022



The Trustees have reviewed their activities against the criteria set out within the latest (2020) Charity Governance Code (see above) and present their annual report and the audited consolidated financial statements of the charity and its subsidiaries 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. This is confirmed by the completion of a 'Going Concern Assessment' which was passed to our auditors. The Trustees have appointed professional advisers and other organisations to support them in delivering the charity's objectives. These advisers and organisations are listed on page 1. The Trustees have written agreements in place with each of them.

OBJECTIVES, AIMS AND ACTIVITIES

Armed Forces charities today offer a broad range of services and support to the Armed Forces community which can range from enhancing quality of life through to direct assistance and intervention. Every charity has its own vision, mission, aim, as well as eligibility criteria to support a specific beneficiary group or groups. The objects of the Royal Engineers Central Charitable Trust, which were formally reviewed in 2020, and are reconsidered annually, continue to be:

- *"To promote the efficiency of the Armed Forces and in particular The Corps of Royal Engineers;*
- *To promote the activities of the Royal Engineers Association and the Institution of Royal Engineers, as laid down in their respective Charters;*
- *To foster an esprit de corps in the Royal Engineers;*
- *To relieve either generally or individually necessitous persons being members or former members of the Royal Engineers or the dependants of such persons."*

Specific activities for 2022 were set by Trustees against 10 planned budgets. Further details are provided under Achievements and Performance. Trustees achieved their objectives for 2022 through a dedicated secretariat and maintaining annual income from:

- The Day's Pay Scheme (Regular and Reserve);
- Investment Income (Dividends) and rental income from investment properties;
- Occasional legacies;
- Trading through our subsidiary Limited Company (RECE Ltd).

PUBLIC BENEFIT

The Trustees confirm they have referred to the information contained in the Charity Commission's general guidance on public benefit when reviewing their aims and objectives and in deciding what activities the charity should undertake. The charity provides public benefit by assisting regular and reserve service personnel in the Corps of Royal Engineers to perform their roles and duties within the British Army more effectively. The charity also supports the veteran community and their families and thus enhances esprit de corps by promoting the concept of support to the Sapper family for life. It does this by providing the support funding for sports, adventurous training, in-house publications, welfare, gatherings, and events. The Charity promotes the efficiency of the armed forces of the Crown by enhancing the British Army's capability to undertake the roles demanded of it including the defence of the UK and its interests. By supporting the wider Sapper family, it assists the Government in fulfilling its promise in the Armed Forces Covenant (which the RECCT signed up to in 2019) to treat Serving personnel, Veterans, and their families fairly. In 2022, for its commitment to serving the Armed Forces community, the RECCT was awarded a Gold Award under the Employer Recognition Scheme (ERS).



Colonel Matt Quare MBE ADC
(Corps Colonel & RECCT Trustee) collected the ERS Gold Award on behalf of the Charity.

In addition to promoting the efficiency of the Army and, in particular, the military efficiency of the Corps of Royal Engineers by promoting Esprit de Corps, the work of the RECCT benefits the public by:

- Allocating 50% of the charitable income it receives from the Day's Pay Scheme to the Royal Engineers Association whose prime objective is to provide financial assistance to those in need and benevolence cases from serving and former members of the Royal Engineers and their families.
- Providing financial support to the Royal Engineers Museum, which is open to the general public and provides an educational outreach programme.
- Providing financial support to further education via the Institution of Royal Engineers.
- Providing financial support to serving officers and soldiers (Regular and Reserve) participating in sports & games and adventurous training.

ACHIEVEMENTS AND PERFORMANCE

Trustees pursued the following activities against planned and authorised budgets:

1. Continued support to network charities.
2. Promoted esprit de corps throughout the Royal Engineers.
3. The publication of six 'The Sapper' magazines in 2022 (in print and digital format).
4. Financial support to 32 sports and games associations, unions and clubs, and several individuals who participated in high profile sports activities.
5. Maintained the Pension Plan Scheme for private employees compliant with Auto Enrolment legislation.
6. Funding a stone memorial plaque in Rochester Cathedral memorialising the 25 Royal Engineers who lost their lives in Afghanistan.
7. Generated income from investments (including investment properties).
8. Provided a retail service (in store, online, and 'on the road') for Corps memorabilia and related items.

Supporting Network Charities

The historic Trustee arrangement that allocates a percentage from the Payroll Giving Scheme direct to nominated network charities provided them with the following income:

	2022	2021
	£	£
Royal Engineers Association	393,571	389,428
Institution of Royal Engineers	219,940	192,105
Royal Engineers Museum	50,000	91,100

Grants to Foster Esprit de Corps

Trustees authorised the following grants in 2022:

	2022	2021
	£	£
RE Sports & Games	366,372	248,448
The Sapper Magazine	79,458	56,012
Esprit de Corps	120,338	66,425

Publishing 'The Sapper' Magazine

Trustees provided £79,458 (2021: £56,012) to fund the publication of an all ranks 'The Sapper' magazine. Some 5,000 copies of The Sapper magazine were published bi-monthly. Free copies of the magazine are sent to Regular Royal Engineer units for the benefit of the officers and soldiers who subscribe to the RECCT. Free copies were also sent to Royal Engineer Reserve units, affiliated Army Cadet units, Royal Engineer officers and soldiers serving in non-Royal Engineer units. The Sapper continues to be well received both by units and individuals, including former members of the Corps and Royal Engineers Association branches, who make a donation. The Sapper provides a focal point in publicising the Corps' activities and in engendering esprit de corps. The Sapper magazine has been remodelled and is now a hybrid, print and digital, publication. The Sapper magazine now sits within the Corps Communications Hub and enhances the Corps' opportunities to deliver consolidated messaging across both social media and print.

Supporting Corps Sports Clubs

Trustees approved financial grants supporting more than 5,500 personnel (serving and veteran) through 32 sports associations, unions, and clubs.

Her Majesty Queen Elizabeth II

Trustees approved several financial to assist the Sapper family in celebrating HM The Queen's Platinum Jubilee (also Her Majesty's 70 years as the Colonel in Chief of the Corps of Royal Engineers) and also funded the publication of a Jubilee book.

Sadly, Trustees later found themselves providing funds to support members of the Corps involved in the funeral of HM The Queen following the sad occasion of her passing.

Optimising Income from the Days Pay Scheme (DPS)

Since 1 April 2007, DPS subscriptions have been collected by a Payroll Giving scheme via the Joint Personnel and Administration (Centre). On 1 April 2007 officers' subscriptions, including an element for their membership of the Institution of Royal Engineers and the Royal Engineers' Association, increased from 150% to 160% of a day's assessable pay per annum. Officers also make a voluntary subscription of 70% of a day's assessable pay to the Royal Engineers Headquarter Mess. Soldiers' subscriptions increased from 100% to 110%. Warrant Officers' and Senior Non-Commissioned Officers' elected to increase their subscriptions from 110% to 115% in August 2010. The 5% increase being used to set up a new designated fund for their use. In 2012 serving soldier subscriptions were increased to 120% and 125%. Reserves officers and soldiers have been able to make annual contributions (12%) via JPA since 2015 and it has been agreed the Reserves' contribution rate will increase to 20% over the next two years.

Generating Income & Growth from Investments

Investments delivered dividends of £338,766 in 2022 (2021: £312,565). 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: +380.9%, +8.5%). The fund's benchmark since inception has returned +309.3% and +7.2%. Details of the Corps Investment Powers, House and Policy are contained in the Financial Review of this report.

In 2019, the Charity realised investment units and purchased two houses in a local development (previously the site of a Royal Engineers barracks). The rationale being to diversify during a difficult market period whilst generating an additional funding stream, through rental income. Both houses are occupied and generated rental income of £25,118 in 2022 (2021: £23,307). This 4.2% yield is in line with RECCT Trustee direction. The charity completed its purchase of a third property (in the Ebbsfleet Garden City development) in Q1 of 2022 which has, so far, generated rental income of £16,360 (a 5.2% yield). Trustees have agreed to investigate the purchase of a fourth (and final) property in 2023/4.

FINANCIAL REVIEW

Summary

The consolidated account generated net income for the charity, before other recognised gains and losses, of £82,711 (2021: net income of £180,300).

The accumulated funds of the Charity decreased by £1,250,586 to £10,169,778 (2021: increased by £966,858 to £11,420,364). The consolidated funds decreased by £1,247,774 to £10,194,931 (2021: increased by £976,498 to £11,442,705).

Balance Sheet

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

Investment Powers

The Trust Deed provides full and unrestricted powers of investment to the Trustees, who sub-delegate investment decisions to a professional Investment House, within the parameters of overall guidance by the Trustees.

Investment House & Policy

RECCT 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 Environment, Social, and Corporate Governance (ESG)

The BlackRock Armed Forces Growth & Income Fund actively seeks out investments they believe are well aligned to the increasing preference for charities to invest in environmentally sustainable companies. These thematic investments not only provide diversification to the Fund but also ensure that client's capital is being used to drive positive change. An example of this within the Fund is the investments in renewable energy and energy efficiency exposures. BlackRock identified renewable energy as a sector that needed capital back in 2013 and which presented a good investment opportunity as well as driving positive environment change. They have also identified energy efficiency as a sector which requires capital in order to help retrofit heating systems in buildings and provide solutions to energy waste, something that will be key to achieving net-zero commitments by 2050. More recently they have allocated to battery storage technology to help address the intermittency issues associated with renewables, in order to facilitate their continued roll-out.

Where BlackRock do hold oil and mining companies, they do so selectively with those companies that have clear and credible plans for a transition to net zero, including investment in renewable energy projects and associated technology. Accelerating the transition to net-zero is critical and will required significant investment in renewables, however, in the interim the world will continue to require fossil fuels to prevent a disorderly transition and the social implications that will have. BlackRock are committed to holding companies to account on issues such as climate change and they leverage their position as a major shareholder to encourage positive environmental and societal change on behalf of their clients.

Reserves Policy

The account posts net income of £82,711 (2021: £180,300) before realised and unrealised gains. Losses on investments amounted to £1,436,814 (2021: gains of £796,198), and gains on revaluations of fixed assets were £106,329 (2021: £Nil) giving a negative net movement in funds of £1,247,774 (2021: positive net movement of £976,498). 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. With inflation at 10% and deposit rates very low, this year has also highlighted the need to consider ways to mitigate the impact of price and salary increases (wage inflation) on our long-term objectives. The aim of our Reserves is to ensure the charity thrives and survives.

It is therefore the intention of Trustees to maintain free reserves amounting to a minimum of three years' operating costs plus an additional 2 years' worth of salary to enable redundancy payments if required for RECCT staff and RECE Ltd staff (our Trading Subsidiary) (calculated at c£4.7M). Our reserves are also intended to provide adequate security against market volatility, future risks to both income and expenditure, and meet unexpected costs. Lastly, high inflation means cash could be losing its value in real terms, so cash reserves are being invested. Current unrestricted reserves are £10,194,931 of which £62,217 is shop stock (2021: £11,427,086 of which £71,148 was shop stock) which Trustees consider is consistent with this policy.

Grant Making Policy

Trustees invite applications from network charities and organisations, external establishments with a past or extant connection to the Corps and from individuals who subscribe to the Days' Pay Scheme who embark on major sporting or challenging pursuits. Details of how to apply for routine or annual grants are communicated in writing to network charities and organisations, briefings to new subscribers or by telephone to the Corps Treasurer. Details of grants made in 2022 are covered under Achievements and Performance.

Remuneration Policy

Privately employed personnel working for the RECCT have their salaries authorised by the appropriate charity committee, agreed by means of an individual employment contract, and are paid from the appropriate charity fund. As far as possible, salary scales are to be linked to the Civil Service pay system with staff placed on the initial 'starters rate' salary for the agreed Civil Service pay band (this to be expressed in their contract of employment). Payment is made through a registered PAYE payroll via the respective charity. Corps Colonel RE is responsible to Trustees for ensuring parity where appropriate. In line with extant Civil Service policy, the charities operate an in-year reward scheme for exceptional performance with Corps Colonel RE as the arbiter for the scheme to ensure parity across all charities. Trustees are not paid by the charity for their services as a Trustee but are reimbursed for expenses incurred during performance of their duties, in accordance with the Trustee's agreed policy.

Equality, Diversity & Inclusion

Our female beneficiaries make up approximately 3% of the serving Corps of Royal Engineers (9% are officers and 1% soldiers) with the Army as a whole being 10% female (as at 1 October 2022). Reporting in line with the UK Equality Act 2010 (Gender Pay Gap Information) Regulations 2017: 63% of RECCT staff are female and 37% male. There is no pay gap between male and female staff who carry out the same job, similar jobs, or work of equal value. The Corps of Royal Engineers, like the rest of the Army, is proud to be ethnically diverse and inclusive. Lastly, 45% of RECCT employees are veterans or veteran's spouses.

PLANS FOR FUTURE PERIODS

The RECCT plans to:

- Continue to develop the RECCT short, medium, and long-term financial planning and forecasting.
- Refine plans to introduce a 'Regimental Activity' fund of c£100k per annum.
- Continue to review investment property opportunities to enhance our income generation portfolio.
- Continue to maintain the RE Private Pension Plan, in line with Auto Enrolment legislation.
- Monitor, review and refine the RE Days Pay Scheme.
- Support the Regular & Reserve Corps with gradual transition from QEII cypher to CRIII (including cap badges, belts, flags etc).

SUMMARY

The Trustees remain confident of their ability to continue to meet the Objects of the Charity in the future.

INDEPENDENT AUDITORS

Kreston Reeves LLP remained the Trustees' choice as charity auditor.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Trust Deed

The Royal Engineers Central Charitable Trust (RECCT, Charity number 1003032) Trust Deed dated 14 March 1991 was made by the Members of the Chief Royal Engineer's Committee (the Original Trustees). The Trust Deed allowed the Original Trustees to remain as Trustees whilst they continued to serve on the Chief Royal Engineer's Committee. The Original Trustees have been superseded by new Members of the Chief Royal Engineer's Board, all of whom have indicated their willingness and eligibility to serve as Trustees.

Background

The RECCT combined and superseded the former funds called the 'Royal Engineers Officers' Charitable Fund' and the 'Royal Engineers General Charitable Purposes Fund'. These funds were classified as excepted from registration as charities under the provisions of Statutory Instrument 1965 No.1056 being charities *"wholly or mainly concerned with the promotion of the efficiency of any of the armed forces of the Crown...."* Due to the increasing size of their assets and on advice sought from the Charity Commission, action was taken to draw up a Deed of Trust and to have the RECCT formally registered as a Charity.

ORDERS AND RESOLUTIONS

Based on subsequent resolutions made by the Trustees, the Charity Commissioners have approved:

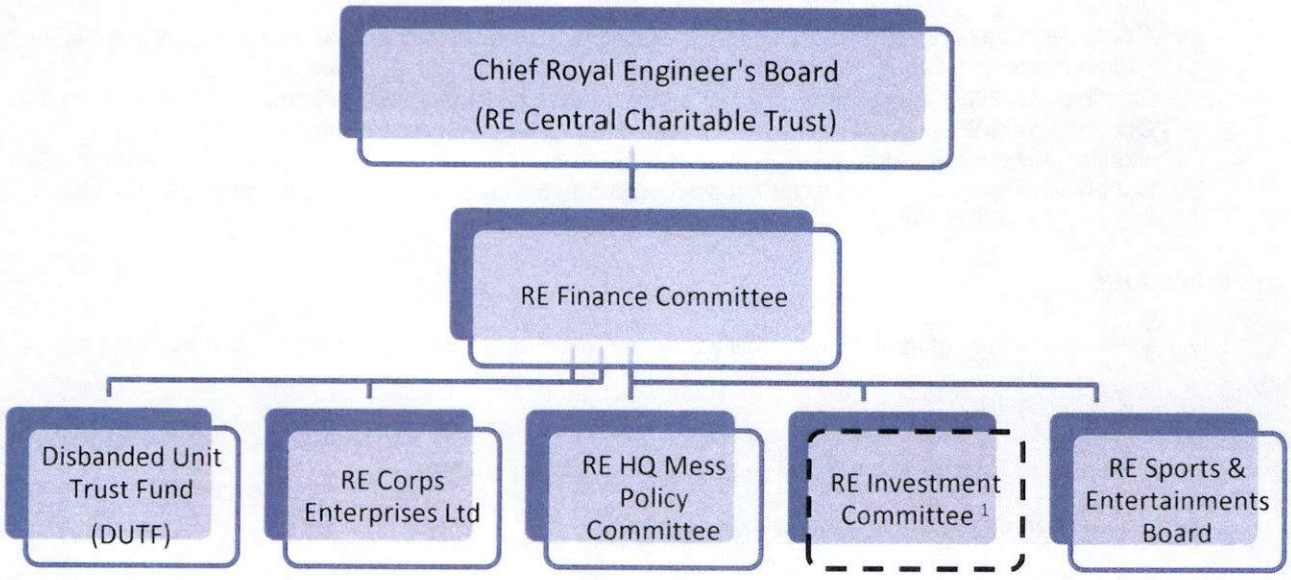
Investment

An Order providing the Trustees power to appoint an investment manager and to delegate to him/her discretionary powers in relation to the Charity's investments.

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.

ORGANISATION



Note 1: RE Investment Committee dormant (see below).

At their quarterly Trustee meetings members of the Chief Royal Engineer's Board agree the broad strategy and areas of activity for the charity, including consideration of grant making, investment, reserves, risk management, HRM policies and performance. The Trustees are served by subordinate committees with delegated responsibility for fulfilling their role, each chaired by a Trustee who is responsible for reporting back to the Chief Royal Engineer's Board. The subordinate committees are:

- **RE Finance Committee**

In 2009 Trustees approved Terms of Reference for the RE Finance Committee which were reviewed in 2017 as part of The Chief Royal Engineer's governance policy review and again in 2019 as part of the Corps' Quinquennial review. The Committee advises the Trustees on financial policy and the control of funds based on an annual budget system incorporating a five-year forecast.

- **RE Investment Committee**

This Committee fulfils a combined responsibility together with nominated representative Trustees of the connected charities i.e. The Royal Engineers Association, Charity Nos. 258322 and SC041832, The Institution of Royal Engineers, Charity No. 249882, and the Royal Engineers Vocational Educational Training Trust (REVETT), Charity No. 1068709, to lay down a detailed generic investment policy for the Corps Charities and for informing the investment manager of the extent of the investment powers for each Charity and for all other matters laid down in the Order for the delegation of investment powers. Since joining the Armed Forces Common Investment Fund (AFCIF) the need for regular committee meetings diminished. It is still considered appropriate to remain in the AFCIF (now a CAIF) with future meetings being held at the discretion of the Chair or a convincing request by a committee member. REVETT, following a tender board process in 2016, relocated their portfolio from AFCIF to a medium-risk mandate with Thesis Asset Management LLP (acquired by Sanlam UK in 2019 and rebranded as atomos in 2022).

- **RE Sports and Games and Entertainments Board**

Responsible for vetting and recommending to Trustees, via the RE Finance Committee, the level of annual grant appropriate to recognised Corps Sports, Games, and other challenging pursuits. Responsible for the annual review and allocation of funds from the Corps entertainment and esprit de corps budgets and for making grant recommendations to Trustees, via the Corps Finance Committee. Responsible for drafting relevant policy (sponsorship etc) for approval by the RE Finance Committee.

- **RE HQ Mess Policy Committee**

Formulates and directs policies on membership, subscription, Royal Engineers HQ Mess functions, Mess development plans, Corps silver, paintings, wines, and other properties of the Officers of the Corps, Mess standards and general conduct of Mess affairs and makes recommendations, through the Corps Finance Committee, on budgeting and funding matters.

- **RHQ RE**

Day to day administration of the RECCT is vested in RHQ RE. Grant applications are processed to the relevant sub-committee by the Corps Treasurer who administers and accounts for approved grants.

TRUSTEES

The Trustees who served during the year are detailed on page 2. Trustees held formal meetings in March, July, October, and December 2022. In July they approved the 2021 Statement of Financial Affairs and in December reviewed their 2022 expenditure prior to authorising annual budgets for 2023.

Appointment of Trustees

New Trustees are invited to hold office after discussion by the appropriate committee and at the personal invitation of the Chief Royal Engineer or his nominated representative. As part of their induction process each Trustee is provided with a copy of the Trust Deed, a copy of the Charity Commission leaflet explaining the responsibilities of Trustees, a locally produced Trustee Handbook and copies of the Charity's fraud policy, conflict of interests policy, whistleblowing policy, and access to previous audited accounts. Each Trustee signs a certificate to confirm their eligibility and willingness to act as a Trustee. In 2022 new Trustees attended formal Charity Trustee Training Programmes (run virtually) and several existing Trustees undertook refresher training. People with Significant Control (PSC) and all Conflicts of Interest (actual or perceived) are recorded in registers held and maintained by the Corps Treasurer.

NETWORK CHARITIES

THE ROYAL ENGINEERS ASSOCIATION

The responsibility for undertaking all benevolence work on behalf of the Corps is vested in the Royal Engineers Association (REA). In addition to using their accrued trust funds, investment income and occasional legacies for benevolence purposes, the REA, receive 50% of the Day's Pay Scheme income received by the RECCT for charitable purposes. A separate Trustees' annual report is prepared by the REA together with the Charity's financial statements, Charity Nos. 258332 and SC041832.

THE INSTITUTION OF ROYAL ENGINEERS

The Objects of the Institution of Royal Engineers, as set out in its Royal Charter and Bye-Laws, are to promote and advance the science of military engineering and to promote military efficiency and particularly the military efficiency of the Corps of Royal Engineers. In addition to using their accrued trust funds and investment income for this purpose, the Trustees of the Institution, which routinely includes members of the Chief Royal Engineers Board, receive 71.5% of the income drawn down from serving officer contributions (gathered via payroll giving), and since 2012, received payroll giving scheme contributions from serving WOs & SNCOs (5%) and Junior Ranks (5%). A separate Trustees' Annual Report is prepared by the Institution of Royal Engineers together with the Charity's financial statements, Charity No. 249882.

THE ROYAL ENGINEERS MUSEUM (REM)

Overall control of the Royal Engineers Museum (REM) is vested in the Trustees of the Institution of Royal Engineers. Financial support towards the running costs of the Museum is provided by The Institution of Royal Engineers and the RECCT. Financial control of the Museum is delegated to the Royal Engineers Museum Committee which draws up an annual budget against planned activities for Trustee approval. A separate Trustees' report is included with the Statement of Financial Affairs prepared by the Royal Engineers Museum, Charity No. 295173.

TRUST FUNDS OF DISBANDED UNITS AND ESTABLISHMENTS

The Trust Deed dated 8 March 1957 was made by members of the Chief Royal Engineer's Committee (the original Trustees). The Trustees operate under the terms of a Scheme approved and established on 8 March 1957 for the regulation of the Trust Funds of Disbanded Units and Establishments (DUTF) of the Corps of Royal Engineers "Central Charities" comprising:

- Officers' Mess Funds;
- Warrant Officers' and Sergeants' Mess Funds; and
- President of the Regimental Institute (PRI) Funds

On 13 December 2007, the Trustees passed a resolution, subsequently supported by the Charity Commission, to transfer the remaining assets in each fund to a restricted fund within the RECCT. The last separate Trustees' report and statement of financial affairs for the DUTF was issued by the Chief Royal Engineer's Committee in 2007. The final funds from the DUTF will be exhausted in 2023 in support of a Corps-wide (Regular & Reserve) 'flag refresh' programme although the fund will remain open to receive any subsequent income from disbanded RE units.

ROYAL ENGINEERS NETWORK

RE HQ Mess

The Royal Engineers HQ Mess Fund is excepted from registration as a Charity under the provisions of the Charities (Exception from Registration and Accounts) Regulations 1965 (Statutory Instrument 1965 No.1056).

The fund is governed by the Chief Royal Engineer's Board.

RE Establishments and Units

As well as receiving an annual grant, Royal Engineer establishments and regular/reserve/hybrid units are invited to seek and justify additional grants to offset the cost of entertainment that they undertake for the benefit of the Corps as opposed to the individual establishment or unit. The Corps Entertainment Committee review each bid and make grant recommendations to Trustees via the Corps Finance Committee. In 2022, to recognise the increased costs involved, the Committee agreed, with effect from 2023, to increase all entertainments grants by 10%.

RE Sports Clubs

RHQ RE, through the RE Sports Board, has approved thirty-two Corps Sports & Games Clubs. Each sport and club are managed by a designated Chair, Manager and Treasurer. Club Chairs are invited to seek and justify financial support for their planned activities each year through the RE Sports and Games Board.

RISK MANAGEMENT STATEMENT *What could stop us achieving our aims?*

The Trustees review risks to which the Charity is exposed at each of their 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 by the RE Finance Committee on 21st October 2022 and Chief Royal Engineer's Board on 1st December 2022 with Trustees satisfied that appropriate internal controls are in place and remain effective with systems established to mitigate those risks identified.

Key Risks

The two key risks identified to which the charity could be exposed are shown below:

Risk	Consequence	Impact	Likelihood / Trend	Mitigation/Preventative Action
Failure to generate sufficient income to cover planned / known expenditure	• Failure to deliver outputs • Failure to meet charitable objects • Failure to sustainably finance our people • Members withdrawing from RE Days Pay Scheme (RE DPS) • Loss of credibility and reputation • Degradation of existing capital / investments	Medium	Medium 	• Robust financial reserves policy and prudent investment • Monitor Corps manning strength and contributions to RE DPS (Regular and Reserves) to identify trends • Produce accurate monthly FOOs • Link budgets to business planning and Charitable Objects • Promote legacy giving and donations • Ensure max long-term occupancy of Corps property portfolio minimising 'void' periods
Significant reduction in Public funding	• Inability to deliver Chief Royal Engineer's mandated outputs • Corps' charities forced to fund additional staff costs • Inability to preserve and maintain Regimental identity and resilience • Over-reliance on Colonels Commandant	High	Medium 	• Improve financial planning and forecasting • Promote sponsorship for Sapper Sport • Monitor financial reserves policy • Continue to promote RE Reserves Days Pay Scheme

Statement of Trustees' responsibilities

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

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of its income and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102) (2019);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

Trustees' Report
For the year ended 31 December 2022 (continued)

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Memorandum of Association. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Trustees
and signed on behalf of the Trustees



Colonel RB Hawkins MBE ADC
Trustee

5th July 2023

Independent Auditor's report to the Trustees of the Royal Engineers Central Charitable Trust

We have audited the financial statements of Royal Engineers Central Charitable Trust (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.

Independent Auditor's report to the Trustees of Royal Engineers Central Charitable Trust (continued)

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters 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

- 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.

Independent Auditor's report to the Trustees of Royal Engineers Central Charitable Trust (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

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

Date: 10 July 2023

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

Royal Engineers Central Charitable Trust

Consolidated statement of financial activities
For the year ended 31 December 2022

	Note	Unrestricted funds 2022	Restricted funds 2022	Total funds 2022	Total funds 2021
		£	£	£	£
Income and endowments from:					
Donations and legacies	3	**813,673**	-	**813,673**	767,468
Other trading activities	7, 8	**249,609**	-	**249,609**	245,901
Investment income	9	**381,417**	5	**381,422**	336,119
Charitable activities	10	**4,200**	-	**4,200**	4,200
Total income		**1,448,899**	5	**1,448,904**	1,353,688
Expenditure on:					
Raising funds	8	**234,521**	-	**234,521**	218,724
Charitable activities	11	**1,116,049**	15,624	**1,131,673**	954,664
Total expenditure		**1,350,570**	15,624	**1,366,194**	1,173,388
Net income/(expenditure) before gains and losses on investments		**98,330**	(15,619)	**82,711**	180,300
Net gains/(losses) on investments		**(1,436,814)**	-	**(1,436,814)**	796,198
Net gains on revaluations of tangible fixed assets		**106,329**		**106,329**	-
Net movement in funds for the year		**(1,232,155)**	(15,619)	**(1,247,774)**	976,498
Total funds at 1 January 2022		**11,427,086**	15,619	**11,442,705**	10,466,207
Total funds at 31 December 2022		**10,194,931**	-	**10,194,931**	11,442,705

The statement of financial activities includes all gains and losses in the year

All activities relate to continuing operations.

The notes on pages 23 to 37 form part of these financial statements.

Royal Engineers Central Charitable Trust

Consolidated balance sheet
As at 31 December 2022

	Note	£	2022 £	£	2021 £
Fixed assets					
Tangible assets	24		**227,356**		243,046
Investments	25		**8,858,566**		10,295,380
Investment properties	26		**1,220,000**		640,000
			10,305,922		11,178,426
Current assets					
Stocks	27	**62,217**		71,148	
Debtors	28	**170,215**		179,197	
Cash at bank and in hand		**675,863**		1,389,856	
		908,295		1,640,201	
Creditors: amounts falling due within one year	29	**(1,019,286)**		(1,375,922)	
Net current assets			**(110,991)**		**264,279**
Net assets			**10,194,931**		**11,442,705**
Charity Funds					
Restricted funds	30		-		15,619
Unrestricted funds	30		**10,194,931**		11,427,086
Total funds			**10,194,931**		11,442,705

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

Major General R J Semple CBE
Trustee

Colonel RB Hawkins MBE ADC
Trustee

The notes on pages 23 to 37 form part of these financial statements.

Royal Engineers Central Charitable Trust

Charity balance sheet
As at 31 December 2022

	Note	£	2022 £	£	2021 £
Fixed assets					
Tangible assets	24		**227,356**		242,931
Investments	25		**8,858,566**		10,295,380
Investment properties	26		**1,220,000**		640,000
			10,305,922		11,178,311
Current assets					
Debtors	28	**199,448**		216,205	
Cash at bank		**667,124**		1,384,774	
		866,572		1,600,979	
Creditors: amounts falling due within one year	29	**(1,002,716)**		(1,358,926)	
Net current assets			**(136,144)**		242,053
Net assets			**10,169,778**		11,420,364
Charity Funds					
Restricted funds	30		-		15,619
Unrestricted funds	30		**10,169,778**		11,404,745
Total funds			**10,169,778**		11,420,364

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

Major General R J Semple CBE
Trustee

Colonel RB Hawkins MBE ADC
Trustee

The notes on pages 23 to 37 form part of these financial statements.

Royal Engineers Central Charitable Trust

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

	Note	2022	2021
		£	£
Net cash used in operating activities	34	**(621,744)**	1,040,542
Cash flows from investing activities			
Interest and dividends		**381,422**	336,119
Purchase of tangible fixed assets		**-**	(6,654)
Purchase of fixed asset investments		**-**	(880,000)
Cash provided by (used in) investing activities		**381,422**	(550,535)
Cash used in financing activities			
Increase (decrease) in cash and cash equivalents in the year		**(713,993)**	490,007
Cash and cash equivalents at the beginning of the year		**1,389,856**	899,849
Total cash and cash equivalents at the end of the year		**675,863**	1,389,856

Analysis of changes in net debt

	At 31 Jan 2022	Cashflows	At 31 Dec 2022
	£	£	£
Cash and cash equivalents			
Cash	**1,389,856**	**(713,993)**	**675,863**

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

1 General administrative information

Royal Engineers Central Charitable Trust is an unincorporated charity in England & Wales with the registration number 1003032. 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 Armed Forces and in particular The Corps of Royal Engineers; to promote the activities of the Royal Engineers Association and the Institution of Royal Engineers, as laid down in their respective Charters; to foster an esprit de corps in the Royal Engineers; and to relieve either generally or individually necessitous persons being members or former members of the Royal Engineers or the dependants of such persons.

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) (effective 1 January 2019).

Royal Engineers Central Charitable Trust 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 financial currency, and rounded to the nearest pound.

No separate SOFA has been presented for the charity alone.

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.

2.3 Fund accounting

The Charity maintains the following types of funds:

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

General unrestricted funds represent unrestricted funds which are expendable at the discretion of the Trustees in the furtherance of the objects of the Trust. Such funds may be held in order to finance both working capital and capital investment.

Restricted fund for DUTF, which operates under a separate Trust Deed dated 8 March 1957.

2.4 Turnover

Turnover is recognised when counter goods from either the shop or foyer trading are sold or dispatched and invoiced to customers via the company's mail order service.

2.5 Basis of consolidation

The financial statements consolidate the accounts of Royal Engineers Central Charitable Trust and all of its subsidiary undertakings ('subsidiaries').

2 Accounting policies (continued)

2.6 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.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

The cost of 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 donated expenditure, apportioned against charitable activities and support.

2.7 Expenditure

Liabilities are recognised as resources 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 to third parties in the furtherance of the charitable objectives of the Trust are always authorised by the Trustees.

2.8 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Fixtures and fittings	10% straight line
General Property	10% straight line
Computers	20% straight line

2.9 Investment properties

Investment properties are being long-term assets, which generate income. The are included at market value in accordance with the Statement of Recommended Practice on accounting by charities. Please see note 26 to the financial statements.

2.10 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.

2.11 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2 Accounting policies (continued)

2.12 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.

2.13 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.

2.14 Liabilities and provisions

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.

2.15 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.

2.16 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.

2.17 Tender Policy

Trustees have a tender policy that covers expenditure:

a. Between £2,500 and £5,000
b. Between £5,000 and £10,000
c. Over £10,000

2.18 Taxation

Royal Engineers Central Charitable Trust is a registered charity and accordingly no provision is considered necessary for taxation.

2.19 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.

		Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
3 Donations and legacies					
Subscriptions	(Note 4)	**433,885**	-	**433,885**	431,107
Donations	(Note 5)	**78,295**	-	**78,295**	95,373
Legacies		**53,489**	-	**53,489**	-
Donated services and facilities	(Note 6)	**248,004**	-	**248,004**	234,070
Government Grants receivable		-	-	-	6,918
		813,673	-	**813,673**	767,468

All Income from Donations and Legacies was unrestricted in 2022 and 2021.

4 Subscriptions					
Serving officers' subscriptions		**83,161**	-	**83,161**	82,726
Retired officers' subscriptions		**12,437**	-	**12,437**	12,999
Soldiers' subscriptions		**305,087**	-	**305,087**	301,514
Tax refund - Retired Officers & Reserves		**1,525**	-	**1,525**	1,458
Reserves DPS		**5,323**	-	**5,323**	5,189
WOs' & SNCOs' (5% subscription)		**8,894**	-	**8,894**	9,052
The Sapper Magazine		**17,458**	-	**17,458**	18,169
		433,885	-	**433,885**	431,107
5 Donations & Grants					
General		**2,022**	-	**2,022**	4,606
WOs' & Sgts' Silver Fund		**1,523**	-	**1,523**	12,067
Comms Hub		**74,750**	-	**74,750**	78,700
		78,295	-	**78,295**	95,373
6 Donated services and facilities					
Gas		**950**	-	**950**	932
Electricity		**1,122**	-	**1,122**	1,102
Water and sewage		**453**	-	**453**	446
Community charge		**5,686**	-	**5,686**	5,574
Administration utilities		**779**	-	**779**	764
MOD salaries		**194,000**	-	**194,000**	182,543
Administration salaries		**45,014**	-	**45,014**	42,709
		248,004	-	**248,004**	234,070

	Unrestricted funds 2022	Restricted funds 2022	Total funds 2022	Total funds 2021
7 Other trading activities - RECCT				
Advertisements	**2,225**	-	**2,225**	1,950
Miscellaneous & graphic sales	**178**	-	**178**	45
Project Funding	**9,873**	-	**9,873**	15,542
	12,276	-	**12,276**	17,537
8 Other trading activities - RECE Ltd				
	£	**£**	**£**	£
Income				
RECE Ltd Sales	**237,333**	-	**237,333**	228,364
Expenditure				
Cost of sales	**141,730**	-	**141,730**	130,351
Staff costs	**52,849**	-	**52,849**	51,852
Postage & telephone	**22,133**	-	**22,133**	23,345
Printing & stationery	**2,885**	-	**2,885**	2,114
IT costs	**6,783**	-	**6,783**	4,667
Miscellaneous	**388**	-	**388**	613
Cardnet terminal services	**4,144**	-	**4,144**	3,464
Bank charges	**316**	-	**316**	302
Depreciation	**115**	-	**115**	115
Insurance	**1,483**	-	**1,483**	1,504
Audit fee	**200**	-	**200**	172
Advertising	**1,495**	-	**1,495**	225
	234,521	-	**234,521**	218,724
	2,812	-	**2,812**	9,640

All income and expenditure on trading activities was unrestricted in 2022 and 2021.

9 Investment income				
	£	**£**	**£**	£
Dividends	**338,766**	-	**338,766**	312,565
Lloyds bank interest	**1,173**	5	**1,178**	247
Kitchener & Ebbsfleet Properties	**41,478**	-	**41,478**	23,307
	381,417	5	**381,422**	336,119

Income from investments was £381,422 (2021: £336,119) of which £381,417 was unrestricted (2021: £312,821) and £5 was restricted (2021: £2).

10 Income from charitable activities				
	£	**£**	**£**	£
Burgoyne House	**4,200**	-	**4,200**	4,200

All income from charitable activities was unrestricted in 2022 and 2021.

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

11 Analysis of expenditure by activities	Direct costs 2022	Support costs 2022	Total funds 2022	Total funds 2021
	£	£	£	£
Burgoyne House (Note 12)	6,045	-	6,045	3,191
Sports & Games (Note 13)	366,372	63,591	429,963	295,923
Heritage (Note 14)	50,000	-	50,000	91,100
Esprit de Corps (Note 15)	120,338	87,200	207,538	151,229
RE HQ Mess (Note 16)	30,037	-	30,037	28,989
Comms Hub (Note 17)	79,458	165,302	244,760	238,160
WOs' & Sgts' (Note 18)	11,284	21,521	32,805	21,118
RE Corps Enterprises (Note 19)	-	75,402	75,402	71,050
Day's Pay Scheme (Note 20)	-	55,123	55,123	53,904
	663,534	468,139	1,131,673	954,664

Expenditure on charitable activities was £1,131,672 (2021: £954,664) of which £1,116,048 was unrestricted (2021: £953,284) and £15,624 was restricted (2021: £1,380).

12 Burgoyne House		
Direct costs:	£	£
General Maintenance	3,300	144
Land Rent	21	21
Gas contract	321	331
Depreciation	2,403	2,695
	6,045	3,191

13 Sports & Games		
Direct costs:	£	£
RE Sports Board	372,412	249,209
Refund sports grant from previous year	(6,040)	(761)
	366,372	248,448
Support costs:		
Audit Fee	1,040	860
Insurance	423	442
Administration	1,507	1,057
IT Support	774	1,972
Depreciation	2,367	2,338
Donated services support costs	7,421	7,073
Donated services MOD Salaries	21,340	20,080
Staff costs	28,719	13,653
	63,591	47,475
	429,963	295,923

14 Heritage		
Direct costs:	£	£
RE Museum	44,600	38,000
RE Museum Dockyard Rent	5,400	8,100
RE Museum Project	-	45,000
	50,000	91,100

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

		Total funds 2022	Total funds 2021
15	**Esprit de Corps**		
	Direct costs:	**£**	£
	Donations and presentations	**716**	909
	Other Corps events	**32,902**	10,839
	Corps entertainment	**63,039**	45,934
	Project Funding	**10,305**	8,144
	Colonels Comdt	**1,066**	763
	Unit grants - DUTF	**15,624**	1,380
	War Memorials	**8,950**	-
	Refund of previous years' grant	**(12,264)**	(1,544)
		120,338	66,425
	Support costs:		
	Audit fee	**2,080**	1,720
	Insurance	**846**	883
	Administration	**4,934**	2,421
	IT Support	**1,549**	3,944
	Depreciation	**4,734**	4,676
	Donated services support costs	**14,842**	14,146
	Donated services MOD Salaries	**42,680**	40,159
	Staff costs	**15,535**	16,855
		87,200	84,804
		207,538	151,229
	HQ Mess		
16	**Direct costs:**		
	Mess Secretary salary	**30,037**	28,989

	Total funds 2022	Total funds 2021
17 Comms Hub		
Direct costs:		
Printing & distribution	**72,693**	53,749
Miscellaneous	**6,765**	2,263
	79,458	56,012
Support costs:		
Audit fee	**1,040**	860
Insurance	**423**	442
Administration	**3,270**	1,327
IT support	**6,163**	5,755
Depreciation	**3,705**	3,705
Donated services support costs	**7,871**	7,514
Donated services MOD Salaries	**31,040**	29,207
Staff costs	**111,790**	133,338
	165,302	182,148
	244,760	238,160
18 WOs' & Sgts' Fund		
Direct costs:		
Individual E2 Grants	**750**	710
Corps Dinner Nights	**1,080**	-
Adjustment Silver Fund 2021	**9,454**	-
	11,284	710
Support costs:		
Audit Fee	**1,040**	860
Insurance	**423**	442
Administration	**1,507**	1,056
Miscellaneous	**927**	56
IT support	**774**	1,972
Donated services support costs	**6,869**	6,531
Donated Services MOD salaries	**9,700**	9,127
Staff costs	**281**	364
	21,521	20,408
	32,805	21,118
19 RE Corps Enterprises Ltd		
Support costs:		
Donated services support costs	**9,219**	8,837
Donated services MOD Salaries	**60,140**	56,588
Staff costs	**6,043**	5,625
	75,402	71,050

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

	Total funds 2022	Total funds 2021
20 Day's Pay Scheme		
Support costs:		
Audit Fee	**1,040**	860
Insurance	**423**	442
Administration	**1,507**	1,056
IT support	**774**	1,972
Depreciation	**2,367**	2,338
Donated services support costs	**7,781**	7,426
Donated services MOD Salaries	**29,100**	27,381
Staff costs	**12,131**	12,429
	55,123	53,904

21 Net Income / (Expenditure)

This is stated after charging:		
Depreciation of tangible fixed assets:	**£**	£
-owned by the charitable group	**15,575**	15,752
Auditor's remuneration	**6,240**	5,160

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).

	Total funds 2022	Total funds 2021
23 Staff costs	**£**	£
Staff costs were as follows:		
Wages and salaries	**227,979**	231,685
Social security costs	**11,882**	13,271
Pension costs	**17,523**	18,149
	257,384	263,105
The average monthly number of employees during the year was as follows:		
	No.	No.
Management and administration of the charity	**7**	6
RECE Ltd	**4**	4
	11	10

The total employment benefits including employer pension contributions of the key management personnel were £30,037 (2021: £22,306).

No employee received numeration amounting to more than £60,000 in either year.

24 Tangible fixed assets

Group	Shop fixtures, fittings and equipment £	General fund £	WOs' & Sgts' fund £	Comms Hub property £	Total £
Cost or valuation					
At 1 January 2022	**1,074**	**121,993**	**174,642**	**28,814**	**326,523**
At 31 December 2022	**1,074**	**121,993**	**174,642**	**28,814**	**326,523**
Depreciation					
At 1 January 2022	**959**	**65,645**	**-**	**16,873**	**83,477**
Charge for the year	**115**	**11,870**	**-**	**3,705**	**15,690**
At 31 December 2022	**1,074**	**77,515**	**-**	**20,578**	**99,167**
Net book value					
At 31 December 2022	**-**	**44,478**	**174,642**	**8,236**	**227,356**
At 31 December 2021	**115**	**56,348**	**174,642**	**11,941**	**243,046**

24 Tangible fixed assets (continued)

	General fund £	WOs' & Sgts' fund £	Comms Hub property £
Charity			
Cost or valuation			
At 1 January 2022	**121,993**	**174,642**	**28,814**
At 31 December 2022	**121,993**	**174,642**	**28,814**
Depreciation			
At 1 January 2022	**65,645**	**-**	**16,873**
Charge for the year	**11,870**	**-**	**3,705**
At 31 December 2022	**77,515**	**-**	**20,578**
Net book value			
At 31 December 2022	**44,478**	**174,642**	**8,236**
At 31 December 2021	56,348	174,642	11,941

25 Fixed asset investments

	Listed securities £
Group & Charity	
Market value	
At 1 January 2022	**10,295,380**
Revaluations	**(1,436,814)**
At.31 December 2022	**8,858,566**
Historical cost	**8,831,319**

Group & charity investments at market value comprise:

	2022 £
Listed investments	**8,858,566**

All 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 Bla Investment Managers Ltd.

	Total £
	325,449
	325,449
	82,518
	15,575
	98,093
	227,356
	242,931

	2021 £
	10,295,380

ckrock

26 Investment properties

Group & Charity	Freehold Investment Property £
Valuation	
At 1 January 2022	**640,000**
Additions	**473,671**
Re-valuation	**106,329**
At 31 December 2022	**1,220,000**
Support Costs	
Annual Fees	**1,200**
Comprising	
Cost	**1,220,000**

During the financial year the Charity incurred costs amounting to £1,200 in the development of the properties held in Chatham & Ebsfleet

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

27 Stocks:	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Finished goods and goods for resale	**62,217**	71,148	**-**	-

28 Debtors:	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Amounts owed by group undertakings	**-**	-	**44,235**	44,235
Other debtors	**170,215**	179,197	**155,213**	171,970
	170,215	179,197	**199,448**	216,205

29 Creditors:
Amounts falling due within one year

	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Other creditors	**1,019,286**	1,375,922	**1,002,716**	1,358,926
	1,019,286	1,375,922	**1,002,716**	1,358,926

30 Statement of funds

Current Year	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
Comms Hub	11,941	94,611	(205,849)	107,531	-	8,235
Project Funding	45,113	9,873	(10,305)	-	-	44,681
	57,054	104,484	(216,154)	107,531	-	52,916
General funds						
RE Central Charitable Trust	11,095,210	1,096,665	(883,658)	(107,531)	(1,330,485)	9,870,201
WOs' & Sgts' Fund	252,481	10,417	(16,236)	-	-	246,662
RECE Ltd	22,341	237,333	(234,521)	-	-	25,153
	11,370,032	1,344,415	(1,134,415)	(107,531)	(1,330,485)	10,142,016
Total Unrestricted funds	11,427,086	1,448,899	(1,350,569)	-	(1,330,485)	10,194,931
Restricted funds						
DUTF	15,619	5	(15,624)	-	-	-
Total of funds	11,442,705	1,448,904	(1,366,193)	-	(1,330,485)	10,194,931

Prior Year	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
Comms Hub	8,992	98,864	(238,160)	142,245	-	11,941
Project Fund	37,715	15,542	(8,144)	-	-	45,113
	46,707	114,406	(246,304)	142,245	-	57,054
General funds						
RE Central Charitable Trust	10,157,730	989,797	(706,270)	(142,245)	796,198	11,095,210
WOs' & Sgts' Fund	232,072	21,119	(710)	-	-	252,481
RECE Ltd	12,701	228,364	(218,724)	-	-	22,341
	10,402,503	1,239,280	(925,704)	(142,245)	796,198	11,370,032
Total Unrestricted funds	10,449,210	1,353,686	(1,172,008)	-	796,198	11,427,086
Restricted funds						
DUTF	16,997	2	(1,380)	-	-	15,619
Total of funds	10,466,207	1,353,688	(1,173,388)	-	796,198	11,442,705

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

31 Analysis of net assets between funds

Current Year	**Unrestricted Funds**	**Restricted Funds**	**Total funds**	Total funds
	2022	**2022**	**2022**	2021
	£	**£**	**£**	£
Tangible fixed assets	**227,356**	**-**	**227,356**	243,046
Fixed asset investments	**8,858,566**	**-**	**8,858,566**	10,295,380
Investment properties	**1,220,000**	**-**	**1,220,000**	640,000
Current assets	**908,295**	**-**	**908,295**	1,640,201
Creditors due within one year	**(1,019,286)**	**-**	**(1,019,286)**	(1,375,922)
	10,194,931	**-**	**10,194,931**	11,442,705

Analysis of net assets between funds Prior Year	Unrestricted Funds	Restricted Funds	Total funds	Total funds
	2021	2021	2021	2020
	£	£	£	£
Tangible fixed assets	243,046	-	243,046	252,259
Fixed asset investments	10,295,380	-	10,295,380	8,619,182
Investment properties	640,000	-	640,000	640,000
Current assets	1,624,582	15,619	1,640,201	1,145,464
Creditors due within one year	(1,375,922)	-	(1,375,922)	(190,698)
	11,427,086	15,619	11,442,705	10,466,207

32 Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £17,523 (2021: £18,149).

33 Principal subsidiaries

Company name	Country	Percentage Shareholding
Royal Engineers Corps Enterprises	United Kingdom	100

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

	Total funds 2022	Total funds 2021
	£	£
Net movement in funds	**(1,247,774)**	976,498
Add back depreciation charge	**15,690**	15,867
Deduct interest income shown in investing activities	**(381,422)**	(336,119)
Deduct gains / add back losses on investments	**1,436,814**	(796,198)
Losses on revaluation of tangible fixed assets	**-**	-
Deduct gain on revaluation of investment property	**(106,329)**	-
Decrease (increase) in stock	**8,931**	3,446
Decrease (increase) in debtors	**8,982**	(8,176)
Increase (decrease) in creditors	**(356,636)**	1,185,224
Net cash used in operating activities	**(621,744)**	1,040,542

35 Related party transactions

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

ROYAL ENGINEERS CENTRAL CHARITABLE TRUST

England & Wales - Charity number 1003032

Accounts

Charity number: 1003032

Royal Engineers Central Charitable Trust

Trustees' report and financial statements

For the year ended 31 December 2021

ARMED FORCES COVENANT

EMPLOYER RECOGNITION SCHEME

SILVER AWARD 2021

Proudly serving those who serve.

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WHO WE ARE

WHAT WE DID

HOW WE PERFORMED

Reference and administrative details of the charity

REGISTERED NUMBER

1003032

HEAD OFFICE AND REGISTERED OFFICE

Headquarters Royal Engineers
Brompton Barracks
Chatham
Kent
ME4 4UG

INDEPENDENT AUDITORS

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

BANKERS

Lloyds plc
Coxs & Kings Branch
PO Box 1000
London
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

Trustees and advisers Trustees and advisers who served during the year ending 31 December 2021 were as follows:

Lieutenant General Sir Tyrone Urch KBE
Chief Royal Engineer and Chair

Major General Richard Semple CBE
Chair, Corps Finance Committee

Lieutenant General Ivan Jones CB
Representative Colonel Commandant

Lieutenant General Sir Christopher Tickell KBE
Deputy Chief of the General Staff

Major General Shaun Burley CB MBE
Director, Army Sport Control Board

Major General Nick Cavanagh
President, Institution of Royal Engineers

Major General Alastair Dickinson CBE
Chair, Royal Engineers Association

Major General David Southall CBE
Chair, Royal Engineers Museum

Major General Bobby Walton-Knight CBE
Chair, Royal Engineers Regimental Affairs Committee

Brigadier Peter Rowell MBE
Commandant, Royal School of Military Engineering Group

Brigadier Joe Fossey OBE
Commander, 8 Engineer Brigade (tenure complete September 2021)

Brigadier David Bickers MBE
Commander, 8 Engineer Brigade (assumed post September 2021)

Brigadier Richard Brown
Chief Engineer Civil Military Interaction, HQ Allied Rapid Reaction Corps

Colonel Matt Quare MBE ADC
Corps Colonel

Colonel Andrew Ryan
Corps Colonel (Reserves)

Warrant Officer Class 1 Paul Clark
Corps Sergeant Major (tenure complete July 2021)

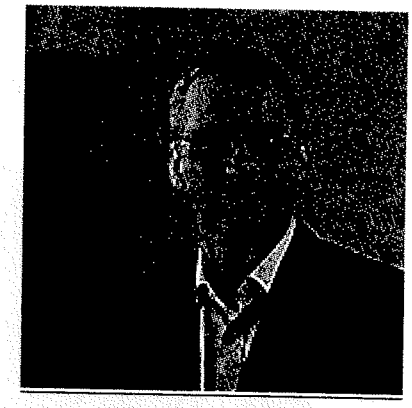
Warrant Officer Class 1 Marc Elliott MBE
Corps Sergeant Major (assumed post July 2021)

Mr Ambrose McGuire
Non-Executive Director

Mr Russell Lovell
Corps Secretary

Major (retired) Ian Sidebottom
Corps Treasurer

Chairman's Review



I would like to welcome you to the Royal Engineers Central Charitable Trust (RECCT) 2021 Annual Report and Financial Statements. The aim of this publication is, as well as meeting our mandated legal requirement for audit, to demonstrate to stakeholders (which includes the entire Sapper Family) how we protect, manage, and utilise the charity's funds on your behalf.

The charity sector, like all others, has continued to be affected by the pandemic. However, in our 2020 report, I reported my confidence in our ability to deliver against our clearly defined objects and have no cause to alter or caveat that statement going forward. The Charity's investments, held in the Armed Forces Charities Growth and Income Fund, managed by BlackRock, has recovered rapidly after each dip in the market and our quarterly dividends increased over the latter half of 2021.

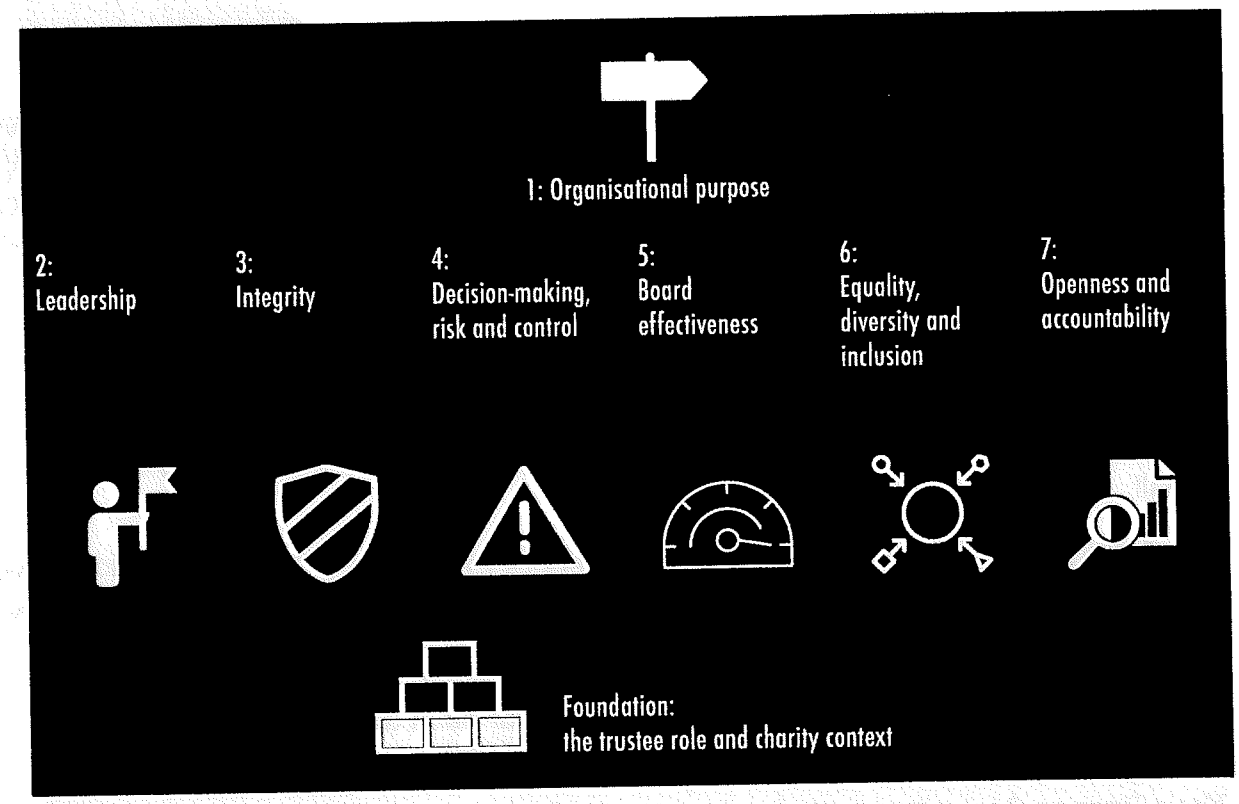
Your Finance Committee took the decision in 2019 to purchase two properties (in the Kitchener Barracks development) to generate rental income and diversify our portfolio. I am pleased to report both properties have been occupied since completion and have already generated almost £50,000. The success of this initiative convinced the Committee, in 2021, to approve the purchase of a third, new build, property (in Ebbsfleet) which is due to be completed in February 2022.

These accounts demonstrate the high standard of financial management and governance required by law, managed and monitored by the Corps Finance Committee, and delivered by your staff in the Corps Funds department of Regimental Headquarters Royal Engineers. My thanks go to them all for their considerable dedication and hard work.

Finally, I am incredibly proud to report that the Royal Engineers Central Charitable Trust was selected as a Silver Award winner in 2021 under the Employer Recognition Scheme in appreciation of their work in support of the Sapper Family and the wider Armed Forces' community. The scheme encompasses Bronze, Silver and Gold awards for employers that pledge, demonstrate or advocate support to Defence. This includes the Reserves, Service leavers, Armed Forces' Veterans, the wounded, injured and sick, Cadets, military spouses or partners and their families.

Once a Sapper, always a Sapper.

Major General Richard Semple CBE



The Trustees have reviewed their activities against the criteria set out within the newly refreshed (2020) Charity Governance Code (see above) and present their annual report and the audited consolidated financial statements of the charity and its subsidiaries for the year ended 31 December 2021. 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. This is confirmed by the completion of a 'Going Concern Assessment' which was passed to our auditors. The Trustees have appointed professional advisers and other organisations to support them in delivering the charity's objectives. These advisers and organisations are listed on page 1. The Trustees have written agreements in place with each of them.

OBJECTIVES, AIMS AND ACTIVITIES

Armed Forces charities today offer a broad range of services and support to the Armed Forces community which can range from enhancing quality of life through to direct assistance and intervention. Every charity has its own vision, mission, aim, as well as eligibility criteria to support a specific beneficiary group or groups. The objects of the Royal Engineers Central Charitable Trust, which were reviewed in 2021, are:

- *"To promote the efficiency of the Armed Forces and in particular The Corps of Royal Engineers;*
- *To promote the activities of the Royal Engineers Association and the Institution of Royal Engineers, as laid down in their respective Charters;*
- *To foster an esprit de corps in the Royal Engineers;*
- *To relieve either generally or individually necessitous persons being members or former members of the Royal Engineers or the dependants of such persons."*

Specific activities for 2021 were set by Trustees against 8 planned budgets. Further details are provided under Achievements and Performance. Trustees achieved their objectives for 2021 through a dedicated secretariat and maintaining annual income from:

- The Day's Pay Scheme (Regular and Reserve);
- Investment Income (Dividends);
- Occasional legacies;
- Trading through our subsidiary Limited Company (RECE Ltd);
- Rental income from investment properties.

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 includes, 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 that 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 except the Job Retention Scheme (RECCT furloughed two members of staff, one for five months, and one for two months);
- 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's ability to fundraise was not affected;
- The charity does not have any loans therefore financing or refinancing is not impacted;
- By staggering employee attendance in the workplace and social distancing, none of the physical checks (financial and stocktake) were replaced by virtual checks;
- The biggest impact on charity expenditure was the reduction in funds disbursed in support of Sport. This mainly due to limitations on travel and the cancellation of sporting events;
- 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 have 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;

PUBLIC BENEFIT

The Trustees confirm they have referred to the information contained in the Charity Commission's general guidance on public benefit when reviewing their aims and objectives and in deciding what activities the charity should undertake. The charity provides public benefit by assisting regular and reserve service personnel in the Corps of Royal Engineers to perform their roles and duties within the British Army more effectively. The charity also supports the veteran community and their families and thus enhances esprit de corps by promoting the concept of support to the Sapper family for life. It does this by providing the support funding for sports, adventurous training, in-house publications, welfare, gatherings, and events. The Charity promotes the efficiency of the armed forces of the Crown by enhancing the British Army's capability to undertake the roles demanded of it including the defence of the UK and its interests. By supporting the wider Sapper family, it assists the Government in fulfilling its promise in the Armed Forces Covenant (which the RECCT signed up to in 2019) to treat Serving personnel, Veterans, and their families fairly. In 2021, for its commitment to serving the Armed Forces community, the RECCT was awarded a Silver Award under the Employer Recognition Scheme.



In addition to promoting the efficiency of the Army and, in particular, the military efficiency of the Corps of Royal Engineers by promoting Esprit de Corps, the work of the RECCT benefits the public by:

- Allocating 50% of the charitable income it receives from the Day's Pay Scheme to the Royal Engineers Association whose prime objective is to provide financial assistance to those in need and benevolence cases from serving and former members of the Royal Engineers and their families.
- Providing financial support to the Royal Engineers Museum, which is open to the general public and provides an educational outreach programme.
- Providing financial support to further education via the Institution of Royal Engineers.
- Providing financial support to serving officers and soldiers (Regular and Reserve) participating in sport and adventurous training.

ACHIEVEMENTS AND PERFORMANCE

Trustees pursued the following activities against planned and authorised budgets:

1. Continued support to network charities.
2. Promoted esprit de corps throughout the Royal Engineers.
3. The publication of six 'The Sapper' magazines in 2021 (in print and digital format).
4. Financial support to 33 sports and games associations, unions and clubs, and several individuals who participated in high profile sports activities.
5. Maintained the Pension Plan Scheme for private employees compliant with Auto Enrolment legislation.
6. Provided financial support to units deployed on operations and to Commanding Officers.
7. Generated income from investments (including investment properties).
8. Provided a retail service (in store and online) for Corps memorabilia and related items.

Supporting Network Charities

The historic Trustee arrangement that allocates a percentage of the Day's Pay Scheme direct to nominated network charities provided them with the following income:

	2021 £	2020 £
Royal Engineers Association	389,428	361,829
Institution of Royal Engineers	192,105	184,442
Royal Engineers Museum	46,100	48,800

Grants to Foster Esprit de Corps

Trustees authorised the following grants in 2021:

	2021	2020
	£	£
RE Sports & Games	248,449	264,029
The Sapper Magazine	56,012	51,542
Esprit de Corps	66,426	81,197

Publishing 'The Sapper' Magazine

Trustees provided £56,012 (2020: £51,542) to fund the publication of an all ranks 'The Sapper' magazine. Some 8,000 copies of The Sapper magazine were published bi-monthly. Free copies of the magazine are sent to Regular Royal Engineer units for the benefit of the officers and soldiers who subscribe to the RECCT. Free copies were also sent to Royal Engineer Reserve units and Royal Engineer officers and soldiers serving in non-Royal Engineer units. The Sapper continues to be well received both by units and individuals, including former members of the Corps and Royal Engineers Association branches, who pay a subscription charge. The Sapper provides a focal point in publicising the Corps' activities and in engendering esprit de corps. The Sapper magazine has been remodelled and is now a hybrid, print and digital, publication.

Supporting Corps Sports Clubs

Trustees approved financial grants to more than 5,200 personnel (serving and veteran) through 33 sports associations, unions, and clubs.

Optimising Income from the Days Pay Scheme (DPS)

Since 1 April 2007 DPS subscriptions have been recovered through a Payroll Giving scheme via the Joint Personnel and Administration (Centre). On 1 April 2007 officers' subscriptions, including an element for their subscription to the Institution of Royal Engineers and the Royal Engineers' Association, increased from 150% to 160% of a day's assessable pay per annum. Officers also make a voluntary subscription of 70% of a day's assessable pay to the Royal Engineers Headquarter Mess, which is excepted from registration as a Service charitable fund. Soldier's subscriptions increased from 100% to 110%. Warrant Officers' and Senior Non-Commissioned Officers' elected to increase their subscriptions from 110% to 115% in August 2010. The 5% increase being used to set up a new designated fund for their use. The RECCT benefits from a very high number of serving officers and soldiers who elect to subscribe to this scheme. In 2012 serving soldier subscriptions were increased to 120% and 125%. This modest increase covers membership to the Institution of Royal Engineers, which opened to all ranks in late 2011, and entitles individuals to use post nominal letters (MInstRE) and pursue CPD through the Institution, which has been granted awarding body status by the Engineering Council of UK.

The process to enable Royal Engineer Reserve officers and soldiers to make an annual voluntary contribution of 12% went live on JPA (the Armed Forces intranet-based personnel administration system) in 2015 and Trustees are monitoring uptake. Longer term, Trustees may consider the requirement to increase the Reserves' contribution rates to ensure parity with the regular cohort when allocating grants against contribution.

Generating Income & Growth from Investments

Investments delivered dividends of £312,565 in 2021 (2020: £292,876). During the period 1 January to 31 December 2021, the performance of the distribution units in the fund was +13.1% (2020: +9.0%) after fees and expenses. Since launch in September 2002, the fund has produced a return of +380.9%, +9.0% (2020: +325.1%, +8.2%). The fund's benchmark since inception has returned 346.3% and 8.0%. Details of the Corps Investment Powers, House and Policy are contained in the Financial Review of this report.

In 2019, the Charity realised investment units and purchased two houses in a local development (previously the site of a Royal Engineers barracks). The rationale being to diversify during a difficult market period whilst generating an additional funding stream, through rental income. Both houses are occupied and generated rental income of £23.307 in 2021 (2020: £19,645). This 3.64% yield is in line with RECCT Trustee direction. The charity will complete its purchase of a third property (in the Ebbsfleet Garden City development) in Q1 of 2022.

FINANCIAL REVIEW

Summary

The consolidated account generated net income for the charity, before other recognised gains and losses, of £180,300 (2020: net income of £145,241).

The accumulated funds of the Charity increased by £966,858 to £11,420,364 (2020: increased by £599,270 to £10,453,506). The consolidated funds increased by £976,498 to £11,442,705 (2020: increased by £587,144 to £10,466,207).

Balance Sheet

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

Investment Powers

The Trust Deed provides full and unrestricted powers of investment to the Trustees, who sub-delegate investment decisions to a professional Investment House, within the parameters of overall guidance by the Trustees.

Investment House & Policy

In 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 (renamed the Armed Forces Charities Growth & Income Fund), on a one-for-one basis.

The Objective of the Fund is unchanged and seeks 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.

Reserves Policy

The account posts net income of £180,300 (2020: net income of £145,241) before realised and unrealised gains. Gains on investments amounted to £796,198 (2020: gains of £403,643), and gains on revaluations of fixed assets were £Nil (2020: gains of £38,260) giving a positive net movement in funds of £976,498 (2020 positive net movement of £587,144). 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.

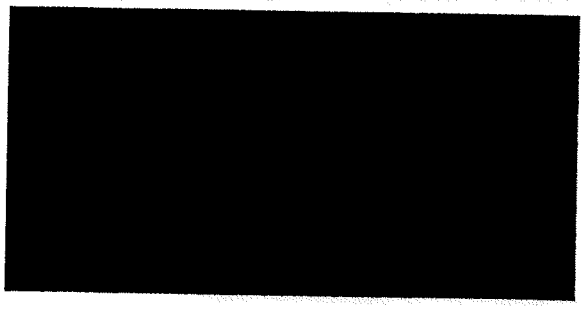
Furthermore, it is the intention of the Trustees to maintain free reserves amounting to a minimum of three years' operating costs plus an additional 2 years' worth of salary to enable redundancy payments if required for RECCT staff and RECE Ltd staff (our Trading Subsidiary) (calculated at c£5.2M). Our reserves are also intended to provide adequate security against market volatility, future risks to both income and expenditure, and meet unexpected costs. Current unrestricted reserves are £11,427,086 of which £71,148 is shop stock (2020: £10,449,210 of which £74,594 was shop stock) which Trustees consider is consistent with this policy.

Grant Making Policy

Trustees invite applications from network charities and organisations, external establishments with a past or extant connection to the Corps and from individuals who subscribe to the Days' Pay Scheme who embark on major sporting or challenging pursuits. Details of how to apply for routine or annual grants are communicated in writing to network charities and organisations, briefings to new subscribers or by telephone to the Corps Treasurer. Details of grants made in 2021 are covered under Achievements and Performance.

Remuneration Policy

Privately employed personnel working for the Corps' charities have their salaries authorised by the appropriate charity committee, agreed by means of an individual employment contract, and are paid from the appropriate charity fund. As far as possible, salary scales are to be linked to the Civil Service pay system with staff placed on the initial 'starters rate' salary for the agreed Civil Service pay band (this to be expressed in their contract of employment). Payment is made through a registered PAYE payroll via the respective charity. Corps Colonel RE is responsible to Trustees for ensuring parity where appropriate and fairness across the various charities. In line with extant Civil Service policy, the charities operate an in-year reward scheme for exceptional performance with Corps Colonel RE as the arbiter for the scheme to ensure parity across all charities. Trustees are not paid by the charity for their services as a Trustee but are reimbursed for expenses incurred during performance of their duties, in accordance with the Trustee's agreed policy.



Equality, Diversity & Inclusion

Our female beneficiaries make up approximately 3% of the serving Corps of Royal Engineers (9% are officers and 1.5% soldiers) and the Corps recruits many BAME and Commonwealth soldiers. The Army as a whole is 11% female (as at 1 April 2021). Reporting in line with the UK Equality Act 2010 (Gender Pay Gap Information) Regulations 2017: 60% of RECCT staff are female and 40% male. There is no pay gap between male and female staff who carry out the same job, similar jobs, or work of equal value. We work to ensure that we are as diverse and inclusive as possible with an accepting workplace culture. 50% of RECCT employees are veterans or veteran's spouses.

PLANS FOR FUTURE PERIODS

The RECCT plans to:

- Continue to develop the RECCT short, medium, and long-term financial planning and forecasting.
- Continually refine the risk register in order to enhance our ability to mitigate and reduce risk.
- Continue to review investment property opportunities to enhance our income generation portfolio.
- Continue to maintain the RE Private Pension Plan, in line with Auto Enrolment legislation.
- Monitor, review and refine the RE Days Pay Scheme with specific regard to the Reserves' contribution.
- Fund a number of initiatives to celebrate and commemorate the Platinum Jubilee of Queen Elizabeth II.

SUMMARY

The Trustees remain confident of their ability to continue to meet the Objects of the Charity in the future.

INDEPENDENT AUDITORS

Kreston Reeves LLP remained the Trustees' choice as charity auditor.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Trust Deed

The Royal Engineers Central Charitable Trust (RECCT, Charity number 1003032) Trust Deed dated 14 March 1991 was made by the Members of the Chief Royal Engineer's Committee (the Original Trustees). The Trust Deed allowed the Original Trustees to remain as Trustees whilst they continued to serve on the Chief Royal Engineer's Committee. The Original Trustees have been superseded by new Members of the Chief Royal Engineer's Board, all of whom have indicated their willingness and eligibility to serve as Trustees.

Background

The RECCT combined and superseded the former funds called the 'Royal Engineers Officers' Charitable Fund' and the 'Royal Engineers General Charitable Purposes Fund'. These funds were classified as excepted from registration as charities under the provisions of Statutory Instrument 1965 No.1056 being charities *"wholly or mainly concerned with the promotion of the efficiency of any of the armed forces of the Crown...."* Due to the increasing size of their assets and on advice sought from the Charity Commission, action was taken to draw up a Deed of Trust and to have the RECCT formally registered as a Charity.

ORDERS AND RESOLUTIONS

Based on subsequent resolutions made by the Trustees, the Charity Commissioners have approved:

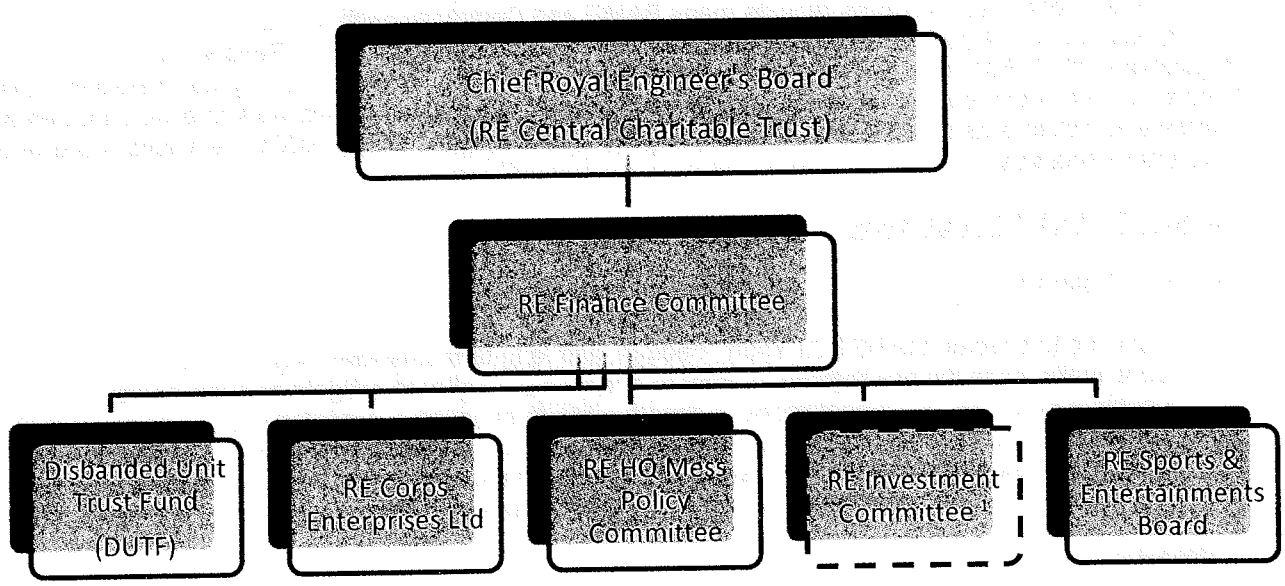
Investment

An Order providing the Trustees power to appoint an investment manager and to delegate to him/her discretionary powers in relation to the Charity's investments.

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.

ORGANISATION



Note 1: RE Investment Committee dormant (see below).

At their quarterly Trustee meetings members of the Chief Royal Engineer's Board agree the broad strategy and areas of activity for the charity, including consideration of grant making, investment, reserves, risk management, HRM policies and performance. The Trustees are served by subordinate committees with delegated responsibility for fulfilling their role, each chaired by a Trustee who is responsible for reporting back to the Chief Royal Engineer's Board. The subordinate committees are:

- **RE Finance Committee**

In 2009 Trustees approved Terms of Reference for the RE Finance Committee which were reviewed in 2017 as part of The Chief Royal Engineer's governance policy review and again in 2019 as part of the Corps' Quinquennial review. The Committee advises the Trustees on financial policy and the control of funds based on an annual budget system incorporating a five-year forecast.

- **RE Investment Committee**

This Committee fulfils a combined responsibility together with nominated representative Trustees of the connected charities i.e. The Royal Engineers Association, Charity Nos. 258322 and SC041832, The Institution of Royal Engineers, Charity No. 249882, and the Royal Engineers Vocational Educational Training Trust (REVETT), Charity No. 1068709, to lay down a detailed generic investment policy for the Corps Charities and for informing the investment manager of the extent of the investment powers for each Charity and for all other matters laid down in the Order for the delegation of investment powers. Since joining the Armed Forces Common Investment Fund (AFCIF) the need for regular committee meetings diminished. It is still considered appropriate to remain in the AFCIF (now a CAIF) with future meetings being held at the discretion of the Chair or a convincing request by a committee member. REVETT, following a tender board process in 2016, relocated their portfolio from AFCIF to a medium-risk mandate with Thesis Asset Management LLP (acquired by Sanlam UK in 2019).

- **RE Sports and Games and Entertainments Board**

Responsible for vetting and recommending to Trustees, via the RE Finance Committee, the level of annual grant appropriate to recognised Corps Sports, Games, and other challenging pursuits. Responsible for the annual review and allocation of funds from the Corps entertainment and esprit de corps budgets and for making grant recommendations to Trustees, via the Corps Finance Committee. Responsible for drafting relevant policy (sponsorship etc) for approval by the RE Finance Committee.

- **RE HQ Mess Policy Committee**

Formulates and directs policies on membership, subscription, Royal Engineers HQ Mess functions, Mess development plans, Corps silver, paintings, wines, and other properties of the Officers of the Corps, Mess standards and general conduct of Mess affairs and makes recommendations, through the Corps Finance Committee, on budgeting and funding matters.

- **RHQ RE**

Day to day administration of the RECCT is vested in RHQ RE. Grant applications are processed to the relevant sub-committee by the Corps Treasurer who administers and accounts for approved grants.

TRUSTEES

The Trustees who served during the year are detailed on page 2. Trustees held formal meetings in March, July, October, and December 2021. In July they approved the 2020 Statement of Financial Affairs and in December reviewed their 2021 expenditure prior to authorising annual budgets for 2022.

Appointment of Trustees

New Trustees are invited to hold office after discussion by the appropriate committee and at the personal invitation of the Chief Royal Engineer or his nominated representative. As part of their induction process each Trustee is provided with a copy of the Trust Deed, a copy of the Charity Commission leaflet explaining the responsibilities of Trustees, a locally produced Trustee Handbook and copies of the Charity's fraud policy, conflict of interests policy, whistleblowing policy, and access to previous audited accounts. Each Trustee signs a certificate to confirm their eligibility and willingness to act as a Trustee. In 2021 new Trustees attended formal Charity Trustee Training Programmes (run virtually) and several existing Trustees undertook refresher training. People with Significant Control (PSC) and all Conflicts of Interest (actual or perceived) are recorded in registers held and maintained by the Corps Treasurer.

NETWORK CHARITIES

THE ROYAL ENGINEERS ASSOCIATION

The responsibility for undertaking all benevolence work on behalf of the Corps is vested in the Royal Engineers Association (REA). In addition to using their accrued trust funds, investment income and occasional legacies for benevolence purposes, the REA, receive 50% of the Day's Pay Scheme income received by the RECCT for charitable purposes. A separate Trustees' annual report is prepared by the REA together with the Charity's financial statements, Charity Nos. 258332 and SC041832.

THE INSTITUTION OF ROYAL ENGINEERS

The Objects of the Institution of Royal Engineers, as set out in its Royal Charter and Bye-Laws, are to promote and advance the science of military engineering and to promote military efficiency and particularly the military efficiency of the Corps of Royal Engineers. In addition to using their accrued trust funds and investment income for this purpose, the Trustees of the Institution, which routinely includes members of the Chief Royal Engineers Board, receive 71.5% of the income drawn down from serving officer contributions (gathered via payroll giving), and since 2012, received payroll giving scheme contributions from serving WOs & SNCOs (5%) and Junior Ranks (5%). A separate Trustees' Annual Report is prepared by the Institution of Royal Engineers together with the Charity's financial statements, Charity No. 249882.

THE ROYAL ENGINEERS MUSEUM (REM)

Overall control of the Royal Engineers Museum (REM) is vested in the Trustees of the Institution of Royal Engineers. Financial support towards the running costs of the Museum is provided by The Institution of Royal Engineers and the RECCT. Financial control of the Museum is delegated to the Royal Engineers Museum Committee which draws up an annual budget against planned activities for Trustee approval. The Committee receives financial support through the RECCT's annual budget process. In 2002 Trustees of the RECCT approved a five-year grant agreement diminishing from £42,000 to £38,000 in 2006. Since 2006 the RECCT has approved annual grants of £38,000. Since 2010 the RECCT has paid the annual rent (£10,800) associated with the RE Museum's occupation and display in Chatham Maritime Dockyard. A separate Trustees' report is included with the Statement of Financial Affairs prepared by the Royal Engineers Museum, Charity No. 295173.

TRUST FUNDS OF DISBANDED UNITS AND ESTABLISHMENTS

The Trust Deed dated 8 March 1957 was made by members of the Chief Royal Engineer's Committee (the original Trustees). The Trustees operate under the terms of a Scheme approved and established on 8 March 1957 for the regulation of the Trust Funds of Disbanded Units and Establishments (DUTF) of the Corps of Royal Engineers "Central Charities" comprising:

- Officers' Mess Funds;
- Warrant Officers' and Sergeants' Mess Funds; and
- President of the Regimental Institute (PRI) Funds

On 13 December 2007, the Trustees passed a resolution, subsequently supported by the Charity Commission, to transfer the remaining assets in each fund to a restricted fund within the RECCT. The last separate Trustees' report and statement of financial affairs for the DUTF was issued by the Chief Royal Engineer's Committee in 2007.

ROYAL ENGINEERS NETWORK

RE HQ Mess

The Royal Engineers HQ Mess Fund is excepted from registration as a Charity under the provisions of the Charities (Exception from Registration and Accounts) Regulations 1965 (Statutory Instrument 1965 No.1056).

The fund is governed by the Chief Royal Engineer's Board.

RE Establishments and Units

As well as receiving an annual grant, Royal Engineer establishments and regular/reserve/hybrid units are invited to seek and justify additional grants to offset the cost of entertainment that they undertake for the benefit of the Corps as opposed to the individual establishment or unit. The Corps Entertainment Committee review each bid and make grant recommendations to Trustees via the Corps Finance Committee.

RE Sports Clubs

RHQ RE, through the RE Sports Board, has approved thirty-three Corps Sports & Games Clubs. Each sport and club are managed by a designated Chair, Manager and Treasurer. Club Chairs are invited to seek and justify financial support for their planned activities each year through the RE Sports and Games Board.

RISK MANAGEMENT STATEMENT *What could stop us achieving our aims?*

The Trustees review risks to which the Charity is exposed at each of their 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 by the RE Finance Committee on 15th October 2021 and Chief Royal Engineer's Board on 2nd December 2021 with Trustees satisfied that appropriate internal controls are in place and remain effective with systems established to mitigate those risks identified.

Key Risks

The two key risks identified (from the RECCT risk register) to which the charity could be exposed are shown below:

Risk	Consequence	Impact	Likelihood / Trend	Mitigation/Preventative Action
Failure to generate sufficient income to cover planned / known expenditure	• Failure to deliver outputs • Failure to meet charitable objects • Failure to sustainably finance our people • Members withdrawing from RE DPS • Loss of credibility and reputation • Degradation of existing capital / investments	Medium	Low ➡	• Robust financial reserves policy and prudent investment • Monitor Corps manning strength and contributions to RE DPS (Reg and Res) to identify trends • Produce accurate monthly FOOs • Link budgets to business planning and Charitable Objects • Promote legacy giving and donations • Ensure max long-term occupancy of Corps property portfolio minimising 'void' periods
Significant reduction in Public funding	• Inability to deliver Chief Royal Engineer's mandated outputs • Corps' charities forced to fund additional staff costs • Inability to preserve and maintain Regimental identity and resilience • Over-reliance on Colonels Commandant	High	Low ➡	• Improve financial planning and forecasting • Promote sponsorship for Sapper Sport • Monitor financial reserves policy • Continue to promote RE Reserves Days Pay Scheme

Cyber Risk

Trustees have discussed cyber risk and, having examined the National Cyber Security Centre's Small Charity Guide, are content the following measures are in place to reduce / mitigate the risk:

- The Cloud is being utilised where possible
- Back-ups are performed regularly and stored in a separate location
- Antivirus software and firewalls are enabled
- Software is kept up-to-date (patching)

Two factor authentication (2FA) is used for important (fund controlling) accounts.

Statement of Trustees' responsibilities

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

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of its income and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102) (2019);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Memorandum of Association. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Trustees
and signed on behalf of the Trustees

Colonel M Quare MBE ADC
Trustee

23rd June 2022

Independent Auditor's report to the Trustees of the Royal Engineers Central Charitable Trust

We have audited the financial statements of Royal Engineers Central Charitable Trust (the 'charity) for the year ended 31 December 2021 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 2021 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.

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
- 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.

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

Kreston Reeves LLP
Chartered Accountants
Statutory Auditor
Chatham Maritime
Date: 27 June 2022
Kreston Reeves LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

Royal Engineers Central Charitable Trust

Consolidated statement of financial activities
For the year ended 31 December 2021

	Note	Unrestricted funds 2021	Restricted funds 2021	Total funds 2021	Total funds 2020
		£	£	£	£
Income and endowments from:					
Donations and legacies	3	**767,468**	-	**767,468**	738,102
Other trading activities	7, 8	**245,901**	-	**245,901**	303,077
Investment income	9	**336,117**	**2**	**336,119**	312,826
Charitable activities	10	**4,200**	-	**4,200**	2,450
Total income		**1,353,686**	**2**	**1,353,688**	1,356,455
Expenditure on:					
Raising funds	8	**218,724**	-	**218,724**	252,207
Charitable activities	11	**953,284**	**1,380**	**954,664**	959,007
Total expenditure		**1,172,008**	**1,380**	**1,173,388**	1,211,214
Net income/(expenditure) before gains and losses on investments		**181,678**	**(1,378)**	**180,300**	145,241
Net gains on investments		**796,198**	-	**796,198**	403,643
Net gains on revaluations of tangible fixed assets		-		-	38,260
Net movement in funds for the year		**977,876**	**(1,378)**	**976,498**	587,144
Total funds at 1 January 2021		**10,449,210**	**16,997**	**10,466,207**	9,879,063
Total funds at 31 December 2021		**11,427,086**	**15,619**	**11,442,705**	10,466,207

All activities relate to continuing operations.

The notes on pages 22 to 36 form part of these financial statements.

Royal Engineers Central Charitable Trust

Consolidated balance sheet
As at 31 December 2021

	Note	£	2021 £	£	2020 £
Fixed assets					
Tangible assets	24		**243,046**		252,259
Investments	25		**10,295,380**		8,619,182
Investment properties	26		**640,000**		640,000
			11,178,426		9,511,441
Current assets					
Stocks	27	**71,148**		74,594	
Debtors	28	**179,197**		171,021	
Cash at bank and in hand		**1,389,856**		899,849	
		1,640,201		1,145,464	
Creditors: amounts falling due within one year	29	**(1,375,922)**		(190,698)	
Net current assets			**264,279**		**954,766**
Net assets			**11,442,705**		**10,466,207**
Charity Funds					
Restricted funds	30		**15,619**		16,997
Unrestricted funds	30		**11,427,086**		10,449,210
Total funds			**11,442,705**		10,466,207

The financial statements were approved by the Trustees on 23rd June 2022 and signed on their behalf, by:

Major General R J Semple CBE
Trustee

Colonel M Quare MBE ADC
Trustee

The notes on pages 22 to 36 form part of these financial statements.

Royal Engineers Central Charitable Trust

Charity balance sheet
As at 31 December 2021

	Note	£	2021 £	£	2020 £
Fixed assets					
Tangible assets	24		**242,931**		252,029
Investments	25		**10,295,380**		8,619,182
Investment properties	26		**640,000**		640,000
			11,178,311		9,511,211
Current assets					
Debtors	28	**216,205**		206,445	
Cash at bank		**1,384,774**		886,477	
		1,600,979		1,092,922	
Creditors: amounts falling due within one year	29	**(1,358,926)**		(150,627)	
Net current assets			**242,053**		942,295
Net assets			**11,420,364**		10,453,506
Charity Funds					
Restricted funds	30		**15,619**		16,997
Unrestricted funds	30		**11,404,745**		10,436,509
Total funds			**11,420,364**		10,453,506

The financial statements were approved by the Trustees on 23rd June 2022 and signed on their behalf, by:

Major General R J Semple CBE
Trustee

Colonel M Quare MBE ADC
Trustee

The notes on pages 22 to 36 form part of these financial statements.

Royal Engineers Central Charitable Trust

Consolidated Statement of Cash Flows
For the year ended 31 December 2021

	Note	2021	2020
		£	£
Net cash used in operating activities	34	**1,040,542**	(138,736)
Cash flows from investing activities			
Interest and dividends	9	**336,119**	312,826
Purchase of tangible fixed assets	24	**(6,654)**	(36,468)
Purchase of fixed asset investments	25	**(880,000)**	-
Cash provided by (used in) investing activities		**(550,535)**	276,358
Cash used in financing activities			
Increase (decrease) in cash and cash equivalents in the year		**490,007**	175,882
Cash and cash equivalents at the beginning of the year		**899,849**	723,967
Total cash and cash equivalents at the end of the year		**1,389,856**	899,849

Analysis of changes in net debt

	At 31 Jan 2021	Cashflows	At 31 Dec 2021
	£	£	£
Cash and cash equivalents			
Cash	**899,849**	**490,007**	**1,389,856**

Notes to the financial statements
For the year ended 31 December 2021

1 General administrative information

Royal Engineers Central Charitable Trust is an unincorporated charity in England & Wales with the registration number 1003032. 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 Armed Forces and in particular The Corps of Royal Engineers; to promote the activities of the Royal Engineers Association and the Institution of Royal Engineers, as laid down in their respective Charters; to foster an esprit de corps in the Royal Engineers; and to relieve either generally or individually necessitous persons being members or former members of the Royal Engineers or the dependants of such persons.

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) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Royal Engineers Central Charitable Trust 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).

No separate SOFA has been presented for the charity alone.

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.

2.3 Fund accounting

The Charity maintains the following types of funds:

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

General unrestricted funds represent unrestricted funds which are expendable at the discretion of the Trustees in the furtherance of the objects of the Trust. Such funds may be held in order to finance both working capital and capital investment.

Restricted fund for DUTF, which operates under a separate Trust Deed dated 8 March 1957.

2 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.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

The cost of 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 donated expenditure, apportioned against charitable activities and support.

2.5 Turnover

Turnover is recognised when counter goods from either the shop or foyer trading are sold or dispatched and invoiced to customers via the company's mail order service.

2.6 Expenditure

Liabilities are recognised as resources 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 to third parties in the furtherance of the charitable objectives of the Trust are always authorised by the Trustees.

2.7 Basis of consolidation

The financial statements consolidate the accounts of Royal Engineers Central Charitable Trust and all of its subsidiary undertakings ('subsidiaries').

2.8 Tangible fixed assets and depreciation

All assets costing more than £250 are capitalised.

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Fixtures and fittings	10% straight line
General Property	10% straight line
Computers	20% straight line

2.9 Investment properties

Investment properties are being long-term assets, which generate income. The are included at market value in accordance with the Statement of Recommended Practice on accounting by charities. Please see note 26 to the financial statements.

2 Accounting policies (continued)

2.9 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.

2.10 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2.11 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.

2.12 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.

2.13 Liabilities and provisions

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.

2.14 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.

2.15 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.

2.16 Tender Policy

Trustees have a tender policy that covers expenditure:

a. Between £2,500 and £5,000
b. Between £5,000 and £10,000
c. Over £10,000

		Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
3 Donations and legacies					
Subscriptions	(Note 4)	**431,107**	-	**431,107**	403,557
Donations	(Note 5)	**95,373**	-	**95,373**	93,838
Legacies		**-**	-	**-**	5,000
Donated services and facilities	(Note 6)	**234,070**	-	**234,070**	223,292
Government Grants receivable		**6,918**	-	**6,918**	12,415
		767,468	-	**767,468**	738,102

Income from Donations and Legacies was all unrestricted funds in both years.

4 Subscriptions					
Serving officers' subscriptions		**82,726**	-	**82,726**	80,106
Retired officers' subscriptions		**12,999**	-	**12,999**	11,039
Soldiers' subscriptions		**301,514**	-	**301,514**	281,723
Tax refund - Retired Officers & Reserves		**1,458**	-	**1,458**	1,312
Reserves DPS		**5,189**	-	**5,189**	4,892
WOs' & SNCOs' (5% subscription)		**9,052**	-	**9,052**	8,757
The Sapper Magazine		**18,169**	-	**18,169**	15,728
		431,107	-	**431,107**	403,557
5 Donations & Grants					
General		**4,606**	-	**4,606**	972
Commercial Donations		**-**	-	**-**	166
WOs' & Sgts' Silver Fund		**12,067**	-	**12,067**	1,950
Comms Hub		**78,700**	-	**78,700**	90,750
		95,373	-	**95,373**	93,838
6 Donated services and facilities					
Gas		**932**	-	**932**	925
Electricity		**1,102**	-	**1,102**	1,089
Water and sewage		**446**	-	**446**	440
Community charge		**5,574**	-	**5,574**	5,519
Administration utilities		**764**	-	**764**	748
MOD salaries		**182,543**	-	**182,543**	175,642
Administration salaries		**42,709**	-	**42,709**	38,929
		234,070	-	**234,070**	223,292

7 Other trading activities - RECCT	Unrestricted funds 2021	Restricted funds 2021	Total funds 2021	Total funds 2020
Advertisements	1,950	-	1,950	1,229
Miscellaneous & graphic sales	45	-	45	44
Project Funding	15,542		15,542	61,723
	17,537	-	17,537	62,996

8 Other trading activities - RECE Ltd	£	£	£	£
Income				
RECE Ltd Sales	228,364	-	228,364	240,081
Expenditure				
Cost of sales	130,351	-	130,351	155,837
Staff costs	51,852	-	51,852	53,885
Postage & telephone	23,345	-	23,345	24,812
Printing & stationery	2,114	-	2,114	2,345
IT costs	4,667	-	4,667	1,800
Miscellaneous	613	-	613	238
Cardnet terminal services	3,464	-	3,464	3,608
Bank charges	302	-	302	360
Depreciation	115	-	115	165
Insurance	1,504	-	1,504	1,539
Audit fee	172	-	172	100
Advertising	225	-	225	7,518
	218,724	-	218,724	252,207
	9,640	-	9,640	(12,126)

All income and expenditure on trading activities was unrestricted in 2021 and 2020.

9 Investment income	£	£	£	£
Dividends	312,565	-	312,565	292,876
Lloyds bank interest	245	2	247	305
Kitchener Properties	23,307	-	23,307	19,645
	336,117	2	336,119	312,826

Income from investments was £336,119 (2020: £312,826) of which £336,117 was unrestricted (2020: £312,821) and £2 was restricted (2020: £5).

10 Income from charitable activities	£	£	£	£
Burgoyne House	4,200	-	4,200	2,450

All income from charitable activities was unrestricted in 2021 and 2020.

Notes to the financial statements
For the year ended 31 December 2021

11 Analysis of expenditure by activities	Direct costs 2021	Support costs 2021	Total funds 2021	Total funds 2020
	£	£	£	£
Burgoyne House (Note 12)	3,192	-	3,192	43,522
Sports & Games (Note 13)	248,448	47,474	295,923	307,996
Heritage (Note 14)	91,100	-	91,100	48,800
Esprit de Corps (Note 15)	66,425	84,804	151,229	254,657
RE HQ Mess (Note 16)	28,989	-	28,989	30,355
Comms Hub (Note 17)	56,012	182,148	238,160	135,214
WOs' & Sgts' (Note 18)	710	20,408	21,118	19,871
RE Corps Enterprises (Note 19)	-	71,050	71,050	68,567
Day's Pay Scheme (Note 20)	-	53,904	53,904	50,025
	494,876	459,788	954,664	959,007

Expenditure on charitable activities was £954,664 (2020: £959,007) of which £953,284 was unrestricted (2020: £957,982) and £1,380 was restricted (2019: £1,025).

12 Burgoyne House		
Direct costs:	£	£
General Maintenance	145	40,469
Land Rent	21	21
Gas contract	331	337
Depreciation	2,695	2,695
	3,192	43,522

13 Sports & Games		
Direct costs:	£	£
RE Sports Board	249,209	264,029
Refund sports grant from previous year	(761)	-
	248,448	264,029
Support costs:		
Audit Fee	860	856
Insurance	442	459
Administration	1,056	855
IT Support	1,972	517
Depreciation	2,338	1,934
Donated services support costs	7,073	6,522
Donated services MOD Salaries	20,080	19,321
Staff costs	13,653	13,503
	47,474	43,967
	295,923	307,996

14 Heritage		
Direct costs:	£	£
RE Museum	38,000	38,000
RE Museum Dockyard Rent	8,100	10,800
RE Museum Project	45,000	-
	91,100	48,800

Notes to the financial statements
For the year ended 31 December 2021

		Total funds 2021	Total funds 2020
15	**Esprit de Corps**		
	Direct costs:	**£**	£
	Donations and presentations	**909**	2,076
	Other Corps events	**10,839**	5,639
	Corps entertainment	**45,934**	39,476
	Project Funding	**8,144**	24,008
	Colonels Comdt	**763**	270
	Unit grants	**1,380**	1,025
	Refund of previous years' grant	**(1,544)**	(125)
	Communications	**-**	8,828
		66,425	81,197
	Support costs:		
	Audit fee	**1,720**	1,712
	Insurance	**883**	917
	Administration	**2,421**	2,057
	IT Support	**3,944**	1,033
	Depreciation	**4,676**	5,777
	Donated services support costs	**14,146**	13,044
	Donated services MOD Salaries	**40,159**	38,641
	Staff costs	**16,855**	110,279
		84,804	173,460
		151,229	254,657
	HQ Mess		
16	**Direct costs:**		
	Mess Secretary salary	**28,989**	30,355

Notes to the financial statements
For the year ended 31 December 2021

	Total funds 2021	Total funds 2020
17 Comms Hub		
Direct costs:		
Printing & distribution	**53,749**	51,542
Miscellaneous	**2,263**	-
	56,012	51,542
Support costs:		
Audit fee	**860**	856
Insurance	**442**	459
Administration	**1,327**	884
IT support	**5,755**	1,597
Depreciation	**3,705**	2,444
Donated services support costs	**7,514**	6,958
Donated services MOD Salaries	**29,207**	28,103
Staff costs	**133,338**	42,371
	182,148	83,672
	238,160	135,214
18 WOs' & Sgts' Fund		
Direct costs:		
Silver Repairs	**-**	950
Individual E2 Grants	**710**	200
	710	1,150
Support costs:		
Audit Fee	**860**	856
Insurance	**442**	459
Administration	**1,056**	855
Miscellaneous	**56**	850
IT support	**1,972**	517
Donated services support costs	**6,531**	5,987
Donated Services MOD salaries	**9,127**	8,782
Staff costs	**364**	415
	20,408	18,721
	21,118	19,871
19 RE Corps Enterprises Ltd		
Support costs:		
Donated services support costs	**8,837**	8,266
Donated services MOD Salaries	**56,588**	54,449
Staff costs	**5,625**	5,852
	71,050	68,567

	Total funds 2021	Total funds 2020
20 Day's Pay Scheme		
Support costs:		
Audit Fee	**860**	856
Insurance	**442**	459
Administration	**1,056**	855
IT support	**1,972**	517
Depreciation	**2,338**	1,934
Donated services support costs	**7,426**	6,871
Donated services MOD Salaries	**27,381**	26,346
Staff costs	**12,429**	12,187
	53,904	50,025

21 Net Income / (Expenditure)

This is stated after charging:

Depreciation of tangible fixed assets:	**£**	£
-owned by the charitable group	**15,752**	8,792
Auditor's remuneration	**5,160**	4,800

During the year, no Trustees received any remuneration (2020: £NIL).
During the year, no Trustees received any benefits in kind (2020: £NIL).
Trustees received reimbursement of expenses amounting to £NIL in the current year (2020:NIL).

	Total funds 2021	Total funds 2020
	£	£
23 Staff costs		
Staff costs were as follows:		
Wages and salaries	**231,685**	188,695
Social security costs	**13,271**	13,095
Other pension costs	**18,149**	13,172
	263,105	214,962

	No.	No.
The average monthly number of employees during the year was as follows:		
Management and administration of the charity	**6**	6
RECE Ltd	**4**	4
	10	10

The total employment benefits including employer pension contributions of the key management personnel were £22,306 (2020: £14,742).

The number of employees whose benefits (excluding employer pension costs) exceeded £60,000 was:	2021 No	2020 No
In the band £60,001 - £70,000	**1**	-

24 Tangible fixed assets

Group	Shop fixtures, fittings and equipment £	General fund £	WOs' & Sgts' fund £	Comms Hub property £	Total £
Cost or valuation					
At 1 January 2021	**1,074**	**121,993**	**174,642**	**22,160**	**319,869**
Additions	**-**		**-**	**6,654**	**6,654**
At 31 December 2021	**1,074**	**121,993**	**174,642**	**28,814**	**326,523**
Depreciation					
At 1 January 2021	**844**	**53,598**	**-**	**13,168**	**67,610**
Charge for the year	**115**	**12,047**	**-**	**3,705**	**15,867**
At 31 December 2021	**959**	**65,645**	**-**	**16,873**	**83,477**
Net book value					
At 31 December 2021	**115**	**56,348**	**174,642**	**11,941**	**243,046**
At 31 December 2020	**230**	**68,395**	**174,642**	**8,992**	**252,259**

24 Tangible fixed assets (continued)

Charity	General fund £	WOs' & Sgts' fund £	Comms Hub property £	Total £
Cost or valuation				
At 1 January 2021	121,993	174,642	22,160	318,795
Additions	-	-	6,654	6,654
At 31 December 2021	121,993	174,642	28,814	325,449
Depreciation				
At 1 January 2021	53,598	-	13,168	66,766
Charge for the year	12,047	-	3,705	15,752
At 31 December 2021	65,645	-	16,873	82,518
Net book value				
At 31 December 2021	56,348	174,642	11,941	242,931
At 31 December 2020	68,395	174,642	8,992	252,029

25 Fixed asset investments

Group & Charity	Listed securities £
Market value	
At 1 January 2021	8,619,182
Additions	880,000
Disposals	-
Revaluations	796,198
At 31 December 2021	10,295,380
Historical cost	8,831,319

Group & charity investments at market value comprise:

	2021 £	2020 £
Listed investments	10,295,380	8,619,182

All 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 Ltd.

26 Investment properties

Group & Charity	Freehold Investment Property £
Valuation	
At 1 January 2021	**640,000**
At 31 December 2021	**640,000**
Comprising	
Cost	**640,000**

During the financial year the Charity incurred costs amounting to £311 in the development of the properties on plots 35 and 36 Khartoum Parade, Chatham, Kent.

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

27 Stocks:

	Group		Charity	
	2021	2020	**2021**	2020
	£	£	**£**	£
Finished goods and goods for resale	**71,148**	74,594	**-**	-

28 Debtors:

	Group		Charity	
	2021	2020	**2021**	2020
	£	£	**£**	£
Amounts owed by group undertakings	**-**	-	**44,235**	44,235
Other debtors	**179,197**	171,021	**171,970**	162,210
	179,197	171,021	**216,205**	206,445

29 Creditors:
Amounts falling due within one year

	Group		Charity	
	2021	2020	**2021**	2020
	£	£	**£**	£
Other creditors	**1,375,922**	190,698	**1,358,926**	150,627
	1,375,922	190,698	**1,358,926**	150,627

30 Statement of funds

Current Year	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
Comms Hub	8,992	98,864	(238,160)	142,245	-	11,941
Project Funding	37,715	15,542	(8,144)			45,113
	46,707	114,406	(246,304)	142,245	-	57,054
General funds						
RE Central Charitable Trust	10,157,730	989,797	(706,270)	(142,245)	796,198	11,095,210
WOs' & Sgts' Fund	232,072	21,119	(710)	-	-	252,481
RECE Ltd	12,701	228,364	(218,724)	-	-	22,341
	10,402,503	1,239,280	(925,704)	(142,245)	796,198	11,370,032
Total Unrestricted funds	10,449,210	1,353,686	(1,172,008)	-	796,198	11,427,086
Restricted funds						
DUTF	16,997	2	(1,380)	-	-	15,619
Total of funds	10,466,207	1,353,688	(1,173,388)	-	796,198	11,442,705

Prior Year	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
Comms Hub	832	17,001	(135,214)	126,373	-	8,992
Project Fund		61,723	(24,008)			37,715
	832	78,724	(159,222)	126,373	-	46,707
General funds						
RE Central Charitable Trust	9,594,151	1,014,525	(766,476)	(126,373)	441,903	10,157,730
WOs' & Sgts' Fund	241,236	10,707	(19,871)	-	-	232,072
RECE Ltd	24,827	240,081	(252,207)	-	-	12,701
	9,860,214	1,265,313	(1,038,554)	(126,373)	441,903	10,402,503
Total Unrestricted funds	9,861,046	1,344,037	(1,197,776)	-	441,903	10,449,210
Restricted funds						
DUTF	18,017	5	(1,025)	-	-	16,997
Total of funds	9,879,063	1,344,042	(1,198,801)	-	441,903	10,466,207

31 Analysis of net assets between funds

Current Year

	Unrestricted Funds	Restricted Funds	Total funds	Total funds
	2021	2021	2021	2020
	£	£	£	£
Tangible fixed assets	243,046	-	243,046	252,259
Fixed asset investments	10,295,380	-	10,295,380	8,619,182
Investment properties	640,000	-	640,000	640,000
Current assets	1,624,582	15,619	1,640,201	1,145,464
Creditors due within one year	(1,375,922)	-	(1,375,922)	(190,698)
	11,427,086	15,619	11,442,705	10,466,207

Analysis of net assets between funds
Prior Year

	Unrestricted Funds	Restricted Funds	Total funds	Total funds
	2020	2020	2020	2019
	£	£	£	£
Tangible fixed assets	252,259	-	252,259	230,740
Fixed asset investments	8,619,182	-	8,619,182	8,215,539
Investment properties	640,000	-	640,000	601,740
Current assets	1,128,467	16,997	1,145,464	972,544
Creditors due within one year	(190,698)	-	(190,698)	(141,500)
	10,449,210	16,997	10,466,207	9,879,063

32 Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £18,149 (2020: £13,172).

33 Principal subsidiaries

Company name	Country	Percentage Shareholding
Royal Engineers Corps Enterprises	United Kingdom	100

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

	Total funds 2021	Total funds 2020
	£	£
Net movement in funds	**976,498**	587,144
Add back depreciation charge	**15,867**	14,949
Deduct interest income shown in investing activities	**(336,119)**	(312,826)
Deduct gains / add back losses on investments	**(796,198)**	(403,643)
Losses on revaluation of tangible fixed assets	**-**	(38,260)
Deduct gain on revaluation of investment property	**-**	(38,260)
Decrease (increase) in stock	**3,446**	9,734
Decrease (increase) in debtors	**(8,176)**	6,772
Increase (decrease) in creditors	**1,185,224**	49,198
Net cash used in operating activities	**1,040,542**	(138,736)

35 Related party transactions

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

36 Post balance sheet events

In early 2022 the Charity has agreed to the purchase of an additional investment property, located within the Ebbsfleet Garden City development.

ROYAL ENGINEERS CENTRAL CHARITABLE TRUST

England & Wales - Charity number 1003032

Accounts

Charity number: 1003032

Royal Engineers Central Charitable Trust

Trustees' report and financial statements

For the year ended 31 December 2020

EMPLOYER RECOGNITION SCHEME

BRONZE AWARD

Proudly supporting those who serve.

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WHO WE ARE

WHAT WE DID

HOW WE PERFORMED

Reference and administrative details of the charity

Charity registered number

1003032

Principal office

Headquarters Royal Engineers
Brompton Barracks
Chatham
Kent
ME4 4UG

Independent auditor

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

Bankers

Lloyds plc
Cox's & King's Branch
PO Box 1000
London
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

Trustees and advisers Trustees and advisers who served during the year ending 31 December 2020 were as follows:

Lieutenant General Sir Tyrone Urch KBE
Chief Royal Engineer and Chair

Major General Richard Semple CBE
Chair, Corps Finance Committee

Lieutenant General Ivan Jones CB
Representative Colonel Commandant

Major General Nick Cavanagh
President, Institution of Royal Engineers

Major General Alastair Dickinson CBE
Chair, Royal Engineers Association

Major General Dickie Davis CB CBE
Chair, Royal Engineers Museum (tenure complete September 2020)

Major General David Southall CBE
Chair, Royal Engineers Museum (assumed post September 2020)

Major General Chris Tickell CBE
Chair, Royal Engineers Regimental Affairs Committee (tenure complete July 2020)

Major General Bobby Walton-Knight CBE
Chair, Royal Engineers Regimental Affairs Committee (assumed post July 2020)

Brigadier Peter Rowell MBE
Commandant, Royal School of Military Engineering Group

Brigadier Joe Fossey OBE
Commander, 8 Engineer Brigade

Brigadier Richard Brown
Chief ECMI, HQ Allied Rapid Reaction Corps (tenure complete March 2020)

Brigadier Chas Story MBE
Chief ECMI, HQ Allied Rapid Reaction Corps (assumed post March 2020)

Colonel Matt Quare MBE ADC
Corps Colonel

Colonel Andrew Ryan
Corps Colonel (Reserves)

Warrant Officer Class 1 Paul Clark
Corps Sergeant Major

Mr Ambrose McGuire
Non-Executive Director

Lieutenant Colonel (retired) Charles Holman
Corps Secretary (tenure complete October 2020)

Mr Russell Lovell
Corps Secretary (assumed post October 2020)

Major (retired) Ian Sidebottom
Corps Treasurer

Message from the Chairman

Welcome to the Royal Engineers Central Charitable Trust (RECCT) 2020 Annual Report and Financial Statements in which we will explain the function of the Charity and how this has been executed by the Trustees.



The objects (aims) of the RECCT are clearly laid out on page 4 of this report and are, in simple terms, to provide life support to the whole Sapper family. We are a grant making body providing funding for sports and games (including the annual Sapper Games), the production of your Sapper Magazine, benevolence for serving and former Sappers or their dependants, grants to Royal Engineer units to support open days, medal parades or new flags, and grants to the RE Museum to preserve the Corps' proud heritage.

2020 has, of course, been dominated by the COVID crisis. This has created challenges for many charities and has certainly had some disruption on normal activity within the RECCT. However, I am pleased to report that we have maintained a healthy position financially and therefore sustained our levels of disbursements. Furthermore, as I look forward, I remain confident in our ability to deliver against our clearly defined objects, in a professionally responsible and sustainable manner for the future.

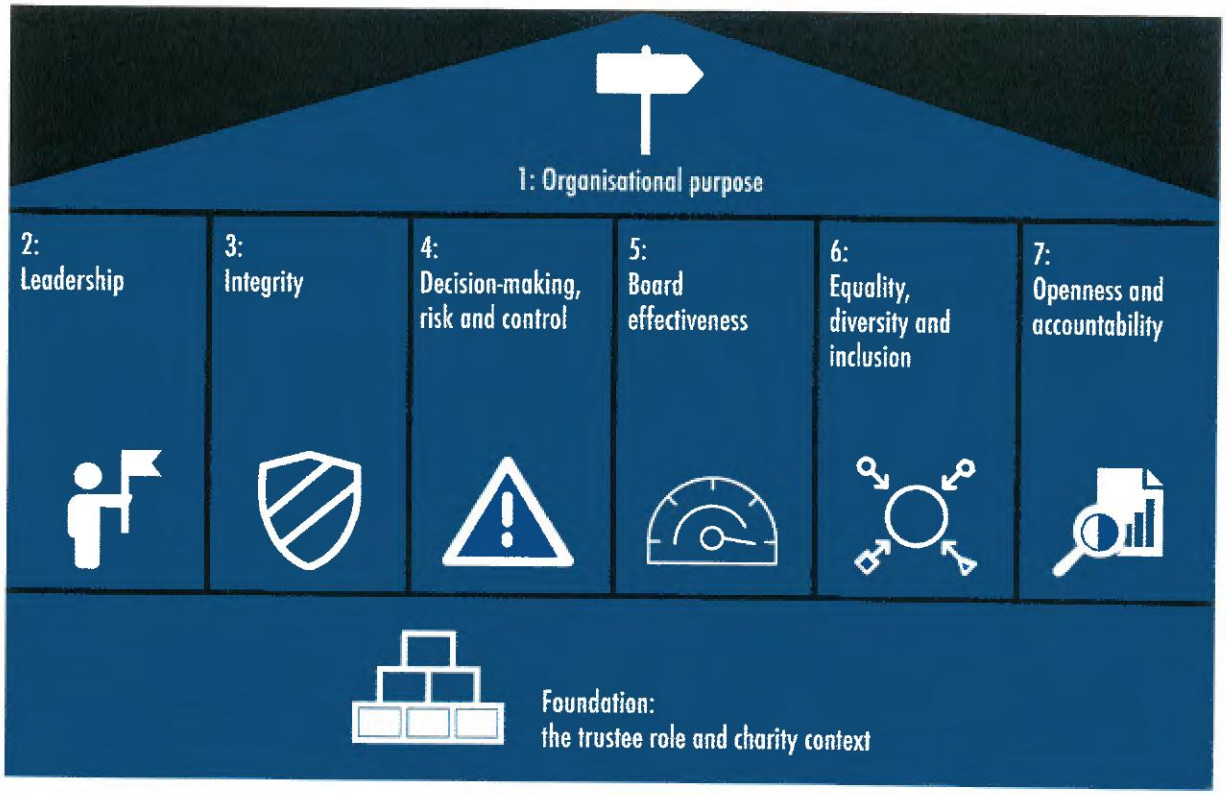
The Charity maintains a strong and balanced portfolio of investments, a significant proportion of which are held within the BlackRock Armed Forces Charities Growth and Income Fund. The Fund has held up well through this year and our income has benefited from the same level of dividend payments as last year. Similarly, we have maintained rental income from the Charity's properties.

Our strong position is also very much thanks to every member of the Royal Engineers Days Pay Scheme, Regular or Reservist, and all former Sappers who retain various levels of memberships, for your continued support. Without your generosity the Corps could simply not fund the ventures and campaigns it currently promotes.

These accounts demonstrate the high standard of financial management and governance required by law, implemented by my Corps Finance Committee, and delivered by your staff in the Corps Funds department of Regimental Headquarters Royal Engineers. I would like to thank them all for their sterling work in carefully managing our finances and achieving a successful audit in this difficult year.

Once a Sapper, always a Sapper.

Major General Richard Semple CBE



The Trustees have reviewed their activities against the criteria set out within the newly refreshed (2020) Charity Governance Code (see above) and present their annual report and the audited consolidated financial statements of the charity and its subsidiaries 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. The Trustees have appointed professional advisers and other organisations to support them in delivering the charity's objectives. These advisers and organisations are listed on page 1. The Trustees have written agreements in place with each of them.

OBJECTIVES, AIMS AND ACTIVITIES

Armed Forces charities today offer a broad range of services and support to the Armed Forces community which can range from enhancing quality of life through to direct assistance and intervention. Every charity has its own vision, mission, aim, as well as eligibility criteria to support a specific beneficiary group or groups. The objects of the Royal Engineers Central Charitable Trust are:

- *"To promote the efficiency of the Armed Forces and in particular The Corps of Royal Engineers;*
- *To promote the activities of the Royal Engineers Association and the Institution of Royal Engineers, as laid down in their respective Charters;*
- *To foster an esprit de corps in the Royal Engineers;*
- *To relieve either generally or individually necessitous persons being members or former members of the Royal Engineers or the dependants of such persons."*

Specific activities for 2020 were set by Trustees against 8 planned budgets. Further details are provided under Achievements and Performance. Trustees achieved their objectives for 2020 through a dedicated secretariat and maintaining annual income from:

- The Day's Pay Scheme (Regular and Reserve).
- Investment Income (Dividends).
- Occasional legacies.
- Trading through our subsidiary Limited Company (RECE Ltd).
- Rental income from investment properties.

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 includes, 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 that 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 except the Job Retention Scheme (RECCT furloughed two members of staff, one for five months, and one for two months);
- 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's ability to fundraise was not affected;
- The charity does not have any loans therefore financing or refinancing is not impacted;
- By staggering employee attendance in the workplace and social distancing, none of the physical checks (financial and stocktake) were replaced by virtual checks;
- The biggest impact on charity expenditure was the reduction in funds disbursed in support of Sports and Adventurous Training. This mainly due to limitations on travel and the cancellation of sporting events;
- 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.

PUBLIC BENEFIT

The Trustees confirm they have referred to the information contained in the Charity Commission's general guidance on public benefit when reviewing their aims and objectives and in deciding what activities the charity should undertake. The charity provides public benefit by assisting regular and reserve service personnel in the Corps of Royal Engineers to perform their roles and duties within the British Army more effectively. The charity also supports the veteran community and their families and thus enhances esprit de corps by promoting the concept of support to the Sapper family for life. It does this by providing the support funding for sports, adventurous training, in-house publications, welfare, gatherings and events. The Charity promotes the efficiency of the armed forces of the Crown by enhancing the British Army's capability to undertake the roles demanded of it including the defence of the UK and its interests. By supporting the wider Sapper family it assists the Government in fulfilling its promise in the Armed Forces Covenant (which the RECCT signed up to in 2019) to treat Serving personnel, Veterans and their families fairly. In 2020, for its commitment to serving the Armed Forces community, the RECCT was awarded a Bronze Award by the Employer Recognition Scheme. In addition to promoting the efficiency of the Army and, in particular, the military efficiency of the Corps of Royal Engineers by promoting Esprit de Corps the work of the RECCT benefits the public by:

- Allocating 50% of the charitable income it receives from the Day's Pay Scheme (2020: £361,829) to the Royal Engineers Association whose prime objective is to provide financial assistance to those in need and benevolence cases from serving and former members of the Royal Engineers and their families.
- Providing financial support to the Royal Engineers Museum, which is open to the general public and provides an educational outreach programme.
- Providing financial support to further education via the Institution of Royal Engineers.
- Awarding grants to maintain war memorials, world-wide, that honour fallen Royal Engineers.
- Providing financial support to serving officers and soldiers (Regular and Reserve) participating in adventurous training / sport and a number of individuals participating in high profile sporting activities.

ACHIEVEMENTS AND PERFORMANCE

Trustees pursued the following activities against planned and authorised budgets:

1. Continued support to network charities.
2. Promoted esprit de corps throughout the Royal Engineers.
3. The publication of six 'Sapper' magazines in 2020.
4. Financial support to more than 30 sports and games associations, unions and clubs, and several individuals who participated in high profile sports activities.
5. Maintained the Pension Plan Scheme for private employees compliant with Auto Enrolment legislation.
6. Provided financial support to units deployed on operations and to Commanding Officers.
7. Generated income from investments.
8. Provided a retail service for Corps memorabilia and related items.

Supporting Network Charities

The historic Trustee arrangement that allocates a percentage of the Day's Pay Scheme direct to nominated network charities provided them with the following income:

	2020 £	2019 £
Royal Engineers Association	361,829	351,677
Institution of Royal Engineers	184,442	176,651
Royal Engineers Museum	48,800	48,800

Grants to Foster Esprit de Corps

Trustees authorised the following grants in 2020:

	2020 £	2019 £
RE Sports & Games	264,029	257,498
Sapper Magazine	51,542	52,115
Esprit de Corps	83,106	147,030

Publishing 'Sapper' Magazine

Trustees provided £51,542 (2019: £52,115) to fund the publication of an all ranks 'Sapper' magazine. Some 8,000 copies of the Sapper magazine were published bi-monthly. Free copies of the magazine are sent to Regular Royal Engineer units for the benefit of the officers and soldiers who subscribe to the RECCT. Free copies were also sent to Royal Engineer Reserve units and Royal Engineer officers and soldiers serving in non-Royal Engineer units. The Sapper continues to be well received both by units and individuals, including former members of the Corps and Royal Engineers Association branches, who pay a subscription charge. The Sapper provides a focal point in publicising the Corps' activities and in engendering Esprit de Corps. From 2021, Sapper magazine will be remodelled to become a hybrid, print and digital, publication.

Supporting Corps Sports Clubs

Trustees approved financial grants to more than 5,100 personnel (serving and veteran) through 32 sports associations, unions and clubs.

Optimising Income from the Days Pay Scheme (DPS)

Up until 31 March 2007 the RECCT derived its main source of income from covenanted and gift aided subscriptions paid by serving officers and soldiers under the Army's administrative arrangements for the recovery of Regimental/Corps subscriptions. Since 1 April 2007 DPS subscriptions have been recovered through a Payroll Giving scheme via the Joint Personnel and Administration (Centre). On 1 April 2007 officers' subscriptions, including an element for their subscription to the Institution of Royal Engineers and the Royal Engineers' Association, increased from 150% to 160% of a day's assessable pay per annum. Officers also make a voluntary subscription of 70% of a day's assessable pay to the Royal Engineers Headquarter Mess, which is excepted from registration as a Service charitable fund. Soldier's subscriptions increased from 100% to 110%. Warrant Officers' and Senior Non-Commissioned Officers' elected to increase their subscriptions from 110% to 115% in August 2010. The 5% increase being used to set up a new designated fund for their use. The RECCT benefits from a very high number of serving officers and soldiers who elect to subscribe to this scheme. In 2012 serving soldier subscriptions were increased to 120% and 125%. This modest increase covers membership to the Institution of Royal Engineers, which opened to all ranks in late 2011, and enables individuals to gain post nominal letters (MInstRE) and pursue CPD through the Institution, which has been granted awarding body status by the Engineering Council of UK.

The process to enable Royal Engineer Reserve officers and soldiers to make an annual voluntary contribution of 12% went live on JPA (the Armed Forces intranet-based personnel administration system) in 2015 and Trustees are monitoring uptake. Longer term, Trustees may consider the requirement to increase the Reserves' contribution rates to ensure parity with the regular cohort when allocating grants against contribution.

Generating Income & Growth from Investments

Investments delivered dividends of £292,876 in 2020 (2019: £287,243). 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%. Details of the Corps Investment Powers, House and Policy are contained in the Financial Review of this report.

In 2019, the Charity realised investment units and purchased two houses in a local development (previously the site of a Royal Engineers barracks). The rationale being to diversify during a difficult market period whilst generating an additional funding stream, through rental income. Both houses are occupied and generated rental income of £19,645 in 2020 (2019: £9,600). This c3% yield is in line with RECCT Trustee direction.

Retail Services

Having returned a deficit in 2020, RE Corps Enterprises Ltd ("the Company") did not gift aid any funds (2019: £0) to the RECCT ("the Charity"). Trustees will, in Q1 of 2021, review the business model and reshape as necessary.

FINANCIAL REVIEW

Summary

The consolidated account generated net income for the charity, before other recognised gains and losses, of £145,241 (2019: net expenditure of £30,136).

The accumulated funds of the Charity increased by £599,270 to £10,453,506 (2019: increased by £981,331 to £9,854,236). The consolidated funds increased by £587,144 to £10,466,207 (2019: increased by £977,424 to £9,879,063).

Balance Sheet

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

Investment Powers

The Trust Deed provides full and unrestricted powers of investment to the Trustees, who sub-delegate investment decisions to a professional Investment House, within the parameters of overall guidance by the Trustees.

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 (renamed the Armed Forces Charities Growth & Income Fund), 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 mainly in equities and fixed income securities. The Trustees have considered the nature, disposition, marketability, security and valuation of the Charity's investments and consider them to be appropriate relative to the reasons for holding each class of investment. Further investment details are given in the notes to the financial statements.

Reserves Policy

The account posts net income of £145,241 (2019: net expenditure of £30,136) before realised and unrealised gains. Gains on investments amounted to £403,643 (2019: gains of £1,028,820), and gains on revaluations of fixed assets were £38,260 (2019: loss of £21,260) giving a positive net movement in funds of £587,144 (2019: positive net movement of £977,424). 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.

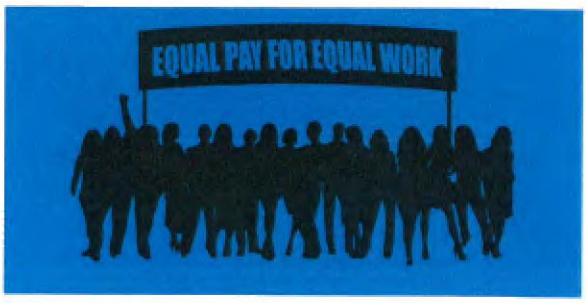
Furthermore, it is the intention of the Trustees to maintain free reserves amounting to a minimum of three years' operating costs plus an additional 2 years' worth of salary to enable redundancy payments if required for RECCT staff and RECE Ltd staff (our Trading Subsidiary) (calculated at c£5.2M). Our reserves are also intended to provide adequate security against market volatility, future risks to both income and expenditure, and meet unexpected costs. Current unrestricted reserves are £10,449,210 of which £75k is shop stock (2019: £9,861,046 of which £84k was shop stock) which Trustees consider is consistent with this policy.

Grant Making Policy

Trustees invite applications from network charities and organisations, external establishments with a past or extant connection to the Corps and from individuals who subscribe to the Days' Pay Scheme who embark on major sporting or challenging pursuits. Details of how to apply for routine or annual grants are communicated in writing to network charities and organisations, briefings to new subscribers or by telephone to the Corps Treasurer. Details of grants made in 2020 are covered under Achievements and Performance.

Remuneration Policy

Privately employed personnel working for the Corps' charities have their salaries authorised by the appropriate charity committee, agreed by means of an individual employment contract, and are paid from the appropriate charity fund. As far as possible, salary scales are to be linked to the Civil Service pay system with staff placed on the initial 'starters rate' salary for the agreed Civil Service pay band (this to be expressed in their contract of employment). Payment is made through a registered PAYE payroll via the respective charity. Corps Colonel RE is responsible to Trustees for ensuring parity where appropriate and fairness across the various charities. In line with the revised Civil Service policy, the charities operate an in-year reward scheme for exceptional performance with Corps Colonel RE as the arbiter for the scheme to ensure parity across all charities. Trustees are not paid by the charity for their services as a Trustee but are reimbursed for expenses incurred during performance of their duties, in accordance with the Trustee's agreed policy.



Equality, Diversity & Inclusion

Our female beneficiaries make up approximately 1.9% of the serving Corps of Royal Engineers (9.5% are officers and 1.7% soldiers) and the Corps recruits many BAME and Commonwealth soldiers. The Army as a whole is 9.8% female (as at 1 Apr 20). Reporting in line with the UK Equality Act 2010 (Gender Pay Gap Information) Regulations 2017: 83% of RECCT staff are female and 17% male. There is no pay gap between male and female staff who carry out the same job, similar jobs or work of equal value. We work to ensure that we are as diverse and inclusive as possible with an accepting workplace culture.

PLANS FOR FUTURE PERIODS

The RECCT plans to:

- Continue to develop the RECCT short, medium, and long-term financial planning and forecasting.
- Continually refine the risk register in order to enhance our ability to mitigate and reduce risk.
- Allocate and manage the voluntary subscriptions to the REHQ Mess via the Days' Pay Scheme.
- Continue to maintain the RE Private Pension Plan, in line with Auto Enrolment legislation.
- Monitor, review and refine the RE Days Pay Scheme with specific regard to the Reserves' contribution.
- Promote, instigate and monitor good governance practices.

SUMMARY

The Trustees remain confident of their ability to continue to meet the Objects of the Charity in the future.

INDEPENDENT AUDITORS

Kreston Reeves LLP remained the Trustees' choice as charity auditor.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Trust Deed

The Royal Engineers Central Charitable Trust (RECCT, Charity number 1003032) Trust Deed dated 14 March 1991 was made by the Members of the Chief Royal Engineer's Committee (the Original Trustees). The Trust Deed allowed the Original Trustees to remain as Trustees whilst they continued to serve on the Chief Royal Engineer's Committee. The Original Trustees have been superseded by new Members of the Chief Royal Engineer's Board, all of whom have indicated their willingness and eligibility to serve as Trustees for the duration of their membership of that Board.

Background

The RECCT combined and superseded the former funds called the 'Royal Engineers Officers' Charitable Fund' and the 'Royal Engineers General Charitable Purposes Fund'. These funds were classified as excepted from registration as charities under the provisions of Statutory Instrument 1965 No.1056 being charities *"wholly or mainly concerned with the promotion of the efficiency of any of the armed forces of the Crown...."* Due to the increasing size of their assets and on advice sought from the Charity Commission, action was taken to draw up a Deed of Trust and to have the RECCT formally registered as a Charity.

ORDERS AND RESOLUTIONS

Based on subsequent resolutions made by the Trustees, the Charity Commissioners have approved:

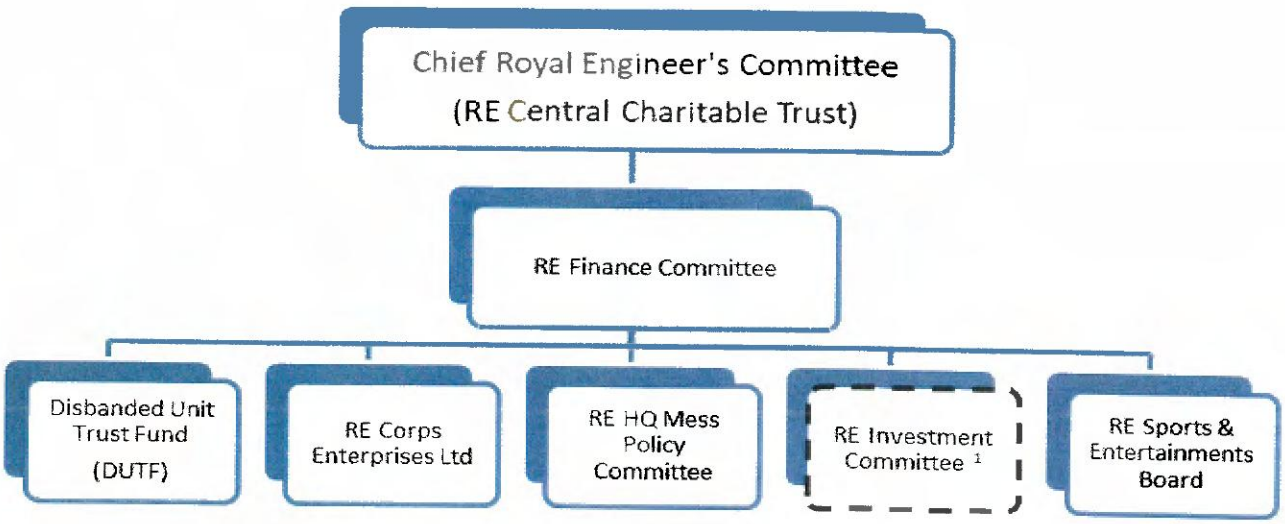
Investment

An Order providing the Trustees power to appoint an investment manager and to delegate to him/her discretionary powers in relation to the Charity's investments.

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.

ORGANISATION



Note 1: RE Investment Committee dormant (see below).

At their quarterly Trustee meetings members of the Chief Royal Engineer's Board agree the broad strategy and areas of activity for the charity, including consideration of grant making, investment, reserves, risk management, HRM policies and performance. The Trustees are served by subordinate committees with delegated responsibility for fulfilling their role, each chaired by a Trustee who is responsible for reporting back to the Chief Royal Engineer's Board. The subordinate committees are:

- **RE Finance Committee**

In 2009 Trustees approved Terms of Reference for the RE Finance Committee which were reviewed in 2017 as part of The Chief Royal Engineer's governance policy review and again in 2019 as part of the Corps' Quinquennial review. The Committee advises the Trustees on financial policy and the control of funds based on an annual budget system incorporating a five-year forecast.

- **RE Investment Committee**

This Committee fulfils a combined responsibility together with nominated representative Trustees of the connected charities; i.e. The Royal Engineers Association, Charity Nos. 258322 and SC041832, The Institution of Royal Engineers, Charity No. 249882 and the Royal Engineers Vocational Educational Training Trust (REVETT), Charity No. 1068709 to lay down a detailed generic investment policy for the Corps Charities and for informing the investment manager of the extent of the investment powers for each Charity and for all other matters laid down in the Order for the delegation of investment powers. Since joining the Armed Forces Common Investment Fund (AFCIF) the need for regular committee meetings diminished. It is still considered appropriate to remain in the AFCIF with future meetings being held at the discretion of the Chair or a convincing request by a committee member. REVETT, following a tender board process in 2016, relocated their portfolio from AFCIF to a medium-risk mandate with Thesis Asset Management LLP (acquired by Sanlam UK in 2019).

- **RE Sports and Games and Entertainments Board**

Responsible for vetting and recommending to Trustees, via the RE Finance Committee, the level of annual grant appropriate to recognised Corps Sports, Games, and other challenging pursuits. Responsible for the annual review and allocation of funds from the Corps entertainment and esprit de corps budgets and for making grant recommendations to Trustees, via the Corps Finance Committee. Responsible for drafting relevant policy (sponsorship etc) for approval by the RE Finance Committee.

- **RE HQ Mess Policy Committee**

Formulates and directs policies on membership, subscription, Royal Engineers HQ Mess functions, Mess development plans, Corps silver, paintings, wines, and other properties of the Officers of the Corps, Mess standards and general conduct of Mess affairs and makes recommendations, through the Corps Finance Committee, on budgeting and funding matters.

- **RHQ RE**

Day to day administration of the RECCT is vested in RHQ RE. Grant applications are processed to the relevant sub-committee by the Corps Treasurer who administers and accounts for approved grants.

TRUSTEES

The Trustees who served during the year are detailed on page 2. Trustees held formal meetings in March, July, October and December 2020. In July they approved the 2019 Statement of Financial Affairs and in December reviewed their 2020 expenditure prior to authorising annual budgets for 2021.

Appointment of Trustees

New Trustees are invited to hold office after discussion by the appropriate committee and at the personal invitation of the Chief Royal Engineer or his nominated representative. As part of their induction process each Trustee is provided with a copy of the Trust Deed, a copy of the Charity Commission leaflet explaining the responsibilities of Trustees, a locally produced Trustee Handbook and copies of the Charity's fraud policy, conflict of interests policy, whistleblowing policy, and access to previous audited accounts. Each Trustee signs a certificate to confirm their eligibility and willingness to act as a Trustee. In 2020 new Trustees attended formal Charity Trustee Training Programmes (run virtually) and several existing Trustees undertook refresher training. People with Significant Control (PSC) and all Conflicts of Interest (actual or perceived) are recorded in registers held and maintained by the Corps Treasurer.

NETWORK CHARITIES

THE ROYAL ENGINEERS ASSOCIATION

The responsibility for undertaking all benevolence work on behalf of the Corps is vested in the Royal Engineers Association (REA). In addition to using their accrued trust funds, investment income and occasional legacies for benevolence purposes, the REA, receive 50% of the Day's Pay Scheme income received by the RECCT for charitable purposes. A separate Trustees' annual report is prepared by the REA together with the Charity's financial statements, Charity Nos. 258332 and SC041832.

THE INSTITUTION OF ROYAL ENGINEERS

The Objects of the Institution of Royal Engineers, as set out in its Royal Charter and Bye-Laws, are to promote and advance the science of military engineering and to promote military efficiency and particularly the military efficiency of the Corps of Royal Engineers. In addition to using their accrued trust funds and investment income for this purpose, the Trustees of the Institution, which routinely includes members of the Chief Royal Engineers Board, receive 71.5% of the income drawn down from the serving officer contributions to the day's pay scheme and, since 2012, received day's pay scheme contributions from serving WOs & SNCOs (5%) and Junior Ranks (5%). A separate Trustees' Annual Report is prepared by the Institution of Royal Engineers together with the Charity's financial statements, Charity No. 249882.

THE ROYAL ENGINEERS MUSEUM (REM)

Overall control of the Royal Engineers Museum (REM) is vested in the Trustees of the Institution of Royal Engineers. Financial support towards the running costs of the Museum is provided by The Institution of Royal Engineers and the RECCT. Financial control of the Museum is delegated to the Royal Engineers Museum Committee which draws up an annual budget against planned activities for Trustee approval. The Committee receives financial support through the RECCT's annual budget process. In 2002 Trustees of the RECCT approved a five-year grant agreement diminishing from £42,000 to £38,000 in 2006. Since 2006 the RECCT has approved annual grants of £38,000. Since 2010 the RECCT has paid the annual rent (£10,800) associated with the RE Museum's occupation and display in Chatham Maritime Dockyard. A separate Trustees' report is included with the Statement of Financial Affairs prepared by the Royal Engineers Museum, Charity No. 295173.

TRUST FUNDS OF DISBANDED UNITS AND ESTABLISHMENTS

The Trust Deed dated 8 March 1957 was made by members of the Chief Royal Engineer's Committee (the original Trustees). This committee continues to fulfil this trusteeship. The Trustees operate under the terms of a Scheme approved and established on 8 March 1957 for the regulation of the Trust Funds of Disbanded Units and Establishments (DUTF) of the Corps of Royal Engineers "Central Charities" comprising:

- Officers' Mess Funds;
- Warrant Officers' and Sergeants' Mess Funds; and
- President of the Regimental Institute (PRI) Funds

On 13 December 2007, the Trustees passed a resolution, subsequently supported by the Charity Commission, to transfer the remaining assets in each fund to a restricted fund within the RECCT. The last separate Trustees' report and statement of financial affairs for the DUTF was issued by the Chief Royal Engineer's Committee in 2007. The DUTF balance sheet is examined annually by the RE Finance Committee prior to review at Chief Royal Engineer's Board.

ROYAL ENGINEERS NETWORK

RE HQ Mess

The Royal Engineers HQ Mess Fund is excepted from registration as a Charity under the provisions of the Charities (Exception from Registration and Accounts) Regulations 1965 (Statutory Instrument 1965 No.1056).

The fund is governed by the Chief Royal Engineer's Board.

RE Establishments and Units

As well as receiving an annual grant, Royal Engineer establishments and regular/reserve/hybrid units are invited to seek and justify additional grants to offset the cost of entertainment that they undertake for the benefit of the Corps as opposed to the individual establishment or unit. The Corps Entertainment Committee review each bid and make grant recommendations to Trustees via the Corps Finance Committee.

RE Sports Clubs

RHQ RE, through the RE Sports Board, has approved thirty-two Corps Sports and Clubs. Each sport and club is managed by a designated Chair, Manager and Treasurer. Club Chairmen are invited to seek and justify financial support for their planned activities each year through the RE Sports and Games Board.

RISK MANAGEMENT STATEMENT *What could stop us achieving our aims?*

The Trustees review risks to which the Charity is exposed at each of their 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 by the RE Finance Committee on 13th November 2020 and Chief Royal Engineer's Board on 8th December 2020 with Trustees satisfied that appropriate internal controls are in place and remain effective with systems established to mitigate those risks identified.

Key Risk

The two key risks identified (from the RECCT risk register) to which the charity could be exposed are shown below:

Risk	Consequence	Impact	Likelihood / Trend	Mitigation/Preventative Action
Failure to generate sufficient income to cover planned / known expenditure	• Failure to deliver outputs • Failure to meet charitable objects • Failure to sustainably finance our people • Members withdrawing from RE DPS • Loss of credibility and reputation • Degradation of existing capital / investments	Medium	Low ➡	• Robust financial reserves policy and prudent investment • Monitor Corps manning strength and contributions to RE DPS (Reg and Res) to identify trends • Produce accurate monthly FOOs • Link budgets to business planning and Charitable Objects • Promote legacy giving and donations • Ensure max long-term occupancy of Corps property portfolio minimising 'void' periods
Significant reduction in Public funding	• Inability to deliver Chief Royal Engineer's mandated outputs • Corps' charities forced to fund additional staff costs • Inability to preserve and maintain Regimental identity and resilience • Over-reliance on Colonels Commandant	High	Low ➡	• Improve financial planning and forecasting • Promote sponsorship for Sapper Sport • Monitor financial reserves policy • Continue to promote RE Reserves Days Pay Scheme

Cyber Risk

Trustees have discussed cyber risk and, having examined the National Cyber Security Centre's Small Charity Guide, are content the following measures are in place to reduce / mitigate the risk:

- The Cloud is being utilised where possible
- Back-ups are performed regularly and stored in a separate location
- Antivirus software and firewalls are enabled
- Software is kept up-to-date (patching)

Two factor authentication (2FA) is used for important (fund controlling) accounts.

Statement of Trustees' responsibilities

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

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of its income and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102) (2019);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008and the provisions of the Memorandum of Association. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Trustees
and signed on behalf of the Trustees

Colonel M Quare MBE ADC
Trustee

9th June 2021

Independent Auditor's report to the Trustees of the Royal Engineers Central Charitable Trust

We have audited the financial statements of Royal Engineers Central Charitable Trust (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.

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
- 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.

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

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.

Royal Engineers Central Charitable Trust

Consolidated 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 and legacies	3	738,102	-	738,102	635,396
Other trading activities	7, 8	303,077	-	303,077	267,088
Investment income	9	312,821	5	312,826	301,396
Charitable activities	10	2,450	-	2,450	2,172
Total income		1,356,450	5	1,356,455	1,206,052
Expenditure on:					
Raising funds	8	252,207	-	252,207	269,740
Charitable activities	11	957,982	1,025	959,007	966,448
Total expenditure		1,210,189	1,025	1,211,214	1,236,188
Net income/(expenditure) before gains and losses on investments		146,261	(1,020)	145,241	(30,136)
Net gains/(losses) on investments		403,643	-	403,643	1,028,820
Net gains/(losses) on revaluations of tangible fixed assets		38,260		38,260	(21,260)
Net movement in funds for the year		588,164	(1,020)	587,144	977,424
Total funds at 1 January 2020		9,861,045	18,018	9,879,063	8,901,639
Total funds at 31 December 2020		10,449,209	16,998	10,466,207	9,879,063

All activities relate to continuing operations.

The notes on pages 22 to 37 form part of these financial statements.

Royal Engineers Central Charitable Trust

Consolidated balance sheet
As at 31 December 2020

	Note	£	2020 £	£	2019 £
Fixed assets					
Tangible assets	24		**252,259**		230,740
Investments	25		**8,619,182**		8,215,539
Investment properties	26		**640,000**		601,740
			9,511,441		9,048,019
Current assets					
Stocks	27	**74,594**		84,328	
Debtors	28	**171,021**		164,249	
Cash at bank and in hand		**899,849**		723,967	
		1,145,464		972,544	
Creditors: amounts falling due within one year	29	**(190,698)**		(141,500)	
Net current assets			**954,766**		**831,044**
Net assets			**10,466,207**		**9,879,063**
Charity Funds					
Restricted funds	30		**16,997**		18,017
Unrestricted funds	30		**10,449,210**		9,861,046
Total funds			**10,466,207**		9,879,063

The financial statements were approved by the Trustees on 9th June 2021 and signed on their behalf, by:

Richard Semple

Major General R J Semple CBE

Colonel M Quare MBE ADC

The notes on pages 22 to 37 form part of these financial statements.

Royal Engineers Central Charitable Trust

Charity balance sheet
As at 31 December 2020

	Note	£	2020 £	£	2019 £
Fixed assets					
Tangible assets	24		**252,029**		230,345
Investments	25		**8,619,182**		8,215,539
Investment properties	26		**640,000**		601,740
			9,511,211		9,047,624
Current assets					
Debtors	28	**206,445**		205,841	
Cash at bank		**886,477**		710,716	
		1,092,922		916,557	
Creditors: amounts falling due within one year	29	**(150,627)**		(109,945)	
Net current assets			**942,295**		806,612
Net assets			**10,453,506**		9,854,236
Charity Funds					
Restricted funds	30		**16,997**		18,017
Unrestricted funds	30		**10,436,509**		9,836,219
Total funds			**10,453,506**		9,854,236

The financial statements were approved by the Trustees on 9th June 2021 and signed on their behalf, by:

Richard Semple

Major General R J Semple CBE

Colonel M Quare MBE ADC

The notes on pages 22 to 37 form part of these financial statements.

Royal Engineers Central Charitable Trust

Consolidated Statement of Cash Flows
For the year ended 31 December 2020

	Note	2020	2019
		£	£
Net cash used in operating activities	34	(138,736)	296,924
Cash flows from investing activities			
Interest and dividends	9	312,826	291,796
Purchase of tangible fixed assets	24	(36,468)	(35,730)
Purchase of fixed asset investments	25	-	(7,951,319)
Disposal of fixed asset investments	25	-	7,186,719
Purchase of investment properties	26	-	(601,740)
Cash provided by (used in) investing activities		276,358	(1,110,274)
Cash used in financing activities			
Increase (decrease) in cash and cash equivalents in the year		175,882	(770,830)
Cash and cash equivalents at the beginning of the year		723,967	1,494,797
Total cash and cash equivalents at the end of the year		899,849	723,967

Analysis of changes in net debt

	At 31 Jan 2020	Cashflows	At 31 Dec 2020
	£	£	£
Cash and cash equivalents			
Cash	723,967	175,882	899,849

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

1 General administrative information

Royal Engineers Central Charitable Trust is an unincorporated charity in England & Wales with the registration number 1003032. 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 Armed Forces and in particular The Corps of Royal Engineers; to promote the activities of the Royal Engineers Association and the Institution of Royal Engineers, as laid down in their respective Charters; to foster an esprit de corps in the Royal Engineers; and to relieve either generally or individually necessitous persons being members or former members of the Royal Engineers or the dependants of such persons.

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) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Royal Engineers Central Charitable Trust 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).

No separate SOFA has been presented for the charity alone.

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 unpresented 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 fore-see able future.

2.3 Fund accounting

The Charity maintains the following types of funds:

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

General unrestricted funds represent unrestricted funds which are expendable at the discretion of the Trustees in the furtherance of the objects of the Trust. Such funds may be held in order to finance both working capital and capital investment.

Restricted fund for DUTF, which operates under a separate Trust Deed dated 8 March 1957.

2 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.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

The cost of 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 donated expenditure, apportioned against charitable activities and support.

2.5 Turnover

Turnover is recognised when counter goods from either the shop or foyer trading are sold or dispatched and invoiced to customers via the company's mail order service.

2.6 Expenditure

Liabilities are recognised as resources 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 to third parties in the furtherance of the charitable objectives of the Trust are always authorised by the Trustees.

2.7 Basis of consolidation

The financial statements consolidate the accounts of Royal Engineers Central Charitable Trust and all of its subsidiary undertakings ('subsidiaries').

2.8 Tangible fixed assets and depreciation

All assets costing more than £250 are capitalised.

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Fixtures and fittings	10% straight line
General Property	10% straight line
Computers	20% straight line

2.9 Investment properties

Investment properties are being long-term assets, which generate income. The are included at market value in accordance with the Statement of Recommended Practice on accounting by charities. Please see note 26 to the financial statements.

2 Accounting policies (continued)

2.9 Investments

Investments are stated at market value at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

2.10 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2.11 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.

2.12 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.

2.13 Liabilities and provisions

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.

2.14 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.

2.15 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.

2.16 Tender Policy

Trustees have a tender policy that covers expenditure:

a. Between £2,500 and £5,000
b. Between £5,000 and £10,000
c. Over £10,000

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 and legacies					
Subscriptions	(Note 4)	403,557	-	403,557	397,400
Donations	(Note 5)	93,838	-	93,838	5,357
Legacies		5,000	-	5,000	-
Donated services and facilities	(Note 6)	223,292	-	223,292	232,639
Government Grants receivable		12,415	-	12,415	-
		738,102	-	738,102	635,396

Income from Donations and Legacies was £738,102 (2019: £635,396) which was all to unrestricted funds.

4 Subscriptions					
Serving officers' subscriptions		80,106	-	80,106	78,003
Retired officers' subscriptions		11,039	-	11,039	11,564
Soldiers' subscriptions		281,723	-	281,723	273,674
Tax refund - Retired Officers & Reserves		1,312	-	1,312	3,998
Reserves DPS		4,892	-	4,892	4,015
WOs' & SNCOs' (5% subscription)		8,757	-	8,757	8,565
The Sapper Magazine		15,728	-	15,728	17,581
		403,557	-	403,557	397,400
5 Donations & Grants					
General & The Sapper Magazine		972	-	972	2,024
Commercial Donations		166	-	166	463
WOs' & Sgts' Silver Fund		1,950	-	1,950	2,870
Comms Hub		90,750	-	90,750	-
		93,838	-	93,838	5,357
6 Donated services and facilities					
Gas		925	-	925	918
Electricity		1,089	-	1,089	1,076
Water and sewage		440	-	440	433
Community charge		5,519	-	5,519	5,465
Administration utilities		748	-	748	748
MOD salaries		175,642	-	175,642	186,000
Administration salaries		38,929	-	38,929	37,999
		223,292	-	223,292	232,639

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

	Unrestricted funds 2020	Restricted funds 2020	Total funds 2020	Total funds 2019
7 Other trading activities - RECCT				
Advertisements	1,229	-	1,229	972
Miscellaneous & graphic sales	44	-	44	285
Publication Projects	61,723		61,723	-
	62,996	-	62,996	1,257
8 Other trading activities - RECE Ltd				
	£	£	£	£
Income				
RECE Ltd Sales	240,081	-	240,081	265,831
Expenditure				
Cost of sales	155,837	-	155,837	179,982
Staff costs	53,885	-	53,885	60,123
Postage & telephone	24,812	-	24,812	16,657
Printing & stationery	2,345	-	2,345	1,903
IT costs	1,800	-	1,800	2,050
Miscellaneous	238	-	238	757
Cardnet terminal services	3,608	-	3,608	3,490
Bank charges	360	-	360	460
Depreciation	165	-	165	165
Insurance	1,539	-	1,539	1,670
Audit fee	100	-	100	1,900
Advertising	7,518	-	7,518	583
	252,207	-	252,207	269,740
	(12,126)	-	(12,126)	(3,909)

All income and expenditure on trading activities was unrestricted in 2020 and 2019.

9 Investment income

	£	£	£	£
Dividends	292,876	-	292,876	287,243
Lloyds bank interest	300	5	305	4,553
Kitchener Properties	19,645	-	19,645	9,600
	312,821	5	312,826	301,396

Income from investments was £312,826 (2019: £301,396) of which £312,821 was unrestricted (2019: £301,386) and £5 was restricted (2019: £10).

10 Income from charitable activities

	£	£	£	£
Burgoyne House	2,450	-	2,450	2,172
	2,450	-	2,450	2,172

All income from charitable activities was unrestricted in 2020 and 2019.

11 Analysis of expenditure by activities	Activities undertaken directly 2020	Support costs 2020	Total funds 2020	Total funds 2019
	£	£	£	£
Burgoyne House (Note 12)	43,522	-	43,522	7,021
Sports & Games (Note 13)	264,029	43,967	307,996	309,027
Heritage (Note 14)	48,800	-	48,800	48,800
Esprit de Corps (Note 15)	81,197	173,460	254,657	258,226
RE HQ Mess (Note 16)	30,355	-	30,355	29,485
Sapper Magazine (Note 17)	51,542	83,672	135,214	164,623
WOs' & Sgts' (Note 18)	1,150	18,721	19,871	22,394
RE Corps Enterprises (Note 19)	-	68,567	68,567	71,629
Day's Pay Scheme (Note 20)	-	50,025	50,025	51,180
Sappers Network (Note 21)	-	-	-	4,063
	520,595	438,412	959,007	966,448

Expenditure on charitable activities was £959,007 (2019: £966,448) of which £957,982 was unrestricted (2019: £961,970) and £1,025 was restricted (2019: £4,478).

12 Burgoyne House

Activities undertaken directly:		
	£	£
General Maintenance	40,469	4,015
Land Rent	21	21
Gas contract	337	290
Depreciation	2,695	2,695
	43,522	7,021

13 Sports & Games

Activities undertaken directly:		
	£	£
RE Sports Board	264,029	258,603
Refund sports grant from previous year	-	(1,105)
	264,029	257,498
Support costs:		
Audit Fee	856	800
Insurance	459	426
Administration	855	861
IT Support	517	862
Depreciation	1,934	1,402
Donated services support costs	6,522	6,382
Donated services MOD Salaries	19,321	20,460
Staff costs	13,503	20,336
	43,967	51,529
	307,996	309,027

14 Heritage

Activities undertaken directly:		
	£	£
RE Museum	38,000	38,000
RE Museum Dockyard Rent	10,800	10,800
RE Museum Project	-	-
	48,800	48,800

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

	Total funds 2020	Total funds 2019
15 Esprit de Corps		
Activities undertaken directly	£	£
Donations and presentations	2,076	3,270
Other Corps events	5,639	67,406
Corps entertainment	39,476	57,156
Publication Projects	24,008	8,898
Colonels Comdt	270	2,415
Unit grants	1,025	4,478
Communications	8,828	3,912
Refund of previous years' grant	(125)	(505)
	81,197	147,030
Support costs		
Audit fee	1,712	1,600
Insurance	917	851
Administration	2,057	1,768
IT Support	1,033	1,724
Depreciation	5,777	2,804
Property W/O	-	1,197
Donated services support costs	13,044	12,760
Donated services MOD Salaries	38,641	40,920
Staff costs	110,279	47,572
	173,460	111,196
	254,657	258,226
16 HQ Mess		
Activities undertaken directly:		
Mess Secretary salary	30,355	29,485

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

	Total funds 2020	Total funds 2019
17 Sapper magazine		
Activities undertaken directly:		
Printing and distribution	**51,542**	52,115
	51,542	52,115
Support costs		
Audit fee	**856**	800
Insurance	**459**	426
Administration	**884**	2,694
IT support	**1,597**	903
Depreciation	**2,444**	324
Donated services support costs	**6,958**	6,812
Donated services MOD Salaries	**28,103**	29,760
Staff costs	**42,371**	70,789
	83,672	112,508
	135,214	164,623
18 WOs' & Sgts' Fund		
Activities undertaken directly:		
Silver Repairs	**950**	250
Corps Dinner Nights	**-**	3,108
Individual E2 Grants	**200**	500
	1,150	3,858
Support costs		
Audit Fee	**856**	800
Insurance	**459**	426
Administration	**855**	884
Miscellaneous	**850**	-
IT support	**517**	862
Donated services support costs	**5,987**	5,851
Donated Services MOD salaries	**8,782**	9,300
Staff costs	**415**	413
	18,721	18,536
	19,871	22,394
19 RE Corps Enterprises Ltd		
Support costs:		
Donated services support costs	**8,266**	8,108
Donated services MOD Salaries	**54,449**	57,660
Staff costs	**5,852**	5,861
	68,567	71,629

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

	Total funds 2020	Total funds 2019
20 Day's Pay Scheme		
Support costs:		
Audit Fee	**856**	800
Insurance	**459**	426
Administration	**855**	863
IT support	**517**	862
Depreciation	**1,934**	1,402
Donated services support costs	**6,871**	6,726
Donated services MOD Salaries	**26,346**	27,900
Staff costs	**12,187**	12,201
	50,025	51,180
21 Sappers Network		
Income:		
Miscellaneous	-	12,764
	-	12,764
Support Costs:		
Administration	-	217
Legal	-	269
IT Support	-	890
Travel & Subsistence	-	2,924
Marketing	-	1,485
Staff costs	-	11,042
	-	16,827
	-	**(4,063)**

22 Net Income / (Expenditure)

This is stated after charging:

	£	£
Depreciation of tangible fixed assets:		
-owned by the charitable group	**8,792**	8,792
Auditor's remuneration	**4,800**	4,800

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

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

Trustees received reimbursement of expenses amounting to £Nil in the current year (2019: 2 Trustees received £643)

	Total funds 2020	Total funds 2019
23 Staff costs	£	£
Staff costs were as follows:		
Wages and salaries	176,280	172,367
Social security costs	13,095	12,887
Other pension costs	13,172	12,444
	202,547	197,698
The average monthly number of employees during the year was as follows:		
	No.	No.
Management and administration of the charity	6	4
RECE Ltd	4	4
	10	8

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 £14,742 (2019: £14,131).

24 Tangible fixed assets

Group	Shop fixtures, fittings and equipment £	General fund £	WOs' & Sgts' fund £	Sapper property £	Total £
Cost or valuation					
At 1 January 2020	1,074	96,129	174,642	11,556	283,401
Additions	-	25,864	-	10,604	36,468
Revaluations	-			-	-
Disposals	-		-	-	-
At 31 December 2020	1,074	121,993	174,642	22,160	319,869
Depreciation					
At 1 January 2020	679	41,258	-	10,724	52,661
Charge for the year	165	12,340		2,444	14,949
At 31 December 2020	844	53,598	-	13,168	67,610
Net book value					
At 31 December 2020	230	68,395	174,642	8,992	252,259
At 31 December 2019	395	54,871	174,642	832	230,740

24 Tangible fixed assets (continued)

Charity	General fund £	WOs' & Sgts' fund £	Sapper property £	Total £
Cost or valuation				
At 1 January 2020	96,129	174,642	11,556	282,327
Additions	25,864	-	10,604	36,468
Revaluations			-	-
Disposals		-	-	-
At 31 December 2020	121,993	174,642	22,160	318,795
Depreciation				
At 1 January 2020	41,258	-	10,724	51,982
Charge for the year	12,340	-	2,444	14,784
At 31 December 2020	53,598	-	13,168	66,766
Net book value				
At 31 December 2020	68,395	174,642	8,992	252,029
At 31 December 2019	54,871	174,642	832	230,345

25 Fixed asset investments

Group & Charity	Listed securities £
Market value	
At 1 January 2020	8,215,539
Additions	
Disposals	
Revaluations	403,643
At 31 December 2020	8,619,182
Historical cost	7,951,319

Group & charity investments at market value comprise:

	2020 £	2019 £
Listed investments	8,619,182	8,215,539

All 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 Ltd.

26 Investment properties

Group & Charity	Freehold Investment Property £
Valuation	
At 1 January 2020	601,740
Revaluation	38,260
At 31 December 2020	640,000
Comprising	
Cost	640,000

During the financial year the Charity incurred costs amounting to £Nil in the development of the properties on plots 35 and 36 Khartoum Parade, Chatham,

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

27 Stocks:

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Finished goods and goods for resale	74,594	84,328	-	-

28 Debtors:

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Amounts owed by group undertakings	-	-	44,235	44,235
Other debtors	171,021	164,249	162,210	161,606
	171,021	164,249	206,445	205,841

29 Creditors:
Amounts falling due within one year

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Accruals and deferred income		38,848		38,848
Other creditors	190,698	102,652	150,627	71,097
	190,698	141,500	150,627	109,945

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

30 Statement of funds

Current Year	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
The Sapper Fund	832	17,001	(135,214)	126,373	-	8,992
Corps Publication/Enterprise		61,723	(24,008)			37,715
	832	78,724	(159,222)	126,373	-	46,707
General funds						
RE Central Charitable Trust	9,594,151	1,014,525	(766,476)	(126,373)	441,903	10,157,730
WOs' & Sgts' Fund	241,236	10,707	(19,871)	-	-	232,072
RECE Ltd	24,827	240,081	(252,207)	-	-	12,701
	9,860,214	1,265,313	(1,038,554)	(126,373)	441,903	10,402,503
Total Unrestricted funds	9,861,046	1,344,037	(1,197,776)	-	441,903	10,449,210
Restricted funds						
DUTF	18,017	5	(1,025)	-	-	16,997
Total of funds	9,879,063	1,344,042	(1,198,801)	-	441,903	10,466,207

Prior Year	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
The Sapper Fund	1,157	17,581	(164,623)	146,717	-	832
	1,157	17,581	(164,623)	146,717	-	832
General funds						
RE Central Charitable Trust	8,587,122	911,195	(786,269)	(146,717)	1,028,820	9,594,151
WOs' & Sgts' Fund	262,138	11,435	(11,077)	-	(21,260)	241,236
RECE Ltd	28,736	265,831	(269,740)	-	-	24,827
	8,877,996	1,188,461	(1,067,086)	(146,717)	1,007,560	9,860,214
Total Unrestricted funds	8,879,153	1,206,042	(1,231,709)	-	1,007,560	9,861,046
Restricted funds						
DUTF	22,486	10	(4,479)	-	-	18,017
Total of funds	8,901,639	1,206,052	(1,236,188)	-	1,007,560	9,879,063

31 Analysis of net assets between funds

Current Year

	Unrestricted Funds	Restricted Funds	Total funds	Total funds
	2020	2020	2020	2019
	£	£	£	£
Tangible fixed assets	252,259	-	252,259	230,740
Fixed asset investments	8,619,182	-	8,619,182	8,215,539
Investment properties	640,000	-	640,000	601,740
Current assets	1,127,447	18,017	1,145,464	971,544
Creditors due within one year	(190,698)	-	(190,698)	(141,500)
	10,448,190	18,017	10,466,207	9,878,063

Analysis of net assets between funds
Prior Year

	Unrestricted Funds	Restricted Funds	Total funds	Total funds
	2019	2019	2019	2018
	£	£	£	£
Tangible fixed assets	230,740	-	230,740	226,258
Fixed asset investments	8,215,539	-	8,215,539	7,186,719
Investment properties	601,740	-	601,740	-
Current assets	954,527	18,017	972,544	1,810,517
Creditors due within one year	(141,500)	-	(141,500)	(321,855)
	9,861,046	18,017	9,879,063	8,901,639

32 Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £13,172 (2019: £12,444)

33 Principal subsidiaries

Company name	Country	Percentage Shareholding
Royal Engineers Corps Enterprises	United Kingdom	100

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

	Total funds 2020	Total funds 2019
	£	£
Net movement in funds	**587,144**	977,424
Add back depreciation charge	**14,949**	8,791
Loss / (profit) on the sale of fixed assets	**-**	1,197
Deduct interest income shown in investing activities	**(312,826)**	(291,796)
Deduct gains / add back losses on investments	**(403,643)**	(264,220)
Losses on revaluation of tangible fixed assets	**(38,260)**	(21,260)
Deduct gain on revaluation of investment property	**(38,260)**	-
Decrease (increase) in stock	**9,734**	7,870
Decrease (increase) in debtors	**(6,772)**	59,273
Increase (decrease) in creditors	**49,198**	(180,355)
Net cash used in operating activities	**(138,736)**	296,924

35 Related party transactions

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