

Company no. 10036700
Charity no. 1165868

The REME Charity
Report and Audited Financial Statements
31 December 2020



The REME Charity

Reference and administrative details

For the year ended 31 December 2020

Company number 10036700

Charity number 1165868

Registered office and operational address
The REME Charity
RHQ REME
The Prince Philip Barracks
MoD Lyneham
Lyneham
Chippenham
SN15 4XX

Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Maj Gen S M Andrews CBE	Chairman
Col M J A Bullard MBE	
Col (Retd) R Fram MC	
Mr A P Graham	
Capt PCD Hembury	
Col C P Phillips CBE	
Ms C C Robinson	
Col A J Rogers ADC	
Col D G Scott	
Col M A Simpson QVRM TD VR	

Corps Secretary and Chief Executive Officer Lt Col (Retd) M J Tizard

Treasurer	Mrs Claire Barrett	(resigned 3 March 2021)
	Mr Steven Butcher	(appointed 1 February 2021)

Bankers
Holt's Farnborough Branch
Royal Bank of Scotland
Lawrie House
Victoria Road
Farnborough
GU14 7NR

Solicitors
Wilsons Solicitors LLP
Alexandra House
St Johns Street
Salisbury
Wilts
SP1 2SB

The REME Charity

Reference and administrative details

For the year ended 31 December 2020

Investment advisor and nominee company	Sarasin and Partners LLP Juxton House 100 St Paul's Churchyard London EC4M 8BU	BlackRock (for the AFCIF holding) 33 King William Street London EC4R 9AS
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Auditors	Godfrey Wilson Limited Chartered accountants and statutory auditors 5th Floor Mariner House 62 Prince Street Bristol BS1 4QD
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The REME Charity

Report of the trustees

For the year ended 31 December 2020

The trustees present their report along with the financial statements of the charity for the year ended 31 December 2020. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Articles of Association, the Charities Act 2016, the Companies Act 2006, the Charities (Accounts and Reports) Regulations, and the Charities Statement of Recommended Practice (FRS102) effective 1 January 2019.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The charity is governed by the Articles of Association of The REME Charity dated 2 March 2016 and the 2019/20 REME Charity Governance Manual.

The Corps of Royal Electrical and Mechanical Engineers (REME) has been supported by a charity since 1945. The REME inaugural charities were the REME Benevolent Fund and REME Scholarship funds but, over the years, these charities have been linked, closed and joined by others. Today, The REME Charity is the headline charity which has the REME Central Charitable Trust (296030-1), the REME Benevolent Fund (246967-1) and the REME Sports Association (246967-2) linked to it. The REME Museum (27240) is included in these group accounts as it governed by the same Trustee Board and is administered by the REME Charity.

Since its formation in 2016, the Charity continues to develop its operations and organisation. An annual trustee workshop, usually held in March of each year, sets the themes for the year. In 2020 the Charity concentrated on measuring its impact and further evolving its outreach to REME veterans through its Connect project. While the COVID-19 pandemic created some difficulties, outreach was improved through a national network of 150 COVID volunteers and the launching of a new REME Connect website. Work is also in hand to bring the REME Trading Company under the control of the Charity.

Recruitment and appointment of trustees

Trustees are selected by virtue of their knowledge, experience and expertise and are invited onto the Board of Trustees after recommendation. They are encouraged to keep themselves up to date with current regulatory, reporting and compliance related matters thereby enabling them to fulfil their obligations. Succession plans are in place to ensure the Board remains current and effective. There were no changes to the Board of Trustees in 2020.

Organisational structure and governance

The Board of Trustees is an independent decision making governing body which meets at least twice a year. The board consists of 10 Trustees led by a Chairman. Trustees are given responsibility for different areas of the business and chair separate sub-committees to monitor performance and exercise governance. The Finance and Investment Committee meets twice yearly, while the Benevolence Committee meets on a monthly basis. The execution of the day to day running of the business is delegated to the Executive team, of the Chief Executive Officer and other principal officers of the Charity with delegated spending powers defined in the Governance Manual.

The REME Charity

Report of the trustees

For the year ended 31 December 2020

Risk management

The Charity maintains a risk register which is reviewed annually. Risks are categorised in five main areas: Impact, Financial Sustainability, Compliance, Operational and Hazards and Reputation. While the reduction in the size of the REME Corps and the subsequent reduction in income being received through the day's pay giving scheme is of concern, the two highest risks are currently assessed as staff churn and maintaining a competent and compliant finance department. As we move into 2021, a replacement Treasurer has been recruited and we await the detailed implications of The Army Charities Strategy which has reviewed the relationship between military charities and the Regimental Headquarters.

OBJECTS AND ACTIVITIES

Public benefit

We provide public benefit by assisting REME regular and reserve personnel to more effectively perform their roles and duties within the British Army. We also support the retired veteran community and their families and enhance esprit de corps by promoting the concept of support to the REME family for life. We do this by providing funding for benevolence, welfare, in-house publications, sports, adventurous activities, social gatherings and events. This assistance also enables Service personnel to face the challenges and dangers associated with military service by developing and maintaining teamwork, skills, fitness, confidence, character, spirit and morale. We promote 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 United Kingdom and its interests. By supporting the wider REME family we assist the Government in fulfilling its promise in the Armed Forces Covenant to treat serving personnel, veterans and their families fairly. Through our support to the REME Museum we preserve the heritage of the Corps of REME through collecting and conserving appropriate artefacts, memorabilia and memories for future generations and communicate the story of REME and the people who served in the Corps to the visiting public and to the wider audience on-line.

Objects

The REME Charity is independent of the military authorities, and whilst working in conjunction with them, it undertakes a crucial function as the needs and ambitions of the REME family go beyond the bounds of the resources and policies of the Army and MOD. We meet the needs and ambitions through three objects which in the formal language of governance are:

- a) To promote the efficiency of REME and foster esprit de corps;
- b) To relieve either generally or individually necessitous persons being members or former members of REME or their dependants (beneficiaries); and
- c) To support charitable purposes for the benefit of beneficiaries.

The objects allow the charity to provide support to REME regular, reserve and retired personnel and their families. This is done through the provision of grants to groups and/or individuals and through arranging social events which promote REME efficiency, ethos and comradeship, giving members a sense of belonging to the REME family.

The REME Charity

Report of the trustees

For the year ended 31 December 2020

2020 themes and activities

The main themes for 2020 were to meet grant demands, consolidate the Charity reform programme and to further expand membership of the REME Association by reaching out to past members. No one could have predicted the wide-ranging impact of COVID-19 which has resulted in significant changes to the year's planned activities:

a) The Executive Team were sent home on 23 March 2020 as part of HM Government lockdown policy and began working from home. New ways of working were quickly established and Skype and Zoom calls became the norm. The Executive streamlined processes and while ensuring compliance to regulations went almost entirely paperless. We are grateful for the financial support we have received through the Government's Furlough Scheme; this amounted to £7,157;

b) COVID-19 caused an early adjustment of the budget, and funds were diverted from sport and esprit de corps activities, which had been severely curtailed, to benevolence. The Trustees agreed to maintain higher than normal cash holdings to meet a potential increase in benevolence grants. It transpired that demand in 2020 remained at historic levels and additional funds were not required. At year end, the high levels of cash remain and will be carried forward into 2021 and should demand increase the Charity will be well placed to provide support;

c) The REME Charity provides grants in collaboration with other military charities some of whom were struggling with their own fund raising as a result of COVID-19. We were pleased to be able to make extraordinary grants of £10,000 to the Royal British Legion Industries, and £100,000 to the Army Benevolent Fund, The 'Soldiers' Charity;

d) Assistance is not always in the form of Grants. In May 2020 one of our serving soldiers suffered life changing injuries as a result of an accident. We assisted with immediate help at his hospital bedside and later by using our legal team to set up a Personal Accident Trust Fund for the family. This assistance has ensured the family are on a firm financial and legal position going forward;

e) As the year progressed it became clear that sporting and esprit de corps activities were unlikely to restart. While some funding was switched to benevolence the overall result was an underspend to the sport and esprit de corps budgets. In lieu of offsetting function costs, the Officers' Mess took the opportunity to purchase additional crockery and cutlery to increase the number of place settings at dinners and thus be in a position to enhance future esprit de corps events. The Charity reviewed how it could provide support to those in need and provided one off Covid Support Grants to the serving and retired communities via units and REME Association branches. As a result, over £45,000 was granted and distributed out to the most in need; and

f) The REME Association reform continued. As a direct response to lockdown, in late March 2020 we launched a plea for volunteers to assist those who might feel isolated and in need of help. Very quickly 150 volunteers stepped forward and a nationwide volunteer framework was established. While only a few calls for assistance were ever made, the scheme did serve to improve our outreach. Newsletters continued to be sent out every 6 weeks, and the audience increased to just over 1,500. An additional REME Association Branch was also established; The Recovery Mechanic branch are the first trade related non-territorial branch and it is hoped more will follow. One casualty was the re-valuation of property and while this continued, progress was slower than expected and it will conclude in 2021. Finally, in order to best exploit and expand the Association's outreach a marketing expert was engaged. Work started in the autumn and is reporting during 2021.

The REME Charity

Report of the trustees

For the year ended 31 December 2020

Strategies to achieve objects

The Trustees make an annual estimate of the likely financial call on the Charity in order to meet its objects. A formal budgeting system is used, and monthly expenditure tracked against it. The Trustees' strategy is, in general terms, to meet the reasonable need of all applicants and thus ensuring enough income is received by the Charity is vital. The income stream is varied but comes mainly from the Day's Pay Giving Scheme, from investment returns, donations and some sponsorship. The Charity has an effective structure of sub-committees chaired by a Trustee, which ensures good governance throughout the year. Investment income targets are placed on the Investment Manager and donations and sponsorship are encouraged from the veteran community and beyond. These strategies enable the objects to be met.

Significant charitable activities

The Charity's objects are primarily met through grant making, but COVID-19 saw a significant change in the planned activities. While the Benevolent Fund maintained historical spending norms making individual grants to 367 (2019: 424) serving and retired members of the Corps, sport, adventurous training and esprit de corps events were vastly reduced. There were 7 (2019: 135) adventurous exercises involving 62 (2019: 1,884) officers and soldiers and while 37 (2019: 36) different sports were supported their spend was 56% down on 2019. All esprit de corps activities after March were cancelled or postponed; the result was a % reduction in spending. The monthly magazine, 'The Craftsman' and a REME calendar were produced and served to be a lifeline to those in isolation and lockdown. Miscellaneous discretionary grants increased partially due to gifting REME stable belts and nurturing packs to new REME recruits; this totalled £94,944 (2019: £74,741).

Grant making

Grants come from donated income received during the year and are made directly in support of charitable activities to meet with the Charity's objects. They include grants to support benevolence, adventurous training and sports, the REME Association, the REME Institution, the REME Messes, and the REME Chapels and Memorials, all of which contribute to promote unit cohesion and esprit de corps. The REME Museum also receives a grant to offset its operating costs and to support heritage activities.

ACHIEVEMENTS AND PERFORMANCE

Performance management

The Charity measures activity and grants to assess performance and where appropriate, set goals. Income is measured by reviewing the percentage of regular and reserve officers and soldiers who donate through the Day's Pay Giving Scheme, measuring investment income against target, measuring income from veterans and measuring sponsorship income. This is translated into detailed grants budgets across all areas and the outturn monitored monthly.

2020 performance and impact

The 2020 budget was set and approved by the Trustees in their 2019 autumn meeting. There are over 40 separate fund managers and bids were screened and approved, and income forecasts completed. All approved bids were met and as a result of COVID-19, and the lack of opportunity to spend on sporting and esprit de corps activities a large surplus of £317,380 was reported. As a result in the inclusion of Reservists in the data, contributions via the Days Pay Giving Scheme are down as shown: Officers' at 83.5% (2019: 93%) and Soldiers' at 79.4% (2019: 81%). Work is in hand to increase participation in the Day's Pay Giving Scheme.

The REME Charity

Report of the trustees

For the year ended 31 December 2020

Investment performance

Due to the global pandemic the investment market suffered a strategic shock in 2020 and while returns have been unaffected in the short term, the longer term future (2022/23 and beyond) is less certain. At year end the market value of the Sarasin and Partners REME Charity portfolio was £11,938,497 and the value of the Resilience Portfolio was £952,170; this represented an annual increase of 9.3% and 5.0% respectively an achievement which, given the circumstances, we are pleased with. The income target of £250,000 was achieved. The Blackrock Armed Forces Common Investment Fund (AFCIF) changed and became the Blackrock Armed Forces Income and Growth Fund and was worth £278,210 an increase of 4.8%; an income of £9,488 was achieved. The market value of the Charity investments on 31 December 2020 was £13,168,877.

Funding sources

The Charity is supported through donations from officers and soldiers through the Day's Pay Giving Scheme, investment income, bank interest, property income, sponsorship, fundraising and general donations.

FINANCIAL REVIEW

Income

Income for the Charity was £2,174,379 which includes £261,465 of services and facilities donated by the MoD, and £972,783 from donations from regular and reserve officers' and soldiers' through the Day's Pay Giving Scheme. In 2020 the Warrant Officers' and Senior Non-Commissioned Officers' agreed to increase their charitable donation from 100% of a day's pay to 120%. This additional income will be placed in a restricted fund for the use in the HQ WOs' and Sgts' Mess to enhance future esprit de corps activities. Income donated from retired officers' who are members of the REME Institution was £33,700. Gift aid of £12,648 was recovered and investments and interest income was £423,926. We constantly look for potential new sources of income and are pleased that our supporters through the use of Amazon Smile have contributed £831 in 2020.

Expenditure

Expenditure for the year was £1,856,999 and comprised £587,476 in esprit de corps activity, £440,990 in grants, £328,890 on the museum, £380,847 on support costs and £118,796 on investment management and fundraising costs. It can be attributed to the following areas:

- a) Benevolence Grants totalled £385,689 which was 38% above the budget of £280,000 but included extraordinary grants of £10,000 to the Royal British Legion Industries, and £100,000 to the Army Benevolent Fund, The 'Soldiers' Charity. 424 grants were made, 52 to serving personnel and 372 to those retired. The average grant was £456;
- b) One off grants in support of COVID-19 totalled £45,000;
- c) The REME Museum was given a grant of £47,160.
- d) Publications expenditure was £100,728. This can be attributed to £94,489 for the production of the monthly newsletter (the Craftsman magazine) and £6,239 for the publication of the REME calendar;
- e) Expenditure on REME sports and adventurous and enterprising activities in the UK and Germany was well down as a result of COVID-19. We spent £215,752 of which £203,909 was spent on sport and £11,843 on adventurous and enterprising activities which includes winter sports;

The REME Charity

Report of the trustees

For the year ended 31 December 2020

f) REME Discretionary Funds were £94,944 and were over the £40,000 budget. This was attributed to the purchase and presentation of REME belts and nurturing packs to new REME recruits;

g) Staff salaries and governance costs were £550,602. The following are of note; salaries were £62,760 for the Charity and £250,962 for the Museum but the MoD contributed £179,511 in Grant in Aid to offset Museum salaries; contractors were employed to cover resource shortfalls and projects and cost £7,718; and

h) Additional accounting costs of £3,240 were incurred to provide advice on the incorporation of the REME Trading Company Ltd, into the REME Charity.

Factors outside of the charity's control

It was impossible to predict the impact of COVID-19, but the Charity adapted and mitigated where possible including by the successful application of the Government Furlough Scheme. Ordinarily, there are many factors which impact on our performance, with the main areas being the reliance on MoD for their donated services, the performance of the stock market, and the changes to the structure and size of the REME imposed under government defence reviews.

Reserves policy

The Trustees review the reserves policy annually and aim to match the amount held in reserves to mitigate against potential financial threats and needs over the long term. The charity relies upon the MoD for administration of the Day's Pay Giving Scheme, provision of infrastructure, utilities, IT systems, office supplies and a proportion of staff costs. If these MoD donated services were to be withdrawn, the Charity would suffer a strategic shock. The Charity's reserves must be able to meet such a strategic shock if it were to occur and accordingly part of our investments are held in a more conservatively managed Resilience Portfolio. Furthermore, military operations overseas are expected to have an impact on the benevolent grants which are expected to increase in the coming year. Taken overall, the Trustees have assessed the level of reserves held in the charity's investment portfolio, and which may be required to meet these contingencies, should be in the region of £15M.

Funds in deficit

The Charity has no deficits. The Trustees assess the loan to The REME Trading Company as manageable. The Trading Company will be moved into the Charity in 2021.

Financial position

The trustees consider that the assets held by the charity enable the fund to meet its foreseen future obligations. Given the charity's current level of reserves, including investment assets of £13.1M and £856k of cash, the trustees consider that the charity will continue as a going concern for a period of at least 12 months from the date on which these financial statements are approved. The trustees therefore consider it appropriate to adopt the going concern basis of preparation of the accounts, as detailed in note 1(c) to the financial statements.

Dependency on donors

The viability of the charity depends on the continuance of voluntary donations from serving officers and soldiers and veterans.

The REME Charity

Report of the trustees

For the year ended 31 December 2020

Funds held as custodian trustee

No funds are held as custodian trustee.

PLANS FOR FUTURE PERIODS

Future aims, objectives and planned outputs

Much progress has been made since the Charity formed in 2016, and it continues to grow and evolve to meet the demands placed upon it. Our future aims are based around the following areas:

- a) Impact and Connection were the chosen themes for 2020 and these will continue into 2021. The marketing project starting in late 2020 will report in early 2021 and will enable the Charity to develop a targeted plan to increase our outreach to veterans. The aim is to increase numbers from c1,500 to 10,000;
- b) Due to COVID-19 the review of donors who give via the Day's Pay Giving Scheme has been delayed. This work will be re-started in 2021 to trace some of those that we have missed. The aim is to increase donated income;
- c) We will carry out a Trustee Workshop to identify areas for development. We will build on the Impact and Reach work carried out in 2020. This may involve an organisational review to configure the Charity appropriately to ensure we continue to meet our beneficiaries needs;
- d) We will continue to monitor and mitigate risk and will pay particular attention to VAT and its applicability to our charity. The aim is to ensure statutory compliance; and
- e) Following accounting advice, the REME Trading Company which currently operates as an independent company will be brought into the REME Charity and become a trading subsidiary. A review will be carried out in early 2021 to codify the new structure and determine an appropriate governance structure.

STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES

The trustees (who are also directors of the charity for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with 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 trustees are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity and the group and the incoming resources and application of resources, including the net income or expenditure, of the charity and the group for the year. In preparing those financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;

The REME Charity

Report of the trustees

For the year ended 31 December 2020

- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and the group and which enable them to ensure that the financial statements comply with the Companies Act 2006. The trustees are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditors

Godfrey Wilson Limited were re-appointed as auditors to the group and parent charity during the year and have expressed their willingness to continue in that capacity.

Approved by the trustees on 21 April 2021 and signed on their behalf by



Maj Gen S M Andrews CBE - Chairman

Independent auditors' report

To the members of

The REME Charity

Opinion

We have audited the financial statements of The REME Charity (the 'parent charity') and its subsidiary (the 'group') for the year ended 31 December 2020 which comprise the consolidated statement of financial activities, consolidated and parent charity balance sheets, consolidated statement of cash flows and the related notes to the financial statements, 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 the 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 and parent charity's affairs as at 31 December 2020 and of the group's incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006.

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 group and parent charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 group and parent charity financial statements and our auditor's report thereon. Our opinion on the group and parent charity financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent auditors' report

To the members of

The REME Charity

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 statements 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 that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report (incorporating the strategic report and the directors' report) have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charity and their environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charity, or returns adequate for our audit have not been received from branches not visited by us;
- the parent charity financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement set out in the trustees' report, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of 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.

Independent auditors' report

To the members of

The REME Charity

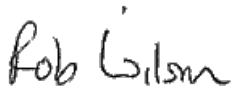
Our responsibilities for the audit of the financial statements

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 ISAs (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 the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members 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's members as a body, for our audit work, for this report, or for the opinions we have formed.



Date: 23 April 2021

Rob Wilson FCA
(Senior Statutory Auditor)

For and on behalf of:

GODFREY WILSON LIMITED

Chartered accountants and statutory auditors

5th Floor Mariner House

62 Prince Street

Bristol

BS1 4QD

The REME Charity

Consolidated statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 December 2020

		Restricted £	Unrestricted £	2020 Total £	2019 Total £
	Note				
Income from:					
Donations and legacies	3	247,434	1,356,524	1,603,958	1,506,593
Charitable activities	5	-	24,261	24,261	51,535
Other trading activities	6	105,442	16,772	122,214	123,409
Investments	7	42,308	381,638	423,946	416,114
Total income		395,184	1,779,195	2,174,379	2,097,651
Expenditure on:					
Raising funds		-	149,445	149,445	54,630
Charitable activities:					
Benevolence grants		21,228	533,538	554,766	419,290
Esprit de corps		249,806	489,238	739,044	1,127,904
Museum		1,500	412,244	413,744	370,605
Total expenditure	8	272,534	1,584,465	1,856,999	1,972,429
Net income before investment gains		122,650	194,730	317,380	125,222
Net gains on investments		123,240	674,150	797,390	1,564,607
Net income		245,890	868,880	1,114,770	1,689,829
Transfers between funds		150,000	(150,000)	-	-
Other recognised gains / (losses):					
Losses on revaluation of fixed assets		-	-	-	(25,000)
Gains/ (losses) on revaluation of heritage assets	14	-	(9,539)	(9,539)	609,667
Net movement in funds	9	395,890	709,341	1,105,231	2,274,496
Reconciliation of funds:					
Total funds brought forward		3,331,256	14,994,147	18,325,403	16,050,907
Total funds carried forward		3,727,146	15,703,488	19,430,634	18,325,403

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in note 22 to the accounts.

The REME Charity

Consolidated balance sheets

As at 31 December 2020

	Note	The group 2020 £	The group 2019 £	The charity 2020 £	The charity 2019 £
Fixed assets					
Tangible assets	13	461,211	519,621	269,971	294,651
Heritage assets	14	4,105,773	4,114,349	1,353,060	1,364,096
Fixed asset investments	15	13,168,877	12,253,315	13,168,877	12,253,315
Investment property	16	500,000	450,000	500,000	450,000
		18,235,861	17,337,285	15,291,908	14,362,062
Current assets					
Stocks	17	133,747	125,852	133,747	125,852
Debtors	18	289,911	278,483	235,999	220,797
Cash at bank and in hand		856,365	675,851	691,449	418,412
		1,280,023	1,080,186	1,061,195	765,061
Liabilities					
Creditors due within 1 year	19	(75,482)	(75,556)	(244,413)	(91,970)
Net current assets		1,204,541	1,004,630	816,782	673,091
Total assets less current liabilities		19,440,402	18,341,915	16,108,690	15,035,153
Creditors due after more than 1 year		(9,768)	(16,512)	(9,768)	(16,512)
Net assets	21	19,430,634	18,325,403	16,098,922	15,018,641
Funds	22				
Restricted funds		3,727,146	3,331,256	3,704,865	3,327,475
Unrestricted funds					
Designated funds		3,369,431	3,342,976	60,000	40,000
General funds		12,334,057	11,651,171	12,334,057	11,651,166
Total charity funds		19,430,634	18,325,403	16,098,922	15,018,641

These accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the trustees on 21 April 2021 and signed on their behalf by



Maj Gen S M Andrews CBE - Chairman

The REME Charity

Consolidated statement of cash flows

For the year ended 31 December 2020

	2020	2019
	£	£
Cash used in operating activities:		
Net movement in funds	1,105,231	2,274,496
Adjustments for:		
Depreciation charges	143,489	64,881
Revaluation (gains) / losses on fixed assets	-	25,000
Revaluation (gains) / losses on heritage assets	9,539	(609,667)
Donation of heritage assets	(2,286)	(5,981)
(Gains) / losses on investments	(797,390)	(1,564,607)
Dividends, interest and rents from investments	(423,946)	(416,114)
Loss / (profit) on the disposal of heritage assets	1,663	580
Decrease / (increase) in stock	(7,895)	(13,344)
Decrease / (increase) in debtors	(11,428)	(9,507)
Increase / (decrease) in creditors	(6,818)	(25,289)
Net cash provided by / (used in) operating activities	<u>10,159</u>	<u>(279,552)</u>
Cash flows from investing activities:		
Dividends, interest and rents from investments	423,946	416,114
Purchase of tangible fixed assets	(85,079)	(3,939)
Purchase of heritage assets	(340)	-
Purchase of investments	(325,000)	(186,195)
Transfer between investment cash accounts	156,828	43,729
Net cash provided by / (used in) investing activities	<u>170,355</u>	<u>269,709</u>
Increase / (decrease) in cash and cash equivalents in the year	180,514	(9,843)
Cash and cash equivalents at the beginning of the year	<u>675,851</u>	<u>685,694</u>
Cash and cash equivalents at the end of the year	<u><u>856,365</u></u>	<u><u>675,851</u></u>

Analysis of changes in net debt

The charity has not provided an analysis of changes in net debt as it does not have any long term financing arrangements.

The REME Charity

Notes to the financial statements

For the year ended 31 December 2020

1. Accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities in preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The REME Charity 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 notes for investments (notes 1m, 1n) and heritage assets (note 1l).

b) Group accounts

These financial statements consolidate the results of the charitable company and its wholly-controlled subsidiary, The Corps of Royal Electrical and Mechanical Engineers Museum (charity registration number 272740) on a line by line basis. Transactions and balances between the charitable company and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two charities are disclosed in the notes of the charitable company's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charitable company itself is not presented because the charitable company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

In accordance with Charity Commission guidance, all linked charities per a Scheme dated 28 October 2016 are required to be reported as restricted funds. The linked charities comprise:

- Royal Electrical and Mechanical Engineers Central Charitable Trust (charity no. 1165868-1);
- The Royal Electrical and Mechanical Engineers' Benevolent Fund (charity no. 1165868-2);
- Royal Electrical and Mechanical Engineers' Hotel Fund (charity no. 1165868-3 - now closed and removed from the register); and
- The General Fund of the Royal Electrical and Mechanical Engineers Sports Association (charity no. 1165868-4).

c) Going concern basis of accounting

The accounts have been prepared on the assumption that the charity is able to continue as a going concern. The trustees have considered the charity's circumstances, and in particular the impact of the COVID-19 pandemic on the charity's current and future financial position. The charity holds unrestricted, general reserves of £12.3m, investment assets that can be drawn down if necessary of £13.2m and a cash balance of £856k. The trustees therefore consider that the charity has sufficient cash reserves to continue as a going concern for a period of at least 12 months from the date on which these financial statements are approved.

d) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item of income have been met, it is probable that the income will be received and the amount can be measured reliably.

The REME Charity

Notes to the financial statements

For the year ended 31 December 2020

1. Accounting policies (continued)

d) Income (continued)

Income from the government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

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 executors 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.

Income received for advertising in advance of publication is deferred until criteria for income recognition are met.

e) Donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item, is probable and the economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), general volunteer time is not recognised.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

f) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity: this is normally upon notification of the interest paid or payable by the bank.

g) Funds accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the charity's work or for specific projects being undertaken by the charity.

h) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

The REME Charity

Notes to the financial statements

For the year ended 31 December 2020

1. Accounting policies (continued)

i) Allocation of support and governance costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Governance costs are the costs associated with the governance arrangements of the charity, including the costs of complying with constitutional and statutory requirements and any costs associated with the strategic management of the charity's activities. These costs have been allocated between costs of raising funds and expenditure on charitable activities based on the proportion of direct costs, as follows:

	2020	2019
Raising funds	8.0%	2.8%
Charitable activities:		
Benevolence grants	29.9%	21.3%
Esprit de corps	39.8%	57.1%
Museum	22.3%	18.8%

The proportion of direct costs attributable to raising funds activities has increased due to the inclusion of investment manager fees in 2020. In 2019, fees were netted against fee rebates received from the investment managers.

j) Grants payable

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

k) Tangible fixed assets

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

Yachts	10 years straight line to residual value of £70,000
Furniture and equipment	3 - 10 years straight line basis

Items of equipment are capitalised where the purchase price exceeds £2,000.

l) Heritage assets

The charity is the repository of thousands of items, which are held in the Museum, the Messes, the Church or the Headquarters, the majority of which have been donated over many years both by individuals and by regimental units that have been closed. Most of the items held are either donated to the Museum or gifted by the Ministry of Defence.

The REME Charity

Notes to the financial statements

For the year ended 31 December 2020

1. Accounting policies (continued)

l) Heritage assets (continued)

Items are recorded at cost when an acquisition has been made by purchase. The valuation of such a diverse and varied collection and the lack in many cases of comparable market values has meant an equally diverse approach in obtaining valuations which are by their nature subjective. It has been necessary to use many sources of valuation expertise. These have included professional valuations as in the case of the small arms collection, guidance from the National Army Museum and recourse to the many web sites, trade magazines, auction houses and professional catalogues covering different aspects of the Collection. The trustees have valued the heritage assets where available by reference to these experts, however valuations are often informal and occasionally written valuations are unavailable.

The assets are considered to have indeterminate lives and the trustees therefore do not consider it appropriate to charge depreciation.

In respect to non-Museum heritage assets, the complete asset register for all areas is maintained and reviewed each year by the Corps Property Manager for movements within the holdings and these are adjusted through repairs and maintenance. The assets are generally valued at 50% of insurance value. The most recent valuation for artworks was carried out by Madley Associates, fellows of the National Association of Valuers and Auctioneers, in 2020. Silverware was revalued in 2020, but the final report will be received in 2021.

All heritage assets are reviewed for impairment annually and any charge taken to the SoFA.

m) Investment property

Investment properties are included in the balance sheet at fair value and are not depreciated. Changes in fair value are recognised in the statement of financial activities. Investment property is professionally revalued every two years, and informally reviewed for impairment annually.

n) Fixed asset investments

Listed 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 disposal throughout the year.

o) Stock

Stock is included at the lower of cost or net realisable value. Donated items of stock are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

p) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

q) Cash at bank and in hand

Cash at bank and cash 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.

The REME Charity

Notes to the financial statements

For the year ended 31 December 2020

1. Accounting policies (continued)

r) Creditors

Creditors and provisions are recognised where there is a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

s) Financial instruments

The charitable company 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 recognised at amortised cost using the effective interest method.

t) Pension costs

The company operates a defined contribution pension scheme for its employees. There are no further liabilities other than that already recognised in the SOFA.

u) Foreign currency transactions

Transactions in foreign currencies are translated at rates prevailing at the date of the transaction. Balances denominated in foreign currencies are translated at the rate of exchange prevailing at the year end.

v) Accounting estimates and key judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

Depreciation

As described in note 1k to the financial statements, depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life.

Revaluations

Heritage assets and investment property are stated at estimated fair value based on periodic valuations, as disclosed in notes 1l and 1m.

The REME Charity

Notes to the financial statements

For the year ended 31 December 2020

2. Prior period comparatives: statement of financial activities

	Restricted £	Unrestricted £	2019 Total £
Income from:			
Donations and legacies	255,287	1,251,306	1,506,593
Charitable activities	4,000	47,535	51,535
Other trading activities	94,191	29,218	123,409
Investments	42,159	373,955	416,114
Total income	395,637	1,702,014	2,097,651
Expenditure on:			
Raising funds	4,282	50,348	54,630
Charitable activities:			
Benevolence grants	305,098	114,192	419,290
Esprit de corps	702,515	425,389	1,127,904
Museum	1,944	368,661	370,605
Total expenditure	1,013,839	958,590	1,972,429
Net gains on investments	131,558	1,433,049	1,564,607
Net expenditure	(486,644)	2,176,473	1,689,829
Transfers between funds	693,069	(693,069)	-
Other recognised gains / (losses):			
Losses on revaluation of fixed assets	-	(25,000)	(25,000)
Gains on revaluation of heritage assets	-	609,667	609,667
Net movement in funds	206,425	2,068,071	2,274,496

The REME Charity

Notes to the financial statements

For the year ended 31 December 2020

3. Income from donations and legacies

	Restricted £	Unrestricted £	2020 Total £
Subscriptions - retired officers	13,480	20,220	33,700
Subscriptions - serving officers	177,861	120,379	298,240
Subscriptions - museum (gold card)	-	95,905	95,905
Subscriptions - other ranks	11,807	533,131	544,938
Sports association grants	15,274	-	15,274
MOD grant in aid	-	179,511	179,511
Armed Forces Covenant Trust grant	20,000	-	20,000
ABF donation	251	-	251
Other donations	3,761	55,138	58,899
Donated heritage assets	-	2,286	2,286
Legacies	5,000	-	5,000
Donated investment management services	-	88,489	88,489
Donated services and facilities *	-	261,465	261,465
Total income from donations and legacies	247,434	1,356,524	1,603,958

Prior period comparative

	Restricted £	Unrestricted £	2019 Total £
Subscriptions - retired officers	14,170	21,255	35,425
Subscriptions - serving officers	115,201	114,553	229,754
Subscriptions - museum (gold card)	-	92,299	92,299
Subscriptions - other ranks	10,253	509,451	519,704
Sports association grants	100,575	-	100,575
MOD grant in aid	-	170,443	170,443
ABF donation	400	-	400
Other donations	14,688	110,683	125,371
Donated heritage assets	-	5,981	5,981
Donated services and facilities *	-	226,641	226,641
Total income from donations and legacies	255,287	1,251,306	1,506,593

* Donated services and facilities consists of:

	2020 £	2019 £
Donated staff time	211,362	177,009
Donated facilities - office premises, equipment and utilities	50,103	49,632
	261,465	226,641

The REME Charity

Notes to the financial statements

For the year ended 31 December 2020

4. Government grants

The charity receives government grants, defined as funding from the Ministry of Defence to fund charitable activities, and from HMRC under the Coronavirus Job Retention Scheme. The total value of such grants in the period ending 31 December 2020 was £186,668 (2019: £170,443) of which £7,157 related to the Coronavirus Job Retention Scheme (the Furlough Scheme). There are no unfulfilled conditions or contingencies attaching to these grants in the current or prior year.

5. Income from charitable activities

	Restricted £	Unrestricted £	2020 Total £
Museum admission	-	20,917	20,917
Children's activities	-	1,889	1,889
Museum research	-	1,455	1,455
Total income from charitable activities	-	24,261	24,261

Prior period comparative

	Restricted £	Unrestricted £	2019 Total £
Museum admission	-	41,200	41,200
Children's activities	-	3,608	3,608
Museum research	-	2,727	2,727
British Museum grant	4,000	-	4,000
Total income from charitable activities	4,000	47,535	51,535

6. Income from other trading activities

	Restricted £	Unrestricted £	2020 Total £
Sponsorship	96,428	-	96,428
Other fundraising	9,014	16,772	25,786
Total income from other trading activities	105,442	16,772	122,214

The REME Charity

Notes to the financial statements

For the year ended 31 December 2020

6. Income from other trading activities (continued)

Prior period comparative:

	Restricted £	Unrestricted £	2019 Total £
Sponsorship	85,500	-	85,500
Functions	2,145	-	2,145
Other fundraising	6,546	29,218	35,764
Total income from other trading activities	94,191	29,218	123,409

7. Income from investments

	Restricted £	Unrestricted £	2020 Total £
Income from listed investments	27,867	380,617	408,484
Property income	14,441	-	14,441
Bank interest	-	1,021	1,021
Total income from investments	42,308	381,638	423,946

Prior period comparative:

	Restricted £	Unrestricted £	2019 Total £
Income from listed investments	28,800	372,912	401,712
Property income	13,359	-	13,359
Bank interest	-	1,043	1,043
Total income from investments	42,159	373,955	416,114

The REME Charity

Notes to the financial statements

For the year ended 31 December 2020

8. Total expenditure

	Raising funds £	Charitable activities: grants £	Charitable activities: esprit de corps £	Charitable activities: museum £	Support and governance costs £	2020 Total £
REME Museum	-	-	-	19,477	351	19,828
REME Institution (Officers' club)	-	-	9,003	-	2,318	11,321
Officers Mess functions and costs	-	-	9,570	-	-	9,570
Grants payable (note 12)	-	378,230	117,009	-	-	495,239
REME Sports	-	-	203,909	-	-	203,909
Association events and costs	-	-	9,779	-	-	9,779
REME Corps Sergeants' Mess	-	-	6,391	-	-	6,391
Office expenses	-	-	3	-	79,885	79,888
Depreciation and scrapped assets	-	-	-	58,451	85,038	143,489
Corps recruiting	-	-	70,908	-	-	70,908
Fundraising and investment property costs	7,062	-	-	-	-	7,062
Publication costs	-	-	100,728	-	-	100,728
Staff costs (note 10)	33,875	62,760	60,176	250,962	142,829	550,602
Insurance	-	-	-	-	7,281	7,281
Trustee expenses	-	-	-	-	2,442	2,442
Donated facilities	-	-	-	-	50,103	50,103
Investment manager fees	77,859	-	-	-	-	77,859
Legal and professional	-	-	-	-	10,600	10,600
Sub-total	118,796	440,990	587,476	328,890	380,847	1,856,999
Allocation of support and governance costs	30,649	113,776	151,568	84,854	(380,847)	-
Total expenditure	149,445	554,766	739,044	413,744	-	1,856,999

The REME Charity

Notes to the financial statements

For the year ended 31 December 2020

8. Total expenditure - prior period comparative (restated)

	Raising funds £	Charitable activities: grants £	Charitable activities: esprit de corps £	Charitable activities: museum £	Support and governance costs £	Restated 2019 Total £
REME Museum	-	-	-	15,248	3,013	18,261
REME Institution (Officers' club)	-	-	8,261	-	3,707	11,968
Officers Mess functions and costs	-	-	35,612	-	-	35,612
Grants payable (note 12)	-	294,441	148,915	-	-	443,356
REME Sports	-	-	460,706	-	-	460,706
Association events and costs	-	-	33,052	-	13,870	46,922
REME Corps Sergeants' Mess	-	-	14,656	-	-	14,656
Office expenses	-	-	-	-	85,464	85,464
Depreciation and scrapped assets	-	-	-	56,817	8,064	64,881
Corps recruiting	-	-	79,878	-	-	79,878
Fundraising and investment property costs	7,670	-	-	-	-	7,670
Publication costs	-	-	100,679	-	-	100,679
Staff costs (note 10)	38,105	56,887	63,325	238,469	117,391	514,177
Insurance	-	-	-	-	8,851	8,851
Trustee expenses	-	-	-	-	6,550	6,550
Donated facilities	-	-	-	-	49,632	49,632
Legal and professional	-	-	-	-	23,166	23,166
Sub-total	45,775	351,328	945,084	310,534	319,708	1,972,429
Allocation of support and governance costs	8,855	67,962	182,820	60,071	(319,708)	-
Total expenditure	54,630	419,290	1,127,904	370,605	-	1,972,429

The prior period comparatives have been restated for classification. Amounts previously shown under discretionary grants, adventurous and enterprising activities, Lyneham funding (D12) and REME Corps Sergeants' Mess are now all shown under grants payable. An analysis is provided in note 10.

The REME Charity

Notes to the financial statements

For the year ended 31 December 2020

9. Net movement in funds

This is stated after charging:

	2020 £	2019 £
Depreciation	143,489	64,881
Operating lease payments	Nil	Nil
Trustees' remuneration	Nil	Nil
Trustees' reimbursed expenses	2,442	6,550
Auditors' remuneration:		
▪ Statutory audit (including VAT)	16,758	16,260
▪ Consultancy (including VAT)	3,240	-
	<u>167,929</u>	<u>81,691</u>

Trustees' reimbursed expenses comprise travel and accommodation costs relating to 4 trustees (2019: 4 trustees).

Total governance costs were £19,200 (2019: £22,810).

10. Staff costs and numbers

Staff costs were as follows:

	2020 £	2019 £
Salaries and wages	307,668	305,717
Social security costs	16,977	18,467
Pension costs	6,877	6,571
Donated salaries	211,362	177,009
Freelance staff	7,718	6,413
	<u>550,602</u>	<u>514,177</u>

No employee earned more than £60,000 during the year.

The key management personnel of the charitable company comprise the Trustees, Corps Secretary and Museum Director. The total employee benefits of the key management personnel paid by the charity and recognised as a gift in kind were £30,320 and £43,706 respectively (2019: £54,727 and £44,355).

	2020 No.	2019 No.
Average number of employees (head count):	<u>21</u>	<u>21</u>

11. Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

The REME Charity

Notes to the financial statements

For the year ended 31 December 2020

12. Grants payable

	Individuals £	Institutions £	Total 2020 £
Benevolence	163,689	195,000	358,689
Discretionary grants	13,509	81,435	94,944
Lyneham funding (D12)	-	18,234	18,234
Adventurous and enterprising activities	-	11,843	11,843
REME Corps Sergeants' Mess	-	11,529	11,529
	177,198	318,041	495,239
Prior period comparative			Restated Total 2019 £
	Individuals £	Institutions £	
Benevolence	193,743	85,000	278,743
Discretionary grants	1,901	72,839	74,740
Adventurous and enterprising activities	-	56,867	56,867
Lyneham funding (D12)	-	19,931	19,931
REME Corps Sergeants' Mess	-	13,075	13,075
	195,644	247,712	443,356

The charity's grant making activities are characterised by large numbers of small grants, paid to support serving and retired soldiers and officers of the REME Corps. Individual grants are rarely made direct to the individual beneficiary. Grants are usually processed via a third party organisation such as the Army Benevolent Fund; the Soldiers' Charity (ABF), The Sailors, Soldiers and Air Force Institution (SSAFA), or the Royal British Legion (RBL). If the beneficiary is a serving soldier, a grant is processed through the unit welfare organisation.

The trustees consider all grants paid to institutions over £25,000, which require trustee board approval, to be material in the context of the accounts. The total amount of grants paid over this amount in 2020 was 1, to the Army Benevolent Fund for £185,000 (2019: 1, for £85,000, to the Army Benevolent Fund). There were no other committed grants at 31 December 2020. No support costs have been allocated to the grants disclosed above although staff costs are allocated to general grant making activities per note 8 to the accounts.

The REME Charity

Notes to the financial statements

For the year ended 31 December 2020

13. Tangible fixed assets

Group	Yachts £	Furniture and equipment £	Total £
Cost			
At 1 January 2020	280,000	852,540	1,132,540
Additions in year	-	85,079	85,079
At 31 December 2020	<u>280,000</u>	<u>937,619</u>	<u>1,217,619</u>
Depreciation			
At 1 January 2020	-	612,919	612,919
Charge for the year	71,000	72,489	143,489
At 31 December 2020	<u>71,000</u>	<u>685,408</u>	<u>756,408</u>
Net book value			
At 31 December 2020	<u>209,000</u>	<u>252,211</u>	<u>461,211</u>
At 31 December 2019	<u>280,000</u>	<u>239,621</u>	<u>519,621</u>

Charity	Yachts £	Furniture and equipment £	Total £
Cost			
At 1 January 2020	280,000	40,730	320,730
Additions in year	-	60,358	60,358
At 31 December 2020	<u>280,000</u>	<u>101,088</u>	<u>381,088</u>
Depreciation			
At 1 January 2020	-	26,079	26,079
Charge for the year	71,000	14,038	85,038
At 31 December 2020	<u>71,000</u>	<u>40,117</u>	<u>111,117</u>
Net book value			
At 31 December 2020	<u>209,000</u>	<u>60,971</u>	<u>269,971</u>
At 31 December 2019	<u>280,000</u>	<u>14,651</u>	<u>294,651</u>

Following a change in accounting policy, yachts are now depreciated rather than revalued, on a straight line basis over ten years to a residual value of £70,000. As their net book value in the prior period is deemed to be materially fairly stated according to the new accounting policy, the prior period has not been restated. The prior period comparatives for furniture and equipment have been restated to correct an error in brought forward cost and depreciation, with no impact on the net book value in either period.

The REME Charity

Notes to the financial statements

For the year ended 31 December 2020

14. Heritage assets

	The group		The charity	
	2020	2019	2020	2019
	£	£	£	£
At 1 January 2020	4,114,349	3,499,281	1,364,096	1,467,444
Additions	2,626	5,981	-	3,750
Disposals	(1,663)	(580)	(1,663)	(580)
Revaluations	(9,539)	609,667	(9,373)	(106,518)
At 31 December 2020	4,105,773	4,114,349	1,353,060	1,364,096

All heritage assets are deemed to be measured at valuation. The majority of heritage assets are donated items which are recognised on receipt at valuation. There is insufficient data available to disclose those assets measured at cost however the amount held at cost is a minor proportion of the total heritage assets.

Five year summary of heritage asset transactions:

	2020	2019	2018	2017	2016
	£	£	£	£	£
Additions:					
Purchases	340	-	23,698	33,087	-
Donations	2,286	5,981	6,130	1,813	26,548
Total additions	2,626	5,981	29,828	34,900	26,548
Disposals:					
Carrying value	1,663	580	30	58,795	80,000
Proceeds	-	-	-	-	-
Revaluations	(9,539)	609,667	-	19,525	-

The REME Charity heritage assets

The REME Charity has gained a wide and varied collection of heritage assets since its formation in 1942. The assets are held within the Messes, the Church, and the Headquarters and have either been donated by individuals or units, or gifted by the MoD. The Collection which has been built up over many years reflects the wide range of artefacts ranging from wooden carvings, paintings, silver pieces, furniture and many trinkets and items of an ornamental nature.

The valuation of such a diverse and varied collection and the lack in many cases of comparable market values has meant an equally diverse approach in obtaining valuations. It has been necessary to use many sources of valuation expertise. These have included professional valuations as in the case of the silver and artwork and recourse to the many websites, trade magazines, auction houses and professional catalogues.

During the year ended 31 December 2020 all artworks were revalued by a professional auctioneer. Silverware was valued during the year ended 31 December 2020, but delays relating to Covid-19 meant that the report was not available in completed form before 31 December 2020.

The REME Charity

Notes to the financial statements

For the year ended 31 December 2020

14. Heritage assets (continued)

The REME Museum heritage assets

The REME Museum of Technology was established in 1958 to house and preserve the heritage of the Corps of Royal Electrical and Mechanical Engineers. The Museum aims to promote a broader understanding of the functions of the Corps, its interaction with society and its role in providing equipment engineering support to the Army. It also provides an information resource for members of the Corps, researchers, educationalists and general public.

The collection which has been built up over many years reflects the wide range of equipment for which the Corps is responsible including tanks, weapons, helicopters and electronic equipment. The Museum also houses and maintains a comprehensive collection of medals, uniforms, documents and pictorial records covering the many activities of the Corps since its formation in October 1942.

The Museum follows a strict acquisition policy and only accepts items which either relate to the heritage of the Corps or clearly illustrate the changes in engineering and repair techniques associated with equipment responsibilities. Most of the items held are either donated to the Museum or gifted by the Ministry of Defence. Items are recorded at cost when an acquisition has been made by purchase.

The valuation of such a diverse and varied collection and the lack in many cases of comparable market values has meant an equally diverse approach in obtaining valuations. It has been necessary to use many sources of valuation expertise. These have included professional valuations as in the case of the small arms collection, guidance from the National Army Museum and recourse to the many web sites, trade magazines, auction houses and professional catalogues covering different aspects of the collection.

During 2013, the museum director revisited the valuations of the collections with the assistance of specialist publications and experts in the various items. During 2019 the vehicles collection was revalued using the same methods.

A full inventory is maintained of all items accessioned into the collection including valuations on the Museum's collection management database. Information provided includes the provenance and acquisition source of each item.

The REME Charity

Notes to the financial statements

For the year ended 31 December 2020

15. Fixed asset investments

	2020 £	2019 £
Blackrock Armed Forces Growth and Income Fund - unlisted		
Market value at 1 January 2020	265,437	232,854
Unrealised gains	12,773	32,583
As at 31 December 2020	<u>278,210</u>	<u>265,437</u>
Sarasin Funds - all listed		
Market value at 1 January 2020	11,987,878	10,313,387
Additions	325,000	186,195
Transfers between cash accounts	(156,828)	(43,729)
Unrealised gains	734,617	1,532,025
As at 31 December 2020	<u>12,890,667</u>	<u>11,987,878</u>
Total investments	<u>13,168,877</u>	<u>12,253,315</u>

Included within investments are amounts held on behalf of other REME organisations, as follows:

	2020 %	2019 %	Market value 2020 £	2019 £
REME Benevolent Fund	0.3606%	0.3652%	46,494	43,780
REME HQ Officers Mess	3.8247%	3.8710%	493,094	464,302
REME Association	3.0613%	3.1000%	394,669	371,624
REME Museum	2.4827%	1.2489%	318,406	149,717
			<u>1,252,663</u>	<u>1,029,423</u>

16. Investment property

The charity owns Judnick House, a residential investment property. The property is held at fair value based on a market valuation obtained from an estate agent, Frank Schippers, dated 13 January 2021.

	2020 Total £	2019 Total £
Market value at 1 January 2020	450,000	450,000
Revaluation gains	50,000	-
Market value at 31 December 2020	<u>500,000</u>	<u>450,000</u>

The REME Charity

Notes to the financial statements

For the year ended 31 December 2020

17. Stock

	The group		The charity	
	2020	2019	2020	2019
	£	£	£	£
Finished goods including wine for resale	133,747	125,852	133,747	125,852

18. Debtors

	The group		The charity	
	2020	2019	2020	2019
	£	£	£	£
Due within 1 year:				
Prepayments and accrued income	153,550	141,726	101,037	87,867
Other debtors	4,584	4,980	3,185	1,153
	158,134	146,706	104,222	89,020
Due in more than 1 year:				
Loan to REME Trading company	131,777	131,777	131,777	131,777
Total debtors	289,911	278,483	235,999	220,797

19. Creditors : amounts due within 1 year

	The group		The charity	
	2020	2019	2020	2019
	£	£	£	£
Trade creditors	17,759	12,366	17,397	12,366
Social security and other taxes	6,263	5,874	6,263	5,874
Accruals	37,464	42,949	29,810	33,158
Other creditors	12,269	8,426	12,269	8,426
Deferred income	1,727	5,941	1,727	5,941
Intercompany	-	-	176,947	26,205
	75,482	75,556	244,413	91,970
Due in more than 1 year:				
Other creditors	9,768	16,512	9,768	16,512

The REME Charity

Notes to the financial statements

For the year ended 31 December 2020

20. Deferred income

	The group		The charity	
	2020	2019	2020	2019
	£	£	£	£
At 1 January 2020	5,941	-	5,941	-
Deferred during the year	1,727	5,941	1,727	5,941
Released during the year	(5,941)	-	(5,941)	-
At 31 December 2020	<u>1,727</u>	<u>5,941</u>	<u>1,727</u>	<u>5,941</u>

Deferred income relates to prepaid advertising income for publications not yet published as at 31 December 2020.

21. Analysis of group net assets between funds

	Restricted funds	Designated funds	General funds	Total funds
	£	£	£	£
Tangible fixed assets	60,970	191,236	209,005	461,211
Heritage assets	1,353,060	2,752,713	-	4,105,773
Fixed asset investments	1,252,663	-	11,916,214	13,168,877
Investment property	500,000	-	-	500,000
Current assets	573,197	433,497	273,329	1,280,023
Current liabilities	(12,744)	(8,015)	(54,723)	(75,482)
Creditors due after more than 1 year	-	-	(9,768)	(9,768)
Net assets at 31 December 2020	<u>3,727,146</u>	<u>3,369,431</u>	<u>12,334,057</u>	<u>19,430,634</u>
Prior year comparative				
	Restricted funds	Designated funds	General funds	Total funds
	£	£	£	£
Tangible fixed assets	14,651	224,970	280,000	519,621
Heritage assets	1,364,096	2,750,253	-	4,114,349
Listed investments	1,029,423	-	11,223,892	12,253,315
Investment property	450,000	-	-	450,000
Current assets	498,626	377,544	204,016	1,080,186
Current liabilities	(25,540)	(9,791)	(40,225)	(75,556)
Creditors due after more than 1 year	-	-	(16,512)	(16,512)
Net assets at 31 December 2019	<u>3,331,256</u>	<u>3,342,976</u>	<u>11,651,171</u>	<u>18,325,403</u>

The REME Charity

Notes to the financial statements

For the year ended 31 December 2020

22. Movements in funds

	At 1 January 2020 £	Income £	Expenditure £	Gains / (losses) £	Transfers between funds £	At 31 December 2020 £
Restricted funds						
<i>CCT:</i>						
Rory Cape Award Prize	5,000	-	-	-	-	5,000
Mrs E Brewin Bequest	14,180	-	(13,509)	-	-	671
Aliquot Shares	1,029,423	-	-	73,240	150,000	1,252,663
<i>Linked entities:</i>						
REME Benevolent Fund	-	7,718	(7,718)	-	-	-
HQ Officers Mess	1,648,440	89,079	(65,416)	-	-	1,672,103
REME Sports Association	-	111,440	(111,440)	-	-	-
REME Institution	604,760	78,473	(24,576)	50,000	-	708,657
REME Sergeants' Mess	25,672	57,786	(17,687)	-	-	65,771
REME Publications	-	11,358	(11,358)	-	-	-
REME Association	-	19,330	(19,330)	-	-	-
<i>REME Museum:</i>						
British Museum Project	3,781	-	-	-	-	3,781
Museum Play Park Fund	-	20,000	(1,500)	-	-	18,500
Total restricted funds	3,331,256	395,184	(272,534)	123,240	150,000	3,727,146

The REME Charity

Notes to the financial statements

For the year ended 31 December 2020

22. Movements in funds (continued)

	At 1 January 2020 £	Income £	Expenditure £	Gains / (losses) £	Transfers between funds £	At 31 December 2020 £
Total restricted funds	3,331,256	395,184	(272,534)	123,240	150,000	3,727,146
Unrestricted funds						
<i>Designated funds:</i>						
Museum - general	2,836,066	311,050	(322,481)	(166)	-	2,824,469
Museum - development	466,910	104,302	(86,250)	-	-	484,962
REME Yacht Club Hulls	40,000	-	-	-	20,000	60,000
<i>Total designated funds</i>	<u>3,342,976</u>	<u>415,352</u>	<u>(408,731)</u>	<u>(166)</u>	<u>20,000</u>	3,369,431
General funds	<u>11,651,171</u>	<u>1,363,843</u>	<u>(1,175,734)</u>	<u>664,777</u>	<u>(170,000)</u>	12,334,057
Total unrestricted funds	<u>14,994,147</u>	<u>1,779,195</u>	<u>(1,584,465)</u>	<u>664,611</u>	<u>(150,000)</u>	15,703,488
Total funds	<u><u>18,325,403</u></u>	<u><u>2,174,379</u></u>	<u><u>(1,856,999)</u></u>	<u><u>787,851</u></u>	<u><u>-</u></u>	<u><u>19,430,634</u></u>

Purposes of restricted funds

Rory Cape Award Prize

The Rory Cape Award was instituted with a bequest from the family in 1974, to commemorate Captain Rory Cape REME, who took part in many adventurous activities but died tragically of cancer in 1972. The aim of this prestigious award is to encourage and further the interests of adventurous and enterprising pursuits within the REME.

The REME Charity

Notes to the financial statements

For the year ended 31 December 2020

22. Movements in funds (continued)

Purposes of restricted funds

Mrs E Brewin Bequest

This fund was established in 2011 following the death of Mrs E Brewin, who was an avid supporter of the REME and wished that her estate be used to support REME widows who need benevolence. The funds are nearly exhausted, and it is anticipated the final payment will be made in 2021. The fund will then be closed.

Aliquot Shares

The REME Charity's investment portfolio was first created in 1985 from donations from a number of entities. Each of the entities is now inside the REME Charity and their percentage holding in the investment portfolio is expressed as an aliquot share holding.

Linked entities

The REME Charity was formed from the REME Charities in 2016. The antecedent charities are linked via a Charity Commission Scheme and are; The REME Central Charitable Trust (296030) and the REME Benevolent Fund (246967). The REME Sports Association charity (246967/1) was linked to the REME Benevolent Fund, but it now linked to the REME Charity under the same scheme. Income in these funds represents donations specifically restricted to each area of the charity. Where total expenditure exceeds income available, expenditure is limited to the available restricted funds.

Purpose of designated funds

Museum - general

The REME Museum is given an operating budget each year from the REME Charity.

Museum - development

The REME Development fund is to provide funding to develop the Museum. It is not to be spent on administration, but purely on developing exhibits, attracting visitors and generally improving the visitor experience.

REME Yacht Club Hulls

The REME Hulls fund was set up as a saving plan to purchase a new yacht every five years. £20k is deposited each year, so that £100k is available at the 5 year point.

The REME Charity

Notes to the financial statements

For the year ended 31 December 2020

22. Movements in funds (continued)

Transfers between funds

The transfer into the aliquot fund represents an increase in the Museum's investment contribution. The transfers to designated funds represent an increase to the yacht reserve.

Prior period comparative	At 1 January 2019 £	Income £	Expenditure £	Gains / (losses) £	Transfers between funds £	At 31 December 2019 £
Restricted funds						
<i>CCT:</i>						
Rory Cape Award Prize	5,000	-	-	-	-	5,000
Mrs E Brewin Bequest	16,081	-	(1,901)	-	-	14,180
NMA Memorial fund	-	486	(9,174)	-	8,688	-
Aliquot Shares	885,631	-	-	131,558	12,234	1,029,423
<i>Linked entities:</i>						
REME Benevolent Fund	-	5,795	(279,086)	-	273,291	-
HQ Officers Mess	1,629,454	86,263	(67,277)	-	-	1,648,440
REME Sports Association	-	178,869	(464,947)	-	286,078	-
REME Institution	543,422	81,855	(20,517)	-	-	604,760
REME Sergeants' Mess	43,915	3,413	(21,656)	-	-	25,672
REME Publications	-	13,624	(106,848)	-	93,224	-
REME Association	-	21,332	(42,214)	-	20,882	-
<i>REME Museum:</i>						
British Museum Project	-	4,000	(219)	-	-	3,781
Other restricted funds	1,328	-	-	-	(1,328)	-
Total restricted funds	3,124,831	395,637	(1,013,839)	131,558	693,069	3,331,256

The REME Charity

Notes to the financial statements

For the year ended 31 December 2020

22. Movements in funds (continued) - prior year comparative

	At 1 January 2019 £	Income £	Expenditure £	Gains / (losses) £	Transfers between funds £	At 31 December 2019 £
Total restricted funds	3,124,831	395,637	(1,013,839)	131,558	693,069	3,331,256
Unrestricted funds						
<i>Designated funds:</i>						
Museum - general	2,135,841	300,869	(318,157)	716,185	1,328	2,836,066
Museum - development	444,710	98,166	(75,966)	-	-	466,910
REME Yacht Club Hulls	20,000	-	-	-	20,000	40,000
Contingency Reserve	(20,000)	-	-	-	20,000	-
<i>Total designated funds</i>	<u>2,580,551</u>	<u>399,035</u>	<u>(394,123)</u>	<u>716,185</u>	<u>41,328</u>	<u>3,342,976</u>
General funds	<u>10,345,525</u>	<u>1,302,979</u>	<u>(564,467)</u>	<u>1,301,531</u>	<u>(734,397)</u>	<u>11,651,171</u>
Total unrestricted funds	<u>12,926,076</u>	<u>1,702,014</u>	<u>(958,590)</u>	<u>2,017,716</u>	<u>(693,069)</u>	<u>14,994,147</u>
Total funds	<u><u>16,050,907</u></u>	<u><u>2,097,651</u></u>	<u><u>(1,972,429)</u></u>	<u><u>2,149,274</u></u>	<u><u>-</u></u>	<u><u>18,325,403</u></u>

The REME Charity

Notes to the financial statements

For the year ended 31 December 2020

23. Financial instruments at fair value

	The group		The charity	
	2020	2019	2020	2019
	£	£	£	£
Financial assets measured at fair value	<u>13,168,877</u>	<u>12,253,315</u>	<u>13,168,877</u>	<u>12,253,315</u>

Financial assets measured at fair value comprise fixed asset investments.

24. Operating lease commitments

The charity held no operating lease commitments in the current or prior period.

25. Related party transactions

The REME Charity is the sole corporate trustee and parent charity of the Corps of Royal Electrical and Mechanical Engineers Museum (charity registration no. 272740). During the year the REME Charity paid donations totalling £47,160 (2019: £30,250) to the REME Museum. The REME Charity operates payroll and manages transactions on behalf of the Museum. At the year end £176,947 was due from the REME Museum (2019: £26,205).

The REME Charity also has a relationship with the REME Trading Company Limited (company registration no. 10258502). The Corps Secretary, Deputy Corps Secretary and one of the trustees of the REME Charity make up the board of directors of the REME Trading Company. Amounts owed to the REME Charity at 31 December 2020 were £131,777 (2019: £131,777). The REME Trading Company also donated £11,252 (2019: £20,000) to the REME Charity during the year.

The Corps Secretary is also a trustee of The Arborfield Association. The REME Charity paid £4,744 (2019: £4,622) to the Arborfield Association during the year from dividends generated by investments held in the Armed Forces Common Investment Fund unlisted portfolio.

26. Subsidiary undertakings

The Corps of Royal Electrical and Mechanical Engineers Museum

The consolidated financial statements include the results of The Corps of Royal Electrical and Mechanical Engineers Museum (the REME Museum), charity number 272740. The REME Charity is deemed to have control over the REME Museum by having sole corporate trusteeship. The REME Museum contributes to the esprit de corps objects of The REME Charity.

Results for the period

	2020	2019
	£	£
Gross income	435,352	403,036
Expenditure	<u>(410,232)</u>	<u>(394,342)</u>
Results for the year (excluding gains / losses)	<u>25,120</u>	<u>8,694</u>

The REME Charity

Notes to the financial statements

For the year ended 31 December 2020

26. Subsidiary undertakings (continued)

Net assets

	2020	2019
	£	£
Assets	3,339,728	3,316,550
Liabilities	<u>(8,015)</u>	<u>(9,791)</u>
Total charity funds	<u><u>3,331,713</u></u>	<u><u>3,306,759</u></u>

27. Parent charity

The parent charity's gross income and the results for the year are:

	2020	2019
	£	£
Gross income	1,786,188	1,729,766
Results for the year (excluding gains / losses)	<u><u>292,262</u></u>	<u><u>116,526</u></u>