



## Royal Engineers Central Charitable Trust

Trustees' report and financial statements

For the year ended 31 December 2021



EMPLOYER RECOGNITION SCHEME

SILVER AWARD 2021

*Proudly serving those who serve.*

# Contents

<b>1</b> Reference and administrative details of the charity	<b>3</b> Message from the Chairman	<b>15-17</b> Auditor's report
<b>2</b> Trustees and advisers	<b>4-14</b> Trustee's report	<b>18</b> Consolidated SOFA
		<b>19</b> Consolidated balance sheet
		<b>20</b> Charity balance sheet
		<b>21</b> Consolidated statement of cash flows
		<b>22-36</b> Notes to the financial statements
<b>WHO WE ARE</b>	<b>WHAT WE DID</b>	<b>HOW WE PERFORMED</b>

## **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)

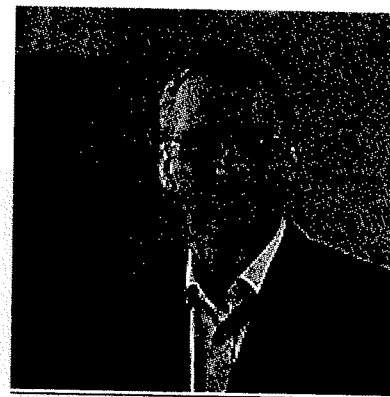
Warrant Officer Class 1 Marc Elliott MBE  
Corps Sergeant Major (assumed post July 2021)

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.

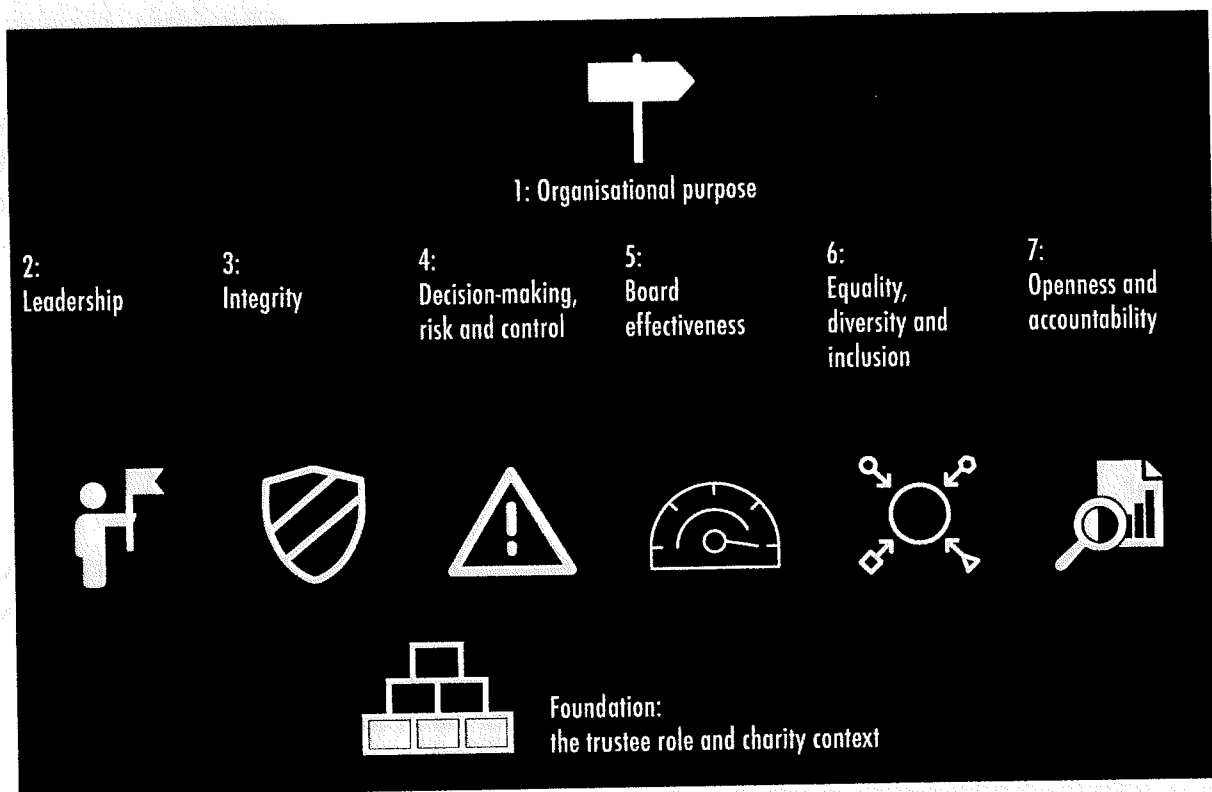
Finally, I am incredibly proud to report that the Royal Engineers Central Charitable Trust was selected as a Silver Award winner in 2021 under the Employer Recognition Scheme in appreciation of their work in support of the Sapper Family and the wider Armed Forces' community. The scheme encompasses Bronze, 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

# Trustees' Report

## For the year ended 31 December 2021



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."*

**Trustees' Report**  
**For the year ended 31 December 2021 (continued)**

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.

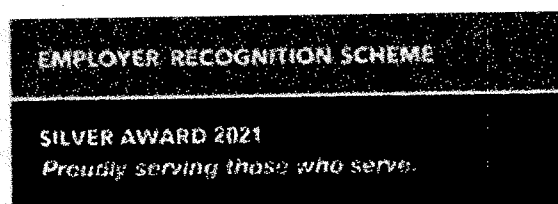
Following review, Trustees believe they have continued to follow the principles of the Charity Governance Code and confirm the following:

- 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 (RECCCT 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;

**Trustees' Report**  
**For the year ended 31 December 2021 (continued)**

**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



**Trustees' Report**  
**For the year ended 31 December 2021 (continued)**

**Grants to Foster Esprit de Corps**

Trustees authorised the following grants in 2021:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
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.

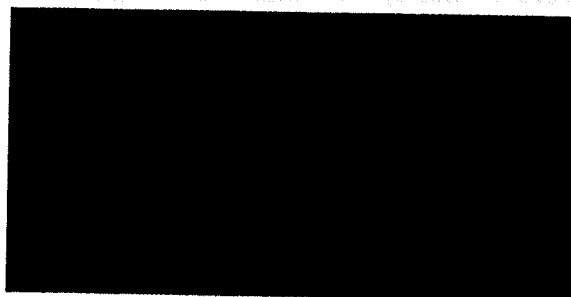
Furthermore, it is the intention of the Trustees to maintain free reserves amounting to a minimum of three years' operating costs plus an additional 2 years' worth of salary to enable redundancy payments if required for RECCT staff and RECE Ltd staff (our Trading Subsidiary) (calculated at c£5.2M). Our 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.

## Trustees' Report

### For the year ended 31 December 2021 (continued)

#### 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:

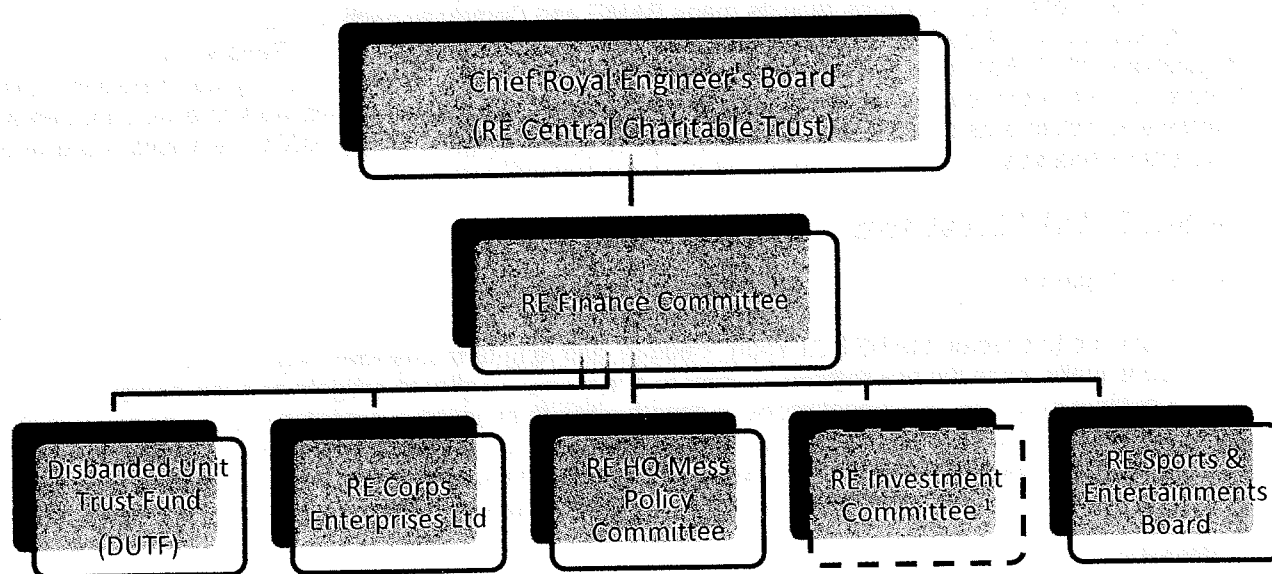
##### Investment

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.

**Trustees' Report**  
**For the year ended 31 December 2021 (continued)**

**- 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.



**Trustees' Report**  
**For the year ended 31 December 2021 (continued)**

**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 15<sup>th</sup> October 2021 and Chief Royal Engineer's Board on 2<sup>nd</sup> 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:

<b>Risk</b>	<b>Consequence</b>	<b>Impact</b>	<b>Likelihood / Trend</b>	<b>Mitigation/Preventative Action</b>
Failure to generate sufficient income to cover planned / known expenditure	<ul style="list-style-type: none"> <li>• Failure to deliver outputs</li> <li>• Failure to meet charitable objects</li> <li>• Failure to sustainably finance our people</li> <li>• Members withdrawing from RE DPS</li> <li>• Loss of credibility and reputation</li> <li>• Degradation of existing capital / investments</li> </ul>	Medium	<p><b>Low</b></p> 	<ul style="list-style-type: none"> <li>• Robust financial reserves policy and prudent investment</li> <li>• Monitor Corps manning strength and contributions to RE DPS (Reg and Res) to identify trends</li> <li>• Produce accurate monthly FOOs</li> <li>• Link budgets to business planning and Charitable Objects</li> <li>• Promote legacy giving and donations</li> <li>• Ensure max long-term occupancy of Corps property portfolio minimising 'void' periods</li> </ul>
Significant reduction in Public funding	<ul style="list-style-type: none"> <li>• Inability to deliver Chief Royal Engineer's mandated outputs</li> <li>• Corps' charities forced to fund additional staff costs</li> <li>• Inability to preserve and maintain Regimental identity and resilience</li> <li>• Over-reliance on Colonels Commandant</li> </ul>	High	<p><b>Low</b></p> 	<ul style="list-style-type: none"> <li>• Improve financial planning and forecasting</li> <li>• Promote sponsorship for Sapper Sport</li> <li>• Monitor financial reserves policy</li> <li>• Continue to promote RE Reserves Days Pay Scheme</li> </ul>

**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.

**Trustees' Report**  
**For the year ended 31 December 2021 (continued)**

**Statement of Trustees' responsibilities**

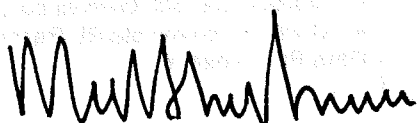
The Trustees are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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**

**23<sup>rd</sup> 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.

## **Independent Auditor's report to the Trustees of 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

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

- 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 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 £
<b>Income and endowments from:</b>					
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
<b>Total income</b>		<b>1,353,686</b>	<b>2</b>	<b>1,353,688</b>	<b>1,356,455</b>
<b>Expenditure on:</b>					
Raising funds	8	218,724	-	218,724	252,207
Charitable activities	11	953,284	1,380	954,664	959,007
<b>Total expenditure</b>		<b>1,172,008</b>	<b>1,380</b>	<b>1,173,388</b>	<b>1,211,214</b>
<b>Net income/(expenditure) before gains and losses on investments</b>		<b>181,678</b>	<b>(1,378)</b>	<b>180,300</b>	<b>145,241</b>
Net gains on investments		796,198	-	796,198	403,643
Net gains on revaluations of tangible fixed assets		-	-	-	38,260
<b>Net movement in funds for the year</b>		<b>977,876</b>	<b>(1,378)</b>	<b>976,498</b>	<b>587,144</b>
Total funds at 1 January 2021		10,449,210	16,997	10,466,207	9,879,063
<b>Total funds at 31 December 2021</b>		<b>11,427,086</b>	<b>15,619</b>	<b>11,442,705</b>	<b>10,466,207</b>

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

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

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 £
<b>Net cash used in operating activities</b>	34	<u>1,040,542</u>	<u>(138,736)</u>
<b>Cash flows from investing activities</b>			
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)	
<b>Cash provided by (used in) investing activities</b>		<u>(550,535)</u>	<u>276,358</u>
<b>Cash used in financing activities</b>			
Increase (decrease) in cash and cash equivalents in the year		<u>490,007</u>	<u>175,882</u>
Cash and cash equivalents at the beginning of the year		899,849	723,967
<b>Total cash and cash equivalents at the end of the year</b>		<u>1,389,856</u>	<u>899,849</u>

## Analysis of changes in net debt

	At 31 Jan 2021 £	Cashflows £	At 31 Dec 2021 £
<b>Cash and cash equivalents</b>			
Cash	<u>899,849</u>	<u>490,007</u>	<u>1,389,856</u>

## **Royal Engineers Central Charitable Trust**

### **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.



## **Royal Engineers Central Charitable Trust**

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

#### **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.

## **Royal Engineers Central Charitable Trust**

### **Notes to the financial statements**

**For the year ended 31 December 2021**

## **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

# Royal Engineers Central Charitable Trust

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

		Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
<b>3 Donations and legacies</b>					
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
		<b>767,468</b>	<b>-</b>	<b>767,468</b>	<b>738,102</b>

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
	<b>431,107</b>	<b>-</b>	<b>431,107</b>	<b>403,557</b>

## 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
	<b>95,373</b>	<b>-</b>	<b>95,373</b>	<b>93,838</b>

## 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
	<b>234,070</b>	<b>-</b>	<b>234,070</b>	<b>223,292</b>

# Royal Engineers Central Charitable Trust

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

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

## 8 Other trading activities - RECE Ltd

	£	£	£	£
<b>Income</b>				
RECE Ltd Sales	228,364	-	228,364	240,081
<b>Expenditure</b>				
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
	<b>218,724</b>	<b>-</b>	<b>218,724</b>	<b>252,207</b>
	<b>9,640</b>	<b>-</b>	<b>9,640</b>	<b>(12,126)</b>

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
	<b>336,117</b>	<b>2</b>	<b>336,119</b>	<b>312,826</b>

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.

# Royal Engineers Central Charitable Trust

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

	Direct costs	Support costs	Total funds	Total funds
	2021	2021	2021	2020
	£	£	£	£
<b>11 Analysis of expenditure by activities</b>				
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
	<b>494,876</b>	<b>459,788</b>	<b>954,664</b>	<b>959,007</b>

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	£	£
Land Rent	145	40,469
Gas contract	21	21
Depreciation	331	337
	<b>2,695</b>	<b>2,695</b>
	<b>3,192</b>	<b>43,522</b>

### 13 Sports & Games

#### Direct costs:

RE Sports Board	£	£
Refund sports grant from previous year	249,209	264,029
	(761)	-
	<b>248,448</b>	<b>264,029</b>

#### 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
	<b>47,474</b>	<b>43,967</b>
	<b>295,923</b>	<b>307,996</b>

### 14 Heritage

#### Direct costs:

RE Museum	£	£
RE Museum Dockyard Rent	38,000	38,000
RE Museum Project	8,100	10,800
	<b>45,000</b>	<b>-</b>
	<b>91,100</b>	<b>48,800</b>

# Royal Engineers Central Charitable Trust

## Notes to the financial statements

For the year ended 31 December 2021

### 15 Esprit de Corps

#### Direct costs:

	Total funds 2021	Total funds 2020
	£	£
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

<b>66,425</b>	<b>81,197</b>
---------------	---------------

#### 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

<b>84,804</b>	<b>173,460</b>
---------------	----------------

<b>151,229</b>	<b>254,657</b>
----------------	----------------

### HQ Mess

#### 16 Direct costs:

Mess Secretary salary

<b>28,989</b>	<b>30,355</b>
---------------	---------------

# Royal Engineers Central Charitable Trust

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

	Total funds 2021	Total funds 2020
<b>17 Comms Hub</b>		
<b>Direct costs:</b>		
Printing & distribution	53,749	51,542
Miscellaneous	2,263	-
	<b>56,012</b>	<b>51,542</b>
<b>Support costs:</b>		
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
	<b>182,148</b>	<b>83,672</b>
	<b>238,160</b>	<b>135,214</b>
<b>18 WOs' &amp; Sgts' Fund</b>		
<b>Direct costs:</b>		
Silver Repairs	-	950
Individual E2 Grants	710	200
	<b>710</b>	<b>1,150</b>
<b>Support costs:</b>		
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
	<b>20,408</b>	<b>18,721</b>
	<b>21,118</b>	<b>19,871</b>
<b>19 RE Corps Enterprises Ltd</b>		
<b>Support costs:</b>		
Donated services support costs	8,837	8,266
Donated services MOD Salaries	56,588	54,449
Staff costs	5,625	5,852
	<b>71,050</b>	<b>68,567</b>

# Royal Engineers Central Charitable Trust

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

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

## 21 Net Income / (Expenditure)

This is stated after charging:

Depreciation of tangible fixed assets:		
-owned by the charitable group	<b>£</b>	<b>£</b>
Auditor's remuneration	<b>15,752</b>	8,792
	<b>5,160</b>	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).



# Royal Engineers Central Charitable Trust

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

	Total funds 2021	Total funds 2020
	£	£
<b>23 Staff costs</b>		
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
	<b>263,105</b>	<b>214,962</b>

The average monthly number of employees during the year was as follows:

	No.	No.
Management and administration of the charity	6	6
RECE Ltd	4	4
	<b>10</b>	<b>10</b>

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 £
<b>Cost or valuation</b>					
At 1 January 2021	1,074	121,993	174,642	22,160	319,869
Additions	-	-	-	6,654	6,654
At 31 December 2021	<b>1,074</b>	<b>121,993</b>	<b>174,642</b>	<b>28,814</b>	<b>326,523</b>
<b>Depreciation</b>					
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	<b>959</b>	<b>65,645</b>	<b>-</b>	<b>16,873</b>	<b>83,477</b>
<b>Net book value</b>					
At 31 December 2021	<b>115</b>	<b>56,348</b>	<b>174,642</b>	<b>11,941</b>	<b>243,046</b>
At 31 December 2020	<b>230</b>	<b>68,395</b>	<b>174,642</b>	<b>8,992</b>	<b>252,259</b>

# Royal Engineers Central Charitable Trust

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

### 24 Tangible fixed assets (continued)

Charity	General fund £	WOs' & Sgts' fund £	Comms Hub property £	Total £
<b>Cost or valuation</b>				
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
<b>Depreciation</b>				
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
<b>Net book value</b>				
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 £	
<b>Market value</b>		
At 1 January 2021	8,619,182	
Additions	880,000	
Disposals	-	
Revaluations	796,198	
At 31 December 2021	10,295,380	
<b>Historical cost</b>	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.

# Royal Engineers Central Charitable Trust

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

### 26 Investment properties

	Freehold Investment Property £
<b>Group &amp; Charity</b>	
<b>Valuation</b>	
At 1 January 2021	640,000
At 31 December 2021	<u>640,000</u>
<b>Comprising</b>	
Cost	<u>640,000</u>

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.

	<b>Group</b>		<b>Charity</b>	
<b>27 Stocks:</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	£	£	£	£
Finished goods and goods for resale	<u>71,148</u>	<u>74,594</u>	<u>-</u>	<u>-</u>

	<b>Group</b>		<b>Charity</b>	
<b>28 Debtors:</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	£	£	£	£
Amounts owed by group undertakings	-	-	44,235	44,235
Other debtors	<u>179,197</u>	<u>171,021</u>	<u>171,970</u>	<u>162,210</u>
	<u>179,197</u>	<u>171,021</u>	<u>216,205</u>	<u>206,445</u>

### 29 Creditors: Amounts falling due within one year

	<b>Group</b>		<b>Charity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	£	£	£	£
Other creditors	<u>1,375,922</u>	<u>190,698</u>	<u>1,358,926</u>	<u>150,627</u>
	<u>1,375,922</u>	<u>190,698</u>	<u>1,358,926</u>	<u>150,627</u>

# Royal Engineers Central Charitable Trust

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

### 30 Statement of funds

Current Year	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Designated funds</b>						
Comms Hub	8,992	98,864	(238,160)	142,245	-	11,941
Project Funding	37,715	15,542	(8,144)			45,113
	<b>46,707</b>	<b>114,406</b>	<b>(246,304)</b>	<b>142,245</b>	<b>-</b>	<b>57,054</b>
<b>General funds</b>						
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
	<b>10,402,503</b>	<b>1,239,280</b>	<b>(925,704)</b>	<b>(142,245)</b>	<b>796,198</b>	<b>11,370,032</b>
Total Unrestricted funds	<b>10,449,210</b>	<b>1,353,686</b>	<b>(1,172,008)</b>	<b>-</b>	<b>796,198</b>	<b>11,427,086</b>
<b>Restricted funds</b>						
DUTF	16,997	2	(1,380)	-	-	15,619
Total of funds	<b>10,466,207</b>	<b>1,353,688</b>	<b>(1,173,388)</b>	<b>-</b>	<b>796,198</b>	<b>11,442,705</b>

Prior Year	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Designated funds</b>						
Comms Hub	832	17,001	(135,214)	126,373	-	8,992
Project Fund		61,723	(24,008)			37,715
	<b>832</b>	<b>78,724</b>	<b>(159,222)</b>	<b>126,373</b>	<b>-</b>	<b>46,707</b>
<b>General funds</b>						
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
	<b>9,860,214</b>	<b>1,265,313</b>	<b>(1,038,554)</b>	<b>(126,373)</b>	<b>441,903</b>	<b>10,402,503</b>
Total Unrestricted funds	<b>9,861,046</b>	<b>1,344,037</b>	<b>(1,197,776)</b>	<b>-</b>	<b>441,903</b>	<b>10,449,210</b>
<b>Restricted funds</b>						
DUTF	18,017	5	(1,025)	-	-	16,997
Total of funds	<b>9,879,063</b>	<b>1,344,042</b>	<b>(1,198,801)</b>	<b>-</b>	<b>441,903</b>	<b>10,466,207</b>

# Royal Engineers Central Charitable Trust

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

### 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)
	<b>11,427,086</b>	<b>15,619</b>	<b>11,442,705</b>	<b>10,466,207</b>

### 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)
	<b>10,449,210</b>	<b>16,997</b>	<b>10,466,207</b>	<b>9,879,063</b>

## Royal Engineers Central Charitable Trust

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

#### 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
<b>Net cash used in operating activities</b>	<b>1,040,542</b>	<b>(138,736)</b>

#### 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.