



THE ROYAL ARTILLERY ASSOCIATION

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Registered Charity No: 238197

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THE ROYAL ARTILLERY ASSOCIATION

TRUSTEE AND ADMINISTRATIVE INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2021

Patron Her Majesty Queen Elizabeth II

Trustee During the year ended 31 December 2021, and up to the date of approval of this report, the Corporate Trustee of the Association was: The Royal Artillery Charitable Fund(CC No: 210202):

President of the RAA Lieutenant General Sir Andrew Gregory KBE CB DL

Chairman of the RAA Brigadier MN Pountain CBE

Chairman of the RACF Trustees & RA Board of Management Major General DM Cullen CB OBE

RACF trustees during the accounting period

Brigadier MN Pountain CBE	
Colonel WG Prior MBE	(Retired 23 Nov 21)
Colonel CE Comport OBE DL TD	
Colonel C Fletcher-Wood OBE	
Colonel MD Relph MBE	
Major AJ Dines TD	
Major JO Leighton TD	
Colonel G Taylor	Commander 7 th Air Defence Group
Col R Murphy TD VR QVRM	Deputy Commander 1 st Artillery Brigade (Retired 7 Feb 22)
Colonel AB Phillips	Commandant RSA (Retired 23 Jul 21)
Colonel MAA Dornan	Commandant RSA (Appointed 26 th July 21)
Colonel C Palmer	Deputy Commander 1 st ISR Brigade
Lt Colonel SJ Howe	Chief of Staff RHQRA (Appointed 8 th December 21)

A number of trustees are also involved in the governance of other charities referred to in this report. All trustees have made a declaration listing any related parties and potential conflicts of interest.

Regimental Secretary

Col M G J Carter

Bankers

Lloyds TSB Plc
19/21 Powys Street
Woolwich SE18 6JZ

Solicitors

Wilsons
Alexandra House
St John's Street
Salisbury
Wiltshire
SP1 2SB

Auditors

Saffery Champness LLP
71 Queen Victoria Street
London
EC4V 4BE

Address

Artillery House,
Royal Artillery Barracks,
Larkhill,
Wiltshire,
SP4 8QT

Registered Charity No: 238197

THE ROYAL ARTILLERY ASSOCIATION

TRUSTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The trustee presents the Royal Artillery Association report and accounts for the year ended 31st December 2021.

Objects

The RAA was established in 1920 for the purpose of furthering Gunner comradeship and looking after the welfare of ex-members of the Royal Artillery and their dependents. The objects of the RAA are:

- To promote the efficiency of the Royal Artillery by:
 - a) Maintaining contact between past and present members of the Royal Artillery, fostering mutual friendship between them and providing for social gatherings for them and;
 - b) Fostering esprit de corps, comradeship and the welfare of the Royal Artillery and preserving its traditions.
- To relieve either generally or individually members of the RAA or past and present members of the Royal Artillery, and their dependants, who are in conditions of need, hardship or distress.

Organisation

The RAA's sole trustee is the incorporated charity known as the Royal Artillery Charitable Fund (RACF - Charity Number 210202). The RAA works closely with a number of other charities, in particular the Royal Artillery General Charitable Trust (RAGCT), the Royal Artillery Institution (RAI) and the RACF, whose objects also support and promote efficiency within the Royal Artillery. The trustees of the RACF meet as part of the Royal Artillery Board of Management (RA BoM) which is the body responsible for the efficient coordination and management of the RACF, RAA and Royal Artillery Institution (RAI). The RA BoM meets under its Chairman at least twice each year. In the month leading up to the Board meetings, the meetings of the Investment Committee, the Welfare Committee, the Finance and General-Purpose Committee and the RAA National Executive Committee (NEC) take place. The reports of these committees form part of the agenda for the RA BoM meetings at which policy concerning the RAA is discussed and decisions are made. The Chairman of the RA BoM is a member of the Master Gunner's Committee and updates members bi-annually on business undertaken by the Board.

The RAA is a membership organisation. Members may belong to local or national branches, serving batteries of the Royal Artillery or as individual members. Members' views, concerns and suggestions are channelled through their branch or Battery to regional representatives who are members of the NEC.

A Royal Artillery Assembly is held each year usually in May. During the Assembly the RAA AGM is held. In 2021 the Assembly was cancelled due to COVID19. However, with the agreement of the trustees and in line with Charity Commission guidance covering such meetings during COVID, the AGM was held virtually with branches attending via VTC or voting on resolutions by post. At the AGM members are elected to go forward as nominees to represent the RAA on the RACF board of trustees. There are three RAA representatives at any one time. They are nominated for a three-year term and may be re-elected at the end of that term. Nominations go forward to the RACF trustees who are invited to appoint nominees in accordance with the RACF Articles of Association. The governing documents of the RAA are: the Charity Commission Scheme; the Rules of the RAA and; the RAA General Administrative Instructions (GAIs). The Rules and GAIs were reviewed and updated in 2019 and will be subject to a formal review in 2022.

THE ROYAL ARTILLERY ASSOCIATION

TRUSTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Governance

In addition to the Charity's Scheme, the Investment Committee and the Finance & General-Purpose Committee have their own directives laid down by the RA BoM. These were reviewed, updated and approved by the trustee during the year. The NEC has a directive outlining its roles and powers. Powers delegated to the Secretariat are contained in the appropriate directives.

Secretariat policies, which are agreed by the committees, trustee and the BoM, are in place in order to ensure the smooth and effective running of the charity. The charity's risk register is reviewed annually by the trustee. The register follows the model recommended by the Charity Commission. Identified risks are managed as laid down in the Risk Management Plan. For specific items detailed briefs are sent to the trustee so that members can consider issues in depth before meetings. Members also receive regular reports on the value and movement of the charity's investment portfolio. The Chairman of the trustee and the Regimental Secretary meet regularly (usually weekly) to discuss issues.

Charity Commission Governance Code

The trustee, as one of the Royal Artillery charities, comes under the umbrella of the Confederation of Service Charities (Cobseo). Cobseo in consultation with the Charity Commission has produced a Service charity toolkit based on the 2017 Charity Commission Governance guide. The trustee board carried out a self-assessment process using the toolkit in 2019. This has enabled the board to identify where a number of enhancements can be considered to improve governance. This included a resolution to limit the tenure of trustees. A further self-assessment review will be conducted in 2022.

Key Management Personnel

The Regimental Secretary is the Chief Executive of the RAA and is responsible for: the day-to-day management of the charity's business; implementing policies agreed by the RACF trustee and; the management of the staff. He is supported by the RAA Secretary and his staff of two. The Finance Secretary is responsible to the Regimental Secretary for the accounting of funds and all financial records.

Review of Financial Activities

The charity's funds continue to be employed to support the efficiency of the Royal Artillery by supporting comradeship and promoting esprit de corps, and to relieve need, hardship or distress as stated in its Objects.

The results of the charity's activities are summarised on page 13. In 2021 the charity had an excess of expenditure over income, before gains on investments, of £72,231 (2020: Excess of income over expenditure over income: £715,056). After Investment gains of £111,708, (2020: losses of £12,904) there was a net increase of funds of £39,477 (2020: net increase of £702,152).

Total central income decreased by £723,373 to £80,982. This was mainly due to a major legacy, which was included in the 2020 accounts. In 2021, there was 1 legacy totalling £2,000 (2020: 2 totalling £708,825) and 35 donations giving £6,079 (2020: 33 totalling £3,318).

Part of the significant legacy from 2020 was still outstanding in 2021. This has now been received (Feb 22) but at £76,223, was £14,917 lower than anticipated.

THE ROYAL ARTILLERY ASSOCIATION

TRUSTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Review of Financial Activities continued

Income collected through the Service Pay Giving Scheme from officers, soldiers and members of the Reserve regiment has increased slightly by £754 to £40,439.

This year RAA did not receive a grant from RACF for Battery grants due to the high level of legacy income.

Income from Branch events and subscriptions to date are £67,446 (2020: £78,231).

Total expenditure increased by £53,131 to £220,661. This is mainly due to a donation to the NMA for the maintenance of the Artillery garden and a steady increase in the number of comradeship events attracting RAA grants.

There are five main income streams. They are:

- Branch Income and Subscriptions
- Service Pay Giving Scheme (SPGS), where all serving personnel are encouraged to give part of their pay to the charity.
- Investment income.
- Donations
- Legacies.

This year a large proportion of Income came branch Income and subscriptions which was 45% of our Income. Income from SPGS (27%) and Investment income (19%) remained a consistent source of revenue.

The trustee approves the forecast of income and expenditure annually and monitors it regularly through the Finance & General Purpose Committee and at Board meetings.

Charitable Activities

The RAA supports charitable activity by: making grants to support comradeship and welfare; raising and maintaining the profile of the RAA in order to improve comradeship for Gunners, both serving and retired; providing support to members and; planning and organising national RAA events. Apart from support to national RAA events, branches, staff and running costs, the RAA made 21 grants worth £22,337 to batteries to promote comradeship and esprit de corps (2020: 11 totalling £7,935). Two grants worth £687 were made in support of branches (2020: 1 totalling £600). Grants are allocated to enhance the collective well-being of the Regiment and its individual members, serving and retired, by supplementing shortfalls in funding on comradeship projects.

Public Benefit

The Object of the RAA is to promote efficiency within the Royal Artillery by: providing comradeship to serving and retired members of the Regular and Reserve regiment; and by aiding those same members and their dependants in cases of need. Inextricably linked with this Object is the aim of contributing to the public good by service to Her Majesty, the country and all its citizens. The RAA contributes considerable public benefit to the local and national community by relieving need and providing comradeship to members of the regimental family. This in turn maximises the likelihood of the charity's beneficiaries maintaining their

THE ROYAL ARTILLERY ASSOCIATION

TRUSTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Public Benefit continued

place as valuable self-sufficient members of the community, who are able to make a positive contribution to society. The trustee has had regard to the Charity Commission's guidance on Public Benefit.

Future Plans

The charity has sufficient funds to support its future operations to deliver its charitable Objects. Research carried out by the Royal British Legion has shown that there is still a very large ex-Service community, however those ex-Servicemen who saw service in the Second World War and during National Service will gradually diminish over the next 10 years. Work has commenced on improving the Association's ability to promote the RAA amongst the recently retired and serving soldiers and recruit new members. It is assessed that following the removal of legally enforced Covid precautions, levels of activity will continue to return to near normal during 2022. The trustee has budgeted accordingly for the current year.

Reserves Policy

The trustee's policy is to maintain a sufficient level of reserves, within the investment portfolio to provide: a stable base for the charity's continuing activities; sufficient funds to cover routine management and administrative costs; make provision for any emergency applications for grants which arise from time to time.

Total funds as at 31 December 2021 were £2,053,893 (2020: £2,014,416).

Unrestricted reserves included funds for the ladies section of £792 (2020: £792), branch funds of £250,327 (2020: £246,257) and free reserves of £1,802,774 (2020: £1,767,367).

Our risk-based approach to determining our free reserves requirement is carried out, based on the anticipated future needs of the regimental family, and the management of financial risks, particularly the uncertainty of future income from other sources.

Trustees review the level of reserves regularly to ensure funds are available to deliver welfare services and programmes, and to secure, as far as possible, future financial viability. Our annual review of reserves included assessing the impact of Covid-19 on our business plans, projected income and expenditure, and on our investments.

Following that review, we determined that we should hold a minimum of £1,500,000 in free reserves to be assured that we are able to sustain the support we provide to the regimental family in the long term as well as meet other obligations, irrespective of fluctuations in income and without creating the need to actively fundraise. This sum, held as part of our investment portfolio, is judged to be capable of generating sufficient investment income to meet foreseeable needs. With free reserves of £1,801,958 currently exceed this requirement. The trustees are content that the additional funds we hold provide ability to disinvest in order to support major capital projects if and when required, but in the meantime are held as investments generating additional income income.

In 2021 the charity's investments generated £27,460 of income. This was 28% of total income. Without this level of income, the charity's activities and support to those in need would be significantly curtailed. The trustee recognises that it has no long term mandated liability for any particular level of benevolence. There is therefore the ability either to reduce expenditure to match any reduction in income or to liquidate unrestricted assets to make additional funds available in year, however as indicated above, this would need to be balanced by the requirement to maintain investment as a means of providing income for future

THE ROYAL ARTILLERY ASSOCIATION

TRUSTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Reserves Policy continued

generations. Unrestricted funds were £2,053,893 (2020: £2,014,416) most of which is represented by investments, which provide a significant part of the charity's income but are available for spending if necessary.

Investment Policy

The trustee's Investment Committee meets twice a year to consider the performance of the RAA's investments, which are managed on a discretionary basis by BlackRock Investment Management (UK) Ltd.

The investment objective is to create sufficient income and capital growth to enable the charity to carry out its charitable objectives. The charity is expected to exist in perpetuity and investments are managed to meet the investment objective and ensure this sustainability. The charity's funds are invested on an aliquot proportion in the same funds as the other Gunner welfare / efficiency charities. This is in order to achieve economies of scale in relation to investment cost.

The trustees have given the fund managers discretion to manage the portfolio within an agreed risk profile and against agreed benchmarks. This is contained in a written directive.

At the bi-annual meeting with the investment managers the Investment Committee considers the state of the financial markets and measures the fund managers' on-going performance against specific agreed benchmarks, namely 30% FTSE All Share Index, 30% MSCI World ex UK Index, 10% MSCI Emerging Markets

Index, 7.5% FTSE All Stocks Gilt Index, 5% iBoxx Sterling Non-Gilts Index, 10% IPD UK All Balanced Funds Index, 5% Alternative (IA Sector Targeted Absolute Return) and 2.5% Cash (Sterling Overnight Index Average).

Having compared performances over the last 1, 3 and 5 years, the Investment Committee are of the view that the investments have done reasonably well in relation to the market and relevant benchmarks, and that there is currently no case to prompt a change of investment policy.

Environmental Governance and Social Considerations

The RAA's investments are not managed with any specific environmental, social and governance (ESG) restrictions. However it is expected that the RA charities' investment managers have clearly defined ESG investment policies and that the investments are managed by an investment company which is a signatory to the UN Principles of Responsible Investment and which takes account of Environmental, Social and Governance (ESG) factors in their research and investment decision making process.

Fundraising

The trustee is very clear that all fundraising must be legal, open, honest and respectful. Nationally the charity does not actively engage in regular and organised fundraising, although it does make provision through its website to receive donations and legacies. It receives the bulk of its income through Investments, the Royal Artillery's 'service giving scheme' and from grants made by the RACF. The facility exists for individuals or organisations to make voluntary donations online. The charity does not work with any commercial partner or professional fundraisers except in order to operate an online donation facility through online options such as 'Enthuse' and 'Just Giving'. The charity does not solicit funds through direct

THE ROYAL ARTILLERY ASSOCIATION

TRUSTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Fundraising continued

approaches to individuals via mailshots or online unless consent has been obtained. Branches and individuals, if they wish, may raise funds for the charity and if so are provided with sealed collection buckets. In most cases branches prefer to raise funds for the RACF. In the event of a complaint about any such activity, it is investigated by the Regimental Secretary. (No complaints were received in 2021). As a charity that deals with vulnerable veterans and their dependants, all staff are aware of the requirement to treat everyone fairly and kindly with no intrusive or persistent requests or approaches for funds or pressure to donate.

Trustee Training

Trustee responsibilities and necessary training are taken very seriously. All new members of the trustee board are briefed by the Regimental Secretary on their roles and responsibilities. They are provided with the Charity Commissioners handbook "The Essential Trustee" as well as a copy of the Scheme. Recent RAA accounts, meeting minutes and policy documents are also provided. Trustee briefings and training take place and members of the Board are encouraged to attend external trustee training and investment briefs.

Risk Management

The trustee maintains a continuous oversight of the principal areas of the RAA's operations and the major risks which may arise. In the opinion of the trustee, the charity has established resources and review systems which, under normal conditions, should allow the risks identified to be mitigated to an acceptable level. A risk management plan is produced and approved by the trustee each year and actively managed by the trustee,

the Regimental Secretary and his staff. The main risks are:

- Insufficient income to meet the need: This is managed by careful budgeting, the investment and reserves policy and controlling the level of support provided to beneficiaries.
- Fraud: This is guarded against by having policies in place to ensure regular checks are made and that all transactions are properly authorised by two signatories.
- Conflict of interest amongst trustee members: A register of trustee's interests is kept and updated annually. At the start of committee and BoM meetings, trustees are reminded to declare any conflict arising from the agenda so that appropriate action can be taken.
- Reputational damage arising from activities such as inappropriate fundraising: This is mitigated by robust Rules and General Administrative Instructions (GAIs) and the monitoring of branch fundraising activities.

Remuneration Policy

No trustee is paid for services as a trustee or related work, though travel and subsistence costs incurred as a trustee are reimbursed. The trustee reviews staff salaries annually and takes into account the MoD pay awards for similar grades, when agreeing any pay increases.

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TRUSTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Employees

The RAA aims to be an organisation for which employees enjoy working and where they feel supported, valued, empowered and developed. Employees are kept fully informed about the aims and objectives of the charity and how it is achieving them. Employees are encouraged to make suggestions to help improve working processes and to achieve best practice. The charity is an equal opportunities employer and is committed to training and developing its staff and consider the MoD pay awards for similar grades, when recommending any pay increases.

Statement of Trustee's Responsibilities

The trustee is responsible for preparing the Trustee's Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Charity law requires the trustee to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charity. These include details of income and expenditure and of the application of resources for the accounting period. In preparing these financial statements, the trustee is required to:

- Select suitable accounting policies and then apply them consistently;
- Adhere to the methods and principles in the Charities Statement of Recommended Practice (Charities SORP (FRS 102));
- Make judgements and estimates that are reasonable and prudent;
State whether applicable accounting standards have been followed, subject to any material departures which are to be disclosed and explained in the financial statements;
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the charity will continue in business.

The trustee is also responsible for safeguarding the assets of the charity, including taking reasonable steps to prevent and detect fraud and other irregularities.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the Charities Acts 2011 and; the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)).

Statement as to Disclosure of Information to Auditors

In so far as the trustee is aware:

- there is no relevant audit information of which the charity's auditor is unaware; and
- the trustee has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

On behalf of the trustee:

.....
Major General DM Cullen CB OBE

7th June 2022
Chairman of the RAA trustee (RACF) Board

THE ROYAL ARTILLERY ASSOCIATION

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE FOR THE YEAR ENDED 31 DECEMBER 2021

Opinion

We have audited the financial statements of the Royal Artillery Association for the year ended 31 December 2021 which comprise the statement of financial activities, balance sheet, cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2021 and of its incoming resources 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 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 trustee's 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 trustee with respect to going concern are described in the relevant sections of this report.

Other information

The trustee is 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

THE ROYAL ARTILLERY ASSOCIATION

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE FOR THE YEAR ENDED 31 DECEMBER 2021

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the Trustee's Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept sufficient accounting records; 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.

Responsibilities of the trustee

As explained more fully in the Trustee's Responsibilities Statement set out on pages 8, the trustee is 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 the trustee determines 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 trustee is 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 trustee either intends to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditors under the Charities Act 2011 and report in accordance with regulations made under that Act.

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 auditors' 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.

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the charity's financial statements to material misstatement and how fraud might occur, including through discussions with informed management, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the charity by discussions with informed management and updating our understanding of the sector in which the charity operates.

THE ROYAL ARTILLERY ASSOCIATION

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE FOR THE YEAR ENDED 31 DECEMBER 2021

Laws and regulations of direct significance in the context of the charity include the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and guidance issued by the Charity Commission for England and Wales.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the charity's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the charity's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

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.

A further description of our responsibilities is available 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 trustee, 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 trustee 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 the trustee as a body, for our audit work, for this report, or for the opinions we have formed.

THE ROYAL ARTILLERY ASSOCIATION

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE
FOR THE YEAR ENDED 31 DECEMBER 2021

Saffery Champness LLP

Saffery Champness LLP

Chartered Accountants
Statutory Auditors
71 Queen Victoria Street
London
EC4 4BE

Date: *27 June 2022*

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

THE ROYAL ARTILLERY ASSOCIATION

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2021

		Unrestricted Funds	
<u>Income and expenditure</u>			
	Note	2021 £	2020 £
<u>Income</u>			
Donations & Legacies incl Subscriptions	2	49,920	776,079
Investment income		27,460	25,515
Registration fees	3	680	1,031
Other Income	4	2,924	1,730
Total of Income		80,984	804,355
Branch events and subscriptions		67,446	78,231
<u>Total income</u>		148,430	882,586
<u>Expenditure</u>			
Raising funds	5	2,184	40
Charitable activities	6	155,101	103,420
Branch expenditure		63,376	64,070
<u>Total expenditure</u>		220,661	167,530
Net (expenditure)/Income before gains on investments		(72,231)	715,056
Net gains/(losses) on investments		111,708	(12,904)
<u>Net Income and net movement in funds</u>		39,477	702,152
Total funds brought forward		2,014,416	1,312,264
<u>Total funds carried forward</u>		2,053,893	2,014,416

The notes on pages 16 to 21 form part of these financial statements.

THE ROYAL ARTILLERY ASSOCIATION

BALANCE SHEET 31 DECEMBER 2021

	Note	2021	2020
		£	£
<u>Fixed assets</u>			
Investments	7	1,182,151	1,071,871
<u>Current assets</u>			
Debtors	8	79,614	694,572
Cash	9	609,701	37,348
Branch cash		250,327	246,257
		939,642	978,177
<u>Current liabilities</u>			
Creditors: Amounts falling due within one year	10	(67,900)	(35,632)
Net current assets		871,742	942,545
<u>Net assets</u>		2,053,893	2,014,416
Funds			
Unrestricted	11	2,053,893	2,014,416
		2,053,893	2,014,416

Approved by the trustee on *7th June* 2022



D M Cullen CB OBE
Major General
Chairman of the RAA Trustee (RACF) Board

The notes on pages 16 to 21 form part of these financial statements.

THE ROYAL ARTILLERY ASSOCIATION

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Net cash used in operating activities	1	547,535	(3,553)
<u>Cash flows from investing activities</u>			
Dividends, interest and rents from investments		27,460	25,515
Purchase of investments		(1,203,581)	(368,167)
Proceeds from sale of investments		1,203,520	368,027
Net cash used in investing activities		27,399	25,375
Net increase in cash & cash equivalents		574,934	21,822
Cash & cash equivalents at the beginning of the year		285,306	263,484
Cash and cash equivalents at end of the year	2	860,240	285,306

Notes to the cash flow statement

1.	Reconciliation of net movement in funds to net cash flow from operating activities	2021 £	2020 £
	Net movement in funds	39,477	702,152
	(Gain)/loss on investments	(111,708)	12,904
	Investment income	(27,460)	(25,515)
	(Increase)/Decrease in debtors	614,958	(691,141)
	(Decrease)/increase in creditors	32,268	(1,953)
	Net cash used in operating activities	547,535	(3,553)

2.	Analysis of cash and cash equivalents and net debt	At 1 Jan 2021 £	Cash flow £	At 31 Dec 2021 £
	Cash on short term deposit	30,552	568,184	598,736
	Cash current account	6,796	4,169	10,965
	Cash held by branches	246,257	4,070	250,327
	Cash balance before investments	283,605	576,423	860,028
	Cash held in Investments	1,701	(1,489)	212
	Net cash provided by operating activities	285,306	576,934	860,240

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historic cost convention, except for listed investments which are included at their market value. The accounts (financial statements) have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Accounting Practice.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Charities SORP (FRS 102) rather than the Accounting and Reporting by Charities Statement of Recommended Practice effective from 2005 which has since been withdrawn.

The Royal Artillery Association constitutes a public benefit entity as defined by FRS102.

Preparation of a cash flow statement

A cashflow statement is provided at page 15.

Branches

Branch transactions with third parties are accounted for gross in the financial statements and branch assets and liabilities are incorporated into the balance sheet. Individual branches receive donations to spend on comradeship within their branches and local area. Branch events are sponsored by these funds.

Investments

Investments are shown in the balance sheet at their market value. The unrealised movement in market value from one year to another is recognised in the Statement of Financial Activities.

Donations and legacies Including Subscriptions

Subscriptions and donations are recognised as income when the amounts are receivable. Legacies are recognised when received or receipt is probable and the value can be measured with sufficient reliability.

Investment income

Investment income is credited to the statement of financial activities when its receipt is probable and the amount receivable can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

Fund Accounting

Unrestricted funds are available to use to further any of the purposes of the charity.

Going Concern

The trustee has reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Expenditure and support costs

Expenditure is recognised in the period in which it is incurred and includes attributable VAT which cannot be recovered.

Support costs are those costs which have not been directly allocated to an activity of the charity but nevertheless support these activities. All costs relate to the core charitable activities except branch expenditure which is shown separately.

Pensions

Staff costs are recharged from RACF. Staff are enrolled in a NEST pension scheme. Contributions are charged in the Statement of Financial Activities as they become payable.

Grant expenditure

Grants payable are payments made in furtherance of the charitable objects of the charity. These are accrued once the recipient has been notified of the grant award. The notification gives the recipient a reasonable expectation that they will receive the grant.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty as to the timing of the grant or the amount of grant payable.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

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 except for bank loans which are subsequently measured at amortised cost using the effective interest method.

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.

Creditors and provisions are recognised where the charity has 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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

Financial instruments continued

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.

Critical estimate and judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, the trustee is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There is one critical estimate, judgements or key sources of estimation in 2021 of £nil (2020: £691,000) in respect of a notified but as yet not fully quantified legacy.

2	<u>Donations & Legacies (incl subscriptions)</u>	2021	2020
		£	£
	Serving regiment (Service pay Giving Scheme)	40,439	39,685
	Legacies	2,000	708,825
	Legacies (Over provision)	(14,917)	-
	General Donations	6,079	3,318
	Donations – RAA 100	87	829
	Donations – RACF	-	7,935
	Donations – Branch Liaison Officer	3,227	2,533
	Intangible Income – Wages in Kind	13,005	12,954
		<u>49,920</u>	<u>776,079</u>
3	<u>Registration fees</u>	2021	2020
		£	£
	Current year	680	1,031
		<u>680</u>	<u>1,031</u>
4	<u>Other Income</u>	2021	2020
		£	£
	RAA Event Income	1,302	-
	Merchandise Income	188	43
	Christmas Card Income	1,409	1,679
	Bank Interest	25	8
		<u>2,924</u>	<u>1,730</u>

THE ROYAL ARTILLERY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2021

5	<u>Raising funds</u>	2021	2020
		£	£
	Investment Management Fees	2184	-
	Fundraising costs	-	40
		<u>2,184</u>	<u>40</u>
6	<u>Charitable activities</u>	2021	2020
		£	£
	RA Assembly	-	100
	RA Assembly Awards	453	8
	NMA	2,543	488
	Gunner Sunday	1,674	49
	RAA 100	-	3,582
	NMA Maintenance	32,488	-
	Regimental Welfare/Comradeship	23,024	8,435
	Mansergh Award	1,100	-
	Miscellaneous grants under £1,000	1,000	1,000
		<u>62,282</u>	<u>13,662</u>
	Support costs to Charitable Activities:		
	Administrative Salaries recharges by RACF	53,898	52,307
	Employer Pension Contribution	2,614	2,548
	Wages in kind	13,005	12,954
		<u>69,517</u>	<u>67,809</u>
	Travelling and subsistence (incl. SB)	6,669	1,741
	NEC, Regional Reps, District travel & subsistence	-	1,264
	Branch travel	3,481	559
	Office costs (incl. publicity & postage)	6,340	6,854
	Publicity	212	1,609
	Miscellaneous costs	2,922	2,948
	Governance costs:		
	Legal fees (including trustee training)	168	3,156
	Professional Fees	-	296
	Audit	3,510	3,522
		<u>23,302</u>	<u>21,949</u>
	<u>Total charitable activities</u>	<u>155,101</u>	<u>103,420</u>

THE ROYAL ARTILLERY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2021

Charitable activities continued

The trustee / RACF trustees received no remuneration or any other payments other than refund of travel and subsistence costs. £944 for out of pocket travel expenses was claimed in 2021 by 1 trustee (2020: £221 by one trustee).

7	<u>Fixed assets investments</u>	2021	2020
		£	£
	Quoted investments:		
	Market value at 1 January	1,071,871	1,084,604
	Net additions/cash movements at cost	1,203,581	368,167
	Sale Proceeds – Investments	(1,203,520)	(368,027)
	Net realised/ unrealised investment gains/(losses)	111,708	(12,904)
	Aliquot Changes	-	1
	Cash Commitments	(1,489)	30
	Market value at 31 December 2021	1,182,151	1,071,871
	Historical cost at 31 December 2021	1,072,003	1,004,215
There are no individual holdings which are considered to be significant.			
8	<u>Debtors</u>	2021	2020
		£	£
	RAGCT – Gift Aid	27	29
	Accrued Service Giving Income	3,364	3,403
	Legacies Receivable	76,223	691,140
		79,614	694,572
9	<u>Cash on Short term Deposit</u>	2021	2020
		£	£
	Lloyds TSB Bank PLC – Current account	10,965	6,796
	Lloyds TSB Bank PLC – Deposit account	598,736	30,552
		609,701	37,348
10	<u>Creditors - amounts falling due within one year</u>	2021	2020
		£	£
	RA Charitable Fund	34,295	33,538
	Creditors and accruals	33,605	2,094
		67,900	35,632

THE ROYAL ARTILLERY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

11 Analysis of net assets between funds

	Investments £	Current assets £	Net Total £
Unrestricted funds:			
General	1,182,151	620,623	1,802,774
Ladies Section Amenities	-	792	792
Branches	-	250,327	250,327
	<u>1,182,151</u>	<u>871,742</u>	<u>2,053,893</u>

2020 Comparison

	Investments £	Current assets £	Net Total £
Unrestricted funds:			
General	1,071,871	695,496	1,767,367
Ladies Section Amenities	-	792	792
Branches	-	246,257	246,257
	<u>1,071,871</u>	<u>942,545</u>	<u>2,014,416</u>

13. Related party transactions

Income of £40,439 (2020: £39,685) was received from the Royal Artillery General Charitable Trust (RAGCT). A number of the RACF trustees are also trustees of the RAGCT. This Income relates to accrued Income from the Service Giving Scheme, which were voluntary contributions from service personnel. At the year end, a balance of £3,364 (2020: £3,403) is included within debtors for this income.

An amount of £34,295 (2020: £33,369) is included within creditors for the RACF. The RACF is the corporate trustee of the RAA. This income relates to Investment fees owed from RAA to RACF.

The RACF made no (2020: £7,935) grant to to the RAA in 2021.

