

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
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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
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Chief Executive

Mr J D Acornley*	2019
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Treasurer

Major 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 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.

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

3 Donations and Legacies

		Total funds 2020	Total funds 2019
		£	£
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

12 Joint Professional Meeting

	Total funds 2020	Total funds 2019
	£	£
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
	<u>41,185</u>	<u>13,404</u>
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
	<u>70,253</u>	<u>62,494</u>
	<u>111,438</u>	<u>75,898</u>

19 Net income/expenditure

This is stated after charging:

Depreciation of tangible fixed assets:

- owned by the charity

Auditor's remuneration

7,471	7,136
<u>2,617</u>	<u>2,400</u>

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
	<u>202,812</u>	<u>188,034</u>

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
	<u>6</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 £73,193 (2019: £64,991).

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

	2020	2019
	No	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)