

INSTITUTION OF ROYAL ENGINEERS

England & Wales · Charity number 249882

Details

Other names INSTRE, THE INSTITUTION

Status Registered

Legal form Other

Registered 1967-01-27

Register [View on the Charity Commission register](#)

Contact

Address The Institution Of Royal Engineers
Ravelin Building
Brompton Barracks
Chatham
Kent

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Email chiefexec@instre.org

Website www.instre.org

Activities

Objects: FOR THE PROMOTION AND ADVANCEMENT OF THE SCIENCE OF MILITARY ENGINEERING AND TO PROMOTE MILITARY EFFICIENCY AND PARTICULARLY THE MILITARY EFFICIENCY OF THE CORPS OF ROYAL ENGINEERS.

Activities: The Institution provides a forum for debate through its sponsorship of joint professional meetings; the publication of articles in its Journal; the maintenance of a Museum and Library for the RE Corps' heritage and archive collection; and the administration of prize funds and a memorials fund. The Institution is a licensed member of the Engineering Council.

Classification

- **How:** Makes Grants To Organisations, Other Charitable Activities
- **What:** Education/training, Armed Forces/emergency Service Efficiency
- **Who:** Other Defined Groups, The General Public/mankind

Geography

- Germany
- Scotland
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-12-31	£621,626	£573,775	£1,802,843	6
2024-12-31	£605,497	£566,314	£1,668,685	7
2023-12-31	£560,677	£546,143	£1,586,887	7
2022-12-31	£526,292	£559,233	£1,569,443	7
2021-12-31	£481,287	£567,625	-	-
2020-12-31	£445,335	£616,484	-	-

Trustees

Name	Role	Appointed
Brig James David Webster		2022-05-03
Brigadier James Douglas Stuart		2025-06-05
Brigadier Peter Thomas Quaite OBE		2024-10-17
COLONEL DANIEL HALL VR		2025-09-01
COLONEL GUY STUART CHEESMAN ADC		2026-01-16
COLONEL JONATHAN LAYTON PRICHARD KVRM		2020-10-15
CORPS SERGEANT MAJOR CRAIG SMITH		2026-04-24
Colonel Alexander John Harris		2024-11-22
Colonel Simon Justin Graham		2024-02-05
MAJOR GENERAL ANDREW JOHN WINGATE STURROCK		2026-01-01
MAJOR GENERAL DAVID WILLIAM SOUTHALL CBE		2020-10-15

Linked charities

- HAYNES MEDAL (249882-1)
- ALAN IZAT MEMORIAL PRIZE (249882-10)
- MEMORIALS FUND (249882-11)
- DURAND MEDAL (249882-2)
- FOWKE MEDAL AND STOKES-ROBERTS SCHOLARSHIP PRIZE (249882-3)
- THE R E KITCHENER SCHOLARSHIP FUND (249882-4)
- ARMSTRONG MEDAL AND PRIZE (249882-5)
- MONTGOMERIE PRIZE (249882-6)
- COLLINSON PRIZE (249882-7)
- RAINY ANDERSON PRIZE (249882-8)
- THE ARTHUR FFOLLIOTT GARRETT PRIZE (249882-9)

INSTITUTION OF ROYAL ENGINEERS

England & Wales - Charity number 249882

Accounts

Charity number: 249882

Institution of Royal Engineers

Trustees' report and financial statements

for the year ended 31 December 2025

Institution of Royal Engineers

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Institution of Royal Engineers

Trustees' Report

For the year ended 31 December 2025

The Trustees present the annual report and the audited financial statements of the Charity for the year ended 31 December 2025. The financial statements have been prepared in accordance with the accounting policies set out at Note 1 to the accounts and comply with the Charity's Royal Charter, the Charities Act 2011 and the Charities SORP FRS 102. Trustees consider that in preparing these financial statements they have taken into account all information that could reasonably be expected to be available (including levels of reserves held); thus, the going concern basis of accounting is deemed appropriate and there are no material uncertainties.

OBJECTIVES AND ACTIVITIES

The OBJECT of the Institution of Royal Engineers, as set out in its Royal Charter and Bye-laws (Revised 2025), is to promote and advance the science of Military Engineering and to promote military efficiency, particularly the military efficiency of the Corps of Royal Engineers. In furtherance of this OBJECT the Institution has continued to:

- a. Publish *The Royal Engineers Journal*, and its Supplement, to promote education and to disseminate information and advice;
- b. Maintain and develop a Museum, Library and Archive;
- c. Own a Museum, Library and Archive and all the exhibits, artefacts, medals, and book accessions for the benefit of the Museum, Library and Archive;
- d. Arrange joint professional meetings with other Institutions, professional bodies, and learned societies;
- e. Administer trust funds in connection with awards for academic and military excellence to officers and soldiers;
- f. Raise funds by way of subscriptions, donations and otherwise;
- g. Maintain Napier House, the property of the Institution;
- h. Maintain and develop professional registration with Engineering United Kingdom and Engineering Council at Engineering Technician, Incorporated Engineer, and Chartered Engineer levels;
- i. Develop, where possible, joint working practices with the Royal Engineers Vocational Education Training Trust (REVETT), (Charity Number 1068709), other Institutions, and the Royal School of Military Engineering Group.

OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

The Trustees confirm that they have had due regard to the guidance provided by the Charity Commission for England and Wales on public benefit when reviewing the Institution's aims and objectives, and in planning future activities, and consider that they have met the requirements in full measure. In particular:

- a. The Royal Engineers Museum Charitable Incorporated Organisation Foundation, Library and Archive 'Designated Collection', which is owned by the Institution, is open to the general public. In addition, the Royal Engineers Museum is open to parties of school children, providing a clear public benefit.
- b. The promotion of the military efficiency of the Corps of Royal Engineers is a matter of national importance and public benefit. As a Licensed Member of the Engineering Council, the Institution takes part in the self-regulation of the engineering profession, as authorised by the Privy Council, and so contributes to that wider public benefit.
- c. The education of Members of the Corps of Royal Engineers is also of public benefit, since the number of beneficiaries from the Regular Army, Reserve Army, and retired Members, represents an amply sufficient proportion of the populace.

Institution of Royal Engineers

Trustees' Report (continued)
For the year ended 31 December 2025

ACHIEVEMENTS AND PERFORMANCE

Membership levels have remained on par with previous years at just over 10,000. The number of Members attaining fellowship grew again, with 208 Fellows now held that represented a c6% increase. Work also continued to amplify the benefits of membership to the Army Reserve to encourage a greater proportion to join, together with engaging like-minded engineers from overseas Land Forces. Social media avenues were further exploited to reconnect with those who have completed military Service.

Across the year the Institution looked to find ways to broaden appeal and strengthen the 'offer' to the *body politic*, the Corps of Royal Engineers and wider Military Engineering community. Communication has been central to raising the level of understanding of Military Engineering and professionalism. The biannual update again proved popular, together with *The Royal Engineers Journal* and periodicals. On 22 May 2025, the Institution celebrated the 150th anniversary of its establishment as The Institute of Royal Engineers. A commemorative edition of *The Royal Engineers Journal* was produced to mark that important milestone that looked back over the last 150 years and re-published a series of seminal articles, selected by the Corps Historian and Editor, that promoted innovation, introduced new technologies or tactics, and that had been particularly influential or have been written by iconic Royal Engineers. The Institution continued to:

- a. Promote Military Engineering through activities: joint professional meetings, battlefield studies, the provision of multimedia material and the holding of debates. Provided support that reminded Members of civilian Professional Registration opportunities and how to obtain said qualifications;
- b. Encourage individuals (and groups) to engage, contribute, and collaborate with the Institution to achieve its OBJECT, with particular emphasis on publishing high quality articles in *The Journal*;
- c. Sponsor a broad range of events, conferences, symposia, and workshops able to be delivered by the Corps of Royal Engineers, whilst ensuring that key lessons from such meetings are captured and made available to as wide an audience as possible, and stored for future study; and
- d. Be a fully inclusive learned body whose activities and decisions consider the requirements of all Members, including minority groups.

The Royal Engineers Museum, Library and Archive (Registered Charity Number 295173) was placed into suspended animation at midnight 31 January 2025, with a Transfer of Assets made at 00.01 on 1 February 2025 into The Royal Engineers Museum Charitable Incorporated Organisation (CIO) Foundation (Registered Charity Number 1211021). The title of the Collection, together with all associated artefacts, was fully retained by the Institution (including any new items acquired) under a formal Loan Agreement between the Royal Engineers Museum CIO Foundation and Institution. The Loan Agreement remains expressly for the loan, care, and development of the Collection, as amended from time to time, as described by the OBJECT of the Royal Engineers Museum CIO Foundation. The Lease of BR200 The Ravelin Building, Building 300 (Block 40), Building 301 (Block 38), and Building 302 (Block 39) was not transferred and remains an agreement between the Secretary of State for Defence (c/o Defence Infrastructure Organisation) and Institution. The new Royal Engineers Museum CIO Foundation subsequently received annual grants totaling £65.8K.

The Institution has continued to operate under License from the Engineering Council to assess candidates for Engineer Technician, Incorporated Engineer and Chartered Engineer. The total Registrants held in December was 1576; comprising Chartered Engineers (51), Incorporated Engineers (68) and Engineering Technicians (1457).

A diverse Member Services Programme was delivered that encompassed the full range of Military Engineering, including *Managing Machine Learning to Deliver Artificial Intelligence and Improvements in Safety and Efficiency*, reviewing lessons from the *Francis Scott Key Bridge Collapse*, considering *How has the engineering community come together in times of national need?* as well as meeting with Industry Partners to debate the engineering demands of *Lines of Communication*. In addition, the Military Engineering and Innovation Prize produced a raft of world-class articles for publication, and a number of annual prizes were once again sponsored that rewarded the attainment of Military Engineering excellence, with the Royal Engineers Historical Society maintaining its series of extremely popular and informative monthly webinars.

Institution of Royal Engineers

Trustees' Report (continued)
For the year ended 31 December 2025

FINANCIAL REVIEW

Investment House & Policy

All Institution investments have been, since 2002, managed by BlackRock as part of the Armed Forces Charities Growth & Income Fund (formerly the Armed Forces Common Investment Fund).

The Objective of the Fund is unchanged and seeks to provide a return on investment (net of fees) over a period of 5 or more consecutive years beginning at the point of investment, generated through an increase to the value of the assets held by the Fund and/or income received from those assets. The Fund has a flexible approach to asset allocation and seeks to achieve its investment objective through a variety of asset classes. The Fund is actively managed, and this may vary without limitation depending on market conditions and other factors at the Investment Manager's (IM) discretion in accordance with the Fund's investment policy.

Investment Performance

Investments delivered dividends of £44,121 in 2025 (2024: £41,364). During the period 1 January to 31 December 2025, the performance of the distribution units in the fund was +12.8% (2024: +8.1%) after fees and expenses.

Reserves Policy

The Reserves Policy remains unchanged; to maintain at least 12 months operating costs in reserve and an additional element to mitigate against the withdrawal of MoD donated assets. The total reserves figure is therefore assessed as c£600K. The Institution's current free reserves are £931,166 (2024: £929,412) which Trustees consider is consistent with this policy. Current restricted reserves are £572,933 (2024: £572,933).

Fund Designation

The component funds of the Institution are:

- a. General Fund (Unrestricted Fund).
- b. Memorial Fund (Unrestricted Designated Fund).
- c. Professional Registration (Unrestricted Designated Fund).
- d. Royal Engineers Historical Society (REHS) (Unrestricted Designated Fund).
- e. Institution Artefacts (Restricted Fund).
- f. Officer Cadet Prize Fund (Restricted Fund).

Memorial Fund

The Memorial Fund is invested as a designated fund from which a small sum is drawn each year. Direct charitable expenditure was £5,289 (2024: £5,454).

Accounts

The Trustees confirm that the accounts comply with the current statutory requirements and with the requirements of the Institution's Royal Charter.

Under the Bye-laws of the Institution of Royal Engineers, the Council is responsible for the preparation of the financial statements of the Institution for each financial year.

Institution of Royal Engineers

Trustees' Report (continued) For the year ended 31 December 2025

In preparing the financial statements the Council is required to:

- a. Select suitable accounting policies and apply these consistently;
- b. Make judgements and estimates that are reasonable and prudent;
- c. State whether applicable accounting standards and statements of recommended practice have been followed; and
- d. Prepare the financial statements on the going concern basis.

The Treasurer is responsible for keeping a correct statement of the assets and liabilities of every one of the funds pertaining to the Institution and shall keep such records, prepare such statements of accounts as are required annually by the auditors and periodically by the Council and which enable the Trustees to meet their responsibility to prepare financial statements for each financial year, which give a true and fair view of the incoming resources and application of resources of the Charity during the year and of its state of affairs at the end of the year. The Trustees are also responsible for ensuring that the financial statements comply with the Charities Act 2011. The Treasurer shall make proper arrangements for the care of, and disbursement made from, the funds belonging to the Institution. The Trustees are responsible for safeguarding the Charity's assets and hence for taking reasonable steps for the prevention and detection of error, fraud, and other irregularities.

FINANCIAL SUMMARY

General

Net income before other recognised gains and losses was £47,851 (2024: Net income £39,183). Net gains on investment were £86,307 (2024: Net gains £42,615)

Balance Sheet

The accumulated funds increased by £134,158 to £1,802,843 (2024: increased by £81,798 to £1,668,685).

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

PLANS FOR THE FUTURE

Membership

Membership plans continue to be based upon three pillars.

a. Communications.

- (1) Strengthening membership engagement through the annual 'Pulse Survey' and biannual update, whilst informing Members of the latest developments within Military Engineering specifically, and the wider engineering sector more generally.
- (2) Enhancing further the content of the Institution website, whilst refining the user experience, to create a *one-stop-shop* Military Engineering portal.
- (3) Publishing world-class articles in *The Royal Engineers Journal*, and special periodicals, to inform the *body politic* about advancements in Military Engineering.
- (4) Reminding serving military Members of the Engineering Professional Recognition Award intended to reward individuals and support the broader drive to professionalise the workforce across Defence.

Institution of Royal Engineers

Trustees' Report (continued)

For the year ended 31 December 2025

b. Professional Development.

- (1) Offering a 'mix' of virtual and live events that allow Members to strengthen further individual professional networks, whilst connecting to a wide *diaspora*.
- (2) Promoting Professional Registration at each level to expand the number of Engineering Technician, Incorporated Engineer and Chartered Engineer registrants.
- (3) Upholding Engineering Council standards through the enabling work of the sustained Professional Registration Committee.

c. Support.

- (1) Mentoring Members who pursue fellowship in recognition of an exceptional commitment to the Institution, the Corps of Royal Engineers, and advancement of the art and science of Military Engineering.
- (2) Reaching out further into *The Staff Corps*, Veteran, Army Reserve, and overseas Land Forces engineer fraternities, to promote the many benefits of joining the Institution.
- (3) Maintaining the status afforded by His Majesty's Revenue and Customs as a recognised and accredited professional body.

Education

Educational development initiatives to include:

- a. Publishing *The Royal Engineers Journal* tri-annually, therein disseminating first-class articles intended to widen perspectives, celebrate innovation, impart knowledge, and promote debate appropriate to the advancement of said art and science of Military Engineering.
- b. Supporting the collation of the Corps Historian's *Annual Report to the Corps* established to capture material, chronical the Corps' contributions to national security, and record key activities, which will eventually be recorded formally in the next volume of Corps History.
- c. Promoting the annual flagship joint professional meeting between the Institution of Civil Engineers and the Institution of Royal Engineers.
- d. Investigating new opportunities to work collaboratively with other Institutions, professional bodies and learned societies.
- e. Rewarding Members for individual academic and Military Engineering excellence through the sponsorship of appropriate prizes and awards to celebrate and acknowledge success.
- f. Championing both the Pasley Research Centre and James Forbes Exhibition Gallery resources within the Royal Engineers Museum, that provide access to a top-notch Archive and Library resource made available to support continuous personal development.
- g. Increasing further Royal Engineers Historical Society membership.
- h. Publicising the historic Military Engineering 'Designated Collection', which has been recognised as one of outstanding national importance.

Governance

On a requirements basis, work together with the Engineering Council Privy Council & Governance Panel and Privy Council Office to implement any changes to the Royal Charter and Bye-laws approved by Trustees.

Institution of Royal Engineers

**Trustees' Report (continued)
For the year ended 31 December 2025**

INDEPENDENT AUDITORS

Kreston Reeves Audit LLP were retained as the Corps' auditors.

STRUCTURE, GOVERNANCE AND MANAGEMENT

ORGANISATION

The Council delegates specific aspects of the Institution's activities to four standing committees:

- a. Finance and Assurance Committee (FAC).
- b. Professional Registration Committee (PRC).
- c. Member Services Committee (MSC).
- d. Royal Engineers Historical Society (REHS) Management Committee.

The Institution's Secretariat comprises a Chief Executive, Treasurer, four other full-time employees and one part-time employee.

TRUSTEES

The Trustees who served during the year are detailed on page 8.

Appointment of Trustees

New Trustees are appointed *Ex-Officio* on assumption of specified appointment or nominated by Council (or Members) and elected at an Annual General Meeting (AGM) in accordance with the Royal Charter and By-laws.

Council Membership

Officers. The President and Vice Presidents are elected for a period of up to five years.

Elected Members. Elected Members of Council may serve for up to five years.

Ex-Officio Members. *Ex-Officio* Members are Council Members (Trustees) by virtue of appointment. Such Members assume Trusteeship on appointment and relinquish (resign) the same when leaving the appointment.

Trustee Induction

Training. A Trustee Training Programme is in place; this has been augmented with online training. All Trustees of Royal Engineer Charities, and all Trustees are encouraged to attend training provided by one of two consultants. Provision is made for each Trustee to receive training within 6-months of appointment and attend refresher training after 3-years' tenure.

Indemnity

An order from the Charity Commission of England and Wales authorising the Trustees to provide indemnity insurance for themselves out of the Charity funds was issued on 15 September 2001 and this has been continued.

Institution of Royal Engineers

Trustees' Report (continued) For the year ended 31 December 2025

MEMBERSHIP

The Institution of Royal Engineers consists of Fellows, Members, Apprentice Technician Members, Honorary Fellows and Honorary Members, and any other category the Council may wish to create. Fellows and Members comprise officers, warrant officers, and lower ranks of the Regular and Reserve Army element of the Corps of Royal Engineers, serving or retired. Membership may also be offered to those serving, or who have served, in the Engineer Arm of the Land Forces of the Commonwealth, former Dominions, Colonies or Dependencies as Council shall determine. Similarly, membership may be offered to civilians with appropriate backgrounds who support the OBJECT of the Institution as determined by Council. Honorary Member and Honorary Fellow are offered as it appears in the Bye-laws. Honorary Associate Membership is no longer offered; existing Honorary Associate Members continue as a legacy category.

CONNECTED CHARITIES

The Royal Engineers Museum CIO Foundation has been registered, with the approval of the Charity Commission of England and Wales, as a separate Charity under the provisions of the Charities Act 2011. The Royal Engineers Museum CIO Foundation (Charity Number 1211021) currently shares two of the same Trustees as the Institution but is reported on separately.

RISK STATEMENT

The Risk Register was regularly reviewed throughout 2025 by the Chair FAC, Chief Executive and Council. Trustees continue to be satisfied that appropriate systems are in place to mitigate all the risks identified, the principal ones remaining:

- a. **Business plan not deliverable or able to deliver on agreed priorities.** Trustees continue to mitigate the risk through a combination of measures: funding an endorsed prioritised programme with regular review points, setting a balanced costed programme within Control Total, maintaining sufficient Unrestricted Reserve funds of at least one year's operating costs, aligning with the Corps' Finance & Investment Committee (where appropriate), retaining the Institution's membership of the Armed Forces Charities Growth & Income Fund, annually reviewing Business Continuity Plans, and by receiving professional, independent investment management advice.
- b. **Lose the ability to register Members within the provision of the Licence granted by the Engineering Council.** Although the probability of such an occurrence continues to be assessed as low, Trustees have once again designated the maintenance of the Licence as a high priority. Amelioration measures include developing further resilience within the Volunteer Peer Group, conducting training on a training needs analysis basis, and monitoring internal and external perception, adapting as required, to deliver sustained improvement.
- c. **Governance structures become inappropriate or fail.** Trustees continue to periodically review the Royal Charter and Bye-laws to ensure these governance documents remain relevant and appropriate, regularly liaise with the Engineering Council Privy Council & Governance Panel, and have established safeguard clauses to avoid institutional drift from core values. Key mitigation measures have been retained within the Risk Register to ensure sufficient representation on the new RE Museum CIO Foundation Governance Board to alleviate any possibility of a divergence away from the Institution, Corps and wider Sapper family values. Trustees have also ensured there continues to be appropriate representation at Council and on all standing committees, reviewed all outputs and activities to ensure compliance with the Royal Charter, and overseen the regular evaluation of requirements and standards to ensure relevance.

Institution of Royal Engineers

Reference and administrative details of the Charity, its Trustees and Advisers for the year ended 31 December 2025

Trustees

The Council of the Institution of Royal Engineers was formed of the following individuals:

President

Major General N J Cavanagh CB	2018	Re-elected December 2023
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Vice Presidents

Major General D W Southall CBE	2020	Re-elected AGM 2025
Brigadier P T Quaite OBE	2024	Elected at AGM 2024
Brigadier J D Webster	2023	Elected at AGM 2024
Colonel J L Prichard KVRM*	2020	Re-elected AGM 2025

Members

Ex Officio

Comd 8 Engr Bde	Brigadier S J Carvel Brigadier J D Stuart	Completion of tenure 2025 June 2025
Comd 25 (CS) Engr Gp	Colonel S J Graham	January 2024
Dep Hd Plans NCGI and CRE (Geo)	Colonel A J Harris	November 2024
Corps Colonel	Colonel R B Hawkins MBE ADC	November 2022
Deputy Corps Colonel	Colonel A J Cooper QVRM TD Colonel D Hall VR	Completion of tenure 2025 September 2025
Corps Sergeant Major	WO1 S W A Eardley*	June 2023

Co-opted

Major General C L Wilkes CB CBE	2024	June 2024
Captain P W Brazier	2024	Completion of tenure 2025
WO2 D P Oldham	2025	October 2025

Chief Executive

Mr J D Acornley*	2019
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Treasurer

Major (Retired) I Sidebottom*	2013
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NB * indicates Members of FAC

Charity Registered Number

249882

Institution of Royal Engineers

**Reference and administrative details of the Charity, its Trustees and Advisers (continued)
for the year ended 31 December 2025**

Principal Office

Regimental Headquarters Royal Engineers
Brompton Barracks
Chatham
Kent ME4 4UG

Independent Auditor

Kreston Reeves Audit LLP
Chartered Accountants
Statutory Auditor
2nd floor
Maritime Place
Quayside
Chatham Maritime
Chatham
Kent ME4 4QZ

Bankers

Lloyds Bank plc
Piccadilly Branch
PO Box 1000
London
BX1 1LT

Solicitors

Furley Page LLP
39 St Margaret's Street
Canterbury
Kent
CT1 2TX

Investment Manager

BlackRock Investment Managers Ltd
12 Throgmorton Avenue
London
EC2N 2DL

Approved by the Trustees
and signed on behalf of the Trustees



Mr J D Acornley
Chief Executive

14 April 2026

Institution of Royal Engineers

Independent auditor's report to the Trustees of the Institution of Royal Engineers

We have audited the financial statements of the Institution of Royal Engineers (the 'charity') for the year ended 31 December 2025 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2025 and of its income and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs UK) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statement or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact.

We have nothing to report in this regard.

Independent auditor's report to the Trustees of the Institution of Royal Engineers (continued)

Matters on which we are required to report by exception

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

- the information given in the Trustee's report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Respective responsibilities of Trustees and auditor

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA's (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the charity and the sector as a whole, and through discussion with the Trustees and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities SORP (FRS 102) Second Edition (released October 2019), and other relevant charity legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated Trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud; and
- Assessment of identified fraud risk factors; and
- Review of cash expenditure to confirm no evidence of personal benefit; and

Independent auditor's report to the Trustees of the Institution of Royal Engineers (continued)

- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Performing analytical procedures with automated data analytics tools to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Reading minutes of meetings of those charged with governance; and
- Physical inspection of tangible assets susceptible to fraud or irregularity; and
- Review of significant and unusual transactions; and
- Identifying and testing journal entries, in particular any manual entries made at the year-end for financial statement preparation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in my Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of my Auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report to the Trustees of the Institution of Royal Engineers (continued)

Use of our report

This report is made solely to the charity's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Kreston Reeves Audit LLP

Samantha Rouse FCCA DChA
for and on behalf of

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

Date: 15 April 2026

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

Institution of Royal Engineers

Statement of financial activities for the year ended 31 December 2025

	Note	Unrestricted funds 2025 £	Restricted funds 2025 £	Total funds 2025 £	Total funds 2024 £
Income and endowments from:					
Donations and Legacies	3	563,875	4,000	567,875	543,619
Other Trading Activities	7	4,155	-	4,155	12,215
Investments	8	44,974	-	44,974	41,656
Charitable Activities	15/16	8,622	-	8,622	8,007
Total income		621,626	4,000	625,626	605,497
Expenditure on:					
Raising Funds	7	1,009	-	1,009	2,710
Charitable Activities	9	572,766	4,000	576,766	563,604
Total expenditure		573,775	4,000	577,775	566,314
Net expenditure before revaluations		47,851	-	47,851	39,183
Net gains / (losses) on revaluations of investment assets	22	86,307	-	86,307	42,615
Net movement in funds for the year		134,158	-	134,158	81,798
Total funds at 1 January 2025		1,095,752	572,933	1,668,685	1,586,887
Total funds at 31 December 2025		1,229,910	572,933	1,802,843	1,668,685

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

All activities relate to continuing operations.

The notes on pages 17 to 29 form part of these financial statements.

Institution of Royal Engineers

Balance sheet
for the year ended 31 December 2025
Charity Number: 249882

	Note	£	2025 £	£	2024 £
Fixed assets					
Tangible assets	21		584,867		587,037
Investments	22		1,123,336		1,037,029
			<u>1,708,203</u>		<u>1,624,066</u>
Current assets					
Debtors	23	29,414		42,527	
Cash at bank		89,552		29,619	
		<u>118,966</u>		<u>72,146</u>	
Creditors: amounts falling due within one year	24	(24,326)		(27,527)	
Net current assets			<u>94,640</u>		<u>44,619</u>
Net Assets			<u>1,802,843</u>		<u>1,668,685</u>
Charity Funds					
Restricted funds	25		572,933		572,933
Unrestricted funds	25		1,229,910		1,095,752
Total funds			<u>1,802,843</u>		<u>1,668,685</u>

The financial statements were approved by the Trustees on 14 April 2026 and signed on their behalf, by:



Brigadier J D Webster, Trustee



Colonel G S Cheesman ADC, Trustee

The notes on pages 17 to 29 form part of these financial statements.

Institution of Royal Engineers

**Statement of Cash Flows
for the year ended 31 December 2025**

	Note	2025	2024
		£	£
Net cash used in operating activities	29	<u>14,959</u>	<u>37,164</u>
Cash flows from investing activities			
Interest and dividends		44,974	41,656
Purchase of tangible fixed assets		-	-
Cash provided by investing activities		<u>44,974</u>	<u>41,656</u>
Cash used in financing activities			
Increase (decrease) in cash and cash equivalents in the year		<u>59,933</u>	<u>4,492</u>
Cash and cash equivalents at the beginning of the year		29,619	25,127
Total cash and cash equivalents at the end of the year		<u>89,552</u>	<u>29,619</u>

Analysis of changes in net debt

	At 1 Jan 2025	Cashflows	At 31 Dec 2025
	£	£	£
Cash and cash equivalents			
Cash	29,619	59,933	<u>89,552</u>

Institution of Royal Engineers

Notes to the financial statements for the year ended 31 December 2025

1 General administrative information

Institution of Royal Engineers is an unincorporated charity in England & Wales with the registration number 249882. The address of the registered office is Headquarters Royal Engineers, Brompton Barracks, Chatham, Kent, ME4 4UG. The Charity's principal objectives continued to be: To promote and advance the science of military engineering and to promote military efficiency, particularly the military efficiency of the Corps of Royal Engineers

2 Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) and the Charities Act 2011.

Institution of Royal Engineers meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The financial statements are presented in UK sterling, which is the Charity's functional currency, and rounded to the nearest pound.

2.2 Preparation of the accounts on a going concern basis

The Trustees assess whether the use of going concern is appropriate, i.e., whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Charity to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Charity has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Charity's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

2.3 Fund accounting

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

Designated funds are amounts which have been put aside out of unrestricted funds at the discretion of the Trustees.

Restricted funds represent grants, donations and legacies received which are allocated by the donor for specific purposes.

Investment income gains and losses are allocated to the appropriate fund.

Institution of Royal Engineers

Notes to the financial statements for the year ended 31 December 2025

2.4 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

2.5 Expenditure

Liabilities are recognised as expenditure as soon as there is an obligation to committing the charity to the expenditure. All expenditure is accounted for on an accruals basis

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the Trust and are always authorised by trustees.

The costs of raising funds consist of investment management and certain legal fees.

Cost of charitable activities includes grants made and the apportionment of support costs shown in note 9.

Overhead and support costs that cannot be attributed directly to a charitable activity have been allocated on a percentage basis of time, space and cost against the activity.

2.6 Heritage assets

The Institution owns a large number of historic military artefacts that are displayed in the Royal Engineers Museum and Library. These include medals, drawings, manuscripts, 3-dimensional artefacts and published works that are up to 300 years old. These assets are not capitalised due to the significant costs involved in valuing them.

The Institution will only acquire heritage assets that are relevant to the Museum collection, whilst disposals are restricted to gifts to similar military museums.

2.7 Tangible fixed assets and depreciation

Assets costing more than £1,000 are capitalised and are valued at historic cost. Depreciation is charged on assets using a straight – line basis over their estimated life on the following basis:

Computers	-	20% straight line
General property	-	10% straight line

2.8 Investments

Investments held as fixed assets are included in the accounts at valuation based on their bid price at the balance sheet date. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

2.9 Debtors

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

Institution of Royal Engineers

Notes to the financial statements for the year ended 31 December 2025

2.10 Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.11 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

2.12 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.

2.13 Donated services and facilities

Donated services, are included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. This amount is matched by donated expenditure.

2.14 Pensions

The charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the charity to the fund in respect of the year.

2.15 Tender policy

Trustees introduced a tender policy that covers expenditure:

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

2.16 Taxation

Institution of Royal Engineers is a registered charity and accordingly no provision is considered necessary for taxation.

2.17 Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Charity does not currently have any significant accounting estimates or areas of judgement.

Institution of Royal Engineers

**Notes to the financial statements
for the year ended 31 December 2025**

		Unrestricted	Restricted	Total	Total
		funds	funds	funds	funds
		2025	2025	2025	2024
				£	£
3 Donations and Legacies					
Subscriptions	(Note 4)	410,481	-	410,481	393,137
Grants	(Note 5)	-	4,000	4,000	3,500
Registration fees		79,390	-	79,390	77,919
Donations		358	-	358	1,273
Legacies		500	-	500	-
Donated facilities and staff costs		73,146	-	73,146	67,790
		563,875	4,000	567,875	543,619

4 Subscriptions

				£	£
Regular officers		151,369	-	151,369	145,489
Other members		101,660	-	101,660	99,108
Serving soldiers		64,743	-	64,743	60,505
Members of the Reserve		13,629	-	13,629	11,193
Tax refund		27,136	-	27,136	24,921
Fellowship		9,650	-	9,650	9,600
Eng Tech		36,342	-	36,342	33,045
I Eng		3,433	-	3,433	6,943
C Eng		2,519	-	2,519	2,333
		410,481	-	410,481	393,137

Support Costs

Audit		1,571	-	1,571	1,341
Insurance		305	-	305	203
Administration		1,213	-	1,213	3,900
Depreciation		1,570	-	1,570	781
Post and telephone		1,500	-	1,500	1,995
Staff costs		69,171	-	69,171	67,006
		75,330	-	75,330	75,226
		335,151	-	335,151	317,911

5 Grants

				£	£
Officer Cadet prize fund		-	4,000	4,000	3,500

Institution of Royal Engineers

Notes to the financial statements
for the year ended 31 December 2025

	Unrestricted funds 2025	Restricted funds 2025	Total funds 2025	Total funds 2024
6 Donated services and facilities			£	£
Donated staff time	60,739	-	60,739	55,408
Donated facilities	12,407	-	12,407	12,382
	<u>73,146</u>	<u>-</u>	<u>73,146</u>	<u>67,790</u>

7 Trading Activities

Income			£	£
Publication sales	<u>4,155</u>	<u>-</u>	<u>4,155</u>	<u>12,215</u>
Expenditure			£	£
Corps History	<u>1,009</u>	<u>-</u>	<u>1,009</u>	<u>2,710</u>

All income and expenditure on trading activities was unrestricted in 2025 and 2024.

8 Investment Income

			£	£
Dividends	42,795	-	42,795	40,121
Dividends - Memorial Fund	1,326	-	1,326	1,243
Bank interest	853	-	853	292
	<u>44,974</u>	<u>-</u>	<u>44,974</u>	<u>41,656</u>

All investment income in 2025 and 2024 was unrestricted.

Institution of Royal Engineers

Notes to the financial statements
for the year ended 31 December 2025

9 Analysis of Expenditure by activities

		Direct costs	Support	Total funds	Total funds
		2025	costs	2025	2024
		£	£	£	£
Subscriptions	(Note 4)	-	75,330	75,330	75,227
Publications	(Note 10)	75,212	63,193	138,405	119,302
Maintain Memorials	(Note 11)	-	5,289	5,289	5,454
Professional Effectiveness	(Note 12)	9,468	4,339	13,807	18,913
Grant making	(Note 13)	88,217	9,068	97,285	95,767
Digitisation	(Note 14)	3,279	39,029	42,308	42,366
Napier House	(Note 15)	1,743	822	2,565	1,877
RE Historical Society	(Note 16)	840	4,614	5,454	5,380
Awards	(Note 17)	11,855	-	11,855	20,885
Professional Registration	(Note 18)	38,086	73,236	111,322	110,643
Donated staff & facilities		-	73,146	73,146	67,790
		228,700	348,066	576,766	563,604

In 2025 £572,766 was unrestricted (2024: £563,604) and £4,000 was restricted (2024: £nil).

10 Publications

	£	£
Direct costs		
Distribution costs	26,175	26,371
Publications	50,046	29,929
	76,221	56,300
Support costs		
Audit	1,571	1,341
Administration	593	3,296
Insurance	305	203
Post and telephone	563	749
Computer support costs	4,555	3,928
Staff costs	55,006	52,885
Depreciation	600	600
	-	-
	63,193	63,002
	139,414	119,302

11 Maintain Memorials

	£	£
Support costs		
Audit	271	231
Administration	41	462
Post and telephone	37	50
Insurance	327	217
Staff costs	4,613	4,494
	5,289	5,454
	5,289	5,454

Institution of Royal Engineers

Notes to the financial statements
for the year ended 31 December 2025

	Total funds 2025	Total funds 2024
	£	£
12 Professional Effectiveness		
Direct costs		
JPMs	6,714	8,165
Fellow Event	503	4,955
Focusses Symposium	750	-
Sponsored Symposia	1,001	1,185
Other in Year Opportunities	500	400
	<u>9,468</u>	<u>14,705</u>
Support Costs		
Insurance	131	87
Post and telephone	38	50
Wolfe Society Subscription	6	6
Staff costs	4,164	4,065
	<u>4,339</u>	<u>4,208</u>
	<u>13,807</u>	<u>18,913</u>
13 Grant Making		
	£	£
Direct costs		
RE Museum fund	65,817	64,524
Comms Hub Grant	20,000	20,000
RE Awards Dinner	2,400	2,400
	<u>88,217</u>	<u>86,924</u>
Support costs		
Insurance	262	174
Post and telephone	112	150
Staff costs	8,694	8,519
	<u>9,068</u>	<u>8,843</u>
	<u>97,285</u>	<u>95,767</u>
14 Digitisation		
	£	£
Direct costs		
IT costs	3,279	3,324
Support costs		
Audit	271	231
Insurance	131	87
Post and telephone	38	50
Staff costs	38,589	38,674
	<u>39,029</u>	<u>39,042</u>
	<u>42,308</u>	<u>42,366</u>

Institution of Royal Engineers

**Notes to the financial statements
for the year ended 31 December 2025**

	Total funds 2025	Total funds 2024
15 Napier House	£	£
Income from charitable activities		
Rental Income	<u>3,600</u>	<u>3,600</u>
Direct costs		
Maintenance	<u>1,743</u>	<u>772</u>
Support costs		
Audit	271	231
Administration	41	462
Insurance	327	218
Post and telephone	38	50
Staff costs	145	144
Depreciation	-	-
	<u>822</u>	<u>1,105</u>
	<u>2,565</u>	<u>1,877</u>
16 RE Historical Society	£	£
Income from charitable activities		
Membership	<u>5,022</u>	<u>4,407</u>
Direct costs		
Publications	<u>840</u>	<u>862</u>
Support Costs		
Audit	163	139
Administration	10	22
Insurance	65	43
Post and telephone	112	150
Staff costs	4,264	4,164
	<u>4,614</u>	<u>4,518</u>
	<u>5,454</u>	<u>5,380</u>
17 Awards	£	£
Medals	3,539	11,162
Prizes	<u>8,316</u>	<u>9,723</u>
	<u>11,855</u>	<u>20,885</u>
18 Professional Registration	£	£
Direct costs		
Registration & Marketing	<u>38,086</u>	<u>37,447</u>
Support costs		
Audit	1,300	1,110
Administration	794	3,221
Insurance	327	217
Post and telephone	1,312	1,747
Staff costs	69,503	66,901
	<u>73,236</u>	<u>73,196</u>
	<u>111,322</u>	<u>110,643</u>

Institution of Royal Engineers

Notes to the financial statements
for the year ended 31 December 2025

	Total Funds 2025	Total Funds 2024
19 Net income/expenditure		
This is stated after charging:		
Depreciation of tangible fixed assets:		
- owned by the charity	2,170	2,170
Auditor's remuneration	<u>5,418</u>	<u>4,554</u>

During the year, no Trustees received any remuneration (2024: £NIL).
During the year, no Trustees received any benefits in kind (2024: £NIL).
During the year, no Trustees received any reimbursement of expenses (2024: £NIL).

20 Staff costs

Staff costs were as follows:

	£	£
Wages and salaries	217,769	211,145
National Insurance	15,609	15,725
Pension costs	20,772	19,981
	<u>254,150</u>	<u>246,851</u>

Donated staff time	<u>60,739</u>	<u>55,408</u>
---------------------------	---------------	---------------

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

	No.	No.
Publications	2	2
Management and administration of the charity	10	13
	<u>12</u>	<u>15</u>

The average headcount expressed as full-time equivalents was:

	No.	No.
Publications	2	2
Management and administration of the charity	4	5
	<u>6</u>	<u>7</u>

The Secretary occupies Napier House as part of his conditions of employment.

The pension cost represents amounts payable to the Corps of Royal Engineers Pension Fund, a defined contribution scheme.

The total employment benefits including employer pension contributions of the key management personnel were £80,388 (2024: £75,576).

The number of employees whose benefits (excluding employer pension costs) exceeded £60,000 was:

	2025 No	2024 No
In the band £60,001 - £70,000	1	1

Institution of Royal Engineers

Notes to the financial statements
for the year ended 31 December 2025

21 Tangible fixed assets

	General, IT and Office equipment £	Restricted Artefacts £	Total £
Cost			
At 1 January 2025	18,700	572,933	591,633
At 31 December 2025	<u>18,700</u>	<u>572,933</u>	<u>591,633</u>
Depreciation			
At 1 January 2025	(4,596)	-	(4,596)
Charge for the year	(2,170)	-	(2,170)
At 31 December 2025	<u>(6,766)</u>	<u>-</u>	<u>(6,766)</u>
Net book value			
At 31 December 2025	<u>11,934</u>	<u>572,933</u>	<u>584,867</u>
At 31 December 2024	<u>14,104</u>	<u>572,933</u>	<u>587,037</u>

22 Fixed asset investments

	General Fund £	Memorials Fund £	Total £
Market value			
At 1 January 2025	1,005,865	31,164	1,037,029
Revaluations	83,714	2,593	86,307
At 31 December 2025	<u>1,089,579</u>	<u>33,757</u>	<u>1,123,336</u>
Historical cost	<u>452,161</u>	<u>13,811</u>	<u>465,972</u>
Investments at market value comprise:		2025	2024
			£
Listed investments		<u>1,123,336</u>	<u>1,037,029</u>

All the fixed asset investments are held in the UK.

Material investments

All invested funds were held in the Armed Forces Charities Growth & Income Fund, managed by Black Rock Investment Managers Limited.

Institution of Royal Engineers

Notes to the financial statements
for the year ended 31 December 2025

23 Debtors

	2025	2024
	£	£
JPA Subscriptions	18,324	17,743
BlackRock	11,030	10,341
Other Debtors	60	14,443
	<u>29,414</u>	<u>42,527</u>

24 Creditors:

Amounts falling due within one year

	2025	2024
	£	£
Other creditors	17,091	20,500
Accruals and deferred income	7,235	7,027
	<u>24,326</u>	<u>27,527</u>

25 Statement of funds

Current Year

	Brought Forward	Income	Expenditure	Transfers in/out	Gains/ (Losses)	Carried Forward
	£	£	£	£	£	£
Designated funds						
Memorials Fund	(90,887)	1,326		120,725	2,593	33,757
Professional Registration	268,756	121,684	(111,322)	-	-	279,118
RE Historical Society	(25,633)	5,022	(5,454)	-	-	(26,065)
	<u>152,236</u>	<u>128,032</u>	<u>(116,776)</u>	<u>120,725</u>	<u>2,593</u>	<u>286,810</u>
General funds						
General fund	943,516	493,594	(456,999)	(120,725)	83,714	943,100
Total Unrestricted funds	<u>1,095,752</u>	<u>621,626</u>	<u>(573,775)</u>	<u>-</u>	<u>86,307</u>	<u>1,229,910</u>
Restricted funds						
Institution Artefacts	572,933	-	-	-	-	572,933
Officer Cadet prize fund	-	4,000	(4,000)	-	-	-
Total of funds	<u>1,668,685</u>	<u>625,626</u>	<u>(577,775)</u>	<u>-</u>	<u>86,307</u>	<u>1,802,843</u>

Prior Year

	Brought Forward	Income	Expenditure	Transfers in/out	Gains/ (Losses)	Carried Forward
	£	£	£	£	£	£
Designated funds						
Memorials Fund	(81,243)	1,243	(12,168)	-	1,281	(90,887)
Professional Registration	185,963	120,240	(37,447)	-	-	268,756
RE Historical Society	(24,041)	4,407	(5,999)	-	-	(25,633)
	<u>80,679</u>	<u>125,890</u>	<u>(55,614)</u>	<u>-</u>	<u>1,281</u>	<u>152,236</u>
General funds						
General fund	933,275	479,607	(510,700)	-	41,334	943,516
Total Unrestricted funds	<u>1,013,954</u>	<u>605,497</u>	<u>(566,314)</u>	<u>-</u>	<u>42,615</u>	<u>1,095,752</u>
Restricted funds						
Institution Artefacts	572,933	-	-	-	-	572,933
Total of funds	<u>1,586,887</u>	<u>605,497</u>	<u>(566,314)</u>	<u>-</u>	<u>42,615</u>	<u>1,668,685</u>

Institution of Royal Engineers

Notes to the financial statements for the year ended 31 December 2025

26 Analysis of net assets between funds

Current Year	Unrestricted	Restricted	Total
	funds	funds	funds
	2025	2025	2025
	£	£	£
Tangible fixed assets	11,934	572,933	584,867
Fixed asset investments	1,123,336	-	1,123,336
Current assets	118,966	-	118,966
Creditors due within one year	(24,326)	-	(24,326)
	<u>1,229,910</u>	<u>572,933</u>	<u>1,802,843</u>
Prior Year	Unrestricted	Restricted	Total
	funds	funds	funds
	2024	2024	2024
	£	£	£
Tangible fixed assets	14,104	572,933	587,037
Fixed asset investments	1,037,029	-	1,037,029
Current assets	72,146	-	72,146
Creditors due within one year	(27,527)	-	(27,527)
	<u>1,095,752</u>	<u>572,933</u>	<u>1,668,685</u>

27 Pension commitments

The charity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £20,772 (2024: £19,981).

28 Related party transactions

Brigadier James Webster, Colonel Guy Stuart Cheesman ADC, Colonel Alastair James Cooper QVRM TD, Brigadier Simon John Carvel and Major General David W Southall CBE, Trustees of the Institution of Royal Engineers are also Trustees of the Royal Engineers Central Charitable Trust (RECCT) for which transactions have taken place during the year. During the year RECCT collected subscription income on behalf of the Institution of Royal Engineers totalling £459,470 (2024: £443,079), and gift aid of £37,109 (2024: £16,983) which was transferred during the year. A further £2,465 (2024: £276) of other donations and sundry charges were also transferred. As of 31 December 2025 £60 was owed to Inst RE in respect of book sales (2024: £nil).

During the year the Institution of Royal Engineers also reimbursed £85,381 (2024: £80,107) to RECCT for recharges relating to salaries and pensions, postage, and other admin costs. As of 31 December 2024 a balance of £Nil was owed to RECCT (2024: £23).

The Royal Engineers Museum is a connected charity to the Institution of Royal Engineers and shares the same charter and Trustees. During the year the Institution of Royal Engineers paid The Royal Engineers Museum grants totalling £65,817 (2024: 71,894) and Sundry recharges of £nil (2024: £83). As of 31 December 2024 no balance was owed to The Royal Engineers Museum (2024: £nil).

The Royal Engineers Museum reimbursed £428,739 (2024: £477,262) to the Institution of Royal Engineers relating to salaries and pensions charges. A further £125 was paid to Inst RE in respect of book sales (2024: £nil). As of 31 December 2025 no balance was owed by The Royal Engineers Museum (2024: £nil).

Brigadier James Webster and Colonel Gut Stuart Cheesman ADC, Trustees of the Institution of Royal Engineers are also Trustees of the Royal Engineers Headquarter Mess (RE HQ Mess) for which transactions have taken place during the year. The Institution of Royal Engineers collected subscription income on behalf of the RE HQ Mess totalling £50 (2024: £25) which was transferred during the year. As of 31 December 2025 no balance was owed to RQ HQ Mess.

Brigadier James Webster and Corps SM Spencer William Arnold Eardley, Trustees of the Institution of Royal Engineers are also Trustees of the Royal Engineers Association (REA) for which transactions have taken place during the year. The Institution of Royal Engineers paid over donations of £Nil to the REA (2024: £280) which were transferred during the year. As of 31 December 2025 no balance was owed to the REA.

The REA was paid Subscriptions due to the Institution of Royal Engineers of £53 (2024: £nil), which was transferred during the year. As of 31 December 2025 no balance was owed by the REA.

Institution of Royal Engineers

Notes to the financial statements for the year ended 31 December 2025

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

	Total funds 2025	Total funds 2024
	£	£
Net movement in funds	134,158	81,798
Add back depreciation charge	2,170	1,381
Deduct interest income shown in investing activities	(44,974)	(41,656)
Deduct gains / add back losses on investments	(86,307)	(42,615)
(Increase) / decrease in debtors	13,113	(9,219)
(Decrease) / increase in creditors	(3,201)	(26,853)
Net cash used in operating activities	14,959	(37,164)

INSTITUTION OF ROYAL ENGINEERS

England & Wales - Charity number 249882

Accounts

Charity number: 249882

Institution of Royal Engineers

Trustees' report and financial statements

for the year ended 31 December 2024

Institution of Royal Engineers

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Institution of Royal Engineers

Trustees' Report

For the year ended 31 December 2024

The Trustees present the annual report and the audited financial statements of the Charity for the year ended 31 December 2024. The financial statements have been prepared in accordance with the accounting policies set out at Note 1 to the accounts and comply with the Charity's Charter, the Charities Act 2011 and the Charities SORP FRS 102. Trustees consider that in preparing these financial statements they have taken into account all information that could reasonably be expected to be available (including levels of reserves held); thus, the going concern basis of accounting is deemed appropriate and there are no material uncertainties.

OBJECTIVES AND ACTIVITIES

The OBJECT of the Institution of Royal Engineers, as set out in its Royal Charter and Bye-Laws (Revised 2009), is to promote and advance the science of Military Engineering and to promote military efficiency, particularly the military efficiency of the Corps of Royal Engineers. In furtherance of this OBJECT the Institution has continued to:

- a. Publish a Journal, and Supplement to the Journal, to promote education and to disseminate information and advice;
- b. Maintain and develop a Museum, Library and Archive;
- c. Own the Museum, Library and Archive and all the exhibits, artefacts, medals, and book accessions for the benefit of the Museum, Library and Archive;
- d. Arrange joint professional meetings with other Institutions and professional bodies;
- e. Administer trust funds in connection with awards for academic and military excellence to officers and soldiers;
- f. Raise funds by way of subscriptions, donations and otherwise;
- g. Maintain Napier House, the property of the Institution;
- h. Maintain and develop professional registration with Engineering UK and the Engineering Council at Engineering Technician, Incorporated Engineer, and Chartered Engineer levels;
- i. Develop where possible joint working practices with the Royal Engineers Vocational Education Training Trust (REVETT), (Charity Number 1068709), other Institutions and the Royal School of Military Engineering Group.

OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

The Trustees confirm that they have had due regard to the guidance provided by the Charity Commission for England and Wales on public benefit when reviewing the Institution's aims and objectives, and in planning future activities, and consider that they have met the requirements in full measure. In particular:

- a. The Royal Engineers Museum Library and Archive 'Designated Collection', which is owned by the Institution, is open to the general public. In addition, the Royal Engineers Museum is open to parties of school children, providing a clear public benefit.
- b. The promotion of the military efficiency of the Royal Engineers is a matter of national importance and public benefit. As a Licensed Member of the Engineering Council, the Institution takes part in the self-regulation of the Engineering Profession, as authorised by the Privy Council, and so contributes to that wider public benefit.
- c. The education of Members of the Royal Engineers is also of public benefit, since the number of beneficiaries from the Regular Army, Reserve Army, and retired Members, represents an amply sufficient proportion of the populace.

Institution of Royal Engineers

Trustees' Report (continued)
For the year ended 31 December 2024

ACHIEVEMENTS AND PERFORMANCE

Membership levels have remained broadly in line with 2023 (currently 10,019 Members), with the total number of Fellows having now risen to 196. Army Reserve membership has consolidated at 229, and there have been gains in the number of Retired Members as individuals have completed military Service and opted to continue to be connected to the Institution. Once again, modest gains in Civilian membership numbers have been observed, primarily due to Senior Leaders reaching out and recruiting like-minded individuals willing to support the OBJECT of the Institution.

The business continuity processes, established in 2022 to mitigate the impact of any one individual staff member being unable to perform their duties, were once again tested and found to be effective and remain based on a staff pairing scheme. The Bi-Annual Update has remained popular with Members and serves to remind individuals how they are linked to the Institution and Corps of Royal Engineers, which have both been at the forefront of Military Engineering developments for centuries. In tandem, the series of quarterly social media posts have continued to provide the *body politic* a timely reminder of the breath of activity and membership benefits available. Key to the engagement strategy is proactive communications, namely to:

- a. Promote Military Engineering through activities: joint professional meetings, battlefield studies, the provision of multimedia material and the holding of debates. Support that has reminded Members of civilian Professional Registration opportunities and how to obtain said qualifications;
- b. Encourage individuals (and groups) to engage, contribute and collaborate with the Institution to achieve its OBJECT, with particular emphasis on publishing high quality articles in the Journal;
- c. Sponsor a broad range of events, conferences, symposia, and workshops able to be delivered by the Corps of Royal Engineers, whilst ensuring that key lessons from such meetings are captured and made available to as wide an audience as possible, and stored for future study; and
- d. Continue to be a fully inclusive learned body whose activities and decisions consider the requirements of all Members, including minority groups.

The Royal Engineers Museum, Library, and Archive Charity ("RE Museum") – a separately Registered Charity (Charity Number 295173) sharing the same Trustee Board and Governance documents as the Institution – has again been supported and received annual grants totaling £64.5K. The RE Museum remains on track to be converted into a Charitable Incorporated Organisation (CIO) Foundation, with a new independent Constitution and Trustee Board. The key CIO Foundation governance documents will comprise: *Constitution of the RE Museum CIO Foundation, Collection Loan Agreement Relating to the Loan of the Collection of the Institution of Royal Engineers, and Transfer Agreement Upon Incorporation.*

The Institution has continued to assess candidates for all three levels of Professional Registration (Engineer Technician, Incorporated Engineer and Chartered Engineer) under License granted by the Engineering Council. Registrant levels have again risen, with all three categories meeting their respective annual targets. The Institution continues to be proud to be able to offer Members the opportunity to attain a nationally recognised qualification, which demonstrates the professionalism and competency of Military Engineers trained at the Royal School of Military Engineering Group. The total Registrants held in December was 1586; comprising Chartered Engineers (54), Incorporated Engineers (74) and Engineering Technicians (1458).

A vibrant range of events were run by the Institution that spanned the Military Engineering spectrum. The latest chronical of the Corps' history – *The History of the Corps of Royal Engineers Volume XIII – The Years of Interventionism and the Return to Contingency* – was published. Numerous professional development activities were delivered, including a joint professional meeting with the Institution of Civil Engineers to debate *Protecting Critical National Infrastructure*, a second venture with National Highways that, this time, discussed *Lessons from Genoa – Managing the United Kingdom's Specialist Cable Support Bridges*, and an inaugural meeting held with the Society of American Military Engineers and Industry (Ramboll, Jacobs, Stantec, Mott MacDonald, Tetra Tech, Centrica, Willmott Dixon, AECOM) to consider the *Technical Challenges of Airfield Engineering*. The Military Engineering and Innovation Prize produced high-quality articles for the Journal, the Institution continued to award prizes in recognition of Military Engineering excellence, and the Royal Engineers Historical Society once again sponsored a series of highly informative and educational webinars.

Institution of Royal Engineers

Trustees' Report (continued) For the year ended 31 December 2024

FINANCIAL REVIEW

Investment House & Policy

All Institution investments have been, since 2002, managed by BlackRock as part of the Armed Forces Charities Growth & Income Fund (formerly the Armed Forces Common Investment Fund).

The Objective of the Fund is unchanged and seeks to provide a return on investment (net of fees) over a period of 5 or more consecutive years beginning at the point of investment, generated through an increase to the value of the assets held by the Fund and/or income received from those assets. The Fund has a flexible approach to asset allocation and seeks to achieve its investment objective through a variety of asset classes. The Fund is actively managed, and this may vary without limitation depending on market conditions and other factors at the Investment Manager's (IM) discretion in accordance with the Fund's investment policy.

Investment Performance

Investments delivered dividends of £41,364 in 2024 (2023: £39,298). During the period 1 January to 31 December 2024, the performance of the distribution units in the fund was +8.1% (2023: +4.3%) after fees and expenses. Since launch in September 2002, the fund has produced a return of +338.27% cumulative, +6.8% annual (2023: +305.5% cumulative, +6.8% annual). The fund's benchmark since inception has returned +400.0% cumulative and +7.5% annual.

Reserves Policy

The Reserves Policy remains unchanged; to maintain at least 12 months operating costs in reserve. The Institution's current unrestricted reserves are £1,095,752 (2023: £1,013,954) which Trustees consider is consistent with this policy. Current restricted reserves are £572,933 (2023: £572,933).

Fund Designation

The component funds of the Institution are:

- a. General Fund (Unrestricted Fund).
- b. Memorial Fund (Unrestricted Designated Fund).
- c. Professional Registration (Unrestricted Designated Fund).
- d. Royal Engineers Historical Society (REHS) (Unrestricted Designated Fund).

Memorial Fund

The Memorial Fund is invested as a designated fund from which a small sum is drawn each year. Direct charitable expenditure was £12,168 (2023: £10,119).

Accounts

The Trustees confirm that the accounts comply with the current statutory requirements and with the requirements of the Institution's Charter.

Under the Bye-Laws of the Institution of Royal Engineers, the Council is responsible for the preparation of the financial statements of the Institution for each financial year.

Institution of Royal Engineers

Trustees' Report (continued) For the year ended 31 December 2024

In preparing the financial statements the Council is required to:

- a. Select suitable accounting policies and apply these consistently;
- b. Make judgements and estimates that are reasonable and prudent;
- c. State whether applicable accounting standards and statements of recommended practice have been followed; and
- d. Prepare the financial statements on the going concern basis.

The Treasurer is responsible for keeping a correct statement of the assets and liabilities of every one of the funds pertaining to the Institution and shall keep such records, prepare such statements of accounts as are required annually by the auditors and periodically by the Council and which enable the Trustees to meet their responsibility to prepare financial statements for each financial year, which give a true and fair view of the incoming resources and application of resources of the Charity during the year and of its state of affairs at the end of the year. The Trustees are also responsible for ensuring that the financial statements comply with the Charities Act 2011. The Treasurer shall make proper arrangements for the care of, and disbursement made from, the funds belonging to the Institution. The Trustees are responsible for safeguarding the Charity's assets and hence for taking reasonable steps for the prevention and detection of error, fraud, and other irregularities.

FINANCIAL SUMMARY

General

Net income before other recognised gains and losses was £39,183 (2023: Net income £14,534). Net gains on investment were £42,615 (2023: Net gains £2,910)

Balance Sheet

The accumulated funds increased by £81,798 to £1,668,685 (2023: increased by £17,444 to £1,586,887).

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

PLANS FOR THE FUTURE

Membership

Membership plans for the future remain threefold.

- a. **Communications.**
 - (1) Further refine digital processes that have enhanced membership engagement, by conducting an annual Members' Survey, focusing the in-place Bi-Annual Update, leveraging quarterly social media feeds and undertaking email push notifications to inform Members.
 - (2) Continuing to expand website content, improving user experience, and building up content, in order to create a world-class Knowledge Centre for Military Engineering.
 - (3) Exploiting social media, *inter alia*, LinkedIn, X, Facebook, and YouTube, to keep Members informed of current, and future, Military Engineering advancements.
 - (4) Publishing high-quality products, namely the Journal, its Supplement, and special periodicals, to allow the membership to keep abreast of innovation in Military Engineering.

Institution of Royal Engineers

Trustees' Report (continued)

For the year ended 31 December 2024

b. Professional Development.

- (1) Emphasising the many benefits of Professional Registration to grow the number of qualified Engineering Technician, Incorporated Engineer and Chartered Engineer registrants.
- (2) Championing Engineering Council standards, enabled by the sustained work of the Professional Registration Committee.
- (3) Continuing to offer a blend of virtual and live activities to enable Members to strengthen individual professional networks and connect to as wide a *diaspora* as possible.

c. Support.

- (1) Promoting fellowship – the highest class of elected membership – whilst ensuring individuals have demonstrated exceptional commitment to the Institution and Corps of Royal Engineers and to the advancement of the art and science of Military Engineering.
- (2) Continuing to reach out into the Veteran, Army Reserve and overseas Land Forces engineer communities to promote the many benefits that the Institution is able to provide.
- (3) Reminding Members of the status afforded by His Majesty's Revenue and Customs as a recognised and accredited professional body.

Education

Educational development initiatives continue to cover a wide spectrum, including:

- a. Tri-annually publishing high quality Journal articles to inform, highlight innovation, share knowledge, and promote debate, for the advancement of art and science of Military Engineering.
- b. Facilitating the production of the Corps Historian's *Annual Report to the Corps*, set up to collate material, chronical the Corps' contributions, and record the key role played supporting Defence and national security, in order to support the production of the next volume of Corps History.
- c. Championing the annual flagship joint professional meeting between the Institution of Civil Engineers and the Institution of Royal Engineers.
- d. Finding further new opportunities to work collaboratively with other professional bodies and learned societies.
- e. Celebrating the attainment of individual academic and Military Engineering excellence through the award of prizes that recognise personal success and professional development.
- f. Promoting the use of the Pasley Research Centre and James Forbes Exhibition Gallery within the RE Museum, which continues to provide world-class Archive and Library resources to support analysis and learning.
- g. Expanding Royal Engineers Historical Society membership.
- h. Advertising the historic Military Engineering 'Designated Collection', recognised for its outstanding national importance.

Governance

On a requirements basis, work together with the Engineering Council Privy Council & Governance Panel and Privy Council Office to implement any changes to the Charter and Bye-Laws approved by Trustees.

Institution of Royal Engineers

**Trustees' Report (continued)
For the year ended 31 December 2024**

INDEPENDENT AUDITORS

Kreston Reeves LLP were retained as the Corps' auditors.

STRUCTURE, GOVERNANCE AND MANAGEMENT

ORGANISATION

The Council delegates specific aspects of the Institution's activities to five standing committees:

- a. Finance and Assurance Committee (FAC).
- b. Professional Registration Committee (PRC).
- c. Member Services Committee (MSC).
- d. Royal Engineers Museum Committee (REMC).
- e. Royal Engineers Historical Society (REHS) Management Committee.

The Institution's Secretariat comprises a Chief Executive, Treasurer, four other full-time employees and one part-time employee.

TRUSTEES

The Trustees who served during the year are detailed on page 8.

Appointment of Trustees

New Trustees are appointed *Ex-Officio* on assumption of specified appointment or nominated by Council (or Members) and elected at an Annual General Meeting (AGM) in accordance with the Charter and Bye-Laws.

Council Membership

Officers. The President and Vice Presidents are elected for a period of up to five years.

Elected Members. Elected Members of Council may serve for up to five years.

Ex-Officio Members. *Ex-Officio* Members are Council Members (Trustees) by virtue of appointment. Such Members assume Trusteeship on appointment and relinquish (resign) the same when leaving the appointment.

Trustee Induction

Training. A Trustee Training Programme is in place; this has been augmented with online training. All Trustees of Royal Engineer Charities, and all Trustees are encouraged to attend training provided by one of two consultants. Provision is made for each Trustee to receive training within 6-months of appointment and attend refresher training after 3-years' tenure.

Indemnity

An order from the Charity Commission of England and Wales authorising the Trustees to provide indemnity insurance for themselves out of the charity funds was issued on 15 September 2001 and this has been continued.

Institution of Royal Engineers

Trustees' Report (continued)

For the year ended 31 December 2024

MEMBERSHIP

The Institution of Royal Engineers consists of Fellows, Members, Apprentice Technician Members, Honorary Fellows and Honorary Members, and any other category the Council may wish to create. Fellows and Members comprise officers, warrant officers and lower ranks of the Regular and Reserve Army element of the Corps of Royal Engineers, serving or retired. Membership may also be offered to those serving, or who have served, in the Engineer Arm of the Land Forces of the Commonwealth, former Dominions, Colonies or Dependencies as Council shall determine. Similarly, membership may be offered to civilians with appropriate backgrounds who support the OBJECT of the Institution as determined by Council. Honorary Member and Honorary Fellow are offered as it appears in the Bye-Laws. Honorary Associate Membership is no longer offered; existing Honorary Associate Members continue as a legacy category.

CONNECTED CHARITIES

The RE Museum has been registered, with the approval of the Charity Commission of England and Wales, as a separate charity under the provisions of the Charities Act 1960. Bye-Law 25 of the Institution's Charter was accepted for registration purposes without the need to execute a separate Charter or Constitution. The RE Museum (Charity Number 295173) remains a connected Charity and shares the same Charter and Trustees as the Institution as a whole but is reported on separately.

RISK STATEMENT

The Risk Register was reviewed during 2024 by the Chair FAC and Council. Trustees continue to be satisfied that adequate systems are in place to mitigate all the risks identified, the principal ones remaining:

- a. **Business plan not deliverable or able to deliver on agreed priorities.** Trustees continue to ameliorate the said risk through a combination of measures: funding an endorsed prioritised programme with regular review points, maintaining sufficient Unrestricted Reserve funds of at least one year's operating costs, retaining the Institution's membership of the Armed Forces Charities Growth & Income Fund, and by receiving professional, independent investment management advice.
- b. **Lose the ability to register Members within the provision of the License granted by the Engineering Council.** Whilst the probability of such an occurrence continues to be assessed as low, Trustees have again designated the maintenance of the License a high priority. Mitigation measures include developing further resilience within the Volunteer Peer Group, conducting training on a training needs analysis basis, and monitoring internal and external perception, adapting as required, in order to deliver sustained improvement.
- c. **Governance structures become inappropriate or fail, particularly relevant during the migration to the RE Museum CIO Foundation.** Trustees have remained fully involved in the decision-making processes to ensure alignment between the Institution and the new RE Museum CIO Foundation governance arrangements, directed that the Engineering Council Privy Council & Governance Panel be consulted throughout the change programme, have been actively engaged in the development of a new *Constitution of the RE Museum CIO Foundation*, *Collection Loan Agreement Relating to the Loan of the Collection of the Institution of Royal Engineers*, and *Transfer Agreement Upon Incorporation* key governance documents, and have ensured that the specialist legal advice has been sought. The new mitigation measure has been retained within the Risk Register to ensure sufficient representation on the new RE Museum CIO Foundation Governance Board to allay the risk of divergence from Corps and wider Sapper Family aims. Trustees have also ensured that there continues to be appropriate representation at Council and on all the five standing committees, reviewed all outputs and activities to ensure compliance with the Royal Charter and overseen the regular evaluation of requirements and standards to ensure relevance.

Institution of Royal Engineers

Reference and administrative details of the Charity, its Trustees and Advisers for the year ended 31 December 2024

Trustees

The Council of the Institution of Royal Engineers was formed of the following individuals:

President

Major General N J Cavanagh CB	2018	Re-elected December 2023
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Vice Presidents

Major General D W Southall CBE	2020	
Brigadier R C Brown CBE	2019	Completion of tenure 2024
Brigadier P T Quaitte OBE	2024	Elected at AGM 2024
Brigadier J D Webster	2023	Elected at AGM 2024
Colonel J L Prichard KVRM*	2020	

Members

Ex Officio

Comd 8 Engr Bde	Brigadier S J Carvel	July 2023
Comd 25 (CS) Engr Gp	Colonel S J Graham	January 2024
Dep Hd Plans NCGI and CRE (Geo)	Colonel P M Hammett	Completion of tenure 2024
	Colonel A J Harris	November 2024
Corps Colonel	Colonel R B Hawkins MBE ADC	November 2022
Corps Colonel Army Reserves	Colonel A J Cooper QVRM TD	November 2023
Corps Sergeant Major	WO1 S W A Eardley*	June 2023

Co-opted

Major General R A M S Melvin CB OBE	2016	Completion of tenure 2024
Major General C L Wilkes CB CBE	2024	June 2024
Lieutenant Colonel S F Scullion	2016	Completion of tenure 2024
Captain P W Brazier	2024	April 2024

Chief Executive

Mr J D Acornley*	2019	
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Treasurer

Major (Retired) I Sidebottom*	2013	
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NB * indicates Members of FAC

Charity Registered Number

249882

Institution of Royal Engineers

**Reference and administrative details of the Charity, its Trustees and Advisers (continued)
for the year ended 31 December 2024**

Principal Office

Regimental Headquarters Royal Engineers
Brompton Barracks
Chatham
Kent ME4 4UG

Independent Auditor

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

Bankers

Lloyds Bank plc
Piccadilly Branch
PO Box 1000
London
BX1 1LT

Solicitors

Furley Page LLP
39 St Margaret's Street
Canterbury
Kent
CT1 2TX

Investment Manager

BlackRock Investment Managers Ltd
12 Throgmorton Avenue
London
EC2N 2DL

Approved by the Trustees
and signed on behalf of the Trustees



**Mr J D Acornley
Chief Executive**

3rd April 2025

Institution of Royal Engineers

Independent auditor's report to the Trustees of Institution of Royal Engineers

We have audited the financial statements of Institution of Royal Engineers (the 'charity') for the year ended 31 December 2024 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

The financial statements have been prepared in accordance with Accounting and Reporting by Charities in preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2019.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 December 2024 and of its income and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs UK) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Independent auditor's report to the Trustees of Institution of Royal Engineers (continued)

Other information

The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statement or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Respective responsibilities of Trustees and auditor

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA's (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Independent auditor's report to the Trustees of Institution of Royal Engineers (continued)

Capability of the audit in detecting irregularities, including fraud

The objectives of our audit are to identify and assess the risks of material misstatement of the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud or error; and to respond appropriately to those risks.

Based on our understanding of the charity and sector, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Statement of Recommended Practice. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Audit procedures performed by the audit engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud; and
- Assessment of identified fraud risk factors; and
- Review of cash expenditure to confirm no evidence of personal benefit; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Reading minutes of meetings of those charged with governance; and
- Physical inspection of tangible assets susceptible to fraud or irregularity; and
- Review of significant and unusual transactions; and
- Identifying and testing journal entries, in particular any manual entries made at the year-end for financial statement preparation.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.

Independent auditor's report to the Trustees of Institution of Royal Engineers (continued)

- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in my Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of my Auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charity's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Kreston Reeves LLP

Samantha Rouse FCCA DChA
for and on behalf of
Kreston reeves LLP
Chartered Accountants
Statutory Auditor
Chatham Maritime

Date: 4 April 2025

Kreston Reeves LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Institution of Royal Engineers

**Statement of financial activities
for the year ended 31 December 2024**

	Note	Unrestricted funds 2024	Restricted funds 2024	Total funds 2024	Total funds 2023
		£	£	£	£
Income and endowments from:					
Donations and Legacies	3	543,619	-	543,619	511,518
Other Trading Activities	7	12,215	-	12,215	2,573
Investments	8	41,656	-	41,656	39,298
Charitable Activities	15/16	8,007	-	8,007	7,288
Total income		605,497	-	605,497	560,677
Expenditure on:					
Raising Funds	7	2,710	-	2,710	20,189
Charitable Activities	9	563,604	-	563,604	525,954
Total expenditure		566,314	-	566,314	546,143
Net expenditure before revaluations		39,183	-	39,183	14,534
Net gains / (losses) on revaluations of investment assets	22	42,615	-	42,615	2,910
Net movement in funds for the year		81,798	-	81,798	17,444
Total funds at 1 January 2024		1,013,954	572,933	1,586,887	1,569,443
Total funds at 31 December 2024		1,095,752	572,933	1,668,685	1,586,887

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

All activities relate to continuing operations.

The notes on pages 17 to 29 form part of these financial statements.

Institution of Royal Engineers

**Balance sheet
as at 31 December 2024
Charity Number: 249882**

	Note	2024		2023	
		£	£	£	£
Fixed assets					
Tangible assets	21		587,037		588,418
Investments	22		1,037,029		994,414
			<u>1,624,066</u>		<u>1,582,832</u>
Current assets					
Debtors	23	42,527		33,308	
Cash at bank		29,619		25,127	
		<u>72,146</u>		<u>58,435</u>	
Creditors: amounts falling due within one year	24	(27,527)		(54,380)	
Net current assets			<u>44,619</u>		<u>4,055</u>
Net Assets			<u>1,668,685</u>		<u>1,586,887</u>
Charity Funds					
Restricted funds	25		572,933		572,933
Unrestricted funds	25		1,095,752		1,013,954
Total funds			<u>1,668,685</u>		<u>1,586,887</u>

The financial statements were approved by the Trustees on 3 Apr 25 and signed on their behalf, by:



Brigadier J D Webster, Trustee



Colonel R B Hawkins MBE ADC, Trustee

The notes on pages 17 to 29 form part of these financial statements.

Institution of Royal Engineers

Statement of Cash Flows

For the year ended 31 December 2024

	Note	2024	2023
		£	£
Net cash used in operating activities	29	<u>37,164</u>	<u>(47,826)</u>
Cash flows from investing activities			
Interest and dividends		41,656	39,298
Purchase of tangible fixed assets		-	-
Cash provided by investing activities		<u>41,656</u>	<u>39,298</u>
Cash used in financing activities			
Increase (decrease) in cash and cash equivalents in the year		<u>4,492</u>	<u>(7,739)</u>
Cash and cash equivalents at the beginning of the year		25,127	32,866
Total cash and cash equivalents at the end of the year		<u>29,619</u>	<u>25,127</u>

Analysis of changes in net debt

	At 1 Jan 2024	Cashflows	At 31 Dec 2024
	£	£	£
Cash and cash equivalents			
Cash	25,127	4,492	<u>29,619</u>

Institution of Royal Engineers

Notes to the financial statements

For the year ended 31 December 2024

1 General administrative information

Institution of Royal Engineers is an unincorporated charity in England & Wales with the registration number 249882. The address of the registered office is Headquarters Royal Engineers, Brompton Barracks, Chatham, Kent, ME4 4UG. The Charity's principal objectives continued to be: To promote and advance the science of military engineering and to promote military efficiency, particularly the military efficiency of the Corps of Royal Engineers

2 Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) and the Charities Act 2011.

Institution of Royal Engineers meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The financial statements are presented in UK sterling, which is the Charity's functional currency, and rounded to the nearest pound.

2.2 Preparation of the accounts on a going concern basis

The Trustees assess whether the use of going concern is appropriate, i.e., whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Charity to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Charity has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Charity's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

2.3 Fund accounting

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

Designated funds are amounts which have been put aside out of unrestricted funds at the discretion of the Trustees.

Restricted funds represent grants, donations and legacies received which are allocated by the donor for specific purposes.

Investment income gains and losses are allocated to the appropriate fund.

Institution of Royal Engineers

Notes to the financial statements

For the year ended 31 December 2024

2.4 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

2.5 Expenditure

Liabilities are recognised as expenditure as soon as there is an obligation to committing the charity to the expenditure. All expenditure is accounted for on an accruals basis

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the Trust and are always authorised by trustees.

The costs of raising funds consist of investment management and certain legal fees.

Cost of charitable activities includes grants made and the apportionment of support costs shown in note 9.

Overhead and support costs that cannot be attributed directly to a charitable activity have been allocated on a percentage basis of time, space and cost against the activity.

2.6 Heritage assets

The Institution owns a large number of historic military artefacts that are displayed in the Royal Engineers Museum and Library. These include medals, drawings, manuscripts, 3-dimensional artefacts and published works that are up to 300 years old. These assets are not capitalised due to the significant costs involved in valuing them.

The Institution will only acquire heritage assets that are relevant to the Museum collection, whilst disposals are restricted to gifts to similar military museums.

2.7 Tangible fixed assets and depreciation

Assets costing more than £1,000 are capitalised and are valued at historic cost. Depreciation is charged on assets using a straight – line basis over their estimated life on the following basis:

Computers	-	20% straight line
General property	-	10% straight line

2.8 Investments

Investments held as fixed assets are included in the accounts at valuation based on their bid price at the balance sheet date. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

2.9 Debtors

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

Institution of Royal Engineers

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

2.10 Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.11 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

2.12 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.

2.13 Donated services and facilities

Donated services, are included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. This amount is matched by donated expenditure.

2.14 Pensions

The charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the charity to the fund in respect of the year.

2.15 Tender policy

Trustees introduced a tender policy that covers expenditure:

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

2.16 Taxation

Institution of Royal Engineers is a registered charity and accordingly no provision is considered necessary for taxation.

2.17 Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Charity does not currently have any significant accounting estimates or areas of judgement.

Institution of Royal Engineers

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

		Total funds 2024	Total funds 2023
		£	£
3 Donations and Legacies			
Subscriptions	(Note 4)	393,137	363,639
Grants	(Note 5)	3,500	3,500
Registration fees		77,919	80,016
Donations		1,273	830
Donated assets		-	-
Donated services and facilities	(Note 6)	67,790	63,533
		543,619	511,518

Income from donations and legacies was all unrestricted in 2024 and 2023.

4 Subscriptions

		£	£
Regular officers		145,489	132,666
Other members		99,108	91,159
Serving soldiers		60,505	65,983
Members of the Reserve		11,193	12,909
Tax refund		24,921	16,911
Fellowship		9,600	8,903
Eng Tech		33,045	31,092
I Eng		6,943	2,464
C Eng		2,333	1,552
		393,137	363,639

Support Costs

Audit		1,341	1,225
Insurance		203	260
Administration		3,900	1,708
Depreciation		781	174
Post and telephone		1,995	1,904
Donated services support costs		10,117	9,543
Staff costs		67,006	65,484
		85,343	80,298
		307,794	283,341

5 Grants

		£	£
Officer Cadet prize fund		3,500	3,500

Institution of Royal Engineers

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

	Total funds 2024	Total funds 2023
	£	£
6 Donated services and facilities		
Gas	1,870	1,845
Electricity	2,189	2,103
Water and sewage	886	849
Community charge	5,915	5,686
Administrative utilities	1,523	1,505
Administrative salaries	55,408	51,545
	<u>67,790</u>	<u>63,533</u>

7 Trading Activities

	£	£
Income		
Publication sales	<u>12,215</u>	<u>2,573</u>
	£	£
Expenditure		
Corps History	<u>2,710</u>	<u>20,189</u>

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

8 Investment Income

	£	£
Dividends	40,121	38,115
Dividends - Memorial Fund	1,243	1,181
Bank interest	292	3
	<u>41,656</u>	<u>39,298</u>

All investment income in 2024 and 2023 was unrestricted.

Institution of Royal Engineers

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

9 Analysis of Expenditure by activities

		Direct costs	Support costs	Total funds	Total funds
		2024	2024	2024	2023
		£	£	£	£
Subscriptions	(Note 4)	-	85,343	85,343	80,298
Publications	(Note 10)	56,300	71,450	127,750	112,743
Maintain Memorials	(Note 11)	-	12,168	12,168	10,119
Professional Effectiveness	(Note 12)	14,705	10,922	25,627	19,237
Grant making	(Note 13)	86,924	21,651	108,575	106,204
Digitisation	(Note 14)	3,324	45,756	49,080	46,596
Napier House	(Note 15)	772	7,200	7,972	7,019
RE Historical Society	(Note 16)	862	5,137	5,999	7,198
Awards	(Note 17)	20,885	-	20,885	12,629
Professional Registration	(Note 18)	37,447	82,758	120,205	123,911
		221,219	342,385	563,604	525,954

All expenditure on charitable activities in 2024 and 2023 was unrestricted.

10 Publications

	£	£
Direct costs		
Distribution costs	26,371	21,754
Publications	29,929	25,571
	56,300	47,325
Support costs		
Audit	1,341	1,225
Administration	3,296	1,088
Insurance	203	260
Post and telephone	749	714
Computer support costs	3,928	4,100
Staff costs	52,885	49,468
Donated service support costs	8,448	7,948
Depreciation	600	615
	71,450	65,418
	127,750	112,743

11 Maintain Memorials

	£	£
Direct costs		
Refund From Previous Year Activities	-	(1,068)
	-	(1,068)
Support costs		
Audit	231	211
Administration	462	36
Post and telephone	50	48
Insurance	217	278
Staff costs	4,494	4,345
Donated service support costs	6,714	6,269
	12,168	11,187
	12,168	10,119

Institution of Royal Engineers

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

	Total funds 2024	Total funds 2023
	£	£
12 Professional Effectiveness		
Direct costs		
RUSI / Inst Conference	-	-
JPMs	8,165	7,155
Fellow Event	4,955	781
Focusses Symposium	-	180
Sponsored Symposia	1,185	500
Other in Year Opportunities	400	-
	14,705	8,616
Support Costs		
Insurance	87	111
Post and telephone	50	48
Wolfe Society Subscription	6	6
Staff costs	4,065	4,187
Donated service support costs	6,714	6,269
	10,922	10,621
	25,627	19,237
13 Grant Making		
	£	£
Direct costs		
RE Museum fund	64,524	63,257
Comms Hub Grant	20,000	20,000
RE Awards Dinner	2,400	2,400
	86,924	85,657
Support costs		
Insurance	174	222
Post and telephone	150	143
Staff costs	8,519	8,243
Donated service support costs	12,808	11,939
	21,651	20,547
	108,575	106,204
14 Digitisation		
	£	£
Direct costs		
IT costs	3,324	4,120
Support costs		
Audit	231	211
Insurance	87	111
Post and telephone	50	48
Staff costs	38,674	35,837
Donated service support costs	6,714	6,269
	45,756	42,476
	49,080	46,596

Institution of Royal Engineers

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

	Total funds 2024	Total funds 2023
	£	£
15 Napier House		
Income from charitable activities		
Rental Income	<u>3,600</u>	<u>3,600</u>
Direct costs		
Maintenance	<u>772</u>	<u>631</u>
Support costs		
Audit	231	211
Administration	462	36
Insurance	218	278
Post and telephone	50	48
Donated service support costs	6,095	5,670
Staff costs	144	145
Depreciation	-	-
	<u>7,200</u>	<u>6,388</u>
	<u>7,972</u>	<u>7,019</u>
16 RE Historical Society		
	£	£
Income from charitable activities		
Membership	<u>4,407</u>	<u>3,688</u>
Direct costs		
Publications	<u>862</u>	<u>1,964</u>
Support Costs		
Audit	139	127
Administration	22	22
Insurance	43	56
Post and telephone	150	143
Staff costs	4,164	4,287
Donated service support costs	619	599
	<u>5,137</u>	<u>5,234</u>
	<u>5,999</u>	<u>7,198</u>
17 Awards		
	£	£
Medals	11,162	2,534
Prizes	9,723	11,445
Refund from Previous Years	-	(1,350)
	<u>20,885</u>	<u>12,629</u>

Institution of Royal Engineers

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

	Total Funds 2024	Total Funds 2023
	£	£
18 Professional Registration		
Direct costs		
Registration & Marketing	37,447	44,493
Support costs		
Audit	1,110	1,014
Administration	3,221	887
Insurance	217	278
Post and telephone	1,747	1,666
Donated service support costs	9,562	9,027
Staff costs	66,901	66,546
	82,758	79,418
	120,205	123,911

19 Net income/expenditure

This is stated after charging:

Depreciation of tangible fixed assets:

- owned by the charity

Auditor's remuneration

2,170	(789)
4,554	4,224

During the year, no Trustees received any remuneration (2023: £NIL).

During the year, no Trustees received any benefits in kind (2023: £NIL).

During the year, no Trustees received any reimbursement of expenses (2023: £NIL).

20 Staff costs

Staff costs were as follows:

	£	£
Wages and salaries	211,145	202,453
National Insurance	15,725	17,494
Pension costs	19,981	18,594
	246,851	238,541

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

	No.	No.
Publications	2	2
Management and administration of the charity	13	13
	15	15

The average headcount expressed as full-time equivalents was:

	No.	No.
Publications	2	2
Management and administration of the charity	5	5
	7	7

The Secretary occupies Napier House as part of his conditions of employment.

The pension cost represents amounts payable to the Corps of Royal Engineers Pension Fund, a defined contribution scheme.

The total employment benefits including employer pension contributions of the key management personnel were £75,576 (2023: £73,052).

The number of employees whose benefits (excluding employer pension costs) exceeded £60,000 was:

	2024 No	2023 No
In the band £70,001 - £80,000	1	1

Institution of Royal Engineers

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

21 Tangible fixed assets

	General, IT and Office equipment £	Restricted Artefacts £	Total £
Cost			
At 1 January 2024 (restated)	18,700	572,933	591,633
At 31 December 2024	<u>18,700</u>	<u>572,933</u>	<u>591,633</u>
Depreciation			
At 1 January 2024 (restated)	(3,215)	-	(3,215)
Charge for the year	(1,381)	-	(1,381)
At 31 December 2024	<u>(4,596)</u>	<u>-</u>	<u>(4,596)</u>
Net book value			
At 31 December 2024	<u>14,104</u>	<u>572,933</u>	<u>587,037</u>
At 31 December 2023	<u>15,485</u>	<u>572,933</u>	<u>588,418</u>

22 Fixed asset investments

	General Fund £	Memorials Fund £	Total £
Market value			
At 1 January 2024	964,531	29,883	994,414
Revaluations	41,334	1,281	42,615
At 31 December 2024	<u>1,005,865</u>	<u>31,164</u>	<u>1,037,029</u>
Historical cost	<u>452,161</u>	<u>13,811</u>	<u>465,972</u>
Investments at market value comprise:		2024	2023
			£
Listed investments		<u>1,037,029</u>	<u>994,414</u>

All the fixed asset investments are held in the UK.

Material investments

All invested funds were held in the Armed Forces Charities Growth & Income Fund, managed by Black Rock Investment Managers Limited.

Institution of Royal Engineers

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

23 Debtors

	2024	2023
	£	£
JPA Subscriptions	17,743	16,954
BlackRock	10,341	9,584
Other Debtors	14,443	6,770
	<u>42,527</u>	<u>33,308</u>

24 Creditors:

Amounts falling due within one year

	2024	2023
	£	£
Other creditors	20,500	50,156
Accruals and deferred income	7,027	4,224
	<u>27,527</u>	<u>54,380</u>

25 Statement of funds

Current Year

	Brought Forward	Income	Expenditure	Transfers in/out	Gains/ (Losses)	Carried Forward
	£	£	£	£	£	£
Designated funds						
Memorials Fund	(81,243)	1,243	(12,168)	0	1,281	(90,887)
Professional Registration	185,963	120,240	(37,447)	0	0	268,756
RE Historical Society	(24,041)	4,407	(5,999)	0	0	(25,633)
	<u>80,679</u>	<u>125,890</u>	<u>(55,614)</u>	<u>0</u>	<u>1,281</u>	<u>152,236</u>
General funds						
General fund	933,275	479,607	(510,700)	0	41,334	943,516
Total Unrestricted funds	<u>1,013,954</u>	<u>605,497</u>	<u>(566,314)</u>	<u>0</u>	<u>42,615</u>	<u>1,095,752</u>
Restricted funds						
Institution Artefacts	572,933	0	0	0	0	572,933
Total of funds	<u>1,586,887</u>	<u>605,497</u>	<u>(566,314)</u>	<u>-</u>	<u>42,615</u>	<u>1,668,685</u>

Prior Year

	Brought Forward	Income	Expenditure	Transfers in/out	Gains/ (Losses)	Carried Forward
	£	£	£	£	£	£
Designated funds						
Memorials Fund	(72,392)	1,181	(10,119)	-	87	(81,243)
Professional Registration	115,332	115,124	(44,493)	-	-	185,963
RE Historical Society	(20,531)	3,688	(7,198)	-	-	(24,041)
	<u>22,409</u>	<u>119,993</u>	<u>(61,810)</u>	<u>-</u>	<u>87</u>	<u>80,679</u>
General funds						
General fund	974,101	440,684	(484,333)	-	2,823	933,275
Total Unrestricted funds	<u>996,510</u>	<u>560,677</u>	<u>(546,143)</u>	<u>-</u>	<u>2,910</u>	<u>1,013,954</u>
Restricted funds						
Institution Artefacts	572,933	-	-	-	-	572,933
Total of funds	<u>1,569,443</u>	<u>560,677</u>	<u>(546,143)</u>	<u>-</u>	<u>2,910</u>	<u>1,586,887</u>

Institution of Royal Engineers

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

26 Analysis of net assets between funds

Current Year	Unrestricted	Restricted	Total
	funds	funds	funds
	2024	2024	2024
	£	£	£
Tangible fixed assets	14,104	572,933	587,037
Fixed asset investments	1,037,029	-	1,037,029
Current assets	72,146	-	72,146
Creditors due within one year	(27,527)	-	(27,527)
	1,095,752	572,933	1,668,685
Prior Year	Unrestricted	Restricted	Total
	funds	funds	funds
	2023	2023	2023
	£	£	£
Tangible fixed assets	15,485	572,933	588,418
Fixed asset investments	994,414	-	994,414
Current assets	58,435	-	58,435
Creditors due within one year	(54,380)	-	(54,380)
	1,013,954	572,933	1,586,887

27 Pension commitments

The charity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £19,981 (2023: £18,594).

28 Related party transactions

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

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

The Royal Engineers Museum is a connected charity to the Institution of Royal Engineers and shares the same charter and Trustees. During the year the Institution of Royal Engineers paid The Royal Engineers Museum grants totalling £71,894, as well as sundry recharges of £83. As of 31 December 2024 no balance was owed to The Royal Engineers Museum (2023: £nil).

The Royal Engineers Museum reimbursed £477,262 to the Institution of Royal Engineers relating to salaries and pensions charges. As of 31 December 2024 no balance was owed by The Royal Engineers Museum (2023: £nil).

Brigadier James Webster and Colonel Richard Bouke Hawkins MBE ADC, Trustees of the Institution of Royal Engineers are also Trustees of the Royal Engineers Headquarter Mess (RE HQ Mess) for which transactions have taken place during the year. The Institution of Royal Engineers collected subscription income on behalf of the RE HQ Mess totalling £25 which was transferred during the year. As of 31 December 2024 no balance was owed to RQ HQ Mess.

Brigadier James Webster and Corps SM Spencer William Arnold Eardley, Trustees of the Institution of Royal Engineers are also Trustees of the Royal Engineers Association (REA) for which transactions have taken place during the year. The Institution of Royal Engineers paid over donations of £280 to the REA which were transferred during the year. As of 31 December 2024 no balance was owed to the REA.

The REA was also recharged expenses paid for by the Institution of Royal Engineers of £175, which was transferred during the year. As of 31 December 2024 no balance was owed by the REA.

Institution of Royal Engineers

Notes to the financial statements

For the year ended 31 December 2024

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

	Total funds 2024	Total funds 2023
	£	£
Net movement in funds	81,798	17,444
Add back depreciation charge	1,381	-
Deduct interest income shown in investing activities	(41,656)	(39,298)
Deduct gains / add back losses on investments	(42,615)	(2,910)
(Increase) / decrease in debtors	(9,219)	(7,428)
(Decrease) / increase in creditors	(26,853)	(15,634)
Net cash used in operating activities	(37,164)	(47,826)

INSTITUTION OF ROYAL ENGINEERS

England & Wales - Charity number 249882

Accounts

Charity number: 249882

Institution of Royal Engineers

Trustees' report and financial statements

for the year ended 31 December 2023

Institution of Royal Engineers

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Institution of Royal Engineers

Trustees' Report

For the year ended 31 December 2023

The Trustees present the annual report and the audited financial statements of the Charity for the year ended 31 December 2023. The financial statements have been prepared in accordance with the accounting policies set out at Note 1 to the accounts and comply with the Charity's Charter, the Charities Act 2011 and the Charities SORP FRS 102. Trustees consider that in preparing these financial statements they have taken into account all information that could reasonably be expected to be available (including levels of reserves held); thus, the going concern basis of accounting is deemed appropriate and there are no material uncertainties.

OBJECTIVES AND ACTIVITIES

The OBJECT of the Institution of Royal Engineers, as set out in its Royal Charter and Bye-Laws (Revised 2009), is to promote and advance the science of Military Engineering and to promote military efficiency, particularly the military efficiency of the Corps of Royal Engineers. In furtherance of this OBJECT the Institution has continued to:

- a. Publish a Journal and Supplement to the Journal to promote education and to disseminate information and advice;
- b. Maintain and develop a Museum, Library and Archive;
- c. Own the Museum, Library and Archive and all the exhibits, artefacts, medals and book accessions for the benefit of the Museum, Library and Archive;
- d. Arrange joint professional meetings with other Institutions and professional bodies;
- e. Administer trust funds in connection with awards for academic and military excellence to officers and soldiers;
- f. Maintain memorials owned by the Institution;
- g. Raise funds by way of subscriptions, donations and otherwise;
- h. Maintain Napier House, the property of the Institution;
- i. Maintain and develop professional registration with Engineering UK and the Engineering Council at Engineering Technician, Incorporated Engineer and Chartered Engineer levels;
- j. Develop where possible joint working practices with the Royal Engineers Vocational Education Training Trust (REVETT), (Charity Number 1068709), other Institutions and the Royal School of Military Engineering Group.

OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

The Trustees confirm that they have had due regard to the guidance provided by the Charity Commission for England and Wales on public benefit when reviewing the Institution's aims and objectives, and in planning future activities, and consider that they have met the requirements in full measure. In particular:

- a. The Royal Engineers Museum Library and Archive Collection, which is owned by the Institution, is open to the general public. In addition, the Museum is open to parties of school children, providing a clear public benefit.
- b. The promotion of the military efficiency of the Royal Engineers is a matter of national importance and public benefit. As a Licensed Member of the Engineering Council, the Institution takes part in the self-regulation of the Engineering Profession, as authorised by the Privy Council, and so contributes to that wider public benefit.
- c. The education of Members of the Royal Engineers is also of public benefit, since the number of beneficiaries from the Regular Army, Reserve Army, and retired Members, represents an amply sufficient proportion of the populace.

Institution of Royal Engineers

Trustees' Report (continued)

For the year ended 31 December 2023

ACHIEVEMENTS AND PERFORMANCE

Membership levels have continued to be constantly around the 10,000 mark across the period, with the number of Fellows increasing again (+13%). Whilst Army Reserve numbers have dipped slightly, there has been a commensurate uplift in Retired Members as those individuals completed military Service and moved categories. The initiative undertaken last year aimed at encouraging a greater level of The Staff Corps to join the Institution has yet to deliver an increase in numbers and further work has been commissioned to look at ways to improve uptake.

The new business continuity process, established last year to lessen the impact of an individual staff member being unable to perform their duties, was tested in May and proved effective. The staff pairing system was shown to be resilient and all business outputs were able to be maintained and legal/legislative requirements met. The electronically Bi-Annual Update (established in 2022) continued to be warmly received and ensured that the membership remained up-to-date and linked to the Institution. In addition, quarterly social media posts have provided Members with timely reminders of the breath of activity and benefits available. Sustained communications have remained a key component of the engagement strategy to:

- a. Promote Military Engineering through activities: joint professional meetings, battlefield studies, the provision of multimedia material and the holding of debates. Support included reminding Members of civilian Professional Registration opportunities and how to obtain said qualifications;
- b. Encourage individuals (and groups) to engage, contribute and collaborate with the Institution to achieve its OBJECT, with particular emphasis on publishing high quality articles in the Journal;
- c. Sponsor a broad range of events, conferences, symposia, and workshops able to be delivered by the Corps of Royal Engineers, whilst ensuring that key lessons from such meetings are captured and made available to as wide an audience as possible, and stored for future study; and
- d. Continue to be a fully inclusive learned body whose activities and decisions consider the requirements of all Members, including minority groups.

The Royal Engineers Museum Charity – a separately Registered Charity (Charity Number 295173) sharing the same Trustee Board and Governance documents as the Institution – has continued to be supported and received annual grants totaling £63.2K. Preparation of a new Constitution for the Royal Engineers Museum, Library and Archive for the charity to become a Charitable Incorporated Organisation has neared completion.

The Institution has continued to operate under a License granted by the Engineering Council to assess candidates for Engineer Technician, Incorporated Engineer and Chartered Engineer. Professional Registration numbers have again risen, with all 3 categories (Technician, Incorporated and Chartered) meeting their respective annual targets by September. The Institution remains proud to be able to offer Members the opportunity to attain a nationally recognised qualification that demonstrates the professionalism and competency of Military Engineers trained at the Royal School of Military Engineering Group. The main attractor for Members to maintain their connection with the Institution after military Service has continued to be the retention of a Professional Registration qualification. Total Registrants held in December was 1500; comprising Chartered Engineers (44), Incorporated Engineers (61) and Engineering Technicians (1395).

During 2023 a wide-ranging Member Services Programme was delivered that focused on different areas of Military Engineering, encompassing sustainability, digitisation, strategic transport networks and flooding. Several professional development opportunities were provided, including a joint professional meeting with National Highways/Allied Rapid Reaction Corps, a Digital Conference, a Regimental Study Day, the perennial meeting with the Institution of Civil Engineers, which this year considered *'Responding to Flood Emergencies: Developments over the last 10 years'*, and the Contemporary Engineering Challenge that once again produced a number of high-quality articles for the Journal. The Institution continued to present a number of prizes to reward Military Engineering excellence and, through the Royal Engineers Historical Society, sponsored a series of monthly webinars and delivered a hugely informative Conference on the anniversary of the Russian invasion of Ukraine. The event *'Learning from Ukraine – One year On'* was extremely well attended and Robert Fox of the Evening Standard gave a stimulating and thought-provoking keynote.

Institution of Royal Engineers

Trustees' Report (continued) For the year ended 31 December 2023

FINANCIAL REVIEW

Investment House & Policy

All Institution investments have been, since 2002, managed by BlackRock as part of the Armed Forces Charities Growth & Income Fund (formerly the Armed Forces Common Investment Fund).

The Objective of the Fund is unchanged and seeks to provide a return on investment (net of fees) over a period of 5 or more consecutive years beginning at the point of investment, generated through an increase to the value of the assets held by the Fund and/or income received from those assets. The Fund has a flexible approach to asset allocation and seeks to achieve its investment objective through a variety of asset classes. The Fund is actively managed and this may vary without limitation depending on market conditions and other factors at the Investment Manager's (IM) discretion in accordance with the Fund's investment policy.

Investment Performance

Investments delivered dividends of £39,298 in 2023 (2022: £37,919). During the period 1 January to 31 December 2023, the performance of the distribution units in the fund was +4.3% (2022: -10.6 %) after fees and expenses. Since launch in September 2002, the fund has produced a return of +305.5%, +6.8% (2022: +330.1%, +7.4%). The fund's benchmark since inception has returned +344.2% and +7.2%.

Reserves Policy

The Reserves Policy remains unchanged; to maintain 12 months operating costs in reserve. The Institution's current unrestricted reserves are £1,013,954 (2022: £996,307) which Trustees consider is consistent with this policy. Current restricted reserves are £572,933.

Fund Designation

The component funds of the Institution are:

- a. General Fund (Unrestricted Fund).
- b. Memorial Fund (Unrestricted Designated Fund).
- c. Professional Registration (Unrestricted Designated Fund).
- d. Royal Engineers Historical Society (REHS) (Unrestricted Designated Fund).

Memorial Fund

The Memorial Fund is invested as a designated fund from which a small sum is drawn each year. Direct charitable expenditure was £10,119 (2022: £11,596).

Accounts

The Trustees confirm that the accounts comply with the current statutory requirements and with the requirements of the Institution's Charter.

Under the Bye-Laws of the Institution of Royal Engineers, the Council is responsible for the preparation of the financial statements of the Institution for each financial year.

Institution of Royal Engineers

Trustees' Report (continued) For the year ended 31 December 2023

In preparing the financial statements the Council is required to:

- a. Select suitable accounting policies and apply these consistently;
- b. Make judgements and estimates that are reasonable and prudent;
- c. State whether applicable accounting standards and statements of recommended practice have been followed; and
- d. Prepare the financial statements on the going concern basis.

The Treasurer is responsible for keeping a correct statement of the assets and liabilities of every one of the funds pertaining to the Institution and shall keep such records, prepare such statements of accounts as are required annually by the auditors and periodically by the Council and which enable the Trustees to meet their responsibility to prepare financial statements for each financial year, which give a true and fair view of the incoming resources and application of resources of the Charity during the year and of its state of affairs at the end of the year. The Trustees are also responsible for ensuring that the financial statements comply with the Charities Act 2011. The Treasurer shall make proper arrangements for the care of and disbursements made from the funds belonging to the Institution. The Trustees are responsible for safeguarding the Charity's assets and hence for taking reasonable steps for the prevention and detection of error, fraud, and other irregularities.

FINANCIAL SUMMARY

General

Net income before other recognised gains and losses was £14,534 (2022: Net expenditure of £32,941). Net gains on investment were £2,910 (2022: Net losses £160,704)

Balance Sheet

The accumulated funds increased by £17,444 to £1,586,887 (2022: decreased by £193,645 to £1,569,443).

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

PLANS FOR THE FUTURE

Membership

Membership plans have three components.

- a. **Communications.**
 - (1) Exploitation of the consolidated digital processes that have improved membership engagement through the combination of an annual Members' Survey, a bi-annual update, quarterly social media feeds and regular email push notifications to inform Members.
 - (2) Expanding the modern website, therein enhancing the user experience, and building up content, in order to truly create a world-class Knowledge Hub for Military Engineering.
 - (3) Capitalising on the established social media channels, *inter alia*, LinkedIn, X, Facebook, and YouTube to inform Members of current and future Military Engineering opportunities.
 - (4) Publishing high-quality products, namely the Journal, its Supplement, and special periodicals to notify the membership of developments and innovation in Military Engineering.

Institution of Royal Engineers

Trustees' Report (continued)

For the year ended 31 December 2023

b. **Professional Development.**

- (1) Providing a balance of online, hybrid and live activities that allow individuals to strengthen professional networks and connect to as much of the *body politic* as possible.
- (2) Promoting Professional Registration at each level to expand the number of Engineering Technician, Incorporated Engineer and Chartered Engineer registrants.
- (3) Upholding Engineering Council standards through the enabling work of the Professional Registration Committee.

c. **Support.**

- (1) Protecting the status afforded by Her Majesty's Revenue and Customs as a recognised and accredited professional body.
- (2) Connecting with the respective Veteran, Army Reserve and overseas Land Forces Military Engineer communities to promote the many benefits of Institution membership.
- (3) Continually reviewing the Fellows qualifying criteria, enhancing the offer and honing what the Institution expects of Fellows.

Education

Educational development initiatives continue to encompass:

- a. Publishing high quality articles in the Journal tri-annually to widen perspectives, celebrate innovation, impart knowledge and promote debate appropriate to the advancement of Art and Science of Military Engineering.
- b. Sponsoring further development activity to review, consolidate and enhance the production of the History of the Corps of Royal Engineers Volume XIII – *'The Years of Interventionism and the Return to Contingency'* due to be published in 2024.
- c. Leading the delivery of an annual joint professional meeting between the Institution of Civil Engineers and Institution of Royal Engineers.
- d. Seeking out additional opportunities to work collaboratively with other professional bodies and learned societies.
- e. Continuing to reward Members for individual academic and Military Engineering excellence via the sponsorship of appropriate prizes and awards that celebrate and acknowledge success.
- f. Maintaining access to the Pasley Research Centre and James Forbes Exhibition Gallery within the Royal Engineers Museum, which collectively provide outstanding Archive and Library resources to facilitate investigation and study.
- g. Widening further the Royal Engineers Historical Society membership base.
- h. Publicising the historic Military Engineering Collection.
- i. Establishing a series of electronic-lectures to create highly accessible and enduring products based upon a compendium of educational Military Engineering subjects.

Governance

On a requirements basis, work together with the Engineering Council Privy Council & Governance Panel and Privy Council Office to implement any changes to the Charter and Bye-Laws approved by Trustees.

Institution of Royal Engineers

Trustees' Report (continued)
For the year ended 31 December 2023

INDEPENDENT AUDITORS

Kreston Reeves LLP were retained as the Corps' auditors.

STRUCTURE, GOVERNANCE AND MANAGEMENT

ORGANISATION

The Council delegates specific aspects of the Institution's activities to five standing committees:

- a. The Finance and Assurance Committee (FAC).
- b. The Professional Registration Committee (PRC).
- c. The Member Services Committee (MSC).
- d. The Royal Engineers Museum Committee (REMC).
- e. The Royal Engineers Historical Society (REHS).

The Institution's Secretariat comprises a Chief Executive, Treasurer, four other full-time employees and one part-time employee.

TRUSTEES

The Trustees who served during the year are detailed on page 8.

Appointment of Trustees

New Trustees are either appointed as *Ex-Officio* on assumption of specified appointment, or are nominated by Council (or Members) and are elected at an Annual General Meeting (AGM) in accordance with the Charter and Bye-Laws.

Council Membership

Officers. The President and Vice Presidents are elected for a period of up to five years.

Elected Members. Elected Members of Council may serve for up to five years.

Ex-Officio Members. *Ex-Officio* Members are Council Members (Trustees) by virtue of appointment. Such Members assume Trusteeship on appointment and relinquish (resign) the same when leaving the appointment.

Trustee Induction

Training. A Trustee Training Programme is in place; this has been augmented with online training. All Trustees of Royal Engineer Charities, and all Trustees are encouraged to attend training provided by one of two consultants. Provision is made for each Trustee to receive training within 6-months of appointment and attend refresher training after 3-years' tenure.

Indemnity

An order from the Charity Commission of England and Wales authorising the Trustees to provide indemnity insurance for themselves out of the charity funds was issued on 15 September 2001 and this has been continued.

Institution of Royal Engineers

Trustees' Report (continued) For the year ended 31 December 2023

MEMBERSHIP

The Institution of Royal Engineers consists of Fellows, Members, Apprentice Technician Members, Honorary Fellows and Honorary Members, and any other category the Council may wish to create. Fellows and Members comprise officers, warrant officers and lower ranks of the Regular and Reserve Army element of the Corps of Royal Engineers, serving or retired. Membership may also be offered to those serving, or who have served, in the Engineer arm of the Land Forces of the Commonwealth, former Dominions, Colonies or Dependencies as Council shall determine. Similarly, membership may be offered to civilians with appropriate backgrounds who support the OBJECT of the Institution as determined by Council. Honorary Member and Honorary Fellow are offered as it appears in the Bye-Laws. Honorary Associate Membership is no longer offered; existing Honorary Associate Members continue as a legacy category.

CONNECTED CHARITIES

The Royal Engineers Museum has been registered, with the approval of the Charity Commission of England and Wales, as a separate charity under the provisions of the Charities Act 1960. Bye-Law 25 of the Institution's Charter was accepted for registration purposes without the need to execute a separate Charter or Constitution. The Royal Engineers Museum (Charity Number 295173) remains a connected Charity and shares the same Charter and Trustees as the Institution as a whole but is reported on separately.

RISK STATEMENT

The Risk Register was reviewed during 2023 by the Chair FAC and Council. Trustees continue to be satisfied that adequate systems are in place to mitigate all the risks identified, the principal ones remaining:

- a. **Business plan not deliverable or able to deliver on agreed priorities.** Trustees continue to ameliorate the said risk through a combination of measures: funding an endorsed prioritised programme with regular review points, maintaining sufficient Unrestricted Reserve funds of at least one year's operating costs, retaining the Institution's membership of the Armed Forces Charities Growth & Income Fund, and by receiving professional, independent investment management advice.
- b. **Lose the ability to register Members within the provision of the License granted by the Engineering Council.** Whilst the probability of such an occurrence continues to be assessed as low, Trustees have again designated the maintenance of the License a high priority. Mitigation measures include developing further resilience within the Volunteer Peer Group, conducting training on a training needs analysis basis, and monitoring internal and external perception, adapting as required, in order to deliver sustained improvement.
- c. **Governance structures become inappropriate or fail, particularly relevant during the migration of the Royal Engineers Museum to a CIO.** Trustees have remained fully involved in the decision-making processes to ensure alignment between the Institution and the new Royal Engineers Museum governance arrangements, directed that the Engineering Council Privy Council & Governance Panel be consulted throughout the change programme, have been actively engaged in the development of a new Royal Engineers Museum Constitution, and have ensured that the specialist legal advice has been sought. A new mitigation measure has also been added to the Risk Register to ensure sufficient representation on the new Royal Engineers Museum Governance Board to allay the risk of divergence from Corps and wider Sapper Family aims. Trustees have also ensured that there continues to be appropriate representation at Council and on all of the five standing committees, reviewed all outputs and activities to ensure compliance with the Royal Charter and overseen the regular evaluation of requirements and standards to ensure relevance.

Institution of Royal Engineers

Reference and administrative details of the Charity, its Trustees and Advisers for the year ended 31 December 2023

Trustees

The Council of the Institution of Royal Engineers was formed of the following individuals:

President

Major General N J Cavanagh CB	2018	Re-elected December 2023
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Vice Presidents

Major General D W Southall CBE	2020	
Brigadier R C Brown	2019	
Brigadier G J Boxall MBE	2022	Completion of tenure 2023
Brigadier J D Webster	2023	To be elected at AGM 2024
Colonel J L Prichard*	2020	

Members

Ex Officio

Comd 8 Engr Bde	Brigadier D J Bickers MBE	Completion of tenure 2023
	Brigadier S J Carvel	July 2023
Comd 25 (CS) Engr Gp	Colonel J D Webster	Completion of tenure 2023
	Colonel S J Graham	To assume January 2024
Dep Hd Plans NCGI and CRE (Geo)	Colonel P M Hammett	February 2022
Corps Colonel	Colonel R B Hawkins MBE ADC	November 2022
Corps Colonel Army Reserves	Colonel A J Cooper QVRM TD	November 2023
Corps Sergeant Major	WO1 M D Elliott MBE*	Completion of tenure 2023
	WO1 S W A Eardley*	June 2023

Elected

Colonel D Gray VR	2018	Completion of tenure 2023
Lieutenant Colonel H M M Stamp MBE	2020	Completion of tenure 2023

Co-opted

Major General R A M S Melvin CB OBE	2016
Lieutenant Colonel S F Scullion	2016

Chief Executive

Mr J D Acornley*	2019
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Treasurer

Major (Retired) I Sidebottom*	2013
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NB * indicates Members of FAC

Charity Registered Number

249882

Institution of Royal Engineers

Reference and administrative details of the Charity, its Trustees and Advisers (continued) for the year ended 31 December 2023

Principal Office

Regimental Headquarters Royal Engineers
Brompton Barracks
Chatham
Kent ME4 4UG

Independent Auditor

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

Bankers

Lloyds Bank plc
Piccadilly Branch
PO Box 1000
London
BX1 1LT

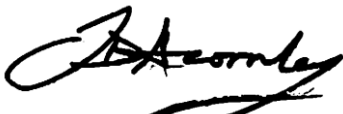
Solicitors

Furley Page LLP
39 St Margaret's Street
Canterbury
Kent
CT1 2TX

Investment Manager

BlackRock Investment Managers Ltd
12 Throgmorton Avenue
London
EC2N 2DL

Approved by the Trustees
and signed on behalf of the Trustees



Mr J.D. Acornley
Chief Executive

11th April 2024

Institution of Royal Engineers

Independent auditor's report to the Trustees of Institution of Royal Engineers

We have audited the financial statements of Institution of Royal Engineers (the 'charity') for the year ended 31 December 2023 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

The financial statements have been prepared in accordance with Accounting and Reporting by Charities in preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2019.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 December 2023 and of its income and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs UK) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Independent auditor's report to the Trustees of Institution of Royal Engineers (continued)

Other information

The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statement or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Respective responsibilities of Trustees and auditor

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA's (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Independent auditor's report to the Trustees of Institution of Royal Engineers (continued)

Capability of the audit in detecting irregularities, including fraud

The objectives of our audit are to identify and assess the risks of material misstatement of the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud or error; and to respond appropriately to those risks.

Based on our understanding of the charity and sector, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Statement of Recommended Practice. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Audit procedures performed by the audit engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud; and
- Assessment of identified fraud risk factors; and
- Review of cash expenditure to confirm no evidence of personal benefit; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Reading minutes of meetings of those charged with governance; and
- Physical inspection of tangible assets susceptible to fraud or irregularity; and
- Review of significant and unusual transactions; and
- Identifying and testing journal entries, in particular any manual entries made at the year-end for financial statement preparation.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.

Independent auditor's report to the Trustees of Institution of Royal Engineers (continued)

- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in my Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of my Auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charity's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Kreston Reeves LLP
Chartered Accountants
Statutory Auditor
Chatham

Date:

Kreston Reeves LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Institution of Royal Engineers

Statement of financial activities for the year ended 31 December 2023

	Note	Unrestricted funds 2023	Restricted funds 2023	Total funds 2023	Total funds 2022
		£	£	£	£
Income and endowments from:					
Donations and Legacies	3	511,518	-	511,518	480,616
Other Trading Activities	7	2,573	-	2,573	1,558
Investments	8	39,298	-	39,298	37,919
Charitable Activities	15/16	7,288	-	7,288	6,199
Total income		560,677	-	560,677	526,292
Expenditure on:					
Raising Funds	7	20,189	-	20,189	4,004
Charitable Activities	9	525,954	-	525,954	555,229
Total expenditure		546,143	-	546,143	559,233
Net expenditure before revaluations		14,534	-	14,534	(32,941)
Net gains / (losses) on revaluations of investment assets	22	2,910	-	2,910	(160,704)
Net movement in funds for the year		17,444	-	17,444	(193,645)
Total funds at 1 January 2023		996,510	572,933	1,569,443	1,763,088
Total funds at 31 December 2023		1,013,954	572,933	1,586,887	1,569,443

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

All activities relate to continuing operations.

The notes on pages 17 to 28 form part of these financial statements.

Institution of Royal Engineers

**Balance sheet
as at 31 December 2023
Charity Number: 249882**

	Note	£	2023 £	£	2022 £
Fixed assets					
Tangible assets	21		588,418		589,207
Investments	22		994,414		991,504
			<u>1,582,832</u>		<u>1,580,711</u>
Current assets					
Debtors	23	33,308		25,880	
Cash at bank			25,127		32,866
			<u>58,435</u>		<u>58,746</u>
Creditors: amounts falling due within one year	24	(54,380)		(70,014)	
Net current assets			<u>4,055</u>		<u>(11,268)</u>
Net Assets			<u>1,586,887</u>		<u>1,569,443</u>
Charity Funds					
Restricted funds	25		572,933		572,933
Unrestricted funds	25		1,013,954		996,307
Total funds			<u>1,586,887</u>		<u>1,569,240</u>

The financial statements were approved by the Trustees on 11 April 2024 and signed on their behalf, by:



Brigadier J D Webster, Trustee



Colonel R B Hawkins MBE ADC, Trustee

The notes on pages 17 to 28 form part of these financial statements.

Institution of Royal Engineers

Statement of Cash Flows

For the year ended 31 December 2023

	Note	2023	2022
		£	£
Net cash used in operating activities	29	<u>(47,826)</u>	<u>(27,526)</u>
Cash flows from investing activities			
Interest and dividends		39,298	37,919
Purchase of tangible fixed assets		-	-
Cash provided by investing activities		<u>39,298</u>	<u>37,919</u>
Cash used in financing activities			
Increase (decrease) in cash and cash equivalents in the year		<u>(7,739)</u>	10,596
Cash and cash equivalents at the beginning of the year		32,866	22,270
Total cash and cash equivalents at the end of the year		<u>25,127</u>	<u>32,866</u>

Analysis of changes in net debt

	At 1 Jan 2023	Cashflows	At 31 Dec 2023
	£	£	£
Cash and cash equivalents			
Cash	32,866	(7,739)	<u>25,127</u>

Institution of Royal Engineers

Notes to the financial statements

For the year ended 31 December 2023

1 General administrative information

Institution of Royal Engineers is an unincorporated charity in England & Wales with the registration number 249882. The address of the registered office is Headquarters Royal Engineers, Brompton Barracks, Chatham, Kent, ME4 4UG. The Charity's principal objectives continued to be: To promote and advance the science of military engineering and to promote military efficiency, particularly the military efficiency of the Corps of Royal Engineers

2 Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS102) Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), and the Charities Act 2011.

Institution of Royal Engineers meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The financial statements are presented in UK sterling, which is the Charity's functional currency, and rounded to the nearest pound.

2.2 Preparation of the accounts on a going concern basis

The Trustees assess whether the use of going concern is appropriate, i.e., whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Charity to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Charity has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Charity's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

2.3 Fund accounting

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

Designated funds are amounts which have been put aside out of unrestricted funds at the discretion of the Trustees.

Restricted funds represent grants, donations and legacies received which are allocated by the donor for specific purposes.

Investment income gains and losses are allocated to the appropriate fund.

Institution of Royal Engineers

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

2.4 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

2.5 Expenditure

Liabilities are recognised as expenditure as soon as there is an obligation to committing the charity to the expenditure. All expenditure is accounted for on an accruals basis

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the Trust and are always authorised by trustees.

The costs of raising funds consist of investment management and certain legal fees.

Cost of charitable activities includes grants made and the apportionment of support costs shown in note 9.

Overhead and support costs that cannot be attributed directly to a charitable activity have been allocated on a percentage basis of time, space and cost against the activity.

2.6 Heritage assets

The Institution owns a large number of historic military artefacts that are displayed in the Royal Engineers Museum and Library. These include medals, drawings, manuscripts, 3-dimensional artefacts and published works that are up to 300 years old. These assets are not capitalised due to the significant costs involved in valuing them.

The Institution will only acquire heritage assets that are relevant to the Museum collection, whilst disposals are restricted to gifts to similar military museums.

2.7 Tangible fixed assets and depreciation

Assets costing more than £1,000 are capitalised and are valued at historic cost. Depreciation is charged on assets using a straight – line basis over their estimated life on the following basis:

Computers	-	20% straight line
General property	-	10% straight line

2.8 Investments

Investments held as fixed assets are included in the accounts at valuation based on their bid price at the balance sheet date. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

2.9 Debtors

The financial statements were approved by the Trustees on 11 April 2024 and signed on their behalf, by:

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

Institution of Royal Engineers

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

2.10 Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.11 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

2.12 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.

2.13 Donated services and facilities

Donated services, are included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. This amount is matched by donated expenditure.

2.14 Pensions

The charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the charity to the fund in respect of the year.

2.15 Tender policy

Trustees introduced a tender policy that covers expenditure:

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

2.16 Taxation

Institution of Royal Engineers is a registered charity and accordingly no provision is considered necessary for taxation.

2.17 Critical accounting estimates and areas of judgement

The financial Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Charity does not currently have any significant accounting estimates or areas of judgement.

Institution of Royal Engineers

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

		Total funds 2023	Total funds 2022
		£	£
3 Donations and Legacies			
Subscriptions	(Note 4)	363,639	346,101
Grants	(Note 5)	3,500	3,500
Registration fees		80,016	73,812
Donations		830	308
Donated assets		-	-
Donated services and facilities	(Note 6)	63,533	56,895
		511,518	480,616

Income from donations and legacies was all unrestricted in 2023 and 2022.

4 Subscriptions

		£	£
Regular officers		132,666	138,497
Other members		91,159	66,934
Serving soldiers		65,983	81,443
Members of the Reserve		12,909	632
Tax refund		16,911	16,186
Fellowship		8,903	7,900
Eng Tech		31,092	30,954
I Eng		2,464	2,075
C Eng		1,552	1,480
		363,639	346,101

Support Costs

Audit		1,225	1,044
Insurance		260	271
Administration		1,708	1,930
Depreciation		174	174
Post and telephone		1,904	2,022
Donated services support costs		9,543	8,729
Staff costs		65,484	69,254
		80,298	83,424
		283,341	262,677

5 Grants

		£	£
Officer Cadet prize fund		3,500	3,500

Institution of Royal Engineers

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

	Total funds 2023	Total funds 2022
	£	£
6 Donated services and facilities		
Gas	1,845	1,783
Electricity	2,103	2,103
Water and sewage	849	849
Community charge	5,686	5,686
Administrative utilities	1,505	1,460
Administrative salaries	51,545	45,014
	<u>63,533</u>	<u>56,895</u>

7 Trading Activities

	£	£
Income		
Publication sales	<u>2,573</u>	1,558
	£	£
Expenditure		
Corps History	<u>20,189</u>	4,004

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

8 Investment Income

	£	£
Dividends	38,115	36,778
Dividends - Memorial Fund	1,181	1,139
Bank interest	3	2
	<u>39,298</u>	<u>37,919</u>

All investment income in 2023 and 2022 was unrestricted.

Institution of Royal Engineers

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

9 Analysis of Expenditure by activities

		Direct costs	Support costs	Total funds	Total funds
		2023	2023	2023	2022
		£	£	£	£
Subscriptions	(Note 4)	-	80,298	80,298	83,424
Publications	(Note 10)	47,325	65,418	112,743	121,391
Maintain Memorials	(Note 11)	(1,068)	11,187	10,119	11,596
Professional Effectiveness	(Note 12)	8,616	10,621	19,237	27,908
Grant making	(Note 13)	85,657	20,547	106,204	110,418
Digitisation	(Note 14)	4,120	42,476	46,596	51,250
Napier House	(Note 15)	631	6,388	7,019	8,897
RE Historical Society	(Note 16)	1,964	5,234	7,198	8,380
Awards	(Note 17)	12,629	-	12,629	12,748
Professional Registration	(Note 18)	44,493	79,418	123,911	119,420
		204,369	321,585	525,954	555,433

All expenditure on charitable activities in 2023 and 2022 was unrestricted.

10 Publications

	£	£
Direct costs		
Distribution costs	21,754	27,186
Publications	25,571	25,918
	47,325	53,104
Support costs		
Audit	1,225	1,044
Administration	1,088	1,159
Insurance	260	271
Post and telephone	714	758
Computer support costs	4,100	5,244
Staff costs	49,468	49,677
Donated service support costs	7,948	7,209
Depreciation	615	2,925
The	65,418	68,287
	112,743	121,391

11 Maintain Memorials

	£	£
Direct costs		
Refund From Previous Year Activities	(1,068)	1,068
	(1,068)	1,068
Support costs		
Audit	211	180
Administration	36	80
Post and telephone	48	51
Insurance	278	291
Staff costs	4,345	4,380
Donated service support costs	6,269	5,546
	11,187	10,528
	10,119	11,596

Institution of Royal Engineers

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

	Total funds 2023	Total funds 2022
	£	£
12 Professional Effectiveness		
Direct costs		
RUSI / Inst Conference	-	6,000
JPMs	7,155	5,149
Fellow Event	781	4,246
Focusses Symposium	180	751
Sponsored Symposia	500	680
Other in Year Opportunities	-	456
	8,616	17,282
Support Costs		
Insurance	111	116
Post and telephone	48	51
Wolfe Society Subscription	6	6
Staff costs	4,187	4,907
Donated service support costs	6,269	5,546
	10,621	10,626
	19,237	27,908
13 Grant Making		
	£	£
Direct costs		
RE Museum fund	63,257	32,379
RE Library fund	-	29,638
Comms Hub Grant	20,000	24,250
RE Awards Dinner	2,400	5,000
	85,657	91,267
Support costs		
Insurance	222	232
Post and telephone	143	152
Staff costs	8,243	8,271
Donated service support costs	11,939	10,496
	20,547	19,151
	106,204	110,418
14 Digitisation		
	£	£
Direct costs		
IT costs	4,120	8,373
Support costs		
Audit	211	180
Insurance	111	116
Post and telephone	48	50
Staff costs	35,837	36,985
Donated service support costs	6,269	5,546
	42,476	42,877
	46,596	51,250

Institution of Royal Engineers

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

	Total funds 2023	Total funds 2022
	£	£
15 Napier House		
Income from charitable activities		
Rental Income	<u>3,600</u>	3,650
Direct costs		
Maintenance	<u>631</u>	923
Support costs		
Audit	211	180
Administration	36	81
Insurance	278	291
Post and telephone	48	51
Donated service support costs	5,670	4,952
Staff costs	145	150
Depreciation	-	2,269
	<u>6,388</u>	<u>7,974</u>
	<u>7,019</u>	<u>8,897</u>
16 RE Historical Society		
	£	£
Income from charitable activities		
Membership	<u>3,688</u>	2,549
Direct costs		
Publications	<u>1,964</u>	2,435
Support Costs		
Audit	127	108
Administration	22	23
Insurance	56	58
Post and telephone	143	152
Staff costs	4,287	5,010
Donated service support costs	599	594
	<u>5,234</u>	<u>5,945</u>
	<u>7,198</u>	<u>8,380</u>
17 Awards		
	£	£
Medals	2,534	3,018
Prizes	11,445	9,730
Refund from Previous Years	(1,350)	-
	<u>12,629</u>	<u>12,748</u>

Institution of Royal Engineers

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

	Total Funds 2023	Total Funds 2022
	£	£
18 Professional Registration		
Direct costs		
Registration & Marketing	44,493	35,455
Support costs		
Audit	1,014	864
Administration	887	1,101
Insurance	278	291
Post and telephone	1,666	1,769
Donated service support costs	9,027	8,278
Staff costs	66,546	71,662
	79,418	83,965
	123,911	119,420

19 Net income/expenditure

This is stated after charging:

Depreciation of tangible fixed assets: - owned by the charity	(789)	5,367
Auditor's remuneration	4,224	3,600

During the year, no Trustees received any remuneration (2022: £NIL).

During the year, no Trustees received any benefits in kind (2022: £NIL).

During the year, no Trustees received any reimbursement of expenses (2022: £NIL).

20 Staff costs

Staff costs were as follows:

	£	£
Wages and salaries	202,453	213,834
National Insurance	17,494	18,403
Pension costs	18,594	18,059
	238,541	250,296

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

	No.	No.
Publications	2	2
Management and administration of the charity	13	12
	15	14

The average headcount expressed as full-time equivalents was:

	No.	No.
Publications	2	2
Management and administration of the charity	5	5
	7	7

The Secretary occupies Napier House as part of his conditions of employment.

The pension cost represents amounts payable to the Corps of Royal Engineers Pension Fund, a defined contribution scheme.

The total employment benefits including employer pension contributions of the key management personnel were £73,052 (2022: £74,141).

The number of employees whose benefits (excluding employer pension costs) exceeded £60,000 was:

	2023	2022
	No	No
In the band £60,001 - £70,000	1	1

Institution of Royal Engineers

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

21 Tangible fixed assets

	General, IT and Office equipment £	Restricted Artefacts £	Total £
Cost			
At 1 January 2023	16,274	572,933	589,207
At 31 December 2023	<u>16,274</u>	<u>572,933</u>	<u>589,207</u>
Depreciation			
At 1 January 2023	(789)	-	(789)
Charge for the year	-	-	-
At 31 December 2023	<u>(789)</u>	<u>-</u>	<u>(789)</u>
Net book value			
At 31 December 2023	<u>15,485</u>	<u>572,933</u>	<u>588,418</u>
At 31 December 2022	<u>16,274</u>	<u>572,933</u>	<u>589,207</u>

22 Fixed asset investments

	General Fund £	Memorials Fund £	Total £
Market value			
At 1 January 2023	961,708	29,796	991,504
Revaluations	2,823	87	2,910
At 31 December 2023	<u>964,531</u>	<u>29,883</u>	<u>994,414</u>
Historical cost	<u>452,161</u>	<u>13,811</u>	<u>465,972</u>
Investments at market value comprise:		2023	2022
			£
Listed investments		<u>994,414</u>	991,504

All the fixed asset investments are held in the UK.

Material investments

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

Institution of Royal Engineers

Notes to the financial statements

For the year ended 31 December 2023

23 Debtors

	2023	2022
	£	£
JPA Subscriptions	16,954	16,228
BlackRock	9,584	9,652
Other Debtors	6,770	
	<u>33,308</u>	<u>25,880</u>

24 Creditors:

Amounts falling due within one year

	2023	2022
	£	£
Other creditors	50,156	66,414
Accruals and deferred income	4,224	3,600
	<u>54,380</u>	<u>70,014</u>

25 Statement of funds

Current Year	Brought Forward	Income	Expenditure	Transfers in/out	Gains/ (Losses)	Carried Forward
	£	£	£	£	£	£
Designated funds						
Memorials Fund	(72,392)	1,181	(10,119)	-	87	(81,243)
Professional Registration	115,332	115,124	(44,493)	-	-	185,963
RE Historical Society	(20,531)	3,688	(7,198)	-	-	(24,041)
	<u>22,409</u>	<u>119,993</u>	<u>(61,810)</u>	<u>-</u>	<u>87</u>	<u>80,679</u>
General funds						
General fund	974,101	440,684	(484,333)	-	2,823	933,275
Total Unrestricted funds	<u>996,510</u>	<u>560,677</u>	<u>(546,143)</u>	<u>-</u>	<u>2,910</u>	<u>1,013,954</u>
Restricted funds						
Institution Artefacts	572,933	-	-	-	-	572,933
Total of funds	<u>1,569,443</u>	<u>560,677</u>	<u>(546,143)</u>	<u>-</u>	<u>2,910</u>	<u>1,586,887</u>
Prior Year	Brought Forward	Income	Expenditure	Transfers in/out	Gains/ (Losses)	Carried Forward
	£	£	£	£	£	£
Designated funds						
Memorials Fund	(57,108)	1,139	(11,594)	-	(4,829)	(72,392)
Professional Registration	42,466	108,321	(35,455)	-	-	115,332
RE Historical Society	(14,706)	2,549	(8,374)	-	-	(20,531)
	<u>(29,348)</u>	<u>112,009</u>	<u>(55,423)</u>	<u>-</u>	<u>(4,829)</u>	<u>22,409</u>
General funds						
General fund	1,219,503	414,283	(503,810)	-	(155,875)	974,101
Total Unrestricted funds	<u>1,190,155</u>	<u>526,292</u>	<u>(559,233)</u>	<u>-</u>	<u>(160,704)</u>	<u>996,510</u>
Restricted funds						
Institution Artefacts	572,933	-	-	-	-	572,933
Total of funds	<u>1,763,088</u>	<u>526,292</u>	<u>(559,233)</u>	<u>-</u>	<u>(160,704)</u>	<u>1,569,443</u>

Institution of Royal Engineers

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

26 Analysis of net assets between funds

Current Year	Unrestricted	Restricted	Total
	funds	funds	funds
	2023	2023	2023
	£	£	£
Tangible fixed assets	15,485	572,933	588,418
Fixed asset investments	994,414	-	994,414
Current assets	58,435	-	58,435
Creditors due within one year	(54,380)	-	(54,380)
	1,013,954	572,933	1,586,887

Prior Year	Unrestricted	Restricted	Total
	funds	funds	funds
	2022	2022	2022
	£	£	£
Tangible fixed assets	16,274	572,933	589,207
Fixed asset investments	991,504	-	991,504
Current assets	58,746	-	58,746
Creditors due within one year	(70,014)	-	(70,014)
	996,510	572,933	1,569,443

27 Pension commitments

The charity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £18,594 (2022: £18,059).

The financial statements were approved by the Trustees on 11 April 2024 and signed on their behalf, by:

28 Related party transactions

All transactions with related parties are disclosed in the Trustees Report and notes to the accounts. The Institution is controlled by the Council ('the Trustees').

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

	Total funds	Total funds
	2023	2022
	£	£
Net movement in funds	17,444	(193,848)
Add back depreciation charge	-	5,367
Deduct interest income shown in investing activities	(39,298)	(37,919)
Deduct gains / add back losses on investments	(2,910)	160,704
(Increase) / decrease in debtors	(7,428)	(629)
(Decrease) / increase in creditors	(15,634)	38,799
Net cash used in operating activities	(47,826)	(27,526)

INSTITUTION OF ROYAL ENGINEERS

England & Wales - Charity number 249882

Accounts

Charity number: 249882

Institution of Royal Engineers

Trustees' report and financial statements

for the year ended 31 December 2022

Institution of Royal Engineers

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Institution of Royal Engineers

Trustees' Report

For the year ended 31 December 2022

The Trustees present the annual report and the audited financial statements of the Charity for the year ended 31 December 2022. The financial statements have been prepared in accordance with the accounting policies set out at Note 1 to the accounts and comply with the Charity's Charter, the Charities Act 2011 and the Charities SORP FRS 102. Trustees consider that in preparing these financial statements they have taken into account all information that could reasonably be expected to be available (including levels of reserves held); thus, the going concern basis of accounting is deemed appropriate and there are no material uncertainties.

OBJECTIVES AND ACTIVITIES

The OBJECT of the Institution of Royal Engineers, as set out in its Royal Charter and Bye-Laws (Revised 2009), is to promote and advance the science of Military Engineering and to promote military efficiency, particularly the military efficiency of the Corps of Royal Engineers. In furtherance of this OBJECT the Institution has continued to:

- a. Publish a Journal and Supplement to the Journal to promote education and to disseminate information and advice;
- b. Maintain and develop a Museum, Library and Archive;
- c. Own the Museum, Library and Archive and all the exhibits, artefacts, medals and book accessions for the benefit of the Museum, Library and Archive;
- d. Arrange joint professional meetings with other Institutions and professional bodies;
- e. Administer trust funds in connection with awards for academic and military excellence to officers and soldiers;
- f. Maintain memorials owned by the Institution;
- g. Raise funds by way of subscriptions, donations and otherwise;
- h. Maintain Napier House, the property of the Institution;
- i. Maintain and develop professional registration with Engineering UK and the Engineering Council at Engineering Technician, Incorporated Engineer and Chartered Engineer levels;
- j. Develop where possible joint working practices with the Royal Engineers Vocational Education Training Trust (REVETT), Charity Number 1068709), other Institutions and the Royal School of Military Engineering.

OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

The Trustees confirm that they have had due regard to the guidance provided by the Charity Commission on public benefit when reviewing the Institution's aims and objectives, and in planning future activities, and consider that they have met the requirements in full measure. In particular:

- a. The Royal Engineers Museum Library and Archive Collection, which is owned by the Institution, is open to the general public. In addition, the Museum is open to parties of school children, providing a clear public benefit.
- b. The promotion of the military efficiency of the Royal Engineers is a matter of national importance and public benefit. As a Licensed Member of the Engineering Council, the Institution takes part in the self-regulation of the Engineering Profession, as authorised by the Privy Council, and so contributes to that wider public benefit.
- c. The education of Members of the Royal Engineers is also of public benefit, since the number of beneficiaries from the Regular Army, Reserve Army, and retired Members, represents an amply sufficient proportion of the populace.

Institution of Royal Engineers

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

ACHIEVEMENTS AND PERFORMANCE

Membership remained consistently around 10,000 throughout the year, with the overall number of Fellows rising (+9%). Although there has been an increase in Royal Engineers Reserve Army membership (+7%), the component is still under represented and work has been commissioned to look at ways to amplify better the membership benefits to increase uptake. A new initiative was also launched to reach out to the Engineer and Logistic Staff Corps to strengthen further the existing links.

The Institution has reviewed business continuity processes to mitigate any impact of an individual staff member being unable to perform their duties over an extended period that would present a risk due to the hierarchical pyramid structure. A system of staff pairing has been put in place to ensure that business outputs are able to be maintained and legal/legislative requirements met. Following a Member Survey, a Bi-Annual Update system was developed to ensure the membership remained informed and connected. Effective communication remains central to engagement through:

- a. The promotion of Military Engineering via activities: joint professional meetings, battlefield studies, provision of multimedia material and the hosting of debates both in the United Kingdom and abroad. Support included reminding Members of civilian Professional Registration opportunities and how to obtain such qualifications;
- b. The encouragement of individuals and Member groups to engage, contribute and collaborate with the Institution to achieve its OBJECT, with particular emphasis on publishing high quality articles in the Journal;
- c. Sponsoring a range of events, conferences, symposia and workshops run by the Corps of Royal Engineers and ensuring that the outputs from such fora were made available to as wide an audience as possible and stored for future study; and
- d. Remaining part of an inclusive organisation whose activities and decisions consider the requirements of all Members, including minority groups.

The Royal Engineers Museum Charity – a separately Registered Charity (Charity Number 295173) sharing the same Trustee Board and Governance documents as the Institution – has remained supported by the Institution and received annual grants totaling £62K. Work that commenced last year to migrate the Museum into a Charitable Incorporated Organisation endures.

The Institution has once again operated under a License granted by the Engineering Council to assess candidates for Engineer Technicians, Incorporated Engineers and Chartered Engineers; the Institution is now half way through the current 5-year License. Overall Professional Registration numbers have increased (+4%), with all 3 categories (Technician, Incorporated and Chartered) meeting their respective annual targets. It remains important that the Institution is able to offer a nationally recognised badge of competence, reflecting the very high quality of the training being provided at the Royal School of Military Engineering Group. A key incentive for Retired Members remains the ability to retain Professional Registration qualifications after career transition. The total number of Engineering Technician has reached 1548, with the number of Chartered Engineers (34) and Incorporated Engineers (55) also up.

A comprehensive Member Services Programme was again delivered providing a blend of live and online events. In the spring the Institution sponsored a highly successful Combat Engineer & Assault Pioneer Symposium, ran a major Joint Institution/Royal United Services Institute/Allied Rapid Reaction Corps Waterways Conference and repeated the successful Fellows Networking Event first held in 2020. In addition, the annual Joint Professional Meeting with the Institution of Civil Engineers debated Engineering in Extreme Environments, the Contemporary Engineering Challenge produced many thought-provoking articles for the Royal Engineers Journal and a sponsored Sustainability Conference drew in experts from Industry and Academia. The Institution also continued to award a number of annual prizes to reward the attainment of Military Engineering excellence and, through the Royal Engineers Historical Society, again delivered a series of extremely well attended monthly webinars, an Air Support Study Day and a highly enlightening insight into the Corps of Royal Engineers at El Alamein that considered lessons for today as part of the 80th Anniversary.

Institution of Royal Engineers

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

FINANCIAL REVIEW

Investment House & Policy

All Institution investments have been, since 2002, managed by BlackRock as part of the Armed Forces Charities Growth & Income Fund (formerly the Armed Forces Common Investment Fund).

The Objective of the Fund is unchanged and seeks to provide a return on investment (net of fees) over a period of 5 or more consecutive years beginning at the point of investment, generated through an increase to the value of the assets held by the Fund and/or income received from those assets. The Fund has a flexible approach to asset allocation and seeks to achieve its investment objective through a variety of asset classes. The Fund is actively managed and this may vary without limitation depending on market conditions and other factors at the Investment Manager's (IM) discretion in accordance with the Fund's investment policy.

Investment Performance

Investments delivered dividends of £37,917 in 2022 (2021: £36,538). During the period 1 January to 31 December 2022, the performance of the distribution units in the fund was -10.6% (2021: +13.1%) after fees and expenses. Since launch in September 2002, the fund has produced a return of +330.1%, +7.4% (2021: +380.9%, +8.5%). The fund's benchmark since inception has returned +309.3% and +7.2%.

Reserves Policy

The Reserves Policy remains unchanged; to maintain 12 months operating costs in reserve. The Institution's current unrestricted reserves are £996,510 (2021: £1,190,155) which Trustees consider is consistent with this policy.

Fund Designation

The component funds of the Institution are:

- a. General Fund (Unrestricted Fund).
- b. Memorial Fund (Unrestricted Designated Fund).
- c. Professional Registration (Unrestricted Designated Fund).
- d. Royal Engineers Historical Society (REHS) (Unrestricted Designated Fund).

Memorial Fund

The Memorial Fund is invested as a designated fund from which a small sum is drawn each year. Direct charitable expenditure was £11,594 (2021: £10,131).

Accounts

The Trustees confirm that the accounts comply with the current statutory requirements and with the requirements of the Institution's Charter.

Under the Bye-Laws of the Institution of Royal Engineers, the Council is responsible for the preparation of the financial statements of the Institution for each financial year.

Institution of Royal Engineers

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

In preparing the financial statements the Council is required to:

- a. Select suitable accounting policies and apply these consistently;
- b. Make judgements and estimates that are reasonable and prudent;
- c. State whether applicable accounting standards and statements of recommended practice have been followed;
- d. Prepare the financial statements on the going concern basis.

The Treasurer is responsible for keeping a correct statement of the assets and liabilities of every one of the funds pertaining to the Institution and shall keep such records, prepare such statements of accounts as are required annually by the auditors and periodically by the Council and which enable the Trustees to meet their responsibility to prepare financial statements for each financial year, which give a true and fair view of the incoming resources and application of resources of the Charity during the year and of its state of affairs at the end of the year. The Trustees are also responsible for ensuring that the financial statements comply with the Charities Act 2011. The Treasurer shall make proper arrangements for the care of and disbursements made from the funds belonging to the Institution. The Trustees are responsible for safeguarding the Charity's assets and hence for taking reasonable steps for the prevention and detection of error, fraud and other irregularities.

FINANCIAL SUMMARY

General

Net expenditure before other recognised gains and losses was £32,941 (2021: £86,338).

Balance Sheet

The accumulated funds decreased by £193,645 to £1,569,443 (2021: increased by £10,867 to £1,763,088).

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

PLANS FOR THE FUTURE

Membership

Membership plans continue to be structured on three pillars.

- a. **Communications.**
 - (1) Consolidation of the new digital processes that have enhanced engagement with the membership through a combination of an annual Members' Survey, a Bi-Annual Update and push notifications optimised to inform Members.
 - (2) Building on the enhanced functionality provided by the modern website that continues to deliver a massively improved user experience, intended to expand content so as to take the Knowledge Centre to the next level.
 - (3) Exploiting social media channels, *inter alia*, Twitter, LinkedIn, Facebook, and YouTube to notify Members of current and future Military Engineering opportunities.
 - (4) Publishing high-quality products such as the Journal, its Supplement and special periodicals to inform the membership of developments and innovation in Military Engineering.

Institution of Royal Engineers

Trustees' Report (continued)

For the year ended 31 December 2022

b. Professional Development.

(1) Offering a 'mix' of virtual, hybrid and live activities to allow Members to strengthen individual professional networks and connect to a wide *diaspora*.

(2) Promoting Professional Registration at each level to expand the number of Engineering Technician, Incorporated Engineer and Chartered Engineer registrants.

(3) Upholding Engineering Council standards through the enabling work of the Professional Registration Committee.

c. Support.

(1) Maintaining the status afforded by Her Majesty's Revenue and Customs as a recognised and accredited professional body.

(2) Engaging with the Veteran, Army Reserve and overseas Land Forces engineer communities to promote the many benefits that the Institution is able to deliver.

(3) Reviewing the existing Fellows qualifying criteria further, updating the offer and refining what the Institution expects of its Fellows.

Education

Educational development initiatives include:

a. Tri-annually publishing world-class articles in the Journal intended to widen perspectives, celebrate innovation, impart knowledge and promote debate appropriate to the advancement of Military Engineering.

b. Sponsoring additional development work to review, consolidate and enhance the production of the History of the Corps of Royal Engineers Volume XIII – *'The Years of Interventionism and the Return to Contingency'*.

c. Delivering the Institution's flagship annual joint professional meeting; a combined Institution of Civil Engineers/Institution of Royal Engineers endeavour.

d. Investigating new opportunities to work collaboratively with other professional bodies and learned societies.

e. Rewarding Members for individual academic and Military Engineering excellence through the sponsorship of appropriate prizes and awards, which celebrate and acknowledge success.

f. Ensuring Members continue to have access to the new Pasley Research Centre and James Forbes Exhibition Gallery within the Royal Engineers Museum, which both provide outstanding Archive and Library resources to enable investigation and study.

g. Expanding further the Royal Engineers Historical Society membership base.

h. Publicising the historic Military Engineering Collection.

i. Developing a series of electronic-lectures to create highly accessible and enduring products based upon a compendium of educational Military Engineering subjects.

Governance

On a requirements basis, work together with the Engineering Council Privy Council & Governance Panel and Privy Council Office to implement any changes to the Bye-Laws approved by Trustees.

Institution of Royal Engineers

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

INDEPENDENT AUDITORS

Kreston Reeves LLP were retained as the Corps' auditors.

STRUCTURE, GOVERNANCE AND MANAGEMENT

ORGANISATION

The Council delegates specific aspects of the Institution's activities to five standing committees:

- a. The Finance and Assurance Committee (FAC).
- b. The Professional Registration Committee (PRC).
- c. The Member Services Committee (MSC).
- d. The Royal Engineers Museum Committee (REMC).
- e. The Royal Engineers Historical Society (REHS).

The Institution's Secretariat comprises a Chief Executive, Treasurer, three other full-time employees and three part-time employees.

TRUSTEES

The Trustees who served during the year are detailed on page 8.

Appointment of Trustees

New Trustees are either appointed as *Ex-Officio* on assumption of specified appointment, or are nominated by Council or Members and are elected at an Annual General Meeting (AGM) in accordance with the Charter.

Council Membership

Officers. The President and Vice Presidents are elected for a period of up to five years.

Elected Members. Elected Members of Council may serve for up to five years.

Ex-Officio Members. *Ex-Officio* Members are Council Members (Trustees) by virtue of appointment. Such Members assume Trusteeship on appointment and relinquish (resign) the same when leaving the appointment.

Trustee Induction

Training. A Trustee Training Programme is in place; this has been augmented by online training due to the pandemic. All Trustees of Royal Engineer Charities, and all Trustees are encouraged to attend training provided by one of two consultants. Provision is made for each Trustee to receive training within 6-months of appointment and attend refresher training after 3-years tenure.

Indemnity

An order from the Charity Commission authorising the Trustees to provide indemnity insurance for themselves out of the charity funds was issued on 15 September 2001 and this has been continued.

Institution of Royal Engineers

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

MEMBERSHIP

The Institution of Royal Engineers consists of Fellows, Members, Apprentice Technician Members, Honorary Fellows and Honorary Members, and any other category the Council may wish to create. Fellows and Members comprise officers, warrant officers and lower ranks of the Regular and Reserve Army element of the Corps of Royal Engineers, serving or retired. Membership may also be offered to those serving, or who have served, in the Engineer arm of the Land Forces of the Commonwealth, former Dominions, Colonies or Dependencies as the Council shall determine. Similarly, membership may be offered to civilians with appropriate backgrounds who support the OBJECT of the Institution as determined by Council. Honorary Member and Honorary Fellow are offered as it appears in the Bye-Laws. Honorary Associate Membership is no longer offered; existing Honorary Associate Members continue as a legacy category.

CONNECTED CHARITIES

The Royal Engineers Museum has been registered, with the approval of the Charity Commission, as a separate charity under the provisions of the Charities Act 1960. Bye-Law 25 of the Institution's Charter was accepted for registration purposes without the need to execute a separate Charter or Constitution. The Royal Engineers Museum (Charity Number 295173) remains a connected Charity and shares the same Charter and Trustees as the Institution as a whole but is reported on separately.

RISK STATEMENT

The Risk Register was reviewed during 2022 by the Chair FAC and Council. Trustees continue to be satisfied that adequate systems are in place to mitigate all the risks identified, the principal ones remaining:

- a. **Business plan not deliverable or able to deliver on agreed priorities.** Trustees plan to mitigate this through a combination of measures: funding an endorsed prioritised programme with regular review points, maintaining sufficient Unrestricted Reserve funds of at least one year's operating costs, retaining the Institution's membership of the Armed Forces Charities Growth & Income Fund, and continuing to receive professional, independent investment management advice.
- b. **Lose the ability to register Members within the provision of the License granted by the Engineering Council.** Although the probability of such an occurrence remains low, Trustees have continued to designate maintenance of the License a high priority. Mitigation measures include developing further resilience within the Volunteer Peer Group, conducting training on a requirements basis, and monitoring internal and external perception, adapting as required, in order to deliver continuous improvement.
- c. **Governance structures become inappropriate or fail, particularly relevant during the migration of the Royal Engineers Museum to a CIO.** The Trustees have been fully engaged in the process to ensure alignment between the Institution and Royal Engineers Museum governance arrangements, directed that the Engineering Council Privy Council & Governance Panel are consulted throughout, contributed to the development of a new Royal Engineers Museum Constitution, and ensured that the specialist legal advice has been sought. In addition, Trustees have ensured appropriate representation at Council and the five standing committees, reviewed all outputs and activities to ensure compliance with the Royal Charter and overseen the regular evaluation of requirements and standards to ensure relevance.

Institution of Royal Engineers

Reference and administrative details of the Charity, its Trustees and Advisers for the year ended 31 December 2022

Trustees

The Council of the Institution of Royal Engineers was formed of the following individuals:

President

Major General N J Cavanagh CB 2018

Vice Presidents

Major General D W Southall CBE	2020	
Brigadier R C Brown	2019	
Brigadier P J Rowell MBE	2019	Completion of tenure 2022
Brigadier G J Boxall MBE	2022	Elected at AGM 2022
Colonel J L Prichard*	2020	

Members

Ex Officio

Comd 8 Engr Bde	Brigadier D J Bickers MBE	September 2021
Comd 25 (CS) Engr Gp	Colonel S W Davies	Completion of tenure 2022
	Colonel J D Webster	May 2022
Dep Hd Plans NCGI and CRE (Geo)	Colonel R M Blunt	Completion of tenure 2022
	Colonel P M Hammett	February 2022
Corps Colonel	Colonel M Quare MBE ADC	Completion of tenure 2022
	Colonel R B Hawkins MBE ADC	November 2022
Corps Sergeant Major	WO1 M D Elliott MBE*	May 2021

Elected

Colonel D Gray VR	2018	
Major B Edwards	2017	Completion of tenure 2022
Major H M M Stamp	2020	
WO1 P D Egan	2017	Completion of tenure 2022
Staff Sergeant D M Stones	2017	Completion of tenure 2022

Co-opted

Major General R A M S Melvin CB OBE	2016	
Lieutenant Colonel S F Scullion	2016	

Chief Executive

Mr J D Acornley* 2019

Treasurer

Major (Retired) I Sidebottom* 2013

NB * indicates Members of FAC

Charity Registered Number

249882

Institution of Royal Engineers

Reference and administrative details of the Charity, its Trustees and Advisers (continued) for the year ended 31 December 2022

Principal Office

Regimental Headquarters Royal Engineers
Brompton Barracks
Chatham
Kent ME4 4UG

Independent Auditor

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

Bankers

Lloyds plc
Piccadilly Branch
PO Box 1000
London
BX1 1LT

Solicitors

Furley Page LLP
39 St Margaret's Street
Canterbury
Kent
CT1 2TX

Investment Manager

BlackRock Investment Managers Ltd
12 Throgmorton Avenue
London
EC2N 2DL

Approved by the Trustees
and signed on behalf of the Trustees



Mr J D Acornley
Chief Executive

20 April 2023

Institution of Royal Engineers

Independent auditor's report to the Trustees of Institution of Royal Engineers

We have audited the financial statements of Institution of Royal Engineers (the 'charity') for the year ended 31 December 2022 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

The financial statements have been prepared in accordance with Accounting and Reporting by Charities in preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2019.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 December 2022 and of its income and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs UK) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Independent auditor's report to the Trustees of Institution of Royal Engineers (continued)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statement or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Respective responsibilities of Trustees and auditor

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA's (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Independent auditor's report to the Trustees of Institution of Royal Engineers (continued)

Capability of the audit in detecting irregularities, including fraud

The objectives of our audit are to identify and assess the risks of material misstatement of the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud or error; and to respond appropriately to those risks.

Based on our understanding of the charity and sector, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Statement of Recommended Practice. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Audit procedures performed by the audit engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud; and
- Assessment of identified fraud risk factors; and
- Review of cash expenditure to confirm no evidence of personal benefit; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Reading minutes of meetings of those charged with governance; and
- **Physical** inspection of tangible assets susceptible to fraud or irregularity; and
- Review of significant and unusual transactions; and
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.

Independent auditor's report to the Trustees of Institution of Royal Engineers (continued)

- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in my Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of my Auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charity's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Kreston Reeves LLP

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

Date: 6 June 2023

Kreston Reeves LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Institution of Royal Engineers

Statement of financial activities for the year ended 31 December 2022

	Note	Unrestricted funds 2022	Restricted funds 2022	Total funds 2022	Total funds 2021
		£	£	£	£
Income and endowments from:					
Donations and Legacies	3	480,616	-	480,616	436,794
Other Trading Activities	7	1,558	-	1,558	2,253
Investments	8	37,919	-	37,919	36,553
Charitable Activities	15/16	6,199	-	6,199	5,687
Total income		526,292	-	526,292	481,287
Expenditure on:					
Raising Funds	7	4,004	-	4,004	14,515
Charitable Activities	9	555,229	-	555,229	553,110
Total expenditure		559,233	-	559,233	567,625
Net expenditure before revaluations		(32,941)	-	(32,941)	(86,338)
(Losses) / Gains on revaluations of investment assets	22	(160,704)	-	(160,704)	97,205
Net movement in funds for the year		(193,645)	-	(193,645)	10,867
Total funds at 1 January 2022		1,190,155	572,933	1,763,088	1,752,221
Total funds at 31 December 2022		996,510	572,933	1,569,443	1,763,088

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

All activities relate to continuing operations.

The notes on pages 17 to 28 form part of these financial statements.

Institution of Royal Engineers

**Balance sheet
as at 31 December 2022**

	Note	£	2022 £	£	2021 £
Fixed assets					
Tangible assets	21		589,207		594,574
Investments	22		991,504		1,152,208
			<u>1,580,711</u>		<u>1,746,782</u>
Current assets					
Debtors	23	25,880		25,251	
Cash at bank		32,866		22,270	
		<u>58,746</u>		<u>47,521</u>	
Creditors: amounts falling due within one year	24	(70,014)		(31,215)	
Net current assets			<u>(11,268)</u>		16,306
Net Assets			<u>1,569,443</u>		<u>1,763,088</u>
Charity Funds					
Restricted funds	25		572,933		572,933
Unrestricted funds	25		996,510		1,190,155
Total funds			<u>1,569,443</u>		<u>1,763,088</u>

The financial statements were approved by the Trustees on 20th April 2023 and signed on their behalf, by:



Brigadier GJ Boxall MBE, Trustee



Colonel RB Hawkins MBE ADC, Trustee

The notes on pages 17 to 28 form part of these financial statements.

Institution of Royal Engineers

Statement of Cash Flows

For the year ended 31 December 2022

	Note	2022	2021
		£	£
Net cash used in operating activities	29	<u>(27,323)</u>	<u>(149,339)</u>
Cash flows from investing activities			
Interest and dividends		37,919	36,553
Purchase of tangible fixed assets		-	(13,611)
Cash provided by (used in) investing activities		<u>37,919</u>	<u>22,942</u>
Cash used in financing activities			
Increase (decrease) in cash and cash equivalents in the year		<u>10,596</u>	<u>(127,483)</u>
Cash and cash equivalents at the beginning of the year		22,270	149,753
Total cash and cash equivalents at the end of the year		<u>32,866</u>	<u>22,270</u>

Analysis of changes in net debt

	At 1 Jan 2022	Cashflows	At 31 Dec 2022
	£	£	£
Cash and cash equivalents			
Cash	22,270	10,596	<u>32,866</u>

Institution of Royal Engineers

Notes to the financial statements

For the year ended 31 December 2022

1 General administrative information

Institution of Royal Engineers is an unincorporated charity in England & Wales with the registration number 249882. The address of the registered office is Headquarters Royal Engineers, Brompton Barracks, Chatham, Kent, ME4 4UG. The Charity's principal objectives continued to be: To promote and advance the science of military engineering and to promote military efficiency, particularly the military efficiency of the Corps of Royal Engineers

2 Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS102) Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), and the Charities Act 2011.

Institution of Royal Engineers meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The financial statements are presented in UK sterling, which is the Charity's functional currency, and rounded to the nearest pound.

2.2 Preparation of the accounts on a going concern basis

The Trustees assess whether the use of going concern is appropriate, i.e., whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Charity to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Charity has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Charity's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

2.3 Fund accounting

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

Designated funds are amounts which have been put aside out of unrestricted funds at the discretion of the Trustees.

Restricted funds represent grants, donations and legacies received which are allocated by the donor for specific purposes.

Investment income gains and losses are allocated to the appropriate fund.

Institution of Royal Engineers

Notes to the financial statements

For the year ended 31 December 2022

2.4 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

2.5 Expenditure

Liabilities are recognised as expenditure as soon as there is an obligation to committing the charity to the expenditure. All expenditure is accounted for on an accruals basis

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the Trust and are always authorised by trustees.

The costs of raising funds consist of investment management and certain legal fees.

Cost of charitable activities includes grants made and the apportionment of support costs shown in note 9.

Overhead and support costs that cannot be attributed directly to a charitable activity have been allocated on a percentage basis of time, space and cost against the activity.

2.6 Heritage assets

The Institution owns a large number of historic military artefacts that are displayed in the Royal Engineers Museum and Library. These include medals, drawings, manuscripts, 3-dimensional artefacts and published works that are up to 300 years old. These assets are not capitalised due to the significant costs involved in valuing them.

The Institution will only acquire heritage assets that are relevant to the Museum collection, whilst disposals are restricted to gifts to similar military museums.

2.7 Tangible fixed assets and depreciation

Assets costing more than £1,000 are capitalised and are valued at historic cost. Depreciation is charged on assets using a straight – line basis over their estimated life on the following basis:

Computers	-	20% straight line
General property	-	10% straight line

2.8 Investments

Investments held as fixed assets are included in the accounts at valuation based on their bid price at the balance sheet date. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

2.9 Debtors

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

Institution of Royal Engineers

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

2.10 Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.11 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

2.12 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.

2.13 Donated services and facilities

Donated services, are included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. This amount is matched by donated expenditure.

2.14 Pensions

The charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the charity to the fund in respect of the year.

2.15 Tender policy

Trustees introduced a tender policy that covers expenditure:

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

2.16 Taxation

Institution of Royal Engineers is a registered charity and accordingly no provision is considered necessary for taxation.

2.17 Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Charity does not currently have any significant accounting estimates or areas of judgement.

Institution of Royal Engineers

4

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

		Total funds 2022	Total funds 2021
		£	£
3 Donations and Legacies			
Subscriptions	(Note 4)	346,101	338,891
Grants	(Note 5)	3,500	3,120
Registration fees		73,812	27,266
Donations		308	452
Donated assets		-	12,700
Donated services and facilities	(Note 6)	56,895	54,365
		480,616	436,794

Income from Donations and Legacies was £480,616 (2021 - £436,794) of which £480,616 was unrestricted (2021 - £424,094) and £NIL was restricted (2021 - £12,700).

4 Subscriptions

		£	£
Regular officers		138,497	137,242
Other members		66,934	80,011
Serving soldiers		81,443	54,863
Members of the Reserve		632	10,508
Tax refund		16,186	17,094
Fellowship		7,900	7,050
Eng Tech		30,954	29,079
I Eng		2,075	1,637
C Eng		1,480	1,407
		346,101	338,891

Support Costs

Audit		1,044	835
Insurance		271	286
Administration		1,930	1,739
Depreciation		174	2,269
Post and telephone		1,940	1,729
Donated services support costs		8,729	8,390
Staff costs		69,254	69,799
		83,342	85,047
		262,759	253,844

5 Grants

		£	£
Officer Cadet prize fund		3,500	3,120

Institution of Royal Engineers

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

	Total funds 2022	Total funds 2021
	£	£
6 Donated services and facilities		
Gas	1,783	1,747
Electricity	2,103	2,066
Water and sewage	849	836
Community charge	5,686	5,574
Administrative utilities	1,460	1,433
Administrative salaries	45,014	42,709
	56,895	54,365

7 Trading Activities

	£	£
Income		
Publication sales	1,558	2,253
	£	£
Expenditure		
Corps History	4,004	14,515

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

8 Investment Income

	£	£
Dividends	36,778	35,440
Dividends - Memorial Fund	1,139	1,098
Bank interest	2	15
	37,919	36,553

All investment income in 2022 and 2021 was unrestricted.

Institution of Royal Engineers

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

9 Analysis of Expenditure by activities

		Direct costs	Support costs	Total funds	Total funds
		2022	2022	2022	2021
		£	£	£	£
Subscriptions	(Note 4)	-	83,342	83,342	85,047
Publications	(Note 10)	53,104	68,257	121,361	120,753
Maintain Memorials	(Note 11)	1,068	10,526	11,594	10,131
Professional Effectiveness	(Note 12)	17,282	10,624	27,906	12,037
Grant making	(Note 13)	91,267	19,145	110,412	146,209
Digitisation	(Note 14)	8,373	42,875	51,248	41,193
Napier House	(Note 15)	923	7,972	8,895	8,380
RE Historical Society	(Note 16)	2,435	5,939	8,374	6,552
Awards	(Note 17)	12,748	-	12,748	10,535
Professional Registration	(Note 18)	35,455	83,894	119,349	112,272
		222,655	332,574	555,229	553,110

All expenditure on charitable activities in 2022 and 2021 was unrestricted.

10 Publications

	£	£
Direct costs		
Distribution costs	27,186	26,982
Publications	25,918	24,811
	53,104	51,793
Support costs		
Audit	1,044	835
Administration	1,159	781
Insurance	271	286
Post and telephone	728	648
Computer support costs	5,244	6,721
Staff costs	49,677	49,714
Donated service support costs	7,209	6,913
Depreciation	2,925	3,062
	68,257	68,960
	121,361	120,753

11 Maintain Memorials

	£	£
Direct costs		
Activities	1,068	-
	1,068	
Support costs		
Audit	180	144
Administration	80	94
Post and telephone	49	-
Insurance	291	306
Staff costs	4,380	4,306
Donated service support costs	5,546	5,281
	10,526	10,131
	11,594	10,131

Institution of Royal Engineers

Notes to the financial statements

For the year ended 31 December 2022

	Total funds 2022	Total funds 2021
	£	£
12 Professional Effectiveness		
Direct costs		
RUSI / Inst Conference	6,000	-
JPMs	5,149	1,530
Fellow Event	4,246	-
Focusses Symposium	751	-
Sponsored Symposia	680	131
Other in Year Opportunities	456	255
Refund Previous year	-	(450)
	<u>17,282</u>	<u>1,466</u>
Support Costs		
Insurance	116	123
Post and telephone	49	43
Wolfe Society Subscription	6	-
Staff costs	4,907	5,124
Donated service support costs	5,546	5,281
	<u>10,624</u>	<u>10,571</u>
	<u>27,906</u>	<u>12,037</u>
13 Grant Making		
	£	£
Direct costs		
RE Museum fund	32,379	31,744
RE Library fund	29,638	29,057
Museum Transformation Project	-	35,000
Comms Hub Grant	24,250	26,250
RE Awards Dinner	5,000	6,000
	<u>91,267</u>	<u>128,051</u>
Support costs		
Insurance	232	245
Post and telephone	146	130
Staff costs	8,271	7,805
Donated service support costs	10,496	9,978
	<u>19,145</u>	<u>18,158</u>
	<u>110,412</u>	<u>146,209</u>
14 Digitisation		
	£	£
Direct costs		
IT costs	8,373	3,313
Support costs		
Audit	180	144
Insurance	116	123
Post and telephone	48	43
Staff costs	36,985	33,785
Donated service support costs	5,546	5,281
Refund Previous year	-	(1,495)
	<u>42,875</u>	<u>37,880</u>
	<u>51,248</u>	<u>41,193</u>

Institution of Royal Engineers

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

	Total funds 2022	Total funds 2021
	£	£
15 Napier House		
Income from charitable activities		
Rental Income	<u>3,650</u>	3,600
Direct costs		
Maintenance	<u>923</u>	2,679
Support costs		
Audit	180	144
Administration	81	50
Insurance	291	306
Post and telephone	49	43
Donated service support costs	4,952	4,698
Staff costs	150	285
Depreciation	<u>2,269</u>	174
	<u>7,972</u>	5,701
	<u>8,895</u>	8,380
16 RE Historical Society		
	£	£
Income from charitable activities		
Membership	<u>2,549</u>	2,087
Direct costs		
Publications	<u>2,435</u>	361
Support Costs		
Audit	108	86
Administration	23	23
Insurance	58	61
Post and telephone	146	130
Staff costs	5,010	5,307
Donated service support costs	<u>594</u>	583
	<u>5,939</u>	6,191
	<u>8,374</u>	6,552
17 Awards		
	£	£
Medals	3,018	1,848
Prizes	9,730	9,212
Refund Previous year	-	(525)
	<u>12,748</u>	10,535

Institution of Royal Engineers

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

	Total Funds 2022	Total Funds 2021
	£	£
18 Professional Registration		
Direct costs		
Registration & Marketing	35,455	34,560
	<u>35,455</u>	<u>34,560</u>
Support costs		
Audit	864	691
Administration	1,101	1,095
Insurance	291	306
Post and telephone	1,698	1,513
Donated service support costs	8,278	7,962
Staff costs	71,662	66,145
	<u>83,894</u>	<u>77,712</u>
	<u>119,349</u>	<u>112,272</u>

19 Net income/expenditure

This is stated after charging:

Depreciation of tangible fixed assets:

- owned by the charity

Auditor's remuneration

5,367

5,505

3,600

2,880

During the year, no Trustees received any remuneration (2021: £NIL).

During the year, no Trustees received any benefits in kind (2021: £NIL).

During the year, no Trustees received any reimbursement of expenses (2021: £NIL).

20 Staff costs

Staff costs were as follows:

	£	£
Wages and salaries	213,834	206,456
National Insurance	18,403	18,910
Pension costs	18,059	16,905
	<u>250,296</u>	<u>242,271</u>

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

	No.	No.
Publications	2	2
Management and administration of the charity	5	5
	<u>7</u>	<u>7</u>

The Secretary occupies Napier House as part of his conditions of employment.

The pension cost represents amounts payable to the Corps of Royal Engineers Pension Fund, a defined contribution scheme.

The total employment benefits including employer pension contributions of the key management personnel were £74,141 (2021: £71,270).

The number of employees whose benefits (excluding employer pension costs) exceeded £60,000 was:

	2022 No	2021 No
In the band £60,001 - £70,000	1	1

Institution of Royal Engineers

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

21 Tangible fixed assets

	General, IT and Office equipment £	Restricted Artefacts £	Total £
Cost			
At 1 January 2022	121,039	572,933	693,972
At 31 December 2022	<u>121,039</u>	<u>572,933</u>	<u>693,972</u>
Depreciation			
At 1 January 2022	(99,398)	-	(99,398)
Charge for the year	(5,367)	-	(5,367)
At 31 December 2022	<u>(104,765)</u>	<u>-</u>	<u>(104,765)</u>
Net book value			
At 31 December 2022	<u>16,274</u>	<u>572,933</u>	<u>589,207</u>
At 31 December 2021	<u>21,641</u>	<u>572,933</u>	<u>594,574</u>

22 Fixed asset investments

	General Fund £	Memorials Fund £	Total £
Market value			
At 1 January 2022	1,117,583	34,625	1,152,208
Revaluations	(155,875)	(4,829)	(160,704)
At 31 December 2022	<u>961,708</u>	<u>29,796</u>	<u>991,504</u>
Historical cost	<u>452,161</u>	<u>13,811</u>	<u>465,972</u>
Investments at market value comprise:		2022	2021
		£	£
Listed investments		<u>991,504</u>	<u>1,152,208</u>

All the fixed asset investments are held in the UK.

Material investments

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

Institution of Royal Engineers

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

23 Debtors

	2022 £	2021 £
JPA Subscriptions	16,228	16,059
BlackRock	9,652	9,192
	<u>25,880</u>	<u>25,251</u>

24 Creditors:

Amounts falling due within one year

	2022 £	2021 £
Other creditors	66,414	28,335
Accruals and deferred income	3,600	2,880
	<u>70,014</u>	<u>31,215</u>

25 Statement of funds

Current Year	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
Memorials Fund	(57,108)	1,139	(11,594)	-	(4,829)	(72,392)
Professional Registration	42,466	108,321	(35,455)	-	-	115,332
RE Historical Society	(14,706)	2,549	(8,374)	-	-	(20,531)
	<u>(29,348)</u>	<u>112,009</u>	<u>(55,423)</u>	<u>-</u>	<u>(4,829)</u>	<u>22,409</u>
General funds						
General fund	1,219,503	414,283	(503,810)	-	(155,875)	974,101
Total Unrestricted funds	<u>1,190,155</u>	<u>526,292</u>	<u>(559,233)</u>	<u>-</u>	<u>(160,704)</u>	<u>996,510</u>
Restricted funds						
Institution Artefacts	572,933	-	-	-	-	572,933
Total of funds	<u>1,763,088</u>	<u>526,292</u>	<u>(559,233)</u>	<u>-</u>	<u>(160,704)</u>	<u>1,569,443</u>
Prior Year						
	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
Memorials Fund	(50,996)	1,098	(10,131)	-	2,921	(57,108)
Professional Registration	17,637	59,389	(34,560)	-	-	42,466
RE Historical Society	(13,241)	2,087	(6,552)	3,000	-	(14,706)
	<u>(46,600)</u>	<u>62,574</u>	<u>(51,243)</u>	<u>3,000</u>	<u>2,921</u>	<u>(29,348)</u>
General funds						
General fund	1,238,588	406,013	(516,382)	(3,000)	94,284	1,219,503
Total Unrestricted funds	<u>1,191,988</u>	<u>468,587</u>	<u>(567,625)</u>	<u>-</u>	<u>97,205</u>	<u>1,190,155</u>
Restricted funds						
Institution Artefacts	560,233	12,700	-	-	-	572,933
Total of funds	<u>1,752,221</u>	<u>481,287</u>	<u>(567,625)</u>	<u>-</u>	<u>97,205</u>	<u>1,763,088</u>

Institution of Royal Engineers

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

26 Analysis of net assets between funds

Current Year

	Unrestricted funds 2022	Restricted funds 2022	Total funds 2022
	£	£	£
Tangible fixed assets	16,274	572,933	589,207
Fixed asset investments	991,504	-	991,504
Current assets	58,746	-	58,746
Creditors due within one year	(70,014)	-	(70,014)
	996,510	572,933	1,569,443

Prior Year

	Unrestricted funds 2021	Restricted funds 2021	Total funds 2021
	£	£	£
Tangible fixed assets	21,641	572,933	594,574
Fixed asset investments	1,152,208	-	1,152,208
Current assets	47,521	-	47,521
Creditors due within one year	(31,215)	-	(31,215)
	1,190,155	572,933	1,763,088

27 Pension commitments

The charity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £18,059 (2021: £16,905).

28 Related party transactions

All transactions with related parties are disclosed in the Trustees Report and notes to the accounts. The Institution is controlled by the Council ('the Trustees').

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

	Total funds 2022	Total funds 2021
	£	£
Net movement in funds	(193,645)	10,867
Add back depreciation charge	5,367	5,505
Deduct interest income shown in investing activities	(37,919)	(36,553)
Deduct gains / add back losses on investments	160,704	(97,205)
(Increase) / decrease in debtors	(629)	543
(Decrease) / increase in creditors	38,799	(32,496)
Net cash used in operating activities	(27,323)	(149,339)

INSTITUTION OF ROYAL ENGINEERS

England & Wales - Charity number 249882

Accounts

Charity number: 249882

Institution of Royal Engineers

Trustees' report and financial statements

for the year ended 31 December 2021

Institution of Royal Engineers

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Institution of Royal Engineers

Trustees' Report

For the year ended 31 December 2021

The Trustees present the annual report and the audited financial statements of the Charity for the year ended 31 December 2021. The financial statements have been prepared in accordance with the accounting policies set out at Note 2 to the accounts and comply with the Charity's Charter, the Charities Act 2011 and the Charities SORP FRS 102. Trustees consider that in preparing these financial statements they have taken into account all information that could reasonably be expected to be available (including levels of reserves held); thus, the going concern basis of accounting is deemed appropriate and there are no material uncertainties.

OBJECTIVES AND ACTIVITIES

The object of the Institution of Royal Engineers, as set out in its Royal Charter and Bye-Laws (Revised 2009), is to promote and advance the science of Military Engineering and to promote military efficiency, particularly the military efficiency of the Corps of Royal Engineers. In furtherance of this object the Institution has continued to:

- a. Publish a Journal and Supplement to the Journal to promote education and to disseminate information and advice;
- b. Maintain and develop a Museum, Library and Archive;
- c. Own the Museum, Library and Archive and all the exhibits, artefacts, medals and book accessions for the benefit of the Museum, Library and Archive;
- d. Arrange Joint Professional Meetings with other Institutions and professional bodies;
- e. Administer trust funds in connection with awards for academic and military excellence to officers and soldiers;
- f. Maintain memorials owned by the Institution;
- g. Raise funds by way of subscriptions, donations and otherwise;
- h. Maintain Napier House, the property of the Institution;
- i. Maintain and develop professional registration with Engineering UK and the Engineering Council at Engineering Technician, Incorporated Engineer and Chartered Engineer levels;
- j. Develop where possible joint working practices with the Royal Engineers Vocational Education Training Trust (REVETT), Charity Number 1068709), other Institutions and the Royal School of Military Engineering.

OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

The Trustees confirm that they have had due regard to the guidance provided by the Charity Commission on public benefit when reviewing the Institution's aims and objectives, and in planning future activities, and consider that they have met the requirements in full measure. In particular:

- a. The Royal Engineers Museum Library and Archive Collection, which is owned by the Institution, is open to the general public. In addition, the Museum is open to parties of school children, providing a clear public benefit.
- b. The promotion of the military efficiency of the Royal Engineers is a matter of national importance and public benefit. As a Licensed Member of the Engineering Council, the Institution takes part in the self-regulation of the Engineering Profession, as authorised by the Privy Council, and so contributes to that wider public benefit.
- c. The education of Members of the Royal Engineers is also of public benefit, since the number of beneficiaries from the Regular Army, Reserve Army, and retired Members, represents an amply sufficient proportion of the populace.

Institution of Royal Engineers

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

ACHIEVEMENTS AND PERFORMANCE

Membership numbers have remained on a par with 2020; resting at just over 10,000. The number of Members attaining fellowship – the highest class of elected membership awarded to individuals who have demonstrated exceptional commitment to the Institution and to the advancement of the art and science of Military Engineering – grew again and there are now 148 Fellows, which represents a c24% increase. Work was undertaken to amplify the benefits of membership to the Royal Engineers Reserve Army in order to encourage a greater proportion to join as well as approaching engineers from overseas Land Forces. Social media avenues were also exploited to reconnect with those who have completed their military Service.

Throughout the year the Institution continued to look to find ways to broaden its appeal and strengthen the 'offer' to the membership, to the Corps of Royal Engineers and to the wider Military Engineering community, both domestic and international. Communications remained central to membership engagement aimed at raising the level of understanding of Military Engineering and professionalism, which were achieved through:

- a. The promotion of Military Engineering via the initiation and design of events such as: lectures, joint professional meetings, battlefield studies, multimedia material and debates throughout the United Kingdom and abroad. This included informing Members of civilian Professional Registration opportunities and how to obtain such qualifications;
- b. The encouragement of individuals and other Member groups to engage, contribute and collaborate with the Institution to achieve its aim, with particular emphasis on publishing high quality articles in the Journal;
- c. Sponsoring a range of events, conferences, symposia and workshops run by the Corps of Royal Engineers and ensuring that the outputs from such fora were available to as wide an audience as possible and stored for future study; and
- d. Remaining part of an inclusive organisation whose activities and decisions consider the requirements of all Members, including minority groups.

The Royal Engineers Museum Charity – a separately Registered Charity (Charity Number 295173) sharing the same Trustee Board and Governance documents as the Institution – has remained supported by the Institution and again received annual grants totaling £121K. In addition, Trustees convened an Extra Ordinary Council meeting on 15 April 2021 and agreed to convert the Museum into a Charitable Incorporated Organisation. A timeline that sequences the early activity, sets milestones, indicates when key deliverables occur, provides an outline of the key Charitable Objects and agreements between the separate entities, including fiscal assumptions between the Royal Engineers Charities, is currently under development.

The Institution has continued to operate its License with the Engineering Council to assess candidates for Engineer Technicians, Incorporated Engineers and Chartered Engineers and is one year through the renewed 5-year License. The total of Engineering Technician registrants has reached 1483; this represents 288 new registrations in 2021, a 23% increase. The number of Chartered Engineers (32) and Incorporated Engineers (43) registered with the Institution have also continued to rise in line with planned targets.

A varied and beneficial Member Services Programme was again successfully delivered, operating in accordance with Government guidelines throughout the pandemic. The Institution sponsored a virtual 3D Printing Seminar that drew in experts from Industry, conducted its annual Joint Professional Meeting with the Institution of Civil Engineers online, provided the Key Note speaker at International Women in Engineering Day and re-ran the Contemporary Engineering Challenge; this was again a major success and generated another raft of highly quality articles for the Journal. In addition, the Institution sponsored a number of annual prizes to reward the attainment of Military Engineering excellence and, through the Royal Engineers Historical Society, delivered a series of extremely popular and informative monthly webinars. The ability to connect with the membership was significantly enhanced by the new website launched in April 2021.

Institution of Royal Engineers

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

FINANCIAL REVIEW

Investment House & Policy

During 2019, the Armed Forces Common Investment Fund (AFCIF) completed the legal requirements to become a Charity Authorised Investment Fund (CAIF). On 6 December 2019, the CIF was closed and the assets were transferred to the CAIF (named the Armed Forces Charities Growth & Income Fund), on a *one-for-one* basis, which is being run with the same investment objective and policy.

The objective of the Fund (as a CAIF) is unchanged and seeks to achieve real growth in capital and income over the long term by investment mainly in equities and fixed income securities.

Investment Performance

Investments delivered dividends of £36,538 in 2021 (2020: £35,849). During the period 1 January to 31 December 2021, the performance of the distribution units in the fund was +13.1% (2020: +9.0 %) after fees and expenses. Since launch in September 2002, the fund has produced a return of +380.9%, +9.0% (2020: +325.1%, +8.2%). The fund's benchmark since inception has returned +346.3% and +8.0%.

Reserves Policy

The Reserves Policy remains unchanged; to maintain 12 months operating costs in reserve. The Institution's current unrestricted reserves are £1,190,155 (2020: £1,191,988). In November 2019 Trustees agreed to fund a growth programme profiled over 3 years drawing from reserves; the expenditure remains subject to business cases being made for any new activity, with an associated assessment on the return on investment.

Fund Designation

The component funds of the Institution are:

- a. General Fund (Unrestricted Fund).
- b. Memorials Fund (Unrestricted Designated Fund).
- c. Professional Registration (Unrestricted Designated Fund).
- d. Royal Engineers Historical Society (REHS) (Unrestricted Designated Fund).

Memorial Fund

The Memorial Fund is invested as a designated fund from which a small sum is drawn each year. Direct charitable expenditure was £10,131 (2020: £9,638).

Institution of Royal Engineers

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

Accounts

The Trustees confirm that the accounts comply with the current statutory requirements and with the requirements of the Institution's Charter.

Under the Bye-Laws of the Institution of Royal Engineers, the Council is responsible for the preparation of the financial statements of the Institution for each financial year.

In preparing the financial statements the Council is required to:

- a. Select suitable accounting policies and apply these consistently;
- b. Make judgements and estimates that are reasonable and prudent;
- c. State whether applicable accounting standards and statements of recommended practice have been followed;
- d. Prepare the financial statements on the going concern basis.

The Treasurer is responsible for keeping a correct statement of the assets and liabilities of every one of the funds pertaining to the Institution and shall keep such records, prepare such statements of accounts as are required annually by the auditors and periodically by the Council and which enable the Trustees to meet their responsibility to prepare financial statements for each financial year, which give a true and fair view of the incoming resources and application of resources of the Charity during the year and of its state of affairs at the end of the year. The Trustees are also responsible for ensuring that the financial statements comply with the Charities Act 2011. The Treasurer shall make proper arrangements for the care of and disbursements made from the funds belonging to the Institution. The Trustees are responsible for safeguarding the Charity's assets and hence for taking reasonable steps for the prevention and detection of error, fraud and other irregularities.

FINANCIAL SUMMARY

General

Net expenditure before other recognised gains and losses was £86,338 (2020: £171,149).

Balance Sheet

The accumulated funds increased by £10,867 to £1,763,088 (2020: decreased by £121,743 to £1,752,221).

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

Institution of Royal Engineers

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

PLANS FOR THE FUTURE

Membership

Membership plans for the future remain threefold.

a. **Communications.**

- (1) Exploit the enhanced functionality provided by the new Institution website that has delivered a significantly improved user experience, with a view to building further content in order to provide a vibrant contemporary Knowledge Hub.
- (2) Leverage social media channels, *inter alia*, Twitter, LinkedIn, Facebook, and YouTube to inform Members of existing and upcoming Military Engineering opportunities.
- (3) Maintain the publication of the Journal, Supplement and periodicals to inform the membership of developments and innovation in Military Engineering.
- (4) Inform Members of the Ministry of Defence's Engineering Professional Recognition Award intended to professionalise the Army in order to encourage further uptake of Professional Registration.

b. **Professional Development.**

- (1) Continue to offer a 'blend' of virtual and live events to enable Members to strengthen individual professional networks and connect to a wide *diaspora*.
- (2) Continue to promote Professional Registration at each level to increase uptake at Engineering Technician, Incorporated Engineer and Chartered Engineer levels, across all elements of the membership.
- (3) Maintain Engineering Council standards enabled through the work of the Professional Registration Committee.

c. **Support.**

- (1) Retain the status afforded by Her Majesty's Revenue and Customs as a recognised and accredited professional body.
- (2) Continue to reach into the Veteran, Army Reserve and overseas Land Forces engineer communities to promote the benefits that the Institution is able to offer.
- (3) Evaluate the current Fellows qualifying criteria, review the offer and define what the Institution expects of its Fellows.

Institution of Royal Engineers

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

Education

Educational development initiatives:

- a. Publish high quality articles within the Journal triannually; continuing to broaden perspectives, promote innovation, disseminate knowledge and encourage debate appropriate to Military Engineering.
- b. Sponsor further development work on the production of the History of the Corps of Royal Engineers Volume XIII – *'The Years of Interventionism and the Return to Contingency'*.
- d. Continue to deliver an annual Joint Professional Meeting; a combined Institution of Civil Engineers/Institution of Royal Engineers event.
- e. Reward Members for academic and Military Engineering excellence through the sponsorship of appropriate prizes.
- f. Ensure that Members have access to the recently opened Pasley Research Centre and James Forbes Exhibition Gallery within the Royal Engineers Museum, which provides world class Archive and Library facilities available for investigation and study.
- g. Further expand the Royal Engineers Historical Society support network and continue to build up the membership base.
- h. Continue to publicise the historic Military Engineering Collection.
- i. Develop a series of electronic-lectures to create highly accessible and enduring products based upon a compendium of educational Military Engineering subjects.

Governance

On a requirements basis, work together with the Engineering Council Governance Panel and Privy Council Office to implement any changes to the Bye-Laws approved by Trustees.

INDEPENDENT AUDITORS

Kreston Reeves LLP were retained as the Corps auditors.

STRUCTURE, GOVERNANCE AND MANAGEMENT

ORGANISATION

The Council delegates specific aspects of the Institution's activities to five standing committees:

- a. The Finance and Assurance Committee (FAC).
- b. The Professional Registration Committee (PRC).
- c. The Member Services Committee (MSC).
- d. The Royal Engineers Museum Committee (REMC).
- e. The Royal Engineers Historical Society (REHS).

The Institution's Secretariat comprises a Chief Executive, Treasurer, four other full-time employees, two part-time employees and one consultant for approximately one day per week.

Institution of Royal Engineers

Trustees' Report (continued)

For the year ended 31 December 2021

TRUSTEES

The Trustees who served during the year are detailed on page 9.

Appointment of Trustees

New Trustees are either appointed as *Ex-Officio* on assumption of specified appointment, or are nominated by Council or Members and are elected at an Annual General Meeting (AGM) in accordance with the Charter.

Council Membership

Officers. The President and Vice Presidents are elected for a period of up to five years.

Elected Members. Elected Members of Council may serve for up to five years.

Ex-Officio Members. *Ex-Officio* Members are Council Members (Trustees) by virtue of appointment. Such Members assume Trusteeship on appointment and relinquish (resign) the same when leaving the appointment.

Trustee Induction

Training. A Trustee Training Programme is in place; this has been augmented by online training due to the pandemic. All Trustees of Royal Engineer Charities, and all Trustees are encouraged to attend training provided by one of two consultants. Provision is made for each Trustee to receive training within 6-months of appointment and attend refresher training after 3-years tenure.

Indemnity

An order from the Charity Commission authorising the Trustees to provide indemnity insurance for themselves out of the charity funds was issued on 15 September 2001 and this has been continued.

MEMBERSHIP

The Institution of Royal Engineers consists of Fellows, Members, Apprentice Technician Members, Honorary Fellows and Honorary Members, and any other category the Council may wish to create. Fellows and Members comprise officers, warrant officers and lower ranks of the Regular and Reserve Army element of the Corps of Royal Engineers, serving or retired. Membership may also be offered to those serving, or who have served, in the Engineer arm of the Land Forces of the Commonwealth, former Dominions, Colonies or Dependencies as the Council shall determine. Similarly, membership may be offered to civilians with appropriate backgrounds who support the object of the Institution as determined by Council. Honorary Member and Honorary Fellow are offered as it appears in the Bye-Laws. Honorary Associate Membership is no longer offered; existing Honorary Associate Members continue as a legacy category.

CONNECTED CHARITIES

The Royal Engineers Museum has been registered, with the approval of the Charity Commission, as a separate charity under the provisions of the Charities Act 1960. Bye-Law 25 of the Institution's Charter was accepted for registration purposes without the need to execute a separate Charter or Constitution. The Royal Engineers Museum (Charity Number 295173) remains a connected Charity and shares the same Charter and Trustees as the Institution as a whole but is reported on separately.

Institution of Royal Engineers

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

RISK STATEMENT

During 2021 the Risk Working Group – led by Chairman FAC – prepared a new Institution Risk Register; the product being based on an *Opportunity and Management* approach. Council endorsed the new Risk Register on 30 September 2021, which provided a framework for the management of strategic risk employing the critical path of success approach to inform the business planning process. Trustees remain satisfied that adequate systems are in place to mitigate all the risks identified, the principal risks being:

- a. Business plan not deliverable or able to deliver on agreed priorities. Trustees plan to mitigate this through a combination of measures: funding an endorsed prioritised programme with regular review points, maintaining sufficient Unrestricted Reserve funds of at least one year's operating costs, retaining the Institution's membership of the Armed Forces Common Investment Fund, and continuing to receive professional, independent investment management advice.
- b. Lose the ability to register Members within the provision of the License granted by the Engineering Council. Although the probability of such an occurrence remains low, Trustees have continued to designate maintenance of the License a high priority. Mitigation measures include developing further resilience within the Peer Group, conducting training on a requirements basis, and monitoring internal and external perception, adapting as required, in order to deliver continuous improvement.
- c. Governance structures become inappropriate or fail, particularly relevant during the migration of the Royal Engineers Museum to a CIO. The Trustees have been fully engaged in the process to ensure alignment between the Institution and Royal Engineers Museum governance arrangements, directed that the Engineering Council Privy Council & Governance Panel are consulted throughout, contributed to the first draft of a new Royal Engineers Museum CONSTITUTION, and ensured that the Corps' solicitors have continued to be engaged. In addition, the Trustees have ensured appropriate representation at Council and the five standing committees, reviewed all outputs and activities to ensure compliance with the Royal Charter and overseen the regular evaluation of requirements and standards to ensure relevance.

Institution of Royal Engineers

Reference and administrative details of the Charity, its Trustees and Advisers for the year ended 31 December 2021

Trustees

The Council of the Institution of Royal Engineers was formed of the following individuals:

President

Major General N J Cavanagh CB 2018

Vice Presidents

Major General D W Southall CBE 2020
Brigadier R C Brown 2019
Brigadier P J Rowell MBE 2019
Colonel J L Prichard* 2020

Members

Ex Officio

Comd 8 Engr Bde	Brigadier J E Fossey OBE	Completion of tenure 2021
	Brigadier D J Bickers MBE	September 2021
Comd 25 (CS) Engr Gp	Colonel S W Davies	July 2019
Dep Hd Plans NCGI and CRE (Geo)	Colonel R M Blunt	August 2019
Corps Colonel	Colonel M Quare MBE ADC	September 2017
Corps Sergeant Major	WO1 P Clark*	Completion of tenure 2021
	WO1 M D Elliott MBE*	May 2021

Elected

Colonel D Gray VR	2018
Major B Edwards	2017
Major H M M Stamp	2020
WO2 P D Egan	2017
Staff Sergeant D M Stones	2017

Co-opted

Major General R A M S Melvin CB OBE	2016
Lieutenant Colonel S F Scullion	2016

Chief Executive

Mr J D Acornley* 2019

Treasurer

Major (Retired) I Sidebottom* 2013

NB * indicates Members of FAC

Charity Registered Number

249882

Institution of Royal Engineers

**Reference and administrative details of the Charity, its Trustees and Advisers (continued)
for the year ended 31 December 2021**

Principal Office

Regimental Headquarters Royal Engineers
Brompton Barracks
Chatham
Kent ME4 4UG

Independent Auditor

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

Bankers

Lloyds plc
Piccadilly Branch
PO Box 1000
London
BX1 1LT

Solicitors

Furley Page LLP
39 St Margaret's Street
Canterbury
Kent
CT1 2TX

Investment Manager

BlackRock Investment Managers Ltd
12 Throgmorton Avenue
London
EC2N 2DL

Approved by the Trustees 28 April 2022
and signed on behalf of the Trustees



Mr J D Acornley
Chief Executive

Institution of Royal Engineers

Independent auditor's report to the Trustees of Institution of Royal Engineers

We have audited the financial statements of Institution of Royal Engineers (the 'charity') for the year ended 31 December 2021 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

The financial statements have been prepared in accordance with Accounting and Reporting by Charities in preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2019.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 December 2020 and of its income and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs UK) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Independent auditor's report to the Trustees of Institution of Royal Engineers (continued)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statement or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Respective responsibilities of Trustees and auditor

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA's (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Independent auditor's report to the Trustees of Institution of Royal Engineers (continued)

Capability of the audit in detecting irregularities, including fraud

The objectives of our audit are to identify and assess the risks of material misstatement of the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud or error; and to respond appropriately to those risks.

Based on our understanding of the charity and sector, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Statement of Recommended Practice. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Audit procedures performed by the audit engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud; and
- Assessment of identified fraud risk factors; and
- Review of cash expenditure to confirm no evidence of personal benefit; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Reading minutes of meetings of those charged with governance; and
- **Physical** inspection of tangible assets susceptible to fraud or irregularity; and
- Review of significant and unusual transactions; and
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.

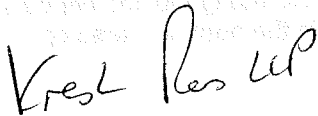
Independent auditor's report to the Trustees of Institution of Royal Engineers (continued)

- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in my Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of my Auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charity's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Kreston Reeves LLP

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

Date: 27 June 2022

Kreston Reeves LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Institution of Royal Engineers

**Statement of financial activities
for the year ended 31 December 2021**

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income and endowments from:					
Donations and Legacies	3	424,094	12,700	436,794	401,967
Other Trading Activities	7	2,253	-	2,253	2,494
Investments	8	36,553	-	36,553	35,948
Charitable Activities	15/16	5,687	-	5,687	4,926
Total income		468,587	12,700	481,287	445,335
Expenditure on:					
Raising Funds	7	14,515	-	14,515	4,175
Charitable Activities	9	553,110	-	553,110	612,309
Total expenditure		567,625	-	567,625	616,484
Net income / (expenditure) before revaluations		(99,038)	12,700	(86,338)	(171,149)
Gains on revaluations of investment assets	22	97,205	-	97,205	49,406
Net movement in funds for the year		(1,833)	12,700	10,867	(121,743)
Total funds at 1 January 2021		1,191,988	560,233	1,752,221	1,873,964
Total funds at 31 December 2021		1,190,155	572,933	1,763,088	1,752,221

All activities relate to continuing operations.


The notes on pages 18 to 29 form part of these financial statements.

Institution of Royal Engineers

Balance sheet
as at 31 December 2021

	Note	£	2021 £	£	2020 £
Fixed assets					
Tangible assets	21		594,574		586,468
Investments	22		1,152,208		1,055,003
			<u>1,746,782</u>		<u>1,641,471</u>
Current assets					
Debtors	23	25,251		24,708	
Cash at bank		22,270		149,753	
		<u>47,521</u>		<u>174,461</u>	
Creditors: amounts falling due within one year	24	(31,215)		(63,711)	
Net current assets			<u>16,306</u>		<u>110,750</u>
Net Assets			<u>1,763,088</u>		<u>1,752,221</u>
Charity Funds					
Restricted funds	25		572,933		560,233
Unrestricted funds	25		1,190,155		1,191,988
Total funds			<u>1,763,088</u>		<u>1,752,221</u>

The financial statements were approved by the Trustees on 28 April 2022 and signed on their behalf, by:


Brigadier GJ Boxall MBE, Trustee


Colonel M Quare MBE ADC, Corps Colonel

The notes on pages 18 to 29 form part of these financial statements.

Institution of Royal Engineers

Statement of Cash Flows
For the year ended 31 December 2021

	Note	2021	2020
		£	£
Net cash used in operating activities	29	<u>(149,339)</u>	<u>(147,493)</u>
Cash flows from investing activities			
Interest and dividends		36,553	35,948
Purchase of tangible fixed assets		(13,611)	(3,187)
Cash provided by (used in) investing activities		<u>22,942</u>	<u>32,761</u>
Cash used in financing activities			
Increase (decrease) in cash and cash equivalents in the year		<u>(127,483)</u>	<u>(114,732)</u>
Cash and cash equivalents at the beginning of the year		149,753	264,485
Total cash and cash equivalents at the end of the year		<u>22,270</u>	<u>149,753</u>

Analysis of changes in net debt

	At 31 Jan 2021	Cashflows	At 31 Dec 2021
	£	£	£
Cash and cash equivalents			
Cash	149,753	(127,483)	<u>22,270</u>

Institution of Royal Engineers

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

1 General administrative information

Institution of Royal Engineers is an unincorporated charity in England & Wales with the registration number 249882. The address of the registered office is Headquarters Royal Engineers, Brompton Barracks, Chatham, Kent, ME4 4UG. The Charity's principal objectives continued to be: To promote and advance the science of military engineering and to promote military efficiency, particularly the military efficiency of the Corps of Royal Engineers

2 Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS102) Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), and the Charities Act 2011. Institution of Royal Engineers meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

2.2 Preparation of the accounts on a going concern basis

The Trustees assess whether the use of going concern is appropriate, i.e., whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Charity to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Charity has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Charity's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

2.3 Fund accounting

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

Designated funds are amounts which have been put aside out of unrestricted funds at the discretion of the Trustees.

Restricted funds represent grants, donations and legacies received which are allocated by the donor for specific purposes.

Investment income gains and losses are allocated to the appropriate fund.

Institution of Royal Engineers

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

2.4 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

2.5 Expenditure

Liabilities are recognised as expenditure as soon as there is an obligation to committing the charity to the expenditure. All expenditure is accounted for on an accruals basis

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the Trust and are always authorised by trustees.

The costs of raising funds consist of investment management and certain legal fees.

Cost of charitable activities includes grants made and the apportionment of support costs shown in note 9.

Overhead and support costs that cannot be attributed directly to a charitable activity have been allocated on a percentage basis of time, space and cost against the activity.

2.6 Heritage assets

The Institution owns a large number of historic military artefacts that are displayed in the Royal Engineers Museum and Library. These include medals, drawings, manuscripts, 3-dimensional artefacts and published works that are up to 300 years old. These assets are not capitalised due to the significant costs involved in valuing them.

The Institution will only acquire heritage assets that are relevant to the Museum collection, whilst disposals are restricted to gifts to similar military museums.

2.7 Tangible fixed assets and depreciation

Assets costing more than £250 are capitalised and are valued at historic cost. Depreciation is charged on assets using a straight – line basis over their estimated life on the following basis:

Computers	-	20% straight line
General property	-	10% straight line

2.8 Investments

Investments held as fixed assets are included in the accounts at valuation based on their bid price at the balance sheet date. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

2.9 Debtors

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

Institution of Royal Engineers

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

2.10 Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.11 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

2.12 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.

2.13 Donated services and facilities

Donated services, are included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. This amount is matched by donated expenditure.

2.14 Pensions

The charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the charity to the fund in respect of the year.

2.15 Tender policy

Trustees introduced a tender policy that covers expenditure:

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

Institution of Royal Engineers

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

		Total funds 2021	Total funds 2020
		£	£
3 Donations and Legacies			
Subscriptions	(Note 4)	338,891	322,803
Grants	(Note 5)	3,120	3,000
Registration fees		27,266	20,583
Donations		452	5,130
Donated assets		12,700	-
Donated services and facilities	(Note 6)	54,365	50,451
		436,794	401,967

Income from Donations and Legacies was £436,794 (2020 - £401,967) of which £424,094 was unrestricted (2020 - £401,967) and £12,700 was restricted (2020 - £Nil).

4 Subscriptions

		£	£
Regular officers		137,242	132,641
Other members		80,011	78,066
Serving soldiers		54,863	51,801
Members of the Reserve		10,508	12,404
Tax refund		17,094	13,948
Fellowship		7,050	7,523
Eng Tech		29,079	23,434
I Eng		1,637	1,518
C Eng		1,407	1,468

Support Costs

		338,891	322,803
Audit		835	759
Insurance		286	301
Administration		1,739	506
Depreciation		2,269	174
Post and telephone		1,729	1,232
Donated services support costs		8,390	7,897
Staff costs		69,799	55,651
		85,047	66,520
		253,844	256,283

5 Grants

		£	£
Officer Cadet prize fund		3,120	3,000

Institution of Royal Engineers

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

	Total funds 2021	Total funds 2020
	£	£
6 Donated services and facilities		
Gas	1,747	1,734
Electricity	2,066	2,042
Water and sewage	836	824
Community charge	5,574	5,519
Administrative utilities	1,433	1,403
Administrative salaries	42,709	38,929
	<u>54,365</u>	<u>50,451</u>

7 Trading Activities

	£	£
Income		
Publication sales	<u>2,253</u>	<u>2,494</u>
	£	£
Expenditure		
Corps History	14,515	2,049
Follow the Sapper	-	2,100
Miscellaneous publications	-	26
	<u>14,515</u>	<u>4,175</u>

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

8 Investment Income

	£	£
Dividends	35,440	34,771
Dividends - Memorial Fund	1,098	1,078
Bank interest	15	99
	<u>36,553</u>	<u>35,948</u>

All investment income in 2021 and 2020 was unrestricted.

Institution of Royal Engineers

Notes to the financial statements

For the year ended 31 December 2021

9 Analysis of Expenditure by activities

		Direct costs	Support costs	Total funds	Total funds
		2021	2021	2021	2020
		£	£	£	£
Subscriptions	(Note 4)	-	85,047	85,047	66,520
Publications	(Note 10)	51,793	68,960	120,753	129,215
Maintain Memorials	(Note 11)	-	10,131	10,131	9,638
Professional Effectiveness	(Note 12)	1,466	10,571	12,037	30,504
Grant making	(Note 13)	128,051	18,158	146,209	172,131
Digitisation	(Note 14)	3,313	37,880	41,193	56,991
Napier House	(Note 15)	2,679	5,701	8,380	9,890
RE Historical Society	(Note 16)	361	6,191	6,552	7,476
Awards	(Note 17)	10,535	-	10,535	18,506
Professional Registration	(Note 18)	34,560	77,712	112,272	111,438
		232,758	320,351	553,110	612,309

All expenditure on charitable activities in 2021 and 2020 was unrestricted.

10 Publications

	£	£
Direct costs		
Distribution costs	26,982	28,292
Publications	24,811	23,570
	51,793	51,862
Support costs		
Audit	835	759
Administration	781	1,371
Insurance	286	301
Post and telephone	648	462
Computer support costs	6,721	5,374
Staff costs	49,714	57,587
Donated service support costs	6,913	6,471
Depreciation	3,062	5,028
	68,960	77,353
	120,753	129,215

11 Maintain Memorials

	£	£
Support costs		
Audit	144	131
Administration	94	68
Insurance	306	323
Staff costs	4,306	4,255
Donated service support costs	5,281	4,861
	10,131	9,638

Institution of Royal Engineers

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

	Total funds 2021	Total funds 2020
	£	£
12 Professional Effectiveness		
Direct costs		
RUSI/Inst Conference	-	10,450
JPM's	1,530	1,620
Fellow Event	-	4,627
Sponsored Symposia	131	600
Other in Year Opportunities	255	3,060
Refund Previous year	(450)	-
	<u>1,466</u>	<u>20,357</u>
Support Costs		
Insurance	123	129
Post and telephone	43	31
Staff costs	5,124	5,128
Donated service support costs	5,281	4,858
	<u>10,571</u>	<u>10,147</u>
	<u>12,037</u>	<u>30,504</u>
13 Grant Making		
	£	£
Direct costs		
RE Museum fund	31,744	31,122
RE Library fund	29,057	50,795
Museum Transformation Project	35,000	40,000
Comms Hub Grant	26,250	26,250
RE Awards Dinner	6,000	6,000
	<u>128,051</u>	<u>154,167</u>
Support costs		
Insurance	245	258
Post and telephone	130	92
Staff costs	7,805	8,474
Donated service support costs	9,978	9,140
	<u>18,158</u>	<u>17,964</u>
	<u>146,209</u>	<u>172,131</u>
14 Digitisation		
	£	£
Direct costs		
IT costs	3,313	46,450
Support costs		
Audit	144	131
Insurance	123	129
Post and telephone	43	31
Staff costs	33,785	5,392
Donated service support costs	5,281	4,858
Refund Previous year	(1,495)	-
	<u>37,880</u>	<u>10,541</u>
	<u>41,193</u>	<u>56,991</u>

Institution of Royal Engineers

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

	Total funds 2021	Total funds 2020
	£	£
15 Napier House		
Income from charitable activities		
Rental Income	<u>3,600</u>	3,600
Direct costs		
Maintenance	<u>2,679</u>	2,569
Support costs		
Audit	144	131
Administration	50	41
Insurance	306	323
Post and telephone	43	31
Donated service support costs	4,698	4,282
Staff costs	285	244
Depreciation	<u>174</u>	<u>2,269</u>
	<u>5,701</u>	<u>7,321</u>
	<u>8,380</u>	<u>9,890</u>

16 RE Historical Society

	£	£
Income from charitable activities		
Membership	<u>2,087</u>	1,326
Direct costs		
Events	-	928
Publications	<u>361</u>	-
	<u>361</u>	<u>928</u>
Support Costs		
Audit	86	78
Administration	23	34
Insurance	61	65
Post and telephone	130	93
Staff costs	5,307	5,702
Donated service support costs	<u>583</u>	<u>576</u>
	<u>6,191</u>	<u>6,548</u>
	<u>6,552</u>	<u>7,476</u>

17 Awards

	£	£
Medals	1,848	8,790
Prizes	9,212	9,716
Refund Previous year	<u>(525)</u>	-
	<u>10,535</u>	<u>18,506</u>

Institution of Royal Engineers

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

	Total Funds 2021	Total Funds 2020
	£	£
18 Professional Registration		
Direct costs		
Registration & Marketing	34,560	40,125
Travel & Subsistence	-	1,060
	<u>34,560</u>	<u>41,185</u>
Support costs		
Audit	691	628
Administration	1,095	337
Insurance	306	323
Post and telephone	1,513	1,078
Donated service support costs	7,962	7,508
Staff costs	<u>66,145</u>	<u>60,379</u>
	<u>77,712</u>	<u>70,253</u>
	<u>112,272</u>	<u>111,438</u>

19 Net income/expenditure

This is stated after charging:

Depreciation of tangible fixed assets: - owned by the charity	5,505	7,471
Auditor's remuneration	<u>2,880</u>	<u>2,617</u>

During the year, no Trustees received any remuneration (2020: £NIL).

During the year, no Trustees received any benefits in kind (2020: £NIL).

During the year, no Trustees received any reimbursement of expenses (2020: £NIL).

20 Staff costs

Staff costs were as follows:

	£	£
Wages and salaries	206,456	173,696
Social security costs	18,910	14,859
Other pension costs	16,905	14,257
	<u>242,271</u>	<u>202,812</u>

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

	No.	No.
Publications	2	2
Management and administration of the charity	5	4
	<u>7</u>	<u>6</u>

The Secretary occupies Napier House as part of his conditions of employment.

The pension cost represents amounts payable to the Corps of Royal Engineers Pension Fund, a defined contribution scheme.

The total employment benefits including employer pension contributions of the key management personnel were £71,270 (2020: £73,193).

The number of employees whose benefits (excluding employer pension costs) exceeded £60,000 was:

	2021 No	2020 No
In the band £60,001 - £70,000	1	1

Institution of Royal Engineers

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

21 Tangible fixed assets

	General, IT and Office equipment £	Restricted Artefacts £	Total £
Cost			
At 1 January 2021	120,128	560,233	680,361
Additions	911	12,700	13,611
At 31 December 2021	<u>121,039</u>	<u>572,933</u>	<u>693,972</u>
Depreciation			
At 1 January 2021	(93,893)	-	(93,893)
Charge for the year	(5,505)	-	(5,505)
At 31 December 2021	<u>(99,398)</u>	<u>-</u>	<u>(99,398)</u>
Net book value			
At 31 December 2021	<u>21,641</u>	<u>572,933</u>	<u>594,574</u>
At 31 December 2020	<u>30,519</u>	<u>560,233</u>	<u>590,752</u>

22 Fixed asset investments

	General Fund £	Memorials Fund £	Total £
Market value			
At 1 January 2021	1,023,299	31,704	1,055,003
Revaluations	94,284	2,921	97,205
At 31 December 2021	<u>1,117,583</u>	<u>34,625</u>	<u>1,152,208</u>
Historical cost	<u>452,161</u>	<u>13,811</u>	<u>465,972</u>
Investments at market value comprise:		2021	2020
		£	£
Listed investments		<u>1,152,208</u>	<u>1,055,003</u>

All the fixed asset investments are held in the UK.

Material investments

All invested funds were held in the Armed Forces Common Investment Fund, managed by BlackRock Investment Managers Limited.

Institution of Royal Engineers

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

23 Debtors	2021	2020
	£	£
JPA Subscriptions	16,059	15,746
BlackRock	9,192	8,962
	<u>25,251</u>	<u>24,708</u>

24 Creditors:	2021	2020
Amounts falling due within one year	£	£
Other creditors	28,335	61,095
Accruals and deferred income	2,880	2,616
	<u>31,215</u>	<u>63,711</u>

25 Statement of funds						
Current Year	Brought Forward	Income	Expenditure	Transfers in/out	Gains/ (Losses)	Carried Forward
	£	£	£	£	£	£
Designated funds						
Memorials Fund	(50,996)	1,098	(10,131)	-	2,921	(57,108)
Professional Registration	17,637	59,389	(34,560)	-	-	42,466
RE Historical Society	(13,241)	2,087	(6,552)	3,000	-	(14,706)
	<u>(46,600)</u>	<u>62,574</u>	<u>(51,243)</u>	<u>3,000</u>	<u>2,921</u>	<u>(29,348)</u>
General funds						
General fund	1,238,588	406,013	(516,382)	(3,000)	94,284	1,219,503
Total Unrestricted funds	<u>1,191,988</u>	<u>468,587</u>	<u>(567,625)</u>	<u>-</u>	<u>97,205</u>	<u>1,190,155</u>
Restricted funds						
Institution Artefacts	560,233	12,700	-	-	-	572,933
Total of funds	<u>1,752,221</u>	<u>481,287</u>	<u>(567,625)</u>	<u>-</u>	<u>97,205</u>	<u>1,763,088</u>
Prior Year						
Designated funds						
Memorials Fund	(43,920)	1,077	(9,638)	-	1,485	(50,996)
Professional Registration	11,819	47,003	(41,185)	-	-	17,637
RE Historical Society	(10,091)	1,326	(7,476)	3,000	-	(13,241)
	<u>(42,192)</u>	<u>49,406</u>	<u>(58,299)</u>	<u>3,000</u>	<u>1,485</u>	<u>(46,600)</u>
General funds						
General fund	1,355,923	395,929	(558,185)	(3,000)	47,921	1,238,588
Total Unrestricted funds	<u>1,313,731</u>	<u>445,335</u>	<u>(616,484)</u>	<u>-</u>	<u>49,406</u>	<u>1,191,988</u>
Restricted funds						
Institution Artefacts	560,233	-	-	-	-	560,233
Total of funds	<u>1,873,964</u>	<u>445,335</u>	<u>(616,484)</u>	<u>-</u>	<u>49,406</u>	<u>1,752,221</u>

Institution of Royal Engineers

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

26 Analysis of net assets between funds

Current Year

	Unrestricted funds 2021	Restricted funds 2021	Total funds 2021
	£	£	£
Tangible fixed assets	21,641	572,933	594,574
Fixed asset investments	1,152,208	-	1,152,208
Current assets	47,521	-	47,521
Creditors due within one year	(31,215)	-	(31,215)
	<u>1,190,155</u>	<u>572,933</u>	<u>1,763,088</u>

Prior Year

	Unrestricted funds 2020	Restricted funds 2020	Total funds 2020
	£	£	£
Tangible fixed assets	26,235	560,233	586,468
Fixed asset investments	1,055,003	-	1,055,003
Current assets	174,461	-	174,461
Creditors due within one year	(63,711)	-	(63,711)
	<u>1,191,988</u>	<u>560,233</u>	<u>1,752,221</u>

27 Pension commitments

The charity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £16,905 (2020: £14,257).

28 Related party transactions

All transactions with related parties are disclosed in the Trustees Report and notes to the accounts. The Institution is controlled by the Council ('the Trustees').

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

	Total funds 2021	Total funds 2020
	£	£
Net movement in funds	10,867	(121,743)
Add back depreciation charge	5,505	7,471
Deduct interest income shown in investing activities	(36,553)	(35,948)
Deduct gains / add back losses on investments	(97,205)	(49,406)
Increase / (decrease) in debtors	543	5,901
(Decrease) / increase in creditors	(32,496)	46,232
Net cash used in operating activities	<u>(149,339)</u>	<u>(147,493)</u>

INSTITUTION OF ROYAL ENGINEERS

England & Wales - Charity number 249882

Accounts

Charity number: 249882

Institution of Royal Engineers

Trustees' report and financial statements

for the year ended 31 December 2020

Institution of Royal Engineers

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Institution of Royal Engineers

Trustees' Report For the year ended 31 December 2020

The Trustees present the annual report and the audited 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 at Note 1 to the accounts and comply with the Charity's Charter, the Charities Act 2011 and the Charities SORP FRS 102. Trustees consider that in preparing these financial statements they have taken into account all information that could reasonably be expected to be available (including levels of reserves held); thus, the going concern basis of accounting is deemed appropriate and there are no material uncertainties.

OBJECTIVES AND ACTIVITIES

The object of the Institution of Royal Engineers, as set out in its Royal Charter and Bye-Laws (Revised 2009), is to promote and advance the science of military engineering and to promote military efficiency, particularly the military efficiency of the Corps of Royal Engineers. In furtherance of this OBJECT the Institution has continued to:

- a. Publish a Journal and Supplement to the Journal to promote education and to disseminate information and advice;
- b. Maintain and develop a Museum, Library and Archive;
- c. Own the Museum, Library and Archive and all the exhibits, artefacts, medals and book accessions for the benefit of the Museum, Library and Archive;
- d. Arrange Joint Professional Meetings with other Institutions and professional bodies;
- e. Administer trust funds in connection with awards for academic and military excellence to officers and soldiers;
- f. Maintain memorials owned by the Institution;
- g. Raise funds by way of subscriptions, donations and otherwise;
- h. Maintain Napier House, the property of the Institution;
- i. Maintain and develop professional registration with Engineering UK and the Engineering Council at Engineering Technician, Incorporated Engineer and Chartered Engineer levels;
- j. Develop where possible joint working practices with the Royal Engineers Vocational Education Training Trust (REVETT, Charity Number 1068709)), other Institutions and the Royal School of Military Engineering.

OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

The Trustees confirm that they have had due regard to the guidance provided by the Charity Commission on public benefit when reviewing the Institution's aims and objectives, and in planning future activities, and consider that they have met the requirements in full measure. In particular:

- a. The Royal Engineers Museum Library and Archive Collection, which is owned by the Institution, is open to the general public. In addition, the Museum is open to parties of school children, providing a clear public benefit.
- b. The promotion of the military efficiency of the Royal Engineers is a matter of national importance and public benefit. As a Licensed Member of the Engineering Council, the Institution takes part in the self-regulation of the Engineering Profession, as authorised by the Privy Council, and so contributes to that wider public benefit.
- c. The education of Members of the Royal Engineers is also of public benefit, since the number of beneficiaries from the Regular Army, Reserve Army, and retired Members, represents an amply sufficient proportion of the populace.

Institution of Royal Engineers

Trustees' Report (continued)
For the year ended 31 December 2020

ACHIEVEMENTS AND PERFORMANCE

Membership numbers remain broadly similar to 2019; the slight numerical reduction (c4%) across the piece is due to the removal of errors within the database, not outflow. Royal Engineers Reserve Army membership has remained at 14%, with Fellowship numbers having risen now to 121; this represents another year of sustained growth as the Institution continues to offer a range of benefits to its Members, to the Corps of Royal Engineers and to the wider military engineering community.

The Institution of Royal Engineers – Strategy 2030 and Delivery Framework continues to provide the architecture to broaden and deepen membership benefits; this remains underpinned by the Value Proposition, which is driving development activity forward. Effective communication has ensured that Members understand the value that the Institution offers, with activity bounded by:

- a. The opportunity for military engineers to seek registration with and through life support to continuous personal development from a professional engineering institution registered with the Engineering Council;
- b. The prospect of developing greater personal professional effectiveness and contribute to the wider development of military engineering by professional study, debate and engagement across the wider military engineering enterprise (military, civilian, industry and academia);
- c. Ready access to an extensive archive of historical and contemporary military engineering knowledge and information; and
- d. The development of a personal through life professional network that spans the serving, retired and civilian community of engineering minded individuals.

The Royal Engineers Museum Charity – a separately Registered Charity (Charity Number 295173) sharing the same Trustee Board and Governance documents as the Institution – has remained supported by the Institution and received annual grants from the Institution exceeding £120K.

The Institution has continued to operate its License with the Engineering Council to assess candidates for Engineer Technicians, Incorporated Engineers and Chartered Engineers. The Institution successfully renewed its License with the Engineering Council in September 2020, which will now run for a further 5-years. The Institution remains the only military organisation within the Engineering Council with the necessary licenses to assess all grades for Professional Engineering Registration. This both enhances the professionalism of the Royal Engineers and supports the self-regulation of the Engineering Profession through the Engineering Council, providing public benefit. The total of Engineering Technician registrants has now reached 1195; this represents 218 new registrations in 2020, an 18% increase. The sustained growth of Engineering Technician registrants remains, in part, as a result of the Ministry of Defence's Engineering Professional Recognition Award scheme that has entered its second year, with uptake being around 40% of those eligible. The number of Chartered Engineers (26) and Incorporated Engineers (37) registered with the Institution have also seen a measured rise.

Although the mitigation measures to counter the effects of the COVID-19 pandemic required events to be adjusted, a varied and beneficial Member Services Programme was successfully delivered. The Institution sponsored a Climate Seminar Study Day, hosted the annual Defence Lecture on Sustainable Engineering and launched a new initiative; the Contemporary Engineering Challenge 2020. In addition, a major Institution/Royal United Services Institute conference on Chemical, Biological, Radiological and Nuclear capability – enabled by the Royal Engineers Historic Society – was successfully held in the autumn. Work is currently underway on developing a series of e-learning lectures that will be available through a new Institution website and will enable the Institution to engage fully with the membership and all those interested in military engineering.

Institution of Royal Engineers

Trustees' Report (continued)
For the year ended 31 December 2020

FINANCIAL REVIEW

Investment House & Policy

During 2019, the Armed Forces Common Investment Fund (AFCIF) completed the legal requirements to become a Charity Authorised Investment Fund (CAIF). On 6 December 2019, the CIF was closed and the assets were transferred to the CAIF (named the Armed Forces Charities Growth & Income Fund), on a one-for-one basis, which is being run with the same investment objective and policy.

The objective of the Fund (as a CAIF) is unchanged and seeks to achieve real growth in capital and income over the long term by investment mainly in equities and fixed income securities.

Investment Performance

Investments delivered dividends of £35,849 in 2020 (2019: £35,160). During the period 1 January to 31 December 2020, the performance of the distribution units in the fund was +9.0% (2019: +18.1%) after fees and expenses. Since launch in September 2002, the fund has produced a return of +325.10%, +8.22% (2019: +289.70%, +2.90%). The fund's benchmark since inception has returned 295.29% and 7.79%.

Reserves Policy

The Reserves Policy remains unchanged; to maintain 12 months operating costs in reserve. The Institution's current unrestricted reserves are £1,191,988 (2019: £1,313,731). In November 2019 Trustees agreed to fund a growth programme profiled over 3 years drawing from reserves; the expenditure remains subject to business cases being made for any new activity, with an associated assessment on the return on investment.

Fund Designation

The component funds of the Institution are:

- a. General Fund (Unrestricted Fund).
- b. Memorial Fund (Unrestricted Designated Fund).
- c. Professional Registration (Unrestricted Designated Fund)
- d. RE Historical Society (REHS) (Unrestricted Designated Fund)

Memorial Fund

The Memorial Fund is invested as a designated fund from which a small sum is drawn each year. Direct charitable expenditure was £9,638 (2019: £47,340).

Accounts

The Trustees confirm that the accounts comply with the current statutory requirements and with the requirements of the Institution's Charter.

Under the Bye-Laws of the Institution of Royal Engineers, the Council is responsible for the preparation of the financial statements of the Institution for each financial year.

Institution of Royal Engineers

Trustees' Report (continued)

For the year ended 31 December 2020

In preparing the financial statements the Council is required to:

- a. Select suitable accounting policies and apply these consistently;
- b. Make judgements and estimates that are reasonable and prudent;
- c. State whether applicable accounting standards and statements of recommended practice have been followed;
- d. Prepare the financial statements on the going concern basis.

The Treasurer is responsible for keeping a correct statement of the assets and liabilities of every one of the funds pertaining to the Institution and shall keep such records, prepare such statements of accounts as are required annually by the auditors and periodically by the Council and which enable the Trustees to meet their responsibility to prepare financial statements for each financial year, which give a true and fair view of the incoming resources and application of resources of the Charity during the year and of its state of affairs at the end of the year. The Trustees are also responsible for ensuring that the financial statements comply with the Charities Act 2011. The Treasurer shall make proper arrangements for the care of and disbursements made from the funds belonging to the Institution. The Trustees are responsible for safeguarding the Charity's assets and hence for taking reasonable steps for the prevention and detection of error, fraud and other irregularities.

FINANCIAL SUMMARY

General

Net expenditure before other recognised gains and losses was £171,149 (2019: £25,572).

Balance Sheet

The accumulated funds decreased by £121,743 to £1,752,221 (2019: increased by £100,357 to £1,873,964).

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

PLANS FOR THE FUTURE

Membership

Membership plans for the future remain threefold.

- a. **Communications.**
 - (1) Build on the new processes established during 'lock-down' and publicise the details of a varied programme of online events, webinars and meetings readily available and designed to connect with the membership and encourage intellectual debate.
 - (2) Exploit the new website to engage fully with the membership and all those interested in military engineering.
 - (3) Maintain the publication of the Journal, Supplement and periodicals to inform the membership of developments and innovation in military engineering.
 - (4) Continue to 'build-the-brand' through a vibrant and active social media presence.
 - (5) Champion the Ministry of Defence's Engineering Professional Recognition Award and the funding of professional registration fees.

Institution of Royal Engineers

Trustees' Report (continued)

For the year ended 31 December 2020

b. Professional Development.

- (1) Migrate activity away from the virtual and conduct physical events; these remain an important part of professional development to help to strengthen individual professional networks.
- (2) Maintain, and build upon, the whole career development support in place.
- (3) Build on the sustained growth of registrants, promoting engineer registration at each level to continue to increase uptake at Engineering Technician, Incorporated Engineer and Chartered Engineer levels, across Regular Army, Reserve Army and retired Members.
- (4) Continue to uphold Engineering Council standards through the Professional Registration Committee.

c. Support.

- (1) Maintain Her Majesty's Revenue and Customs recognition as a professional body.
- (2) Reach out to the retired and Army Reserve cohort, highlighting the benefit the Institution offers.
- (3) Review the Fellows qualifying criteria, redefine the offer and what the Institution expects of its Fellows.

Education

23. Educational development initiatives:

- a. Publish the Journal quarterly; continuing to widen content and encourage contributions.
- b. Continue work on the History of the Corps of Royal Engineers Volume XIII.
- c. Support the publication of a revised edition of a *Short History of The Corps*, incorporating the Corps of Royal Engineers' role in Afghanistan, Iraq and South Sudan.
- d. Deliver a Joint Professional Meeting; a combined Institution of Civil Engineers/Institution of Royal Engineers event in London.
- e. Select and award Members for academic and military engineering excellence prizes.
- f. Refocus the Corps Library as a Knowledge Centre and establish the Pasley Centre to create a 'hub' to provide ready access to the extensive archive of historical and contemporary military engineering knowledge and information available. The Centre will be ultimately forward looking and designed to draw in other engineers (military and civilian) on a global scale.
- g. Continue to expand the Royal Engineers Historical Society support network.
- h. Publicise the historic Military Engineering collection.
- i. Develop a series of electronic-lectures to create highly accessible and enduring products based upon a compendium of educational military engineering subjects.

Institution of Royal Engineers

Trustees' Report (continued) For the year ended 31 December 2020

Governance

Working together with the Engineering Council Governance Panel and Privy Council Office, implement the changes to the Bye-Laws approved by Trustees.

INDEPENDENT AUDITORS

Kreston Reeves LLP were retained as the Corps auditors.

STRUCTURE, GOVERNANCE AND MANAGEMENT

ORGANISATION

The Council delegates specific aspects of the Institution's activities to five standing committees:

- a. The Finance and Assurance Committee (FAC).
- b. The Professional Registration Committee (PRC).
- c. The Member Services Committee (MSC).
- d. The RE Museum Committee.
- e. The Royal Engineers Historical Society (REHS).

The Institution's Secretariat comprises a Chief Executive, Treasurer, two other full-time employees, three part-time employees and one consultant for approximately one day per week.

TRUSTEES

The Trustees who served during the year are detailed on page 9.

Appointment of Trustees

New Trustees are either appointed as *ex-officio* on assumption of specified appointment, or are nominated by Council or Members and are elected at an Annual General Meeting (AGM) in accordance with the Charter.

Council Membership

Officers. The President and Vice Presidents are elected for a period of up to five years.

Elected Members. Elected Members of Council may serve for up to five years.

Ex-Officio Members. Ex-officio Members are Council Members (Trustees) by virtue of appointment. Such Members assume Trusteeship on appointment and relinquish (resign) the same when leaving the appointment.

Trustee Induction

Training. A Trustee Training Programme is in place; this has been augmented by online training due to the pandemic. All Trustees of Royal Engineer Charities, and all Trustees are encouraged to attend training provided by one of two consultants. Provision is made for each Trustee to receive training within 6-months of appointment and attend refresher training after 3-years tenure.

Institution of Royal Engineers

Trustees' Report (continued) For the year ended 31 December 2020

Indemnity

An order from the Charity Commission authorising the Trustees to provide indemnity insurance for themselves out of the charity funds was issued on 15 September 2001 and this has been continued.

MEMBERSHIP

The Institution of Royal Engineers consists of Fellows, Members, Apprentice Technician Members, and Honorary Members, and any other category the Council may wish to create. Fellows and Members comprise officers, warrant officers and lower ranks of the Regular and Reserve Army element of the Corps of Royal Engineers, serving or retired. Membership may also be offered to those serving, or who have served, in the Engineer arm of the Land Forces of the Commonwealth, former Dominions, Colonies or Dependencies as the Council shall determine. Similarly, membership may be offered to civilians with appropriate backgrounds who support the OBJECT of the Institution as determined by Council. Honorary Member and Honorary Fellow are offered as it appears in the Bye-Laws. Honorary Associate Membership is no longer offered; existing Honorary Associate Members continue as a legacy category.

CONNECTED CHARITIES

The Royal Engineers Museum has been registered, with the approval of the Charity Commission, as a separate charity under the provisions of the Charities Act 1960. Bye-Law 25 of the Institution's Charter was accepted for registration purposes without the need to execute a separate Charter or Constitution. The RE Museum (Charity Number 295173) remains a connected Charity and shares the same Charter and Trustees as the Institution as a whole but is reported on separately.

RISK STATEMENT

The Risk Register was reviewed during 2020 by the Chairman FAC. Trustees are satisfied that adequate systems are in place to mitigate all appropriate risks identified. The principal identified risks are:

- a. Loss of income due to the reducing size of the Regular Army and Reserve Army components of the Royal Engineers. Trustees plan to mitigate this through a combination of increasing the percentage of Reserve Army Members of the Institution and continuing to increase the numbers of those retiring that maintain their membership.
- b. The Institution fails to maintain its relevance to its Members; initiatives to create the conditions for a richer and more diverse membership body that supports the OBJECT of the Institution are designed to ensure a vibrant Institution providing innovative solutions in complex environments endures.
- c. The reputational risk of losing the Institution's Engineering Council's License would be very significant. Whilst this is not considered likely, the Trustees have made maintaining the License a high priority. The success of the License Review in 2020 – extending the existing license by a further 5 years – was an important achievement and work continues to maintain the Institution's Registration Handbook in line with changes to the Engineering Council Registration Regulations.

Institution of Royal Engineers

Trustees' Report (continued) For the year ended 31 December 2020

COVID-19 Impact Statement

Trustees are aware of their responsibility to consider, as far as possible with the information available to them, the impact of the COVID-19 pandemic and its effect on the global economic climate, on all aspects of the charity's financial and narrative reporting.

Trustees confirm that all representations made in this report include due consideration of these factors. In particular this included, but is not limited to, the following:

- Appropriate disclosure has been included in the charity's narrative reporting regarding the impact of COVID-19 on the charity's performance during the period, Trustees assessment of principal risks and uncertainties and the future of the charity;
- The financial statements reflect the conditions which existed at the reporting date, to the extent that the spread of COVID-19 was known, together with its impact on the global economic climate. The effect of material non-adjusting events subsequent to the reporting date has been disclosed in the financial statements;
- Trustees have considered whether the charity's tangible fixed assets have been impaired due to COVID-19. Trustees have also considered whether their estimate of useful economic lives remains appropriate. Trustee consideration has included a review of the current market value of those assets and their future economic performance;
- Trustees have considered whether the net realisable value of stock has been affected by COVID-19;
- At the reporting date, any additional liabilities arising as a result of COVID-19 have been recognised.

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

- COVID-19 did not impact on the charity's payments to HMRC;
- The charity did not apply for any Government grants including the Job Retention Scheme;
- As the charity operate a Defined Contribution Pension Scheme, and all employees continued to be fully paid, there was no impact on the scheme (less the impact on investments made by the pension provider) or pension deficit;
- The charity does not have any loans therefore financing or refinancing is not impacted;
- None of the physical checks (financial and stocktake) were replaced by virtual checks;
- COVID-19 had not impacted on the charity's reserves or governance (internal controls) and had a limited, predictable, effect on our achievements. Trustees do not envisage the current situation, at year-end, hindering our future plans;
- Investments suffered initially in a volatile market but recovered well which has been captured in the investment narrative of the report;
- Financial staff have reviewed their accounting policy for recognising legacy income to ensure that it remains appropriate in light of the situation;
- All grant commitments were met without postponement;
- Principal risks and uncertainties have been updated within the Risk Register to encompass lessons learnt from the COVID-19 pandemic.

Institution of Royal Engineers

Reference and administrative details of the Charity, its Trustees and Advisers for the year ended 31 December 2020

Trustees

The Council of the Institution of Royal Engineers was formed of the following individuals:

President

Major General N J Cavanagh CB 2018

Vice Presidents

Major General D W Southall CBE	2020	Elected VP at the AGM 2020
Brigadier R C Brown	2019	
Brigadier P J Rowell MBE	2019	
Colonel J L Prichard	2020	Elected VP at the AGM 2020

Members

Ex Officio

Comd 8 Engr Bde	Brigadier J E Fossey OBE	August 2019
Comd 25 (CS) Engr Gp	Colonel S W Davies	July 2019
Dep Hd Plans NCGI and CRE (Geo)	Colonel R M Blunt	August 2019
Corps Colonel	Colonel M Quare MBE ADC*	September 2017
Secretary REHS	Lieutenant Colonel S F Scullion	September 2016
Corps Sergeant Major	WO1 P Clark	June 2019

Elected

Colonel D Gray TD VR	2018	
Major B Edwards	2017	
Major H M M Stamp	2020	Elected Member at the AGM 2020
WO2 P D Egan	2017	
Sergeant D M Stones	2017	

Co-opted

Colonel S P F Harris OBE 2012

Chief Executive

Mr J D Acornley* 2019

Treasurer

Major I Sidebottom* 2013

NB * indicates Members of FAC

Charity Registered Number

249882

Institution of Royal Engineers

**Reference and administrative details of the Charity, its Trustees and Advisers (continued)
for the year ended 31 December 2020**

Principal Office

Regimental Headquarters Royal Engineers
Brompton Barracks
Chatham
Kent ME4 4UG

Independent Auditor

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

Bankers

Lloyds plc
Cox & Kings Branch
PO Box 1000
Andover
BX1 1LT

Solicitors

Furley Page LLP
39 St Margaret's Street
Canterbury
Kent
CT1 2TX

Investment Manager

BlackRock Investment Managers Ltd
12 Throgmorton Avenue
London
EC2N 2DL

Approved by the Trustees
and signed on behalf of the Trustees



Mr J D Acornley
Chief Executive

27 May 21

Institution of Royal Engineers

Independent auditor's report to the Trustees of Institution of Royal Engineers

We have audited the financial statements of Institution of Royal Engineers (the 'charity') for the year ended 31 December 2020 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

The financial statements have been prepared in accordance with Accounting and Reporting by Charities in preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2019.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 December 2020 and of its income and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs UK) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Independent auditor's report to the Trustees of Institution of Royal Engineers (continued)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statement or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Respective responsibilities of Trustees and auditor

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA's (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these financial statements.

Independent auditor's report to the Trustees of Institution of Royal Engineers (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Capability of the audit in detecting irregularities, including fraud

The objectives of our audit are to identify and assess the risks of material misstatement of the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud or error; and to respond appropriately to those risks.

Based on our understanding of the charity and sector, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Statement of Recommended Practice. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Audit procedures performed by the audit engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud; and
- Assessment of identified fraud risk factors; and
- Review of cash expenditure to confirm no evidence of personal benefit; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Reading minutes of meetings of those charged with governance; and
- Physical inspection of tangible assets susceptible to fraud or irregularity; and
- Review of significant and unusual transactions; and
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the charity's internal control.

Independent auditor's report to the Trustees of Institution of Royal Engineers (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in my Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of my Auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charity's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Kreston Reeves LLP
Chartered Accountants
Statutory Auditor
Chatham Maritime

Date: 16 July 2021

Institution of Royal Engineers

Statement of financial activities
for the year ended 31 December 2020

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income and endowments from:					
Donations and Legacies	3	401,967	-	401,967	402,021
Other Trading Activities	7	2,494	-	2,494	3,236
Investments	8	35,948	-	35,948	35,453
Charitable Activities	15/16	4,926	-	4,926	4,913
Total income		445,335	-	445,335	445,623
Expenditure on:					
Raising Funds	7	4,175	-	4,175	940
Charitable Activities	9	612,309	-	612,309	470,255
Total expenditure		616,484	-	616,484	471,195
Net expenditure before revaluations		(171,149)	-	(171,149)	(25,572)
Gains on revaluations of investment assets		49,406		49,406	125,929
Net movement in funds for the year		(121,743)	-	(121,743)	100,357
Total funds at 1 January 2020		1,313,731	560,233	1,873,964	1,773,607
Total funds at 31 December 2020		1,191,988	560,233	1,752,221	1,873,964

All activities relate to continuing operations.

The notes on pages 18 to 29 form part of these financial statements

Institution of Royal Engineers

Balance sheet
as at 31 December 2020

	Note	£	2020 £	£	2019 £
Fixed assets					
Tangible assets	21		586,468		590,752
Investments	22		1,055,003		1,005,597
			<u>1,641,471</u>		<u>1,596,349</u>
Current assets					
Debtors	23	24,708		30,609	
Cash at bank		149,753		264,485	
		<u>174,461</u>		<u>295,094</u>	
Creditors: amounts falling due within one year	24	(63,711)		(17,479)	
Net current assets			<u>110,750</u>		<u>277,615</u>
Net Assets			<u>1,752,221</u>		<u>1,873,964</u>
Charity Funds					
Restricted funds	25		560,233		560,233
Unrestricted funds	25		1,191,988		1,313,731
Total funds			<u>1,752,221</u>		<u>1,873,964</u>

The financial statements were approved by the Trustees on 27th May 2021 and signed on their behalf, by:



Brigadier P J Rowell MBE - Trustee



Colonel M Quare MBE ADC - Corps Colonel

The notes on pages 18 to 29 form part of these financial statements.

Institution of Royal Engineers

Statement of Cash Flows

For the year ended 31 December 2020

	Note	2020	2019
		£	£
Net cash used in operating activities	29	<u>(147,493)</u>	<u>(70,449)</u>
Cash flows from investing activities			
Interest and dividends		35,948	35,453
Purchase of tangible fixed assets		(3,187)	(37,156)
Cash provided by (used in) investing activities		<u>32,761</u>	<u>(1,703)</u>
Cash used in financing activities			
Increase (decrease) in cash and cash equivalents in the year		<u>(114,732)</u>	<u>(72,152)</u>
Cash and cash equivalents at the beginning of the year		264,485	336,637
Total cash and cash equivalents at the end of the year		<u>149,753</u>	<u>264,485</u>

Institution of Royal Engineers

Notes to the financial statements

For the year ended 31 December 2020

1 General administrative information

Institution of Royal Engineers is an unincorporated charity in England & Wales with the registration number 249882. The address of the registered office is Headquarters Royal Engineers, Brompton Barracks, Chatham, Kent, ME4 4UG. The Charity's principal objectives continued to be: To promote and advance the science of military engineering and to promote military efficiency, particularly the military efficiency of the Corps of Royal Engineers

2 Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS102) Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), and the Charities Act 2011. Institution of Royal Engineers meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

2.2 Preparation of the accounts on a going concern basis

The Trustees assess whether the use of going concern is appropriate, i.e., whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Charity to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Charity has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Charity's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Whilst the impact of the Covid-19 pandemic has been assessed by the Trustees, so as far as is reasonably possible, due to its unrepresented impact on the worldwide economy it is difficult to evaluate with any certainty the potential outcomes on the Charity's future activities. However taking into consideration the Charity's level of reserves and the actions they've taken, the Trustees believe that the Charity will be able to continue in operational existence for the foreseeable future.

2.3 Fund accounting

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

Designated funds are amounts which have been put aside out of unrestricted funds at the discretion of the Trustees.

Restricted funds represent grants, donations and legacies received which are allocated by the donor for specific purposes.

Investment income gains and losses are allocated to the appropriate fund.

Institution of Royal Engineers

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

2.4 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

2.5 Expenditure

Liabilities are recognised as expenditure as soon as there is an obligation to committing the charity to the expenditure. All expenditure is accounted for on an accruals basis

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the Trust and are always authorised by trustees.

The costs of raising funds consist of investment management and certain legal fees.

Cost of charitable activities includes grants made and the apportionment of support costs shown in note 9.

Overhead and support costs that cannot be attributed directly to a charitable activity have been allocated on a percentage basis of time, space and cost against the activity.

2.6 Heritage assets

The Institution owns a large number of historic military artefacts that are displayed in the Royal Engineers Museum and Library. These include medals, drawings, manuscripts, 3-dimensional artefacts and published works that are up to 300 years old. These assets are not capitalised due to the significant costs involved in valuing them.

The Institution will only acquire heritage assets that are relevant to the Museum collection, whilst disposals are restricted to gifts to similar military museums.

2.7 Tangible fixed assets and depreciation

Assets costing more than £250 are capitalised and are valued at historic cost. Depreciation is charged on assets using a straight – line basis over their estimated life on the following basis:

Computers	-	20% straight line
General property	-	10% straight line

2.8 Investments

Investments are valued to the mid-market value as at year end. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

2.9 Debtors

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

Institution of Royal Engineers

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

2.10 Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.11 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

2.12 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.

2.13 Donated services and facilities

Donated services, are included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. This amount is matched by donated expenditure.

2.14 Pensions

The charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the charity to the fund in respect of the year. The charity contribution is restricted to 5% where there is no employee contribution and rises to 7.5% if the employee contributes a minimum of 2.5%.

2.15 Tender policy

Trustees introduced a tender policy that covers expenditure:

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

Institution of Royal Engineers

Notes to the financial statements
For the year ended 31 December 2019/20

		Total funds 2020	Total funds 2019
		£	£
3 Donations and Legacies			
Legacies		-	100
Subscriptions	(Note 4)	322,803	320,821
Grants	(Note 5)	3,000	2,000
Registration fees		20,583	16,887
Donations		5,130	305
Donated assets		-	12,400
Donated services and facilities	(Note 6)	50,451	49,508
		<u>401,967</u>	<u>402,021</u>

Income from Donations and Legacies was £401,967 (2019 - £402,021) of which £401,967 was unrestricted (2019 - £389,621) and £Nil was restricted (2019 - £12,400).

4 Subscriptions

	£	£
Regular officers	132,641	126,575
Other members	78,066	76,670
Serving soldiers	51,801	50,076
Members of the Reserve	12,404	12,051
Tax refund	13,948	30,450
Fellowship	7,523	4,163
Eng Tech	23,434	18,861
I Eng	1,518	1,097
C Eng	1,468	878

Support Costs

	<u>322,803</u>	<u>320,821</u>
Audit	759	696
Insurance	301	327
Administration	506	1,919
Depreciation	174	223
Post and telephone	1,232	879
Donated services support costs	7,897	7,782
Staff costs	55,651	57,563
	<u>66,520</u>	<u>69,389</u>
	<u>256,283</u>	<u>251,432</u>

5 Grants

	£	£
Officer Cadet prize fund	3,000	2,000
	<u>3,000</u>	<u>2,000</u>

Institution of Royal Engineers

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

	Total funds 2020	Total funds 2019
	£	£
6 Donated services and facilities		
Gas	1,734	1,722
Electricity	2,042	2,107
Water and sewage	824	812
Community charge	5,519	5,465
Administrative utilities	1,403	1,403
Administrative salaries	38,929	37,999
	50,451	49,508

7 Trading Activities

	£	£
Income		
Publication sales	2,494	3,236
	£	£
Expenditure		
Corps History	2,049	67
Follow the Sapper	2,100	-
Miscellaneous publications	26	873
	4,175	940

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

8 Investment Income

	£	£
Dividends	34,771	34,103
Dividends - Memorial Fund	1,078	1,057
Bank interest	99	293
	35,948	35,453

All investment income in 2020 and 2019 was unrestricted.

Institution of Royal Engineers

Notes to the financial statements

For the year ended 31 December 2020

9 Analysis of Expenditure by activities

		Activities undertaken directly 2020	Support costs 2020	Total funds 2020	Total funds 2019
		£	£	£	£
Subscriptions	(Note 4)	-	66,520	66,520	69,389
Publications	(Note 10)	51,862	77,353	129,215	105,836
Maintain Memorials	(Note 11)	-	9,638	9,638	47,340
Joint Professional Meeting	(Note 12)	20,357	10,147	30,504	12,955
Grant making	(Note 13)	154,167	17,964	172,131	105,889
Digitisation	(Note 14)	46,450	10,541	56,991	13,527
Napier House	(Note 15)	2,569	7,321	9,890	24,062
RE Historical Society	(Note 16)	928	6,548	7,476	11,062
Awards	(Note 17)	18,506	-	18,506	4,297
CPD/Registration/e-Learning	(Note 18)	41,185	70,253	111,438	75,898
		336,024	276,284	612,309	470,255

All expenditure on charitable activities in 2020 and 2019 was unrestricted.

10 Publications

	£	£
Activities undertaken directly		
Distribution costs	28,292	22,765
RE List	-	4,634
RE Journal	19,055	3,562
Supplement	4,515	4,800
	51,862	35,761
Support costs		
Audit	759	696
Administration	1,371	2,839
Insurance	301	327
Post and telephone	462	330
Computer support costs	5,374	3,849
Staff costs	57,587	51,023
Donated service support costs	6,471	6,367
Depreciation	5,028	4,644
	77,353	70,075
	129,215	105,836

11 Maintain Memorials

	£	£
Activities		
Maintenance	-	38,220
	-	38,220
Support costs		
Audit	131	120
Administration	68	91
Insurance	323	350
Staff costs	4,255	4,755
Donated service support costs	4,861	3,804
	9,638	9,120
	9,638	47,340

Institution of Royal Engineers

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

	Total funds 2020	Total funds 2019
	£	£
12 Joint Professional Meeting		
Activities undertaken directly		
JPMs	1,620	3,680
RUSI/Inst Conference	10,450	-
Focus Groups	600	-
Fellow Event	4,627	-
Defence Engineering Lecture	3,060	-
	<u>20,357</u>	<u>3,680</u>
Support Costs		
Insurance	129	140
Post and telephone	31	22
Staff costs	5,128	4,358
Donated service support costs	4,858	4,755
	<u>10,147</u>	<u>9,275</u>
	<u>30,504</u>	<u>12,955</u>
13 Grant Making		
Activities undertaken directly	£	£
RE Museum fund	31,122	30,511
RE Library fund	50,795	52,381
Museum Transformation Project	40,000	-
Comms Hub Grant	26,250	-
RE Awards Dinner	6,000	6,000
	<u>154,167</u>	<u>88,892</u>
Support costs		
Insurance	258	280
Post and telephone	92	66
Staff costs	8,474	7,716
Donated service support costs	9,140	8,935
	<u>17,964</u>	<u>16,997</u>
	<u>172,131</u>	<u>105,889</u>
14 Digitisation		
Activities undertaken directly	£	£
IT costs	46,450	3,207
	<u>46,450</u>	<u>3,207</u>
Support costs		
Audit	131	120
Insurance	129	140
Post and telephone	31	22
Staff costs	5,392	5,283
Donated service support costs	4,858	4,755
	<u>10,541</u>	<u>10,320</u>
	<u>56,991</u>	<u>13,527</u>

Institution of Royal Engineers

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

	Total funds 2020	Total funds 2019
	£	£
15 Napier House		
Rental Income	3,600	3,100
	<u>3,600</u>	<u>3,100</u>
Activities undertaken directly		
Gas service contract	374	394
Land rent	23	23
Maintenance	2,172	3,862
Renovations	-	12,544
	<u>2,569</u>	<u>16,823</u>
Support costs		
Audit	131	120
Administration	41	69
Insurance	323	350
Post and telephone	31	22
Donated service support costs	4,282	2,269
Staff costs	244	229
Depreciation	2,269	4,180
	<u>7,321</u>	<u>7,239</u>
	<u>9,890</u>	<u>24,062</u>
16 RE Historical Society		
	£	£
Membership	1,326	1,370
Battlefield Study	-	443
	<u>1,326</u>	<u>1,813</u>
Activities		
Battlefield Tours	-	1,719
Events	928	2,302
Publications	-	828
	<u>928</u>	<u>4,849</u>
Support Costs		
Audit	78	72
Administration	34	256
Insurance	65	70
Post and telephone	93	66
Staff costs	5,702	5,174
Donated service support costs	576	575
	<u>6,548</u>	<u>6,213</u>
	<u>7,476</u>	<u>11,062</u>
17 Awards		
	£	£
Medals	8,790	1,397
Prizes	9,716	2,900
	<u>18,506</u>	<u>4,297</u>

Institution of Royal Engineers

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

	Total Funds 2020	Total Funds 2019
	£	£
18 CPD/Registration/e-Learning		
Activities undertaken directly		
CPD Registration & Marketing	40,125	12,081
CPD Travel & Subsistence	1,060	1,323
	41,185	13,404
Support costs		
Audit	628	576
Administration	337	513
Insurance	323	350
Post and telephone	1,078	769
Donated service support costs	7,508	7,402
Staff costs	60,379	52,884
	70,253	62,494
19 Net income/expenditure	111,438	75,898

This is stated after charging:

Depreciation of tangible fixed assets:

- owned by the charity

Auditor's remuneration

7,471	7,136
2,617	2,400

During the year, no Trustees received any remuneration (2019: £NIL).
During the year, no Trustees received any benefits in kind (2019: £NIL).

20 Staff costs

Staff costs were as follows:

	£	£
Wages and salaries	173,696	159,316
Social security costs	14,859	13,288
Other pension costs	14,257	15,430
	202,812	188,034

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

	No.	No.
Publications	2	2
Management and administration of the charity	4	4
	6	6

The Secretary occupies Napier House as part of his conditions of employment.

The pension cost represents amounts payable to the Corps of Royal Engineers Pension Fund, a defined contribution scheme.

The total employment benefits including employer pension contributions of the key management personnel were £73,193 (2019: £64,991).

The number of employees whose benefits (excluding employer pension costs) exceeded £60,000 was:

	2020 No	2019 No
In the band £60,001 - £70,000	1	-

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

24 Creditors:

Amounts falling due within one year

	2020 £	2019 £
Other creditors	61,095	15,079
Accruals and deferred income	2,616	2,400
	<u>63,711</u>	<u>17,479</u>

25 Statement of funds

Current Year

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
Memorials Fund	(43,920)	1,077	(9,638)	-	1,485	(50,996)
Professional Registration	11,819	47,003	(41,185)	-	-	17,637
RE Historical Society	(10,091)	1,326	(7,476)	3,000	-	(13,241)
	<u>(42,192)</u>	<u>49,406</u>	<u>(58,299)</u>	<u>3,000</u>	<u>1,485</u>	<u>(46,600)</u>
General funds						
General fund	1,355,923	395,929	(558,185)	(3,000)	47,921	1,238,588
Total Unrestricted funds	<u>1,313,731</u>	<u>445,335</u>	<u>(616,484)</u>	<u>-</u>	<u>49,406</u>	<u>1,191,988</u>
Restricted funds						
Institution Artefacts	560,233	-	-	-	-	560,233
Total of funds	<u>1,873,964</u>	<u>445,335</u>	<u>(616,484)</u>	<u>-</u>	<u>49,406</u>	<u>1,752,221</u>

Prior Year

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
Memorials Fund	(1,421)	1,057	(47,340)	-	3,784	(43,920)
Professional Registration	(12,500)	37,723	(13,404)	-	-	11,819
RE Historical Society	(2,842)	1,813	(11,062)	2,000	-	(10,091)
	<u>(16,763)</u>	<u>40,593</u>	<u>(71,806)</u>	<u>2,000</u>	<u>3,784</u>	<u>(42,192)</u>
General funds						
General fund	1,242,537	392,630	(399,389)	(2,000)	122,145	1,355,923
Total Unrestricted funds	<u>1,225,774</u>	<u>433,223</u>	<u>(471,195)</u>	<u>-</u>	<u>125,929</u>	<u>1,313,731</u>
Restricted funds						
Institution Artefacts	547,833	12,400	-	-	-	560,233
Total of funds	<u>1,773,607</u>	<u>445,623</u>	<u>(471,195)</u>	<u>-</u>	<u>125,929</u>	<u>1,873,964</u>

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

26 Analysis of net assets between funds

Current Year

	Unrestricted funds 2020	Restricted funds 2020	Total funds 2020
	£	£	£
Tangible fixed assets	26,235	560,233	586,468
Fixed asset investments	1,055,003	-	1,055,003
Current assets	174,461	-	174,461
Creditors due within one year	(63,711)	-	(63,711)
	1,191,988	560,233	1,752,221

Prior Year

	Unrestricted funds 2019	Restricted funds 2019	Total funds 2019
	£	£	£
Tangible fixed assets	30,519	560,233	590,752
Fixed asset investments	1,005,597	-	1,005,597
Current assets	295,094	-	295,094
Creditors due within one year	(17,479)	-	(17,479)
	1,313,731	560,233	1,873,964

27 Pension commitments

The charity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £14,257 (2019: £15,430).

28 Related party transactions

All transactions with related parties are disclosed in the Trustees Report and notes to the accounts. The Institution is controlled by the Council ('the Trustees').

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

	Total funds 2020	Total funds 2019
	£	£
Net movement in funds	(121,743)	100,357
Add back depreciation charge	7,471	7,136
Deduct interest income shown in investing activities	(35,948)	(35,453)
Deduct gains / add back losses on investments	(49,406)	(125,929)
Increase / (decrease) in debtors	5,901	(6,932)
(Decrease) / increase in creditors	46,232	(9,628)
Net cash used in operating activities	(147,493)	(70,449)