

ROYAL ENGINEERS ASSOCIATION

England & Wales · Charity number 258322

Details

Other names	REA, The Sapper Charity
Status	Registered
Legal form	Other
Registered	1969-06-03
Register	View on the Charity Commission register

Contact

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Activities

Objects: A. TO PROMOTE AND SUPPORT THE CORPS AMONG MEMBERS OF THE ASSOCIATION IN THE FOLLOWING WAYS:(1) BY FOSTERING ESPRIT DE CORPS AND A SPIRIT OF COMRADESHIP AND SERVICE.(2) BY MAINTAINING AN AWARENESS OF CORPS TRADITIONS.(3) BY ACTING AS A LINK BETWEEN SERVING AND RETIRED MEMBERS OF THE CORPS.B. TO PROVIDE FINANCIAL AND OTHER ASSISTANCE TO SERVING AND FORMER MEMBERS OF THE CORPS, THEIR SPOUSES, WIDOWS, WIDOWERS AND DEPENDANTS WHO ARE IN NEED THROUGH POVERTY.C. TO MAKE GRANTS, WITHIN ASSOCIATION GUIDELINES, TO THE ARMY BENEVOLENT FUND AND TO OTHER CHARITIES THAT FURTHER THE OBJECTIVES OF THE ASSOCIATION.

Activities: To provide financial and other assistance to serving and former members of the Corps, their spouses, widows, widowers and dependants who are in need through poverty. To make grants, within Association Guidelines, to the Army Benevolent Fund and to other charities that further the objectives of the Association.

Classification

- **How:** Makes Grants To Individuals, Makes Grants To Organisations, Provides Human Resources, Provides Services
- **What:** General Charitable Purposes, Education/training, The Advancement Of Health Or Saving Of Lives, Disability, The Prevention Or Relief Of Poverty, Accommodation/housing, Amateur Sport, Economic/community Development/employment, Armed Forces/emergency Service Efficiency, Recreation, Other Charitable Purposes
- **Who:** Children/young People, Elderly/old People, People With Disabilities, Other Charities Or Voluntary Bodies, Other Defined Groups

Geography

- Northern Ireland
- Scotland
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£1,437,036	£1,966,681	£12,095,451	11
2023-12-31	£2,436,674	£2,398,573	£12,163,258	8
2022-12-31	£1,359,139	£1,903,521	£12,091,630	7
2021-12-31	£1,326,966	£1,445,496	£14,412,630	6
2020-12-31	£1,180,812	£1,400,408	£13,391,394	6

Trustees

Name	Role	Appointed
Maj Gen A S Dickinson CBE	Chair	2015-07-16
CSM Spencer Eardley		2023-06-30
Col retd Jonathan Mark Ruddy		2021-10-14
Col Claire James RE		2019-08-27
Colin Basnett CBE		2019-08-30
Colonel Richard Hawkins MBE ADC		2023-02-02
Jeffrey Jupp KC		2019-08-27
Lord Lancaster Mark Lancaster TD PC		2022-10-12
Lt Col Retd. Martin James Heffer TD RE		2016-08-31
Matt Bazeley OBE		2023-05-09
Rowan Adams		2023-02-27

Linked charities

- THE R.E. KITCHENER SCHOLARSHIPS FUND (258322-1)

Accounts

Charity numbers: 258322 and SC041832

ROYAL ENGINEERS ASSOCIATION



THE SAPPER CHARITY

Trustees' report and financial statements For the year ended 31 December 2024



EMPLOYER RECOGNITION SCHEME

GOLD AWARD 2023

Proudly supporting those who serve.

**Royal Engineers Association
Trustee's Report
For the year ending 31 December 2024**

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**Royal Engineers Association
Trustee's Report
For the year ending 31 December 2024**

The Board of Trustees present their annual report and the audited financial statements for the year ended 31 December 2024. The financial statements have been prepared in accordance with the accounting policies set out at note 2 to the accounts and comply with the charity's trust deed, the Charities Act 2011, and the Charities SORP FRS 102. Trustees consider that in preparing these financial statements they have considered all information that could reasonably be expected to be available (including levels of reserves held). Therefore, the going concern basis of accounting is deemed appropriate and there are no material uncertainties.

Constitution

The Royal Engineers Association ("the Association" or "REA") is established under authority of a Deed of Declaration of Trust dated 19 November 1968 and Supplemental Deed dated 1 December 1974 as varied by a scheme of the Commissioners dated 11 August 1997 and supplemented by the Rules of the Royal Engineers Association 2009, hereafter referred to as 'The Deed'.

Restrictions on Funds

The Deed describes two Funds, A and B, which are restricted for the benevolence respectively of commissioned and of warrant officer and other rank members and past members of the Corps of Royal Engineers, together with their dependants. Both the A and B Funds were reduced to zero in 2015 and will not be re-used unless a specific grant is made in support of commissioned officers or other rank members of the Corps. A further restricted fund, the Gabriel Fund, was established during 1997, following receipt of a legacy from the estate of the late Colonel R C Gabriel (see note 23 to the financial statements). The General Fund is not restricted. Another restricted fund, The Kitchener Fund, (Sapper Charity Children's Fund) which was the subject to an administrative transfer on 31 December 2008, was accepted by the REA Trustees from The Institution of Royal Engineers at their meeting in May 2009 and is now administered through the REA Benevolence committee.

OBJECTS AND ACTIVITIES

Objects of the Association, as set out in the Deed, are:

To promote the efficiency of the Corps in all or any of the following ways:

- (a) by fostering Esprit de Corps and a spirit of comradeship amongst serving and former members of the Corps.
- (b) to provide financial and other assistance to serving and former members of the Corps, their spouses, widows, widowers, and dependants who are in need.
- (c) to make grants to the Army Benevolent Fund the Soldiers Charity and to such other Charities as the Board of Trustees think fit which further the objectives of the Association.

Volunteers

REA branches are autonomous and are organised democratically in accordance with the REA Rules 2018 (Version 13 -Feb 2024) by members who take on the stewardship and running of the branch voluntarily. The many hundreds of volunteers who act as branch officials encouraging, supporting, recruiting, and guiding their Sapper branches and members to ensure that the branches provide a national network that supports the entire Sapper family.

ACHIEVEMENTS AND PERFORMANCE

The charity sets out to ensure that grants are made in a speedy, efficient, and cost-effective way. This was achieved, and grants rose to £4,368 in 2024 from £2,496 in 2023 for those in care homes and £21,450 for those living at home (£23,595 in 2023), from whom many letters of appreciation have been received. Special Christmas grants totalled £7,790 (2023: £8,275). The total number of benevolence cases considered in 2024 was 489 compared to 471 in 2023 with 386 cases assisted against 346 in 2023. Total expenditure on direct benevolence grants rose to £293,775.68 in 2024 against £236,339 in 2023.

The Sapper Charity Children's (Kitchener) Fund supported the education of 15 children across 10 Sapper

families with grants of £62,532.

The Gabriel Fund supported the career development of 2 veterans who had experienced significant injury or illness with grants of £2,774 in 2024. One veteran remains on pilot training following the 2023 grant and another has now completed his pilot training and is working as a 1st Officer with an airline.

Sappers Network

Sappers Network continues to provide a jobs board for those leaving the Corps, this service works with employers to provide access to a wide range of employment opportunities in the UK and overseas, a review of Sappers Network operations will be carried out in 2024 to improve awareness of the network to service leavers.

Other Grants

In 2024 the UBSG grant became the CUBS Grant and is paid from the McCabe Fund a fund based around the legacy of Lt Col Mike McCabe RE to provide welfare support to Sapper communities, Units and Branches up to £100,000 is to be made available annually, to enhance *Esprit de Corps* – a specific objective of the REA - by providing the opportunity for qualifying groups to bid for support in funding projects or activities which had no – or incomplete – support from other resources.

The 2024 welfare grant was a success with £97,769 being disbursed across 42 applications

Delivery – Benevolence

- Benevolence to those in need is considered of paramount importance. Applications for benevolence assistance are dealt with within two or three days after checks on service records and establishing financial need. All applications received from the Sapper family are considered sympathetically, most applicants receive financial assistance.
- There will be many eligible persons in need of assistance of whom the Association is unsighted.
- Cases requiring financial assistance greater than £1,000 (Chief Executive financial threshold increased from £500 in 2016) are referred to the REA Benevolence Committee that, since the increase in the Chief Executives' delegated powers, sits quarterly rather than monthly. Cases of an urgent nature that exceed the Chief Executive delegated powers are considered out-of-committee in consultation with the Chair of the Benevolence Committee and the Hon Treasurer REA. There is no financial limit on grants that the Committee can authorise for benevolence. The Committee also deals with applications for weekly allowances. Cases, having been in front of the Committee, are despatched within a week of the Committee decision.

2024 Benevolence Summary.

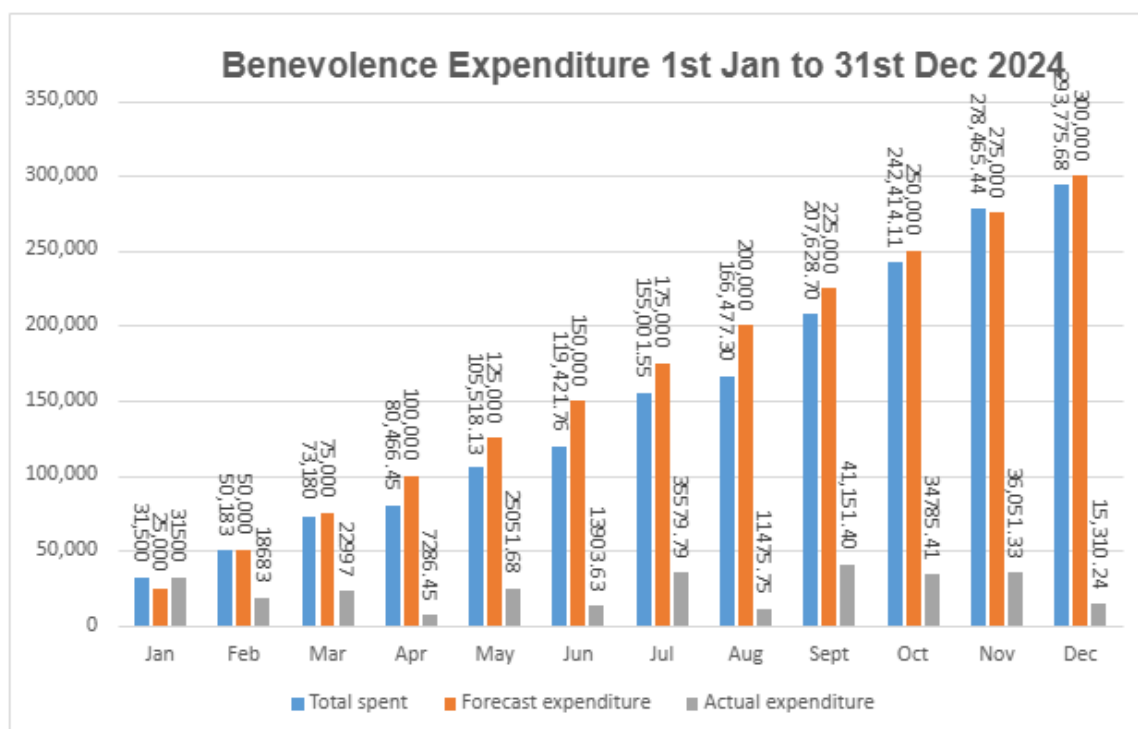
1. **Introduction.** This report covers the final quarter 4 of 2024 comparative analysis consistent with the previous quarterly reports. A more detailed report will be presented at the May 2025 Board of Trustees meeting.
2. **Summary.**
 - a. **Increase in Cases.** Despite a decreasing veteran population, the number of cases assessed increased.¹ This may have been caused by increased awareness, economic factors or a combination of.
 - (1) The number of cases assessed increased from 471 in 2023 to 489 in 2024.
 - (2) The number of cases assisted also rose from 346 in 2023 to 386 in 2024.
 - b. **Grants.** The allocation of grants to those living at home reduced and increased for those in care homes. This is in line with a national trend which has seen an increase in the care home population.²
 - (1) Weekly grants for those in care homes increased significantly, from £2,496 in 2023 to £4,368 in 2024.

(2) Conversely, weekly grants for those living at home decreased from £23,595 in 2023 to £21,450 in 2024.

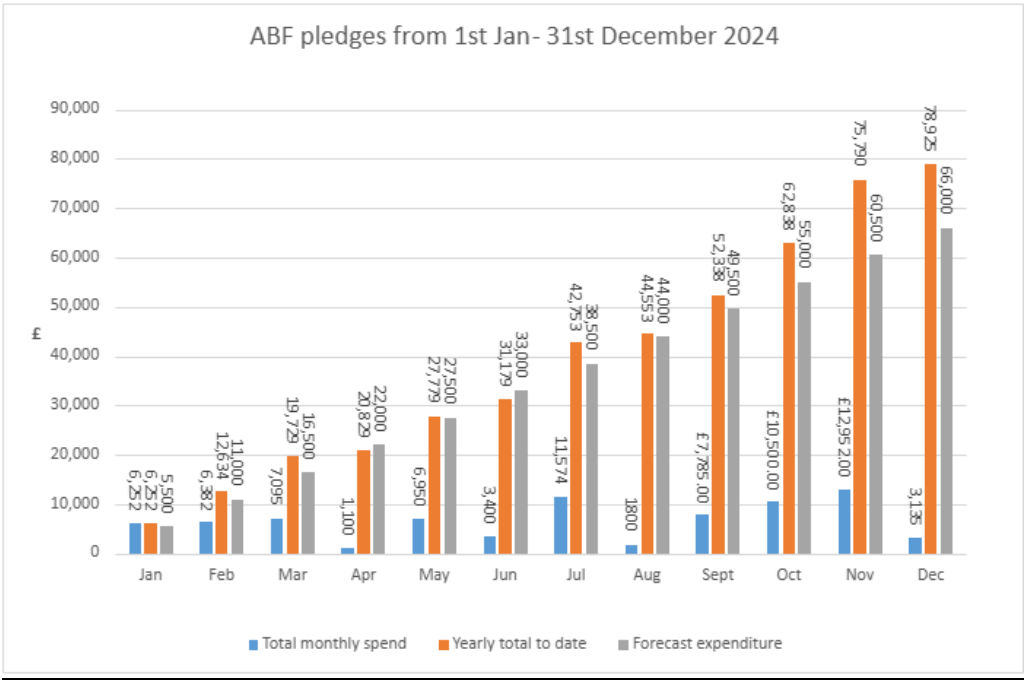
3. **Expenditure.** Spending remained within budget despite the total granted amount increased from £236,339 in 2023 to £293,776 in 2024.

Serial	Data	2024	2023	2022
1	Number of cases assessed	489	471	450
2	Number of cases assisted	386	346	365
3	Number of cases declined	103	125	85
4	Number of weekly grants in care homes (£48):	£4,368	£2,496	£2,762.50
5	Number of weekly grants at home (£55):	£21,450	£23,595	£25,350
6	Special Christmas Grants	£4,360	£3,005.00	£3,195
7	Cases referred to by SSAFA and UWO.	240	-	-
8	Cases referred by RBL and other charities.	249	-	-
9	Cases referred to ABF	154	-	-
10	ABF grant total to date	78,925	-	-
11	Total granted (£)	293,776	236,339	211,152

4. **Weekly Benevolence Expenditure.** Except for January there was an underspend every month, resulting in the annual spend being £6,224.32 under the £300,000 allocated. However, if trends continue it is likely that expenditure for 2025 will exceed £300,000 as the number of cases continues to increase.

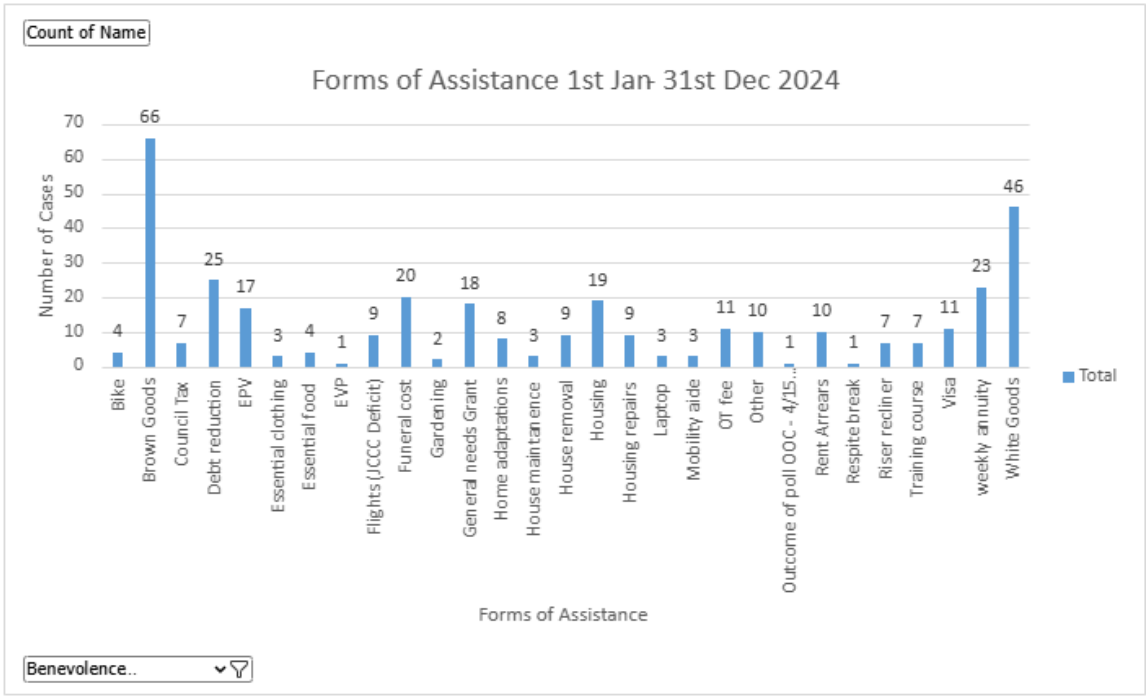


5. **Army Benevolent Fund Contribution. ABF.** Cases referred to ABF totalled 154, with ABF grants amounting to £78,925. However, the amount that the ABF grants to Sapper Family members is likely to exceed this, as the ABF grants funding to cases which have been declined by the REA.



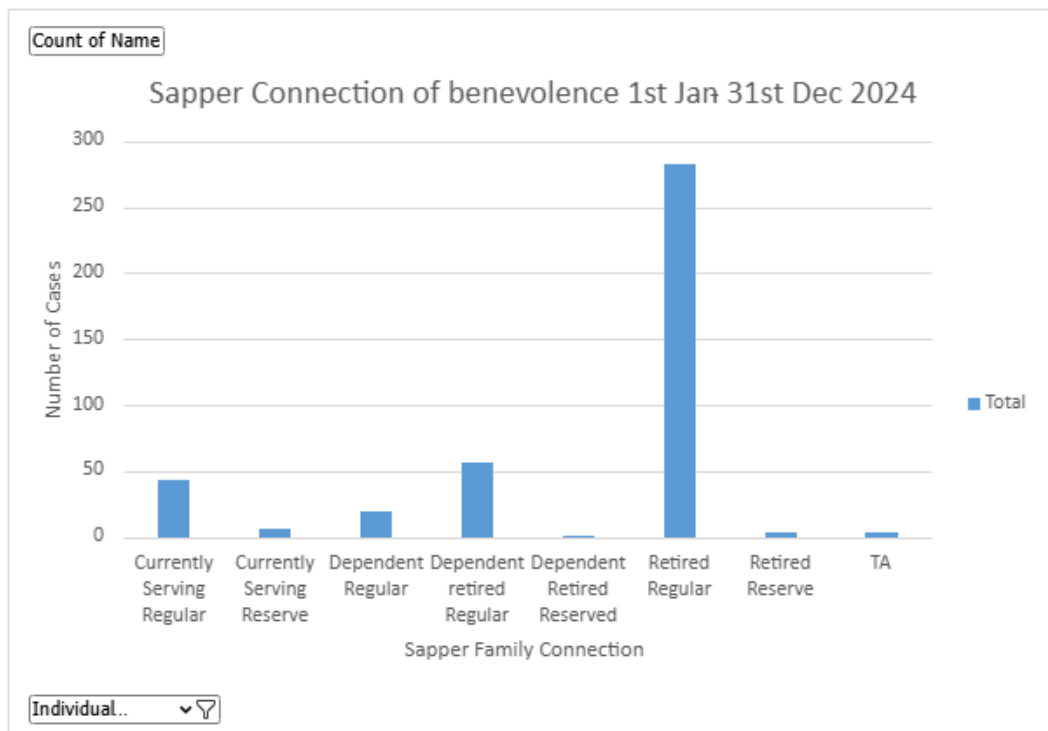
6. **Age.** Overall demographic trends remain consistent with 2023 however the overall increase in cases results in the trends being more pronounced. There is a slight increase in the those assisted aged 90+. This statistic will be monitored in 2025, and if it becomes a trend understanding the underlying factors will be required. Further analysis is required to understand the mean amount spent per case by age demographic. This information may inform future REA strategies.

7. **Form(s) of Assistance.** No change from the previous report.

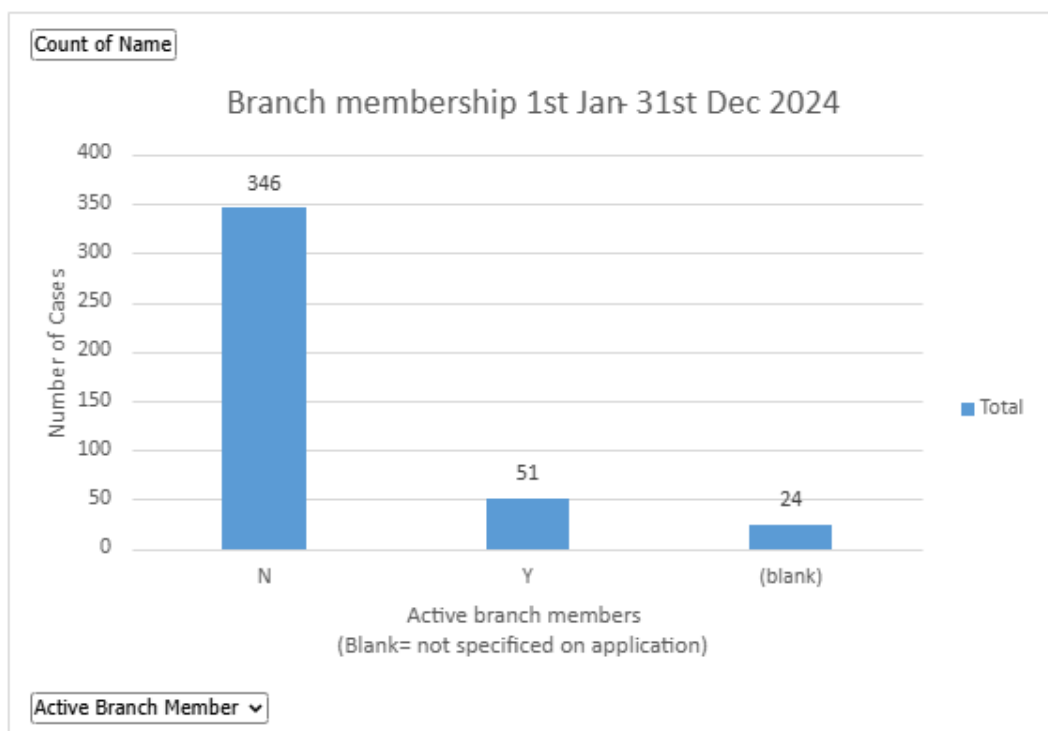


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8. **Recipient Sapper Family Connection.** Retired regulars and their dependents remain the largest and second largest cohort of benevolence recipients. Comparative data for 2023 is unavailable.³

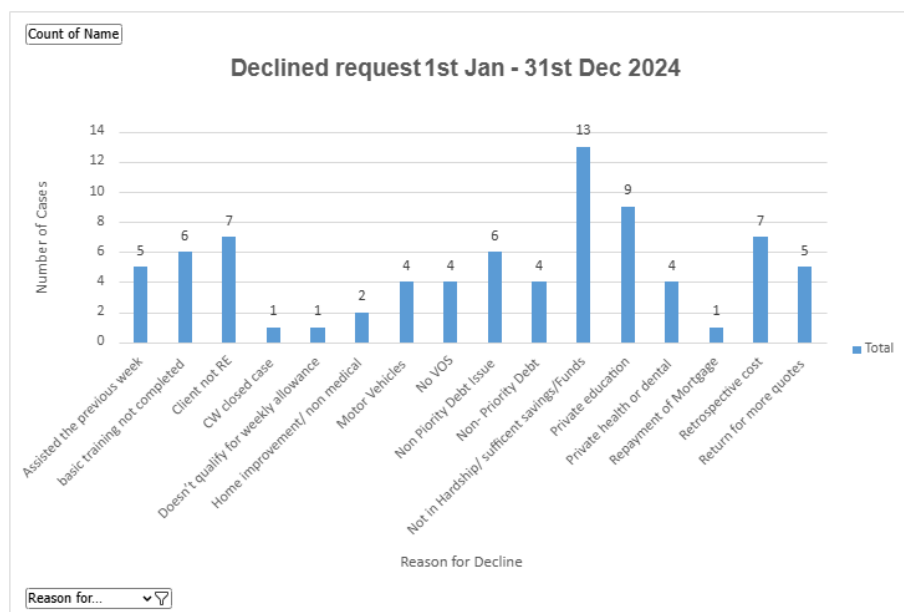


9. **Branch Membership.** Most benevolence recipients are not active members of the REA.



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10. **Reasons for Case Declines.** There is no significant change in trends for cases being declined. The most common reasons for declining cases included previous assistance, non-qualification for weekly allowance and non-priority debt issues.



11. **Increase in Out of Committee Spending.** An increasing number of cases are being assessed out of committee. It is likely that this is due to increased costs resulting in requests exceeding the CEO and the Operations Director threshold of spending. The number of out of committee decisions and the associated data from 2024 will be presented with recommendations in the May meeting of the Board of Trustees.

12. **Summary.** The report highlights a notable increase in the number of cases assessed and assisted in 2024 compared to 2023, despite a reducing veteran population. Weekly grants for care home residents rose significantly, while grants for those living at home decreased. Special Christmas Grants and overall benevolence expenditure also increased. Referrals from various organizations and substantial financial support from the ABF contributed significantly to the number of assisted cases. Despite these changes, demographic trends remained consistent, with most recipients being in the 30-49 age range, and the overall benevolence spending stayed within budget.

Regular weekly allowances were made to 33 applicants and, where there is a need to assist financially with nursing home fees, some have further assistance from the Army Benevolent Fund the Soldiers' Charity.

A grant of £66,000 was provided to ABF The Soldiers' Charity.

A grant of £30,000 was provided to SSAFA.

ABF The Soldiers' Charity

The Trustees are most appreciative of the financial support provided by the ABF The Soldiers' Charity towards the cost of welfare grants to serving and former members of the Corps and their dependants.

Membership

Summary of Outreach Observations 24

During 2024 there have been numerous outreach activities, surveys and opportunities to analyse feedback on the current membership model, structure and activities of the REA.

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REA Participation: REA and Veteran events are mostly known to branch-level members, excluding many eligible but inactive members. Recommendations include increasing event accessibility and using SCRM to automatically send newsletters and grant access to SapperCom.

Branch Structure: The branch network benefits a small percentage of the RE veteran community. Recommendations include reviewing branch creation criteria, assessing CUBs applications based on interaction with REA branches, and focusing on reducing inactive members rather than sustaining the current branch model.

Outreach Activities: Between April 2023 and August 2024, 64 outreach activities were conducted, including branch meetings, unit visits, events, course briefs, and benevolence visits.

Branch Visits: Branch visits are initiated by branch invitations, HQ self-invitations, or the need for intervention. Visits are carried out during branch meetings or events, with the representative providing updates and Q&A sessions.

Branch Membership Challenges: Local branches face challenges due to location, timing, format, commitment, and status issues. The introduction of broader eligibility criteria in January 2024 has kept membership numbers slightly above 2023, but new initiatives are needed to sustain numbers.

Unit Engagement: REA briefs to units emphasize the importance of the Day's Pay Scheme, benevolence, and available funding. Units that receive briefs are more likely to raise funds and apply for financial support.

Reactions to Changes: Members' reactions to changes like the new REA logo, membership categories, event date changes, and the Minley Weekend cancellation vary. Some members are enthusiastic, while others are hostile or indifferent.

Communication Strategies: The REA introduced a monthly newsletter in January 2024, primarily using Facebook for communication. SapperCom, a secure platform, has gained 1,000+ users, while Sapper Magazine and Sappers Network require improvements.

SapperCom Issues: SapperCom faces issues with email addresses and access, requiring users to reapply if their email does not match the one registered with HQ REA.

Summary and Recommendations: The REA should focus on increasing the involvement of the 87,734 inactive RE veterans, rather than just the active minority.

Assistance

The Association acknowledges with gratitude the assistance provided by the caseworkers of SSAFA, TRBL and REA branches for their contribution to the benevolence system.

Fundraising Update

In January 2025, a comprehensive fundraising update was presented to the Board of Trustees. This report outlines our progress in aligning fundraising efforts with the Royal Engineers Association (REA) mission and objectives, highlights opportunities identified and provides a roadmap for success in 2025 and beyond.

Strategic Alignment

We ensured that our fundraising activities align with REA's broader objectives and the 2025-2029 business plan. Clear goals were established for how much to raise, from which sources, and by when, with a framework for continuous review and adaptation. A robust case for support was created to communicate the importance of our mission and inspire donations.

SWOT Analysis

Our strengths include an established reputation, an engaged member base, and a history of impactful work. However, we face weaknesses such as limited digital presence and lack of coordinated communication efforts. Opportunities identified include increased online giving, legacy donations, and corporate sponsorship. Threats include economic challenges and competition from similar organizations.

Competitor Analysis

We examined the fundraising strategies of organisations and Veterans Associations. Key insights included leveraging multi-platform digital campaigns, simplifying donation processes, and effective storytelling.

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Audience Identification and Segmentation

We segmented potential donors based on motivations and behaviours, including current members, veteran communities, the public, and serving soldiers.

2024 Outcomes and Opportunities Identified

In 2024, we achieved significant fundraising outcomes through various platforms, including Crowdfunder Ltd, Enthuse, and Just Giving. Opportunities identified for 2025 include trusts and foundations, challenge events, online donations, and legacies.

Recommendations for Improvement

We recommend professional coordination of digital activities, building trust through regular communication, optimizing online giving, and prioritising supporter care.

Future (January – March 2025)

Key initiatives for early 2025 include ongoing applications to trusts and foundations, driving participation in challenge events, updating legacy information, and enhancing communications.

Conclusion

Communicating the REA's mission and impact is the foundation for successful fundraising. By embracing professional marketing practices, focusing on storytelling, and optimizing for online giving, we are well-positioned to meet our 2025 goals. Together, we can ensure the REA continues to make a profound difference for its members and communities.

REA Branch Accounts

In March 2004 Trustees were informed by their auditor that SORP 2000 required them to include the income, expenditure, assets and liabilities of those REA Branches that did not have separate legal status in their annual charity account, if material. Subsequent legal advice confirmed that the current REA Branches do not have separate legal status and that the extant Rules of the REA did not require Branches to furnish this information to HQ REA. Trustees have changed the Rules of the REA and directed REA Branches to provide this financial information to HQ REA by 31 January each year. The funds associated with these branches are designated. Branches can also have the choice of having all funds administered by the REA fund manager in REA HQ.

Activities in Scotland

The Association has nine active branches in Scotland under the control of the Scotland & Northern Ireland Group Headquarters based at Leuchars, Fife. Because of this presence in Scotland the Association is registered with the Scottish Charity Regulator. As with the remaining UK and overseas branches, those branches based in Scotland do not carry out fundraising but aim to promote and support the Corps in accordance with the Objects of the Association.

2024 FINANCIAL REVIEW

Serving RE officers, warrant officers and soldiers subscribe to the Royal Engineers Central Charitable Trust under the Army's 'Days Pay Scheme' (a payroll giving scheme). After the Institution of Royal Engineers has received a set percentage of officer and soldier subscriptions, the HQ Mess receive a set percentage of officer subscriptions, and the Corps WOs' & Sgts' Mess receive an element of the SNCOs and WOs subscriptions (their respective membership fees) the Association receives 50% of the monies received from the Days Pay Scheme (DPS). Any shortfall of income compared to expenditure comes from investment income. Donations and legacies that are retained are available for investment towards future benevolence. The Association's combined income from DPS, 30% of income, investments 31% of income, legacy, and donations 21% of income is sufficient to sustain our annual operating expenditure in all the key areas of benevolence, welfare, and esprit de corps.

Summary

Net expenditure before other recognised gains and losses was £529,645 (2023: Net income £38,101). The Charity did not authorise any further funds for investment in 2024.

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Balance Sheet

The accumulated funds decreased by £67,807 to £12,095,451 (2023 increased by £71,628 to £12,163,258). Notes to the Statement of Financial Activities and Balance Sheet provide supplementary information against each funding activity.

Expenditure on benevolence grants to individuals increased by £57,437 from £236,339 in 2023 to £293,776 in 2024.

Investment house & policy

The REA invests in the Armed Forces Charities Growth & Income Fund, managed by BlackRock.

The Objective of the Fund is to achieve real growth in capital and income over the long term by investment mainly in equities and fixed income securities. Further investment details are given in the notes to the financial statements.

959,570.000 units transferred from General fund to create McCabe Fund on 4 Jan 24.

151,216.636 units sold from General Fund 11 Dec 24 to generate £345,000 for house purchase.

74,512.546 units sold from McCabe Fund 11 Dec 24 to generate £170,000 for house purchase.

Investment performance

Investments delivered dividends of £379,961 (£406,809 in 2023). 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.

Fixed Assets – Property

Ebbsfleet Property – managed by Family Homes

16 Cherry Hinton Close, Western Cross, Ebbsfleet Valley, DA10 1FW (3 bedrooms)

Purchase Price: £475,000

Current valuation (for 2024 audit): £520,000

Net rental income: £2,045 pcm

Net rental yield 5.17%

Rental Income 2024 - £24,450

Plot 0452, Savery Avenue, Western Cross, Ebbsfleet Valley, SA10 1GQ (3 bedrooms)

Purchase Price £515,000

Completion took place in February 2025

Rental level expected to be £2800 pcm.

Risk statement.

The risks to which the Charity are exposed are reviewed by the REA Management Committee at each of its meetings. The basis of the review is a Risk Management Matrix that identifies and defines the risk, its impact and likelihood, and those mitigation measures the Trustees feel need to be applied. The Risk Management Matrix was reviewed at the September Board meeting in 2024, and members were content that systems have been established to mitigate those risks identified.

Key Risk

The key risks are financial and reputational with loss of income from our investments potentially restricting the services we deliver and thus our reputation among our members and beneficiaries which could further affect our income. In mitigation of this the Board ensures that we maintain sufficient investment funds to provide resilience and regularly reviews the status of our reserves.

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Reserves

The accounts show net expenditure of £529,645 (2023: net income of £38,101) before gains on investments. Gains on investments amounted to £446,838 (2023: gains of £28,527) giving a negative net movement in funds of £67,807 (2023: negative gain movement of £71,628). Gains on our investment property revaluation were £15,000 (2023: £5,000). It is the Trustees policy to realise capital from the Restricted Fund's investment portfolios when required to provide funds in support of grant making or project funding.

Trustees review the reserves policy annually and aim to match the amount held in reserves to mitigate against potential financial threats over the long term. The charity relies upon the MoD for administration of the Day's Pay Giving Scheme, provision of infrastructure, utilities, and a proportion of staff costs. If these MoD donated services were to be withdrawn, the charity would suffer an operational shock. The charity's reserves must be able to meet such a shock if it were to occur.

Furthermore, it is the intention of the Trustees to maintain free reserves amounting to a minimum of 15 years' operating costs (essentially benevolence payments and staffing costs). This is intended to provide adequate security against market volatility, and future risks to both income and expenditure whilst maintaining long-term benevolence support to the Corps' beneficiaries. Current unrestricted reserves are £11,534,400 (2023: £11,605,926) which Trustees consider is consistent with this policy.

Public Benefit

The REA Trustees have paid due regard to the Charity Commission's guidance on public benefit in deciding what activities the charity should undertake. This fund provides public benefit by assisting service personnel to perform their role more effectively within the Corps of Royal Engineers and assisting those of the wider family of the Corps (those who have left uniform). Where there is "need" the fund helps those who have fallen on hard times like debt, family separation, mobility aids for the infirm (such as stair lifts and electric powered scooters and wheelchairs) and walk-in showers at home where the applicant is unable to use a bath safely. In addition, the Fund has helped some of our serving Sappers where there is a "need".

PLANS FOR THE FUTURE

Strategy Review 2025 for period 2026 to 2030

The Royal Engineers Association (REA) - the Sapper Charity, aims to enhance its impact over the next five years by focusing on key strategic areas. Our primary goals include increasing membership, extending our reach to those in the Sapper Family facing hardship, supporting the welfare of the serving Corps, fostering Sapper communities, collaborating with relevant charity partners and service providers, boosting fundraising efforts, and improving our social media presence to connect with the broader Sapper family.

Strategic Goals

1. **Increase Membership:** Develop targeted recruitment campaigns, enhance membership benefits, and leverage social media and digital platforms to attract and retain members.
2. **Extend Reach to Sapper Family in Hardship:** Identify and support members in need through proactive outreach programs, collaborate with charities, and establish a dedicated helpline and online support portal.
3. **Support Welfare of the Serving Corps:** Implement welfare programs tailored to the needs of serving Corps members, provide mental health and well-being resources, and organise supportive events.
4. **Foster Sapper Communities:** Encourage the formation of new branches and social groups, support existing branches with resources, and promote community events to strengthen bonds among members.
5. **Collaborate with Charity Partners and Service Providers:** Establish partnerships with relevant charities and service providers, share resources and best practices, and engage in joint fundraising and awareness campaigns.

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6. **Boost Fundraising Efforts:** Develop innovative fundraising campaigns, engage with corporate sponsors and donors, and organise events to raise funds and awareness for the REA.
7. **Improve Social Media Presence:** Enhance the REA's social media strategy, create engaging content, and utilise social media analytics to measure impact and adjust strategies accordingly.

Risk Management

Effective risk management measures will be implemented to mitigate potential governance, operational, financial, reputational, and compliance risks. This includes regular updates to governance documents, strategic planning, robust financial controls, transparent communication, and compliance with relevant laws and regulations.

Performance Metrics

To measure the success of our strategic goals, we will track membership growth, outreach effectiveness, welfare program participation, community engagement, partnership quality, fundraising performance, and social media impact.

Timeline for Strategic Goals

All strategic goals will be developed and implemented simultaneously over the next five years to ensure continuous progress and alignment with the Chief Royals Strategy.

Budget

A detailed budget has been outlined to support the implementation of our strategic goals, ensuring that we have the necessary resources to achieve our objectives and sustain our operations.

Communication Strategy

A robust communication strategy will be implemented to enhance internal and external communication, optimise our digital presence, maintain consistent branding, and collect feedback for continuous improvement.

Alignment with Chief Royals Strategy

The REA strategy aligns with the Chief Royals Strategy in several key areas, including people first, talent management, support for veterans, military engineering excellence, deepening relations, financial sustainability, and effective communications.

Conclusion

The next five years present an opportunity for the REA to significantly enhance its impact and support for the Sapper Family. By focusing on these strategic goals, implementing effective risk management measures, tracking performance metrics, following the outlined timeline, allocating the necessary budget, enhancing our communication strategy, and aligning with the Chief Royals Strategy, we can ensure that the REA continues to serve its members effectively and sustainably.

1. Benevolence processing is done digitally online, with data stored in the SSAFA-managed Mosaic database.
2. The website continues development to enable more administration in the digital space.
3. Sappercom.com, our community platform, now provides a secure area for our membership to communicate.
4. Introduction of new areas of support through the McCabe Fund, Ballard Fund, Gabriel Fund and expansion of the reach of the Sapper Charity Children's Fund.
5. Sapper family membership options have been expanded.
6. REA HQ is now offering a fund management service, allowing branches to operate without individual bank accounts. Additionally, this eliminates the need for treasurers to provide detailed accounts.
7. All applications for events and services are now available online.
8. A further strategic development is the planned introduction of fundraising activities in 2024.

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Charitable Objects

The objectives listed below serve as a clear guide to the purpose and role of the Association. These provide a very sound foundation for all our activities.

1. To promote and support the Corps among members of the Association in the following ways:
 - a. By fostering esprit de corps and a spirit of comradeship and service.
 - b. By maintaining an awareness of Corps traditions.
 - c. By acting as a link between serving and retired members of the Corps.
2. To provide financial and other assistance to serving and former members of the Corps, their spouses, widows, widowers, and dependents who are in need through poverty.
3. To make grants, within Association Guidelines, to the Army Benevolent Fund and to other charities that further the objectives of the Association.

Governance

We have in place all the required elements for the Association to fulfil our legal obligations as a charity. Our charity's governing document is a legal document. It works as a rulebook, setting out:

- Its name.
- Its charitable purposes (objects').
- What can it do to conduct its purposes (powers'), such as borrowing money.
- Who runs it (trustees') and who can be a member.
- Meeting procedures and trustee appointments.
- Any rules about paying trustees, investments and holding land.
- Whether the trustees can change the governing document, including its charitable objects (amendment provisions').
- How to close the charity (dissolution provisions').

Vision

Ensure that all members of the Sapper family have access to the comradeship and support that enables them to live full lives.

Mission

Reach out to all members of the Sapper family and provide support to those in need by maintaining the links between all serving soldiers, veterans, and their families.

Auditors

Kreston Reeves LLP remain the Trustees choice as Corps auditors.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The REA is governed by the Deeds of Trust dated 19 November 1968 and Supplemental Deed dated 1 December 1974 as varied by a scheme of the Commissioners dated 11 August 1997 and supplemented by the Rules of the Royal Engineers Association 2009.

Trustees

The current Board of Trustees are listed on page 10.

The Board

The affairs of the Association shall be directed by the Board of the Association.

The composition of the Board shall be:

**Royal Engineers Association
Trustee's Report
For the year ending 31 December 2024**

- (1) President, a Colonel Commandant of the Corps nominated by the Chief Royal Engineer ratified by the Board. Appointment for maximum of six years.
- (2) Chair of the Association nominated by the President and ratified by the Board, maximum of six years over two, three-year, terms.
- (3) The Corps Colonel for duration of appointment.
- (4) Honorary Treasurer elected by the Board for maximum of six years over two, three-year, terms.
- (5) The Corps Sergeant Major for duration of appointment.
- (6) Reservist – nominated by President and ratified by vote of the Board maximum six years over two, three-year, terms.
- (7) Group Director – Serving Commanding Officer (CO) rotating round groups for duration of appointment.
- (8) Wider Community Trustee – externally recruited, position ratified by Board for maximum of six years over two, three-year, terms.
- (9) Governance Trustee – externally recruited, position ratified by Board for maximum of six years over two, three-year, terms.
- (10) Service Charity Trustee - externally recruited, position ratified by Board for maximum of six years over two, three-year, terms.
- (11) Fundraising Trustee – externally recruited, Position ratified by board for maximum of six years over two three-year terms.
- (12) Trustee – externally recruited, position ratified by board for a maximum of six years over two three-year terms.

The Chief Executive of the Association shall be Secretary to the Board. The Corps Treasurer and Operations Director shall be in attendance.

The Board shall exercise its responsibilities through subordinate committees subject to the provision that at least two members of any such committee shall be members of the Board.

The standing subordinate committees of the Board are:

- The Management Committee, chaired by the Chief Executive, responsible to the Board for the management of the Association including administration, membership, reunions, and awards.
- The Benevolence Committee, chaired by the REA Chair, responsible to the Board for all questions relating to the charitable business of the Association.
- The Finance Committee, Chaired by the Honorary Treasurer, responsible to the Board for the financial affairs of the Association.
- The Recruiting Committee, chaired by a nominated Trustee, responsible to the Management Committee for monitoring and prompting recruiting and awareness issues within the Association.

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 has been complied with.

Organisational structure and networks

The Association is directed by its Board of Trustees, constituted as described in the Deed, and consisting of ex-officio, nominated and elected members. Its members are the Trustees of the Association's funds. The Board meets as often as is necessary to fulfil its responsibilities, normally twice a year.

Certain routine business of a non-financial nature is delegated to the Management Committee, which meets twice a year. A benevolence committee meets quarterly to consider the more complicated applications for assistance and those requiring sums beyond the Chief Executive's authorised powers.

A finance committee deals with matters and is responsible to the Board of Trustees.

The REA is divided into 12 Groups throughout the UK and overseas. Each group has a Group.

**Royal Engineers Association
Trustee's Report
For the year ending 31 December 2024**

Director who is appointed by the Corps Colonel and, in most cases, the Group Director is the senior serving Royal Engineer officer in the Group area. Within these Groups are 108 Branches. Of these, 94 Branches are in towns and cities in the UK and overseas who normally meet up once a month for camaraderie and Esprit de Corps. The remaining 14 branches are national and themed branches who represent specialist trades/functions or interests with affiliated members throughout the UK and overseas; they will normally meet up once a year. While all Branches are self-financing, grants are made to Groups, National and Themed branches to support annual meetings and travel, all Branches have the same objectives as those of the Association.

The Headquarters or Secretariat of the Association is managed by the Chief Executive who oversees all activities with particular emphasis on engaging and involving the REA and other veteran organisations in wider Corps affairs and business development. He is supported by an Operations Director who deals primarily with Esprit de Corps and benevolence matters.

With Sappers Network, HQ REA is established for four full time administrative and clerical staff. One of the Secretariat staff is established and paid as a Civil Servant within the Regimental Headquarters of the Royal Engineers. The Chief Executive, Operations Director and three full time members of staff are employed solely by the Association.

**Royal Engineers Association
Trustee's Report
For the year ending 31 December 2024**

**Reference and administrative details of the charity, its trustees, and advisers
For the year ended 31 December 2024**

REA Board of Trustees

Major General (ret'd) Alastair Dickinson CBE	President	
Brig (ret'd) Matt Bazeley OBE	Vice President & Chair Benevolence Committee	
Colonel (ret'd) Jonathan Ruddy	Honorary Treasurer & Chair Finance Committee	
Air Commodore (ret'd) Colin Basnett CBE	Service Charities	
Colonel Richard Hawkins MBE ADC	Corps Colonel	
Warrant Officer Class One Spencer Eardley	Corps Sergeant Major	
Lieutenant Colonel Martin Heffer RE TD	Reserves	
Colonel Claire James	Chair Recruiting Committee	
Mr Jeffrey Jupp	Governance	
Mr Rowan Adams	Chair Fundraising committee.	
Major General Lord Lancaster of Kimbolton	Trustee	
Mr Kenneth Kirk	Chief Executive	Chair Management Committee Secretary to Board of Trustees
Major (ret'd) Nick Gunnell	Operations Director	
Major (ret'd) Ian Sidebottom	Advisor	Corps Treasurer Secretary to Finance Committee

Charity registered numbers.

258322 and SC041832

Principal office

The Royal Engineers Association
Ravelin Building
Brompton Barracks
Chatham
Kent
ME4 4UG

**Royal Engineers Association
Trustee's Report
For the year ending 31 December 2024**

**Reference and administrative details of the charity, its trustees, and advisers
For the year ended 31 December 2024**

Independent auditor

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

Solicitors

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

Investment managers

BlackRock Investment Managers
12 Throgmorton Avenue
London
EC2N 2DL

Approved by the Trustees and signed on behalf of the Trustees 30 May 2025



**Major General A S Dickinson CBE
Chairman**

**Royal Engineers Association
Trustee's Report
For the year ending 31 December 2024**

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

We have audited the financial statements of Royal Engineers Association (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 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 of 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.

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 us. knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Independent Auditor's report to the Trustees of Royal Engineers Association (continued)

Matters on which we are required to report by exception.

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

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

Respective responsibilities of Trustees and auditor

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

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

Auditor's responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements 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 based on 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 can detect 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:

Independent Auditor's report to the Trustees of Royal Engineers Association (continued)

- 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, particularly 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 are 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 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.

**Royal Engineers Association
Trustee's Report
For the year ending 31 December 2024**

Independent Auditor's report to the Trustees of Royal Engineers Association (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 LLP

Samantha Rouse FCCA DChA
for and on behalf of

Kreston Reeves LLP
Chartered Accountants
Statutory Auditor
Chatham Maritime

Date: 30 May 2025

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

The Royal Engineers Association

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 & Legacies	3	737,307	-	737,307	1,828,080
Other trading activities	9	149,433	-	149,433	119,665
Investment income	10	409,345	42,897	452,242	431,541
Other income	11	98,054	-	98,054	57,388
Total income		1,394,139	42,898	1,437,036	2,436,675
Expenditure on:					
Raising Funds	12	2,196	-	2,196	3,600
Charitable activities	13	1,804,184	160,301	1,964,485	2,394,973
Total expenditure		1,806,380	160,301	1,966,681	2,398,573
Net expenditure before revaluations		(412,241)	(117,403)	(529,645)	38,101
Net gain on investments	19	423,484	23,354	446,838	28,527
Net Gains on property	20	15,000	-	15,000	5,000
Net movement in funds for year		438,484	(94,049)	(67,807)	71,628
Reconciliation of funds					
Total funds at 1 January 2024		11,564,511	598,748	12,163,258	12,091,630
Total funds at 31 December 2024		12,002,995	504,700	12,095,451	12,163,258

The Statement of Financial Activities includes all gains and losses in the year.

All activities relate to continuing operations.

The notes on pages 24 to 37 form part of these financial statements

The Royal Engineers Association

Balance sheet

For the year ended 31 December 2024

Charity Numbers: 258322 and SC041832

	Note	2024 £	2023 £
Fixed assets			
Tangible assets	18	73,204	77,774
Investments	19	10,245,350	10,343,398
Investment properties	20	520,000	505,000
		<u>10,838,554</u>	<u>10,926,172</u>
Current assets			
Debtors	21	166,799	170,253
Cash at bank and in hand		<u>1,219,804</u>	<u>1,140,787</u>
		1,386,603	1,311,040
Creditors: amounts falling due within one year	22	<u>(129,706)</u>	<u>(73,954)</u>
Net current assets		<u>1,256,897</u>	<u>1,237,086</u>
Net assets		<u>12,095,451</u>	<u>12,163,258</u>
Charity Funds			
Restricted funds	23	561,051	557,332
Unrestricted funds	23	<u>11,534,400</u>	<u>11,605,926</u>
Total funds		<u>12,095,451</u>	<u>12,163,258</u>

The financial statements were approved by the Trustees on 30 May 2025 and signed on their behalf, by:

Major General AS Dickinson CBE,
Chairman

Colonel JM Ruddy,
Honorary Treasurer

The notes on pages 24 to 37 form part of these financial statements

The Royal Engineers Association

Statement of Cash Flows

For the year ended 31 December 2024

	Note	2024	2023
		£	£
Net cash used in operating activities	27	(921,641)	(388,867)
Cash flows from investing activities			
Interest and dividends		452,242	431,541
Movement on fixed assets		3,530	(359)
Movement on Branch Investments		29,886	(12,789)
Purchase of investment properties		-	-
Disposal of fixed asset investments		515,000	600,000
Cash provided by (used in) investing activities		1,000,658	1,018,393
Increase/(decrease) in cash and cash equivalents in the year		79,017	629,526
Cash and cash equivalents at the beginning of the year		1,140,787	511,261
Total cash and cash equivalents at the end of the year		1,219,804	1,140,787

Analysis of changes in net debt

	At 31 Jan 2023 £	Cashflows £	At 31 Dec 2023 £
Cash and cash equivalents			
Cash	1,140,787	79,017	1,219,804

The Royal Engineers Association

Notes to the financial statements

For the year ended 31 December 2024

1 General administrative information

Royal Engineers Association is an unincorporated charity in England & Wales and Scotland with the registration numbers 258322 and SC041832. The address of the registered office is Headquarters Royal Engineers, Brompton Barracks, Chatham, Kent, ME4 4UG. The Charity's principal objectives continued to be to promote the efficiency of the Corps in all or any of the following ways: by fostering Esprit de Corps and a spirit of comradeship amongst serving and former members of the Corps; to provide financial and other assistance to serving and former members of the Corps, their spouses, widows, widowers and dependants who are in need; to make grants to the Army Benevolent Fund The Soldiers Charity and to such other charities as the Council think fit which further the objectives of the Association.

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.

The Royal Engineers Association 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 for the fore-see able future.

2.3 Fund Accounting

General unrestricted funds represent unrestricted income of subscriptions, donations and legacies which is expendable at the discretion of the Council in the furtherance of the objects of the Association. Such funds may be held in order to finance both working capital and capital investment.

Designated funds represent amounts which have been put aside out of unrestricted funds at the discretion of the Trustees to meet specific purposes.

Restricted funds represent grants, donations and legacies received which are allocated by the donor for specific purpose. These are the Gabriel & Kitchener Scholarship funds which are explained in detail on page 1 in the Trustees' report.

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

The Royal Engineers Association

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

Accounting policies (continued)

2.4 Income

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

Subscriptions

Serving officers, warrant officers and soldiers subscribe to the Royal Engineers Central Charitable Trust under the Army's Day's Pay Scheme. The Association received 50% of the monies received from the Day's Pay Scheme.

Donations

Donations are included in full in the income and expenditure accounts on a receipts basis. Gift Aid donations are included in the income and expenditure account on a receivable basis.

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 objects of the trust which are always authorised by Trustees.

Cost of charitable activities includes grants made and the apportionment of support costs shown in note 13.

The cost of generating funds consists of investment, management, and certain legal fees.

2.6 Tangible fixed assets and depreciation

REA assets, including those purchases by Branches, costing more than £1,000 are capitalised. Depreciation is charged on assets using a straight line basis over their estimated life on the following basis:

Fixtures and fittings	10% per annum
General property	10% per annum
Computer equipment	20% per annum

REA Branch Standards are capitalised and maintained at their expected replacement value, £650.

2.7 Investments

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

Accounting policies (continued)

2.8 Debtors

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

2.9 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.

2.10 Liabilities

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.

2.11 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.12 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.

2.13 Donated services and facilities

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

2.14 Tender policy

Trustees introduced a tender policy that covers expenditure:

- a. Between £2.5k and £5k
- b. Between £5k and £10k
- c. Over £10k

Accounting policies (continued)

2.15 Taxation

The Royal Engineers Association is a registered charity and accordingly no provision is considered necessary for taxation.

2.16 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.

The Royal Engineers Association

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

		Unrestricted funds 2023	Restricted funds 2023	Total funds 2023	Total funds 2023
		£	£	£	£
3 Donations & Legacies					
Donations	(Note 4)	114,164	-	114,164	79,067
Legacies	(Note 5)	100,005	-	100,005	1,228,307
Grants	(Note 6)	2,500	-	2,500	2,500
Subscriptions	(Note 7)	452,763	-	452,763	434,620
Donated services and facilities	(Note 8)	67,875	-	67,875	83,586
		737,307	-	737,307	1,828,080

All of the donations and legacies income was unrestricted in 2024 and 2023.

4 Donations

	£	£	£	£
General donations	81,992	-	81,992	63,077
Donations from branches	61	-	61	-
Tax refund	788	-	788	1,462
Website donations	27,163	-	27,163	7,988
Annual dinner receipts	-	-	-	3,540
Ijzendijke receipts	4,160	-	4,160	3,000
	114,164	-	114,164	79,067

5 Legacies

	£	£	£	£
Legacies Brown/McCabe	-	-	-	1,228,307
Legacy Tracey	90,000	-	90,000	-
Small Bequests	10,005	-	10,005	-
	100,005	-	100,005	1,228,307

6 Grants

	£	£	£	£
H&M Charitable Trust	2,500	-	2,500	2,500

7 Subscriptions and tax

	£	£	£	£
Membership	23,244	-	23,244	29,697
Grant from RECCT (represents 50% of Day's Pay Scheme subscriptions to RECCT)	429,519	-	429,519	404,923
	452,763	-	452,763	434,620

The Royal Engineers Association

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

	Unrestricted funds 2024	Restricted funds 2024	Total funds 2024	Total funds 2023
8 Donated services and facilities				
	£	£	£	£
Gas	1,894	-	1,894	1,869
Electricity	2,218	-	2,218	2,131
Water and sewage	897	-	897	860
Community charge	5,915	-	5,915	5,686
Admin Utilities	1,543	-	1,543	1,524
MOD Salaries	-	-	-	19,971
Admin Salaries	55,408	-	55,408	51,545
Total	67,875	-	67,875	83,586

9 Other trading activities

	£	£	£	£
Esprit de Corps income	149,433	-	149,433	119,665
	149,433		149,433	119,665

10 Investment income

	£	£	£	£
Investment Property Rent	24,450	-	24,450	24,540
Dividends – Armed Forces Charities Fund	337,379	42,582	379,961	406,809
Bank interest	4,335	315	4,650	192
Dividends McCabe Fund	43,181	-	43,181	-
	409,345	42,897	452,242	431,541

Of the total investment income received; £446,575 (2023: £431,541), £409,345 was from unrestricted funds (2023: £409,816) and £37,230 was from restricted funds (2023: £21,725).

11 Other income

	£	£	£	£
Sundry income	29,633	-	29,633	26,108
Refund of Previous Years Grants	54,835	-	54,835	22,338
Stable Belts	4,470	-	4,470	8,942
Fundraising	9,116	-	9,116	-
	98,054	-	98,054	57,388

12 Raising Funds

	£	£	£	£
Recruiting	2,196	-	2,196	3,600

The Royal Engineers Association

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

13 Charitable Activities

	Direct costs	Support costs	Total	Total
	2024	2024	2024	2023
	£	£	£	£
Benevolence (Note 14)	814,339	228,320	1,042,659	942,955
Esprit de Corps (Note 15)	625,429	296,397	921,826	1,452,018
	1,439,768	524,717	1,964,485	2,394,973

£1,805,340 of the charitable activities expenditure was from unrestricted funds (2023: £2,341,684) and £160,301 was from restricted funds (2023: £53,289).

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2024	2024	2024	2023
	£	£	£	£
14 Benevolence grants and allowances				
Direct costs				
Grants	343,666	62,532	406,198	374,529
Christmas grants	7,790	-	7,790	8,275
Weekly allowances	101,582	-	101,582	111,542
Army Benevolent Fund	66,000	-	66,000	66,000
SSAFA Families Help	30,000	-	30,000	30,000
Other charities	105,000	-	105,000	160,000
McCabe Grants	-	97,769	97,769	-
	654,038	160,301	814,339	750,346
Support costs				
Committee & Travel costs	7,971	-	7,971	4,291
Audit	5,367	-	5,367	4,920
Fees & Subscriptions	8,921	-	8,921	438
Insurance	1,605	-	1,605	1,186
Administration	15,762	-	15,762	12,466
Post & Telephone	5,041	-	5,041	4,518
Depreciation	52	-	52	110
Donated services support costs	30,034	-	30,034	28,052
Donated services MOD salaries	-	-	-	19,971
Staff costs	153,567	-	153,567	116,657
	228,320	-	228,320	192,609
	882,358	160,301	1,042,659	942,955

The Royal Engineers Association

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

	Unrestricted funds 2024	Restricted funds 2024	Total funds 2024	Total funds 2023
15 Esprit de Corps				
	£	£	£	£
Direct costs				
Corps activities	353,396	-	353,396	950,350
Branch donations	16,513	-	16,513	22,229
Branch activities	245,002	-	245,002	201,685
Annual Conference	-	-	-	-
Sapper Sunday Lunch	-	-	-	1,596
Annual Dinner	143	-	143	10,884
Ijzendijke Visit	10,375	-	10,375	-
	625,429	-	625,429	1,186,744
Support costs				
Committee & Travel costs	31,883	-	31,883	17,158
Audit	5,367	-	5,367	4,920
Fees & Subscriptions	8,921	-	8,921	438
Insurance	1,605	-	1,605	1,186
Administration	17,407	-	17,407	14,227
Post & telephone	5,041	-	5,041	4,518
Depreciation	988	-	988	2,099
Donated services support costs	37,840	-	37,840	35,563
Staff Costs	187,345	-	187,345	185,165
	296,397	-	296,397	265,274
	921,826	-	921,826	1,452,018

16 Net Income / Expenditure

This is stated after charging:	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	7,120	2,261
Auditor's remuneration	10,734	9,840

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

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

Trustees received reimbursement of expenses amounting to £Nil in the current year, (2023 - £Nil).

The Royal Engineers Association

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

	Total funds 2024 £	Total funds 2023 £
--	---------------------------------------	-----------------------------

17 Staff costs

Staff costs were as follows:

Wages and salaries	298,622	265,220
Social security costs	18,394	21,006
Pension costs	23,896	15,597
	340,912	301,823

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

	No.	No.
Management and administration of the charity	18	17

The average headcount expressed as full-time equivalents was:

	No.	No.
Management and administration of the charity	11	9

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

	2024	2023
	No	No
In the band £80,001 - £90,000	1	1

The total employment benefits including employer pension contributions of the key management personnel were £88,666 (2023 - £83,654).

18 Tangible fixed assets

Cost	Unrestricted Designated Fixtures & fittings £	Unrestricted General Property £	Unrestricted General Computer equipment £	Total £
At 1 January 2024	86,559	115,591	25,651	227,801
Movement in fixed assets	(3,530)			(3,530)
Property Disposals		(107,867)	(17,672)	(125,539)
At 31 December 2024	83,029	7,724	7,979	98,732

Depreciation

At 1 January 2024	11,915	114,999	23,113	150,027
Movement in fixed assets	-			-
Charge for the year	-	400	640	1,040
Property Disposals		(107,867)	(17,672)	(125,539)
At 31 December 2024	11,915	7,532	6,081	25,528

Net book value

At 31 December 2024	71,114	192	1,898	73,204
At 31 December 2023	74,644	592	2,538	77,774

The Royal Engineers Association

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

19 Fixed asset investments

	Listed securities £	Branch Investments £	Total £
Market value			
At 1 January 2024	10,294,742	48,656	10,343,398
Disposals	(515,000)		(515,000)
Revaluations	446,838		446,838
Movement on branch investments	-	(29,886)	(29,886)
At 31 December 2024	<u>10,226,580</u>	<u>18,770</u>	<u>10,245,350</u>
Historical cost	<u>5,731,035</u>	<u>25,981</u>	<u>5,757,016</u>

Investments at market value comprise:

	2024 £	2023 £
Listed investments	10,226,580	10,294,742
Branch investments	18,770	48,656
Total market value	<u>10,245,350</u>	<u>10,343,398</u>

All of the fixed asset investments are held in the UK.

Material investments

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

20 Investment Properties

	Freehold Investment Property
Valuation	
At 1 January 2024	505,000
Revaluation	15,000
At 31 December 2024	<u>520,000</u>

Going forward the investment properties will be valued on an open market value for existing use basis

The Royal Engineers Association

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

21 Debtors

	2024	2023
	£	£
Other debtors	142,231	168,825
Prepayments and accrued income	24,479	-
Branch Debtors	89	1,428
	166,799	170,253

22 Creditors:

Amounts falling due within one year

	£	£
General creditors	10,988	2,043
Trade creditors	118,718	71,911
	129,706	73,954

The Royal Engineers Association

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

23 Statement of funds

Current Year	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
Ballard Grants	181,332	-	(25,000)	-	-	156,332
Gabriel Grants	50,000	-	(2,774)	-	-	47,226
Branch funds	607,374	265,729	(261,515)	-	-	611,588
Total Designated funds	838,706	265,729	(289,289)	-	-	815,146
General funds						
General funds	10,767,220	1,128,410	(1,614,860)	-	438,484	10,719,254
Total Unrestricted funds	11,605,926	1,394,139	(1,904,149)	-	438,484	11,534,400
Restricted funds						
Kitchener Scholarship Fund	557,332	42,897	(62,532)	-	23,354	561,051
Total Restricted Funds	557,332	42,897	(62,532)	-	23,354	561,051
Total of funds	12,163,258	1,437,036	(1,966,681)	-	461,838	12,095,451
Prior Year						
	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
Ballard Grants	-	-	-	181,332	-	181,332
Gabriel Grants	-	-	-	50,000	-	50,000
Branch funds	601,632	229,657	(223,915)	-	-	607,374
Total Designated funds	601,632	229,657	(223,915)	231,332	-	838,706
General funds						
General funds	10,861,283	2,424,734	(2,361,001)	(189,727)	31,931	10,767,220
Total Unrestricted funds	11,462,915	2,654,391	(2,584,916)	41,605	31,931	11,605,926
Restricted funds						
Kitchener Scholarship Fund	628,715	21,915	(53,289)	(41,605)	1,596	557,332
Total Restricted Funds	628,715	21,915	(53,289)	(41,605)	1,596	557,332
Total of funds	12,091,630	2,676,306	(2,638,205)	-	33,527	12,163,258

The Royal Engineers Association

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

24 Analysis of net assets between funds

Current Year	Unrestricted funds 2024 £	Restricted funds 2024 £	Total funds 2024 £
Tangible fixed assets	73,204	-	73,204
Fixed asset investments	9,677,041	568,310	10,245,351
Investment properties	520,000	-	520,000
Current assets	1,362,017	24,586	1,386,603
Creditors due within one year	(129,706)	-	(129,706)
	11,502,556	592,896	12,095,452

Prior Year	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £
Tangible fixed assets	77,774	-	77,774
Fixed asset investments	9,798,441	544,957	10,343,398
Investment properties	505,000	-	505,000
Current assets	1,298,854	12,186	1,311,040
Creditors due within one year	(73,954)	-	(73,954)
	11,606,115	557,143	12,163,258

The Royal Engineers Association

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

25 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 £16,778 (2023 - £15,597).

26 Related party transactions

All transactions with related parties are disclosed in the Trustees Report and notes to the accounts.

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

	Total funds 2024	Total funds 2023
	£	£
Net movement in funds	(67,807)	71,628
Add back depreciation charge	1,040	2,261
Deduct interest income shown in investing activities	(452,242)	(431,541)
Deduct gains / add back losses on investments	(446,838)	(28,526)
Deduct gains / add back losses on investment properties	(15,000)	(5,000)
Decrease (increase) in debtors	3,454	3,200
Increase (decrease) in creditors	55,752	(889)
Net cash used in operating activities	<u>(921,641)</u>	<u>(388,867)</u>

28 Post balance sheet events

Since the year end the charity has purchased a new investment property for £515,000

29 Related party disclosure

Colonel Richard Bouke Hawkins MBE ADC and Corps SM Spencer William Arnold Eardley, Trustees of the Royal Engineers Association (REA) are also Trustees of the Institution of Royal Engineers 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

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.

Colonel Richard Bouke Hawkins MBE ADC and Corps SM Spencer William Arnold Eardley, both Trustees of the Royal Engineers Association (REA) are also Trustees of the Royal Engineers Museum for which transactions have taken place during the year. During the year the REA paid the Royal Engineers Museum grants totalling £50,000. In addition, REA repaid other expenses of £8,613 to the Royal Engineers Museum relating to admin and sundry recharges. As of 31 December 2024, no balance was owed by the REA (2023:

The Royal Engineers Museum reimbursed £888 to REA during the year relating to sundry recharges. As of 31 December 2024, no balances were owed to REA (2023: £nil).

Colonel Richard Bouke Hawkins MBE ADC and Corps SM Spencer William Arnold Eardley, both Trustees of the Royal Engineers Association (REA) are also Trustees of the Royal Engineers Central Charitable Trust (RECCT) for which transactions have taken place during the year. RECCT collected subscription income on behalf of REA totalling £427,394 as well as dividends collected of £21,590 which was transferred to the REA during the year. A further £1,865 of other reimbursements were made to the REA in relation to sundry recharges. As of 31 December 2024, no balance was owed from RECCT (2023: £nil).

The REA also paid £121,916 to RECCT during the year in relation to recharges for salaries and pensions, grants and admin recharges. As of 1 December 2024, no balance was owed to RECCT (2023: £nil).

Accounts

ROYAL ENGINEERS ASSOCIATION



THE SAPPER CHARITY

Trustees' report and financial statements For the year ended 31 December 2023



EMPLOYER RECOGNITION SCHEME

SILVER AWARD 2023

Proudly supporting those who serve.

The Royal Engineers Association

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**The Royal Engineers Association
Trustee's Report
For the year ending 31 December 2023**

The Board of Trustees present their annual report and the audited financial statements for the year ended 31 December 2023. The financial statements have been prepared in accordance with the accounting policies set out at note 2 to the accounts and comply with the charity's trust deed, the Charities Act 2011, and the Charities SORP FRS 102. Trustees consider that in preparing these financial statements they have considered all information that could reasonably be expected to be available (including levels of reserves held). Therefore, the going concern basis of accounting is deemed appropriate and there are no material uncertainties.

Constitution

The Royal Engineers Association ("the Association" or "REA") is established under authority of a Deed of Declaration of Trust dated 19 November 1968 and Supplemental Deed dated 1 December 1974 as varied by a scheme of the Commissioners dated 11 August 1997 and supplemented by the Rules of the Royal Engineers Association 2009, hereafter referred to as 'The Deed'.

Restrictions on Funds

The Deed describes two Funds, A and B, which are restricted for the benevolence respectively of commissioned and of warrant officer and other rank members and past members of the Corps of Royal Engineers, together with their dependants. Both the A and B Funds were reduced to zero in 2015 and will not be re-used unless a specific grant is made in support of commissioned officers or other rank members of the Corps. A further restricted fund, the Gabriel Fund, was established during 1997, following receipt of a legacy from the estate of the late Colonel R C Gabriel (see note 23 to the financial statements). The General Fund is not restricted. Another restricted fund, The Kitchener Fund, which was the subject to an administrative transfer on 31 December 2008, was accepted by the REA Trustees from The Institution of Royal Engineers at their meeting in May 2009 and is now administered through the REA Benevolence committee.

OBJECTS AND ACTIVITIES

Objects of the Association, as set out in the Deed, are:

To promote the efficiency of the Corps in all or any of the following ways:

- (a) by fostering Esprit de Corps and a spirit of comradeship amongst serving and former members of the Corps.
- (b) to provide financial and other assistance to serving and former members of the Corps, their spouses, widows, widowers, and dependants who are in need.
- (c) to make grants to the Army Benevolent Fund the Soldiers Charity and to such other Charities as the Council think fit which further the objectives of the Association.

Volunteers

REA branches are autonomous and are organised democratically in accordance with the REA Rules 2018 by members who take on the stewardship and running of the branch voluntarily. The many hundreds of volunteers who act as branch officials encouraging, supporting, recruiting, and guiding their branches and members to ensure that the branches provide a national network that supports the entire Sapper family.

ACHIEVEMENTS AND PERFORMANCE

The charity sets out to ensure that grants are made in a speedy, efficient, and cost-effective way. This was achieved, and grants rose to £13,724 (£11,571 in 2022) for those in care homes and £90,540 for those living at home (£87,549 in 2022), from whom many letters of appreciation have been received. Special Christmas grants totalled £8,275 (2022: £8,855). The total number of benevolence cases considered in 2023 was 550, 4% more than the previous year with the total grants coming to £244,487 in 2023 compared to £211,445 in 2022.

The Kitchener Fund supported the education of 11 Sapper families with grants of £53,289.

The Gabriel Fund supported the career development of 2 veterans suffering from life changing illness or injury

The Royal Engineers Association
Trustee's Report (continued)
For the year ending 31 December 2023

with grants of £25,000 to enable one to begin pilot training with the Charity Wings for Warriors, with the other beneficiary due to complete training in 2024 and begin working as a commercial pilot.

Sappers Network

Sappers Network continues to provide a jobs board for those leaving the Corps, this service is works with employers to provide access to a wide range of employment opportunities in the UK and overseas, a review of Sappers Network operations will be carried out in 2024 to improve awareness of the network to service leavers.

Grants Considered 2018 to 2023

<u>Year</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Disabled & Illness	66	110	80	145	116	166
Old age	25	6	4	13	22	41
Widows	22	43	41	38	45	63
Unemployed	133	115	119	119	76	128
Miscellaneous	100	91	94	106	210	124
No grant made	<u>204</u>	<u>88</u>	<u>62</u>	<u>87</u>	<u>120</u>	<u>31</u>
Totals	550	453	400	508	589	553

Other Grants

As in previous years, a Unit and Branch Support Grant of £100,000 was allocated from Capital Reserves for the year 2023. This was to enhance *Esprit de Corps* – a specific objective of the REA - by providing the opportunity for Units and Branches to bid for support in funding projects or activities which had no – or incomplete – support from other resources.

The 2023 welfare grant was a success with 100% of the fund available being disbursed.

As a result of this changes were implemented for future CUBS Grant Applications, with a greater awareness being promoted to both Units and Branches through direct briefings, email and social media and support from REA HQ when needed. It has been decided to continue the welfare grant opportunities on an ongoing basis subject to annual reviews. Further changes are planned for 2024 with the fund re-designated as the Community Unit and Branch Support Grant (CUBS Grant) from the restricted McCabe fund.

Delivery – Benevolence

- Benevolence to those in need is considered of paramount importance. Applications for benevolence assistance are dealt with within two or three days after checks on service records and establishing financial need. All applications received from the Sapper family are considered sympathetically, most applicants receive financial assistance.
- There will be many eligible persons in need of assistance of whom the Association is unsighted.
- Cases requiring financial assistance greater than £1,000 (Chief Executive financial threshold increased from £500 in 2016) are referred to the REA Benevolence Committee that, since the increase in the Chief Executives' delegated powers, sits quarterly rather than monthly. Cases of an urgent nature that exceed the Chief Executive delegated powers are considered out-of-committee in consultation with the Chair of the Benevolence Committee and the Hon Treasurer REA. There is no financial limit on grants that the Committee can authorise for benevolence. The Committee also deals with applications for weekly allowances. Cases, having been in front of the Committee, are despatched within a week of the Committee decision.

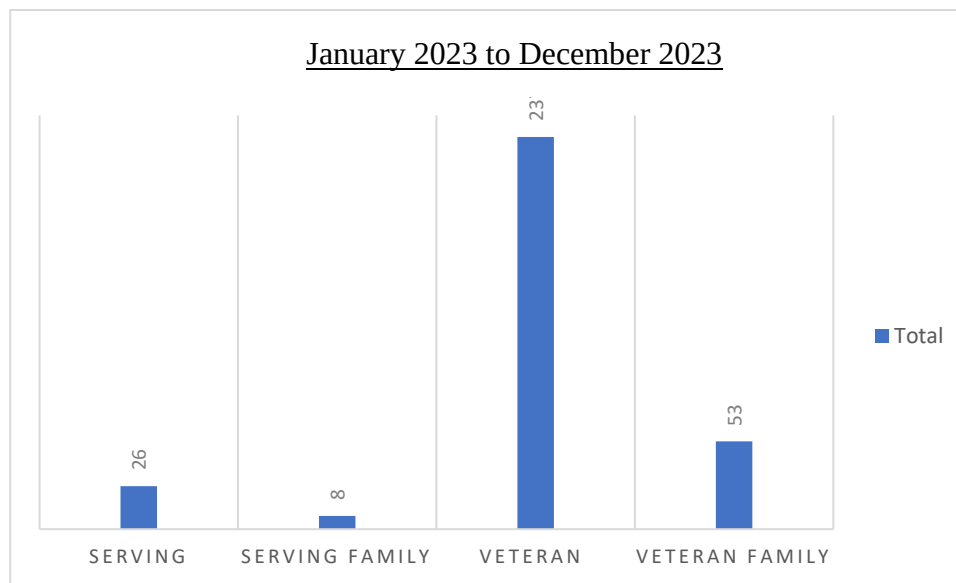
The Royal Engineers Association
Trustee's Report (continued)
For the year ending 31 December 2023

2023 Benevolence Summary.

Benevolence in General 01 Jan – 31 Dec 2023

Serial	Data	2023	2022	2021
1	Number of cases assessed	550	527	449
2	Number of cases declined	204	169	135
3	Number of cases assisted	346	358	314
4	Number of weekly grants in care homes (£##):	£13,724 (Yearly)	11,571 (Yearly)	22,036 (Yearly)
5	Number of weekly grants at home (£##):	£90,540 (Yearly)	87,549 (Yearly)	90,289 (Yearly)
	Special Christmas Grants	£8,275	£8,855	£9,305
6	Total granted (£):	£244,487	£211,445	£228,644

Chart of demographic of personnel assisted by connection (Serving, Retired, Reserve, Spouse etc.)



**The Royal Engineers Association
Trustee's Report (continued)
For the year ending 31 December 2023**

Chart of ages of personnel assisted.

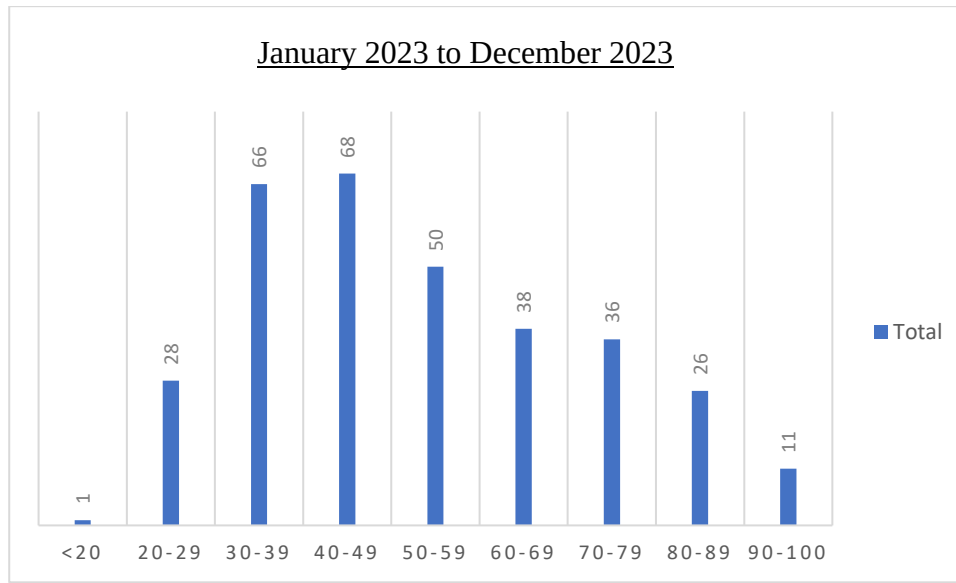
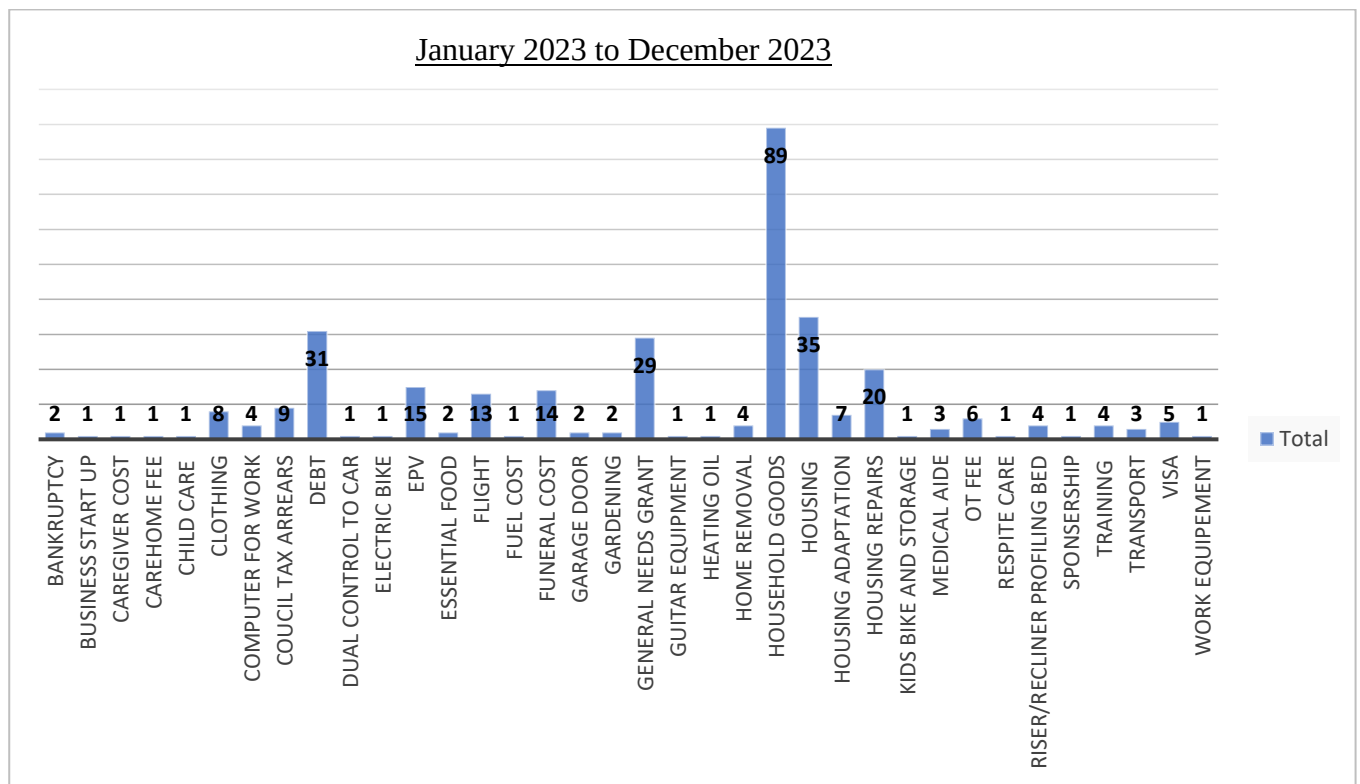


Chart of reason for benevolence



Map of Cases

Chart -Cause of Benevolence Request – Health, Debt, Divorce etc.

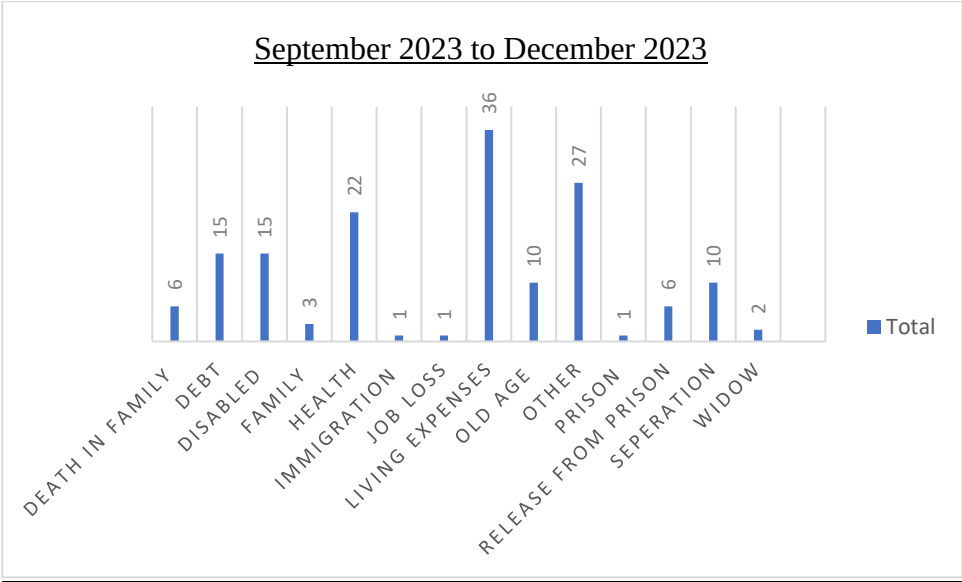
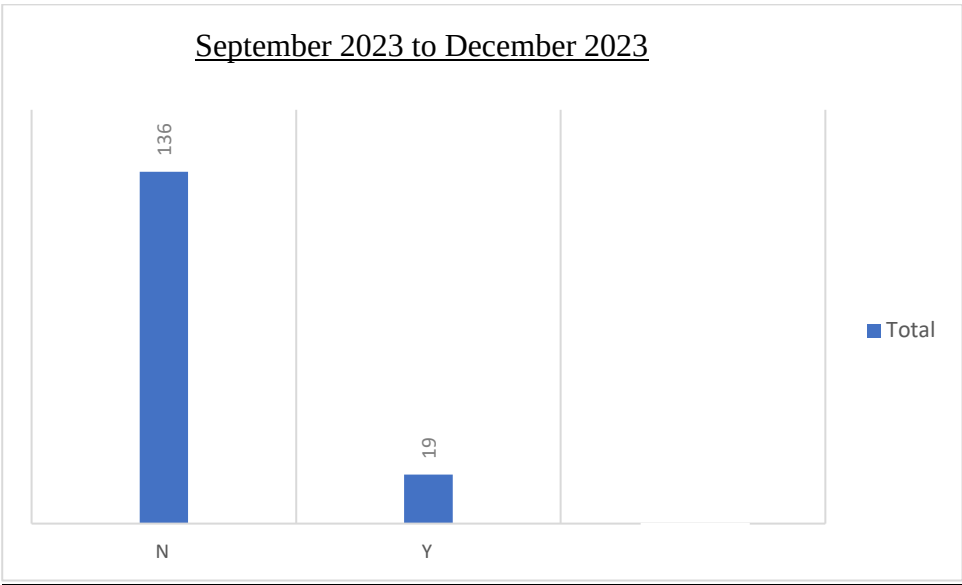


Chart Active Branch Member – Yes / No



Kitchener Fund: 11 dependants aided with this scheme total spent £53,289.
Garbiel Fund: 1 person funded 2023 £25,000.

**The Royal Engineers Association
Trustee's Report (continued)
For the year ending 31 December 2023**

- Regular weekly allowances were made to 45 applicants and, where there is a need to assist financially with nursing home fees, some have further assistance from the Army Benevolent Fund the Soldiers' Charity.
- A grant of £66,000 was provided to ABF The Soldiers' Charity.
- A grant of £30,000 was provided to SSAFA.

ABF The Soldiers' Charity

The Trustees are most appreciative of the financial support provided by the ABF The Soldiers' Charity towards the cost of welfare grants to serving and former members of the Corps and their dependants.

Delivery – Membership

- Applications for Membership are handled on the day of receipt with a service record check and issuing of a membership card.
- Meetings and reunions are held at numerous locations under arrangements of Groups and Branches.
- The REA Recruiting Committee sits when needed to consider the wider marketing of the Association and Public Relation issues and initiatives.
- Command courses held at both Minley and Chatham are addressed to inform them of the activities of the REA.
- Units and Branches are regularly addressed by the Operations Director and other members of the REA HQ Team in a direct recruiting drive to encourage membership and awareness of the REA.

Assistance

The Association acknowledges with gratitude the assistance provided by the caseworkers of SSAFA, TRBL and REA branches for their contribution to the benevolence system.

Fundraising activities

In 2020, it was considered we should review once more our approach to fund raising. This has been considered by the Finance Committee and a focus on areas such as Legacy and Donation and fund raising by branches, individual members, units, supporters and sponsors in support of the Association has been accepted to ensure that the Association maintains its long-term ability to provide benevolence and welfare services to the Sapper Family. From 2024 the Association will be actively involved in Fundraising activities to ensure the sustainability of our support to the Sapper Family.

REA Branch Accounts

In March 2004 Trustees were informed by their auditor that SORP 2000 required them to include the income, expenditure, assets and liabilities of those REA Branches that did not have separate legal status in their annual charity account, if material. Subsequent legal advice confirmed that the current REA Branches do not have separate legal status and that the extant Rules of the REA did not require Branches to furnish this information to HQ REA. Trustees have changed the Rules of the REA and directed REA Branches to provide this financial information to HQ REA by 31 January each year. The funds associated with these branches are designated. Branches can also have the choice of having all funds administered by the REA fund manager in REA HQ.

Activities in Scotland

The Association has nine active branches in Scotland under the control of the Scotland & Northern Ireland Group Headquarters based at Leuchars, Fife. Because of this presence in Scotland the Association is registered with the Scottish Charity Regulator. As with the remaining UK and overseas branches, those branches based in Scotland do not carry out fundraising but aim to promote and support the Corps in accordance with the Objects of the Association.

**The Royal Engineers Association
Trustee's Report (continued)
For the year ending 31 December 2023**

2023 FINANCIAL REVIEW

Serving RE officers, warrant officers and soldiers subscribe to the Royal Engineers Central Charitable Trust under the Army's 'Days Pay Scheme' (a payroll giving scheme). After the Institution of Royal Engineers has received a set percentage of officer and soldier subscriptions, the HQ Mess receive a set percentage of officer subscriptions, and the Corps WOs' & Sgts' Mess receive an element of the SNCOs and WOs subscriptions (their respective membership fees) the Association receives 50% of the monies received from the Days Pay Scheme (DPS). Any shortfall of income compared to expenditure comes from investment income. Donations and legacies that are retained are available for investment towards future benevolence. The Association's combined income from DPS, 38% of income, investments 50% of income, legacy, and donations 12% of income is sufficient to sustain our annual operating expenditure in all the key areas of benevolence, welfare, and esprit de corps.

Summary

Net income before other recognised gains and losses was £38,101 (2022: Net expenditure £544,382). The Charity did not authorise any further funds for investment in 2023.

Balance Sheet

The accumulated funds increased by £71,628 to £12,163,258 (2022 decreased by £2,321,000 to £12,091,630). Notes to the Statement of Financial Activities and Balance Sheet provide supplementary information against each funding activity.

Expenditure on benevolence grants to individuals increased by £33,042 from £211,445 in 2022 to £244,487. Figures are now steadily recovering to pre-pandemic levels.

Investment house & policy

The REA invests in the Armed Forces Charities Growth & Income Fund, managed by BlackRock.

The Objective of the Fund is to achieve real growth in capital and income over the long term by investment mainly in equities and fixed income securities. Further investment details are given in the notes to the financial statements.

No additional investment units were purchased in 2023.

Investment performance

Investments delivered dividends of £406,809 in 2023 (2022: £417,306). 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%. Investment property rental generated £24,540 (2022: £17,938).

Risk statement.

The risks to which the Charity are exposed are reviewed by the REA Management Committee at each of its meetings. The basis of the review is a Risk Management Matrix that identifies and defines the risk, its impact and likelihood, and those mitigation measures the Trustees feel need to be applied. The Risk Management Matrix was reviewed at the September Board meeting in 2023 and members were content that systems have been established to mitigate those risks identified.

Key Risk

The key risks are financial and reputational with loss of income from our investments potentially restricting the services we deliver and thus our reputation among our members and beneficiaries which could further affect our income. In mitigation of this the Board ensures that we maintain sufficient investment funds to provide resilience and regularly reviews the status of our reserves.

Reserves

The accounts show net income of £38,101 (2022: net expenditure of £544,382) before gains on investments. Gains on investments amounted to £28,527 (2022: losses of £1,798,446) giving a positive net movement in funds of £71,628 (2022: negative net movement of £2,321,000). Gains on our investment property revaluation were £5,000 (2022: £21,828). It is the Trustees policy to realise capital from the Restricted Fund's investment portfolios when required to provide funds in support of grant making or project funding.

Trustees review the reserves policy annually and aim to match the amount held in reserves to mitigate against potential financial threats over the long term. The charity relies upon the MoD for administration of the Day's Pay Giving Scheme, provision of infrastructure, utilities, and a proportion of staff costs. If these MoD donated services were to be withdrawn, the charity would suffer an operational shock. The charity's reserves must be able to meet such a shock if it were to occur.

Furthermore, it is the intention of the Trustees to maintain free reserves amounting to a minimum of 15 years' operating costs (essentially benevolence payments and staffing costs). This is intended to provide adequate security against market volatility, and future risks to both income and expenditure whilst maintaining long-term benevolence support to the Corps' beneficiaries. Current unrestricted reserves are £11,605,926 (2022: £11,462,915) which Trustees consider is consistent with this policy.

Public Benefit

The REA Trustees have paid due regard to the Charity Commission's guidance on public benefit in deciding what activities the charity should undertake. This fund provides public benefit by assisting service personnel to perform their role more effectively within the Corps of Royal Engineers and assisting those of the wider family of the Corps (those who have left uniform). Where there is "need" the fund helps those who have fallen on hard times like debt, family separation, mobility aids for the infirm (such as stair lifts and electric powered scooters and wheelchairs) and walk-in showers at home where the applicant is unable to use a bath safely. In addition, the Fund has helped some of our serving Sappers where there is a "need".

PLANS FOR THE FUTURE

REA Strategy 2023-2027 Background

The Royal Engineers Association came into being on 12 October 1912 as the Old Comrades Association, with Field Marshall Kitchener as the President. In 1918 King George V became the patron and this Royal patronage continues today with Her Majesty the Queen. During the intervening 109 years the Association has evolved; in 1952, from Old Comrades to the Royal Engineers Association, in 1968 amalgamating the RE Benevolent Fund Ltd with the REA under a new constitution.

The 5-year strategy adopted in 2021 has seen the following developments which by December 2023 had been implemented.

1. All benevolence processing is now digital and online, all data is now held within the Mosaic database operated by SSAFA.
2. A new website has been launched moving most of our administration to digital space.
3. A new community platform has been introduced and made available to all members.
4. New branches are developing, and new social branches have been introduced. Increase outreach to Regiments with regular visits to units and presentations to recruits in phase 1 and phase 2 training.
5. Introduction of new areas of support through the Ballard fund and Gabriel fund and expansion of the reach of the Kitchener fund.
6. New classes of membership have been introduced to broaden the offer across the Sapper family.

**The Royal Engineers Association
Trustee's Report (continued)
For the year ending 31 December 2023**

7. A fund management service is now being provided by REA HQ to enable branches to operate without having to have individual bank accounts and the need for treasurer to provide detailed accounts.
8. All applications for events and services are now available online.
9. A further strategic development is the planned introduction of fundraising activities in 2024.

Charitable Objects

Our objects are shown below and have always provided a clear guide to what the purpose and role of the Association. These provide a very sound foundation for all our activities.

1. To promote and support the Corps among members of the Association in the following ways:
 - a. By fostering esprit de corps and a spirit of comradeship and service.
 - b. By maintaining an awareness of Corps traditions.
 - c. By acting as a link between serving and retired members of the Corps.
2. To provide financial and other assistance to serving and former members of the Corps, their spouses, widows, widowers, and dependents who are in need through poverty.
3. To make grants, within Association Guidelines, to the Army Benevolent Fund and to other charities that further the objectives of the Association.

Governance

We have in place all the required elements for the Association to fulfil our legal obligations as a charity. Our charity's governing document is a legal document. It works as a rulebook, setting out:

- Its name.
- Its charitable purposes ('objects').
- What it can do to conduct its purposes ('powers'), such as borrowing money.
- Who runs it ('trustees') and who can be a member.
- How meetings will be held, and trustees appointed.
- Any rules about paying trustees, investments and holding land.
- Whether the trustees can change the governing document, including its charitable objects ('amendment provisions').
- How to close the charity ('dissolution provisions').

Vision

Ensure that all members of the Sapper family have access to the comradeship and support that enables them to live full lives.

Mission

Reach out to all members of the Sapper family and provide support to those in need by maintaining the links between all serving soldiers, veterans, and their families.

Strategic Aims

To deliver our vision and mission our strategic aims are:

Engagement

We will actively engage with our stakeholders and strive to be recognised, known, and understood by our members, partners, and relevant agencies. Extending our reach into the wider community using all means at our disposal to ensure effective communication to promote the mission of the REA.

**The Royal Engineers Association
Trustee's Report (continued)
For the year ending 31 December 2023**

Support

We will ensure we understand and adapt to the needs of our members and those we support across the Sapper family, improving the lived experience of the sapper workforce and veteran community enabling them to reach full potential.

Benevolence (Aid)

To aid the Sapper family by providing appropriate, timely and effective assistance to those in need.

Sustainability

We will ensure we have people with the right skills and sufficient time and resources to deliver our mission, underpinned by a sustainable income.

Collaborative Working

We will work together within the organisation and with internal and external partners and stakeholders to deliver our objects. Examples of this are our collaboration and ongoing commitment with RBLI Aylesford with the opening of Sapper House. Our Commitment to ABF and SSAFA and our participation in Cobseo and the Single Cap Badge Association plus numerous other charities and organisations

Actions completed in 2023.

A new REA website was launched in July 2023, this has proved to be remarkably successful and has had valuable feedback, traffic to the website has increased by 167%.

The new website has enabled the digitisation of most of our standard forms and reports, improving the efficiency and responsiveness of REA HQ.

The development of the community platform was slowed until the website was completed with a launch of the test platform planned for February 2023

Succession Planning – with the imminent retirement of our Operations Manager in March 2023 the post was reviewed, and the decision taken to develop the role to a full-time position with increased responsibility for outreach, candidates were invited to interview in December 2023 and a replacement select to commence with the Association in March 2023

Cassino – Amazon Bridge Memorial Dedication, The President of the REA accompanied by the dedicated team of REA members who designed and built the Amazon Bridge Memorial traveled to Cassino in Italy to take part in a dedication of memorial and wreath laying ceremonies at the various memorials of the units who took part in the action in May 1944.

An extensive program of outreach visits have been conducted by the operations director and other members of REA HQ during 2023:

1. Eastbourne AGM – 15th April 23
2. Sub Unit Comd and SSM Conference – 4th May 23
3. Liverpool Benevolence Visit 8th May 23
4. Chesterfield Branch Meeting – 9th May 23
5. Sco & NI Gp Standard Bearer Competition – 20th May 23
6. National Memorial Arboretum 10th May 23
7. Bath and West Wilts - 12th May 23
8. 26 Engr Regt Unit Brief - 22nd May 23
9. Sapper v Gunner Rugby Match - 24th May 23
10. Peterborough Branch Meeting – 1st June 23
11. Founders Day – 8th June 23
12. Plymouth Branch Meeting – 29th June 23
13. Chepstow Branch Visit – 30th June 23
14. RAF Wyton (42 Engr Regt Geo) Open Day – 01 July 23

**The Royal Engineers Association
Trustee's Report (continued)
For the year ending 31 December 2023**

15. Operation Herrick Memorial Rededication - 6th July 23
16. Weymouth Branch Meeting – 6th July 23
17. Korea War Parade, Royal Horse Guards – 27TH July 23
18. 3 RSME Regt Stable Belt Parade - 4th Aug 23
19. Hull Breakfast Club - 19th Aug 23
20. March Armed Forces Fair – 3rd Sep 23
21. Troop Commanders Brief - 7th Sep 23
22. 579 EOD Sqn Unit Brief – 17th Oct 23
23. Truro Branch Meeting - 19th Oct 23
24. 26 Engr Regt Online Brief - 7th Nov 23
25. Ilford EOD Sqn Brief – 19th Nov 23
26. NI Branch Winter Dinner - 19th Nov 23

Support for TASS athletes and Adventure training - this is now fully embedded within the REA and an increasing number of elite athletes were supported by the REA in 2023 and into 2024

Plans for 2024

Continuing with our current strategy, 2024 has several important milestones to be achieved.

Sappercom will become the primary membership communication platform with a target of having two thousand users by the end of the year. The aim is to provide a networking and communications tool for all members of the Association, families and serving soldiers to connect with the Association. The platform provides opportunities for users to communicate, create and promote events, share ideas, and discuss issues.

Outreach - increased capacity in REA HQ means a program of outreach visits to Units and branches will be developed for 2023 to include collaborating with other Corps charities, Branches, Groups and linking to Corps events.

Mission Activate – this is a recruitment initiative to encourage branches and groups to hold events to recruit new members for the Association. For 2024 we will continue look to increase the number of serving members and family members of the Association with the new membership types being expanded to include families

Marketing

REA HQ will develop a detailed marketing plan during 2024 to assist with our membership outreach and fund-raising activities.

Auditors

Kreston Reeves LLP remain the Trustees choice as Corps auditors.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The REA is governed by the Deeds of Trust dated 19 November 1968 and Supplemental Deed dated 1 December 1974 as varied by a scheme of the Commissioners dated 11 August 1997 and supplemented by the Rules of the Royal Engineers Association 2009.

Trustees

The current Board of Trustees are listed on page 14.

The Board

The affairs of the Association shall be directed by the Board of the Association.

The composition of the Board shall be:

- (1) President, a Colonel Commandant of the Corps nominated by the Chief Royal Engineer ratified by the Board. Appointment for maximum of six years.
- (2) Chair of the Association nominated by the President and ratified by the Board, maximum of six years over two, three-year, terms.

**The Royal Engineers Association
Trustee's Report (continued)
For the year ending 31 December 2023**

- (3) The Corps Colonel for duration of appointment.
- (4) Honorary Treasurer elected by the Board for maximum of six years over two, three-year, terms.
- (5) The Corps Sergeant Major for duration of appointment.
- (6) Reservist – nominated by President and ratified by vote of the Board maximum six years over two, three-year, terms.
- (7) Group Director – Serving Commanding Officer (CO) rotating round groups for duration of appointment.
- (8) Wider Community Trustee – externally recruited, position ratified by Board for maximum of six years over two, three-year, terms.
- (9) Governance Trustee – externally recruited, position ratified by Board for maximum of six years over two, three-year, terms.
- (10) Service Charity Trustee - externally recruited, position ratified by Board for maximum of six years over two, three-year, terms.
- (11) Fundraising Trustee – externally recruited, Position ratified by board for maximum of six years over two three-year terms.
- (12) Trustee – externally recruited, position ratified by board for a maximum of six years over two three-year terms.

The Chief Executive of the Association shall be Secretary to the Board. The Corps Treasurer and Operations Director shall be in attendance.

The Board shall exercise its responsibilities through subordinate committees subject to the provision that at least two members of any such committee shall be members of the Board.

The standing subordinate committees of the Board are:

- The Management Committee, chaired by the Chief Executive, responsible to the Board for the management of the Association including administration, membership, reunions, and awards.
- The Benevolence Committee, chaired by the REA Chair, responsible to the Board for all questions relating to the charitable business of the Association.
- The Finance Committee, Chaired by the Honorary Treasurer, responsible to the Board for the financial affairs of the Association.
- The Recruiting Committee, chaired by a nominated Trustee, responsible to the Management Committee for monitoring and prompting recruiting and awareness issues within the Association.

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 has been complied with.

Organisational structure and networks

The Association is directed by its Board of Trustees, constituted as described in the Deed, and consisting of ex-officio, nominated and elected members. Its members are the Trustees of the Association's funds. The Board meets as often as is necessary to fulfil its responsibilities, normally twice a year.

Certain routine business of a non-financial nature is delegated to the Management Committee, which meets twice a year. A benevolence committee meets quarterly to consider the more complicated applications for assistance and those requiring sums beyond the Chief Executive's authorised powers.

A finance committee deals with matters and is responsible to the Board of Trustees.

The REA is divided into 17 Groups throughout the UK and overseas. Each group has a Group Director who is appointed by the Corps Colonel and, in most cases, the Group Director is the senior serving Royal Engineer officer in the Group area. Within these Groups are 108 Branches. Of these, 94 Branches are in towns and cities in the UK and overseas who normally meet up once a month for camaraderie and Esprit de Corps. The remaining 14 branches are national and themed branches who represent specialist trades/functions or interests with affiliated members throughout the UK and overseas; they will normally meet up once a year. While all Branches are self-financing, grants are made to Groups, National and Themed branches to support

The Royal Engineers Association
Trustee's Report (continued)
For the year ending 31 December 2023

annual meetings and travel, all Branches have the same objectives as those of the Association.

The Headquarters or Secretariat of the Association is managed by the Chief Executive who oversees all activities with particular emphasis on engaging and involving the REA and other veteran organisations in wider Corps affairs and business development. He is supported by an Operations Director who deals primarily with Esprit de Corps and benevolence matters.

With Sappers Network, HQ REA is established for four full time administrative and clerical staff. One of the Secretariat staff is established and paid as a Civil Servant within the Regimental Headquarters of the Royal Engineers. The Chief Executive, Operations Director and three full time members of staff are employed solely by the Association.

The Royal Engineers Association
Reference and administrative details of the charity, its trustees, and advisers
For the year ended 31 December 2023

REA Board of Trustees

Major General (retd) Alastair Dickinson CBE	President	
Brig (retd) Matt Bazeley OBE	Vice President & Chair Benevolence Committee	
Colonel (retd) Jonathan Ruddy	Honorary Treasurer & Chair Finance Committee	
Air Commodore (retd) Colin Basnett CBE	Service Charities	
Colonel Richard Hawkins MBE ADC	Corps Colonel	
Warrant Officer Class One Spencer Eardley	Corps Sergeant Major	
Lieutenant Colonel Martin Heffer RE TD	Reserves	
Colonel Claire James	Chair Recruiting Committee	
Mr Jeffrey Jupp	Governance	
Mr Rowan Adams	Chair Fundraising committee.	
Major General Lord Lancaster of Kimbolton	Trustee	
Mr Kenneth Kirk	Chief Executive	Chair Management Committee Secretary to Board of Trustees
Major (retd) Nick Gunnell	Operations Director	
Major (retd) Ian Sidebottom	Advisor	Corps Treasurer Secretary to Finance Committee

Charity registered numbers.

258322 and SC041832

Principal office

The Royal Engineers Association
Ravelin Building
Brompton Barracks
Chatham
Kent
ME4 4UG

The Royal Engineers Association

**Reference and administrative details of the charity, its trustees, and advisers
For the year ended 31 December 2023**

Independent auditor

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

Solicitors

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

Investment managers

BlackRock Investment Managers
12 Throgmorton Avenue
London
EC2N 2DL

Approved by the Trustees and signed on behalf of the Trustees 17th May 2024

A handwritten signature in black ink, appearing to read 'A S Dickinson', with a long horizontal flourish extending to the right.

**Major General A S Dickinson CBE
Chairman**

The Royal Engineers Association

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

We have audited the financial statements of Royal Engineers Association (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 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 of 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.

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 us. 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.

The Royal Engineers Association

Independent Auditor's report to the Trustees of Royal Engineers Association (continued)

Matters on which we are required to report by exception.

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

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

Respective responsibilities of Trustees and auditor

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

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

Auditor's responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements 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 based on 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 can detect 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

Independent Auditor's report to the Trustees of Royal Engineers Association (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- 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, particularly 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 are 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 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.

The Royal Engineers Association

Independent Auditor's report to the Trustees of Royal Engineers Association (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.

A handwritten signature in black ink that reads "Kreston Reeves LLP". The signature is written in a cursive style and is enclosed within a light blue rectangular border.

Kreston Reeves LLP
Chartered Accountants
Statutory Auditor
Chatham

Date: **31 July 2024**

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

The Royal Engineers Association

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 & Legacies	3	1,828,080	-	1,828,080	746,670
Other trading activities	9	119,665	-	119,665	137,064
Investment income	10	409,816	21,725	431,541	435,277
Other income	11	57,388	-	57,388	40,128
Total income		2,414,949	21,726	2,436,674	1,359,139
Expenditure on:					
Raising Funds	12	3,600	-	3,600	1,101
Charitable activities	13	2,341,684	53,289	2,394,973	1,902,420
Total expenditure		2,345,284	53,289	2,398,573	1,903,521
Net expenditure before revaluations		69,665	(31,564)	38,101	(544,382)
Net gain on investments	19	26,931	1,596	28,527	(1,798,446)
Net Gains on property	20	5,000	-	5,000	21,828
Net movement in funds for year		101,596	(29,968)	71,628	(2,321,000)
Reconciliation of funds					
Total funds at 1 January 2023		11,462,915	628,715	12,091,630	14,412,630
Total funds at 31 December 2023		11,564,511	598,748	12,163,258	12,091,630

The Statement of Financial Activities includes all gains and losses in the year.

All activities relate to continuing operations.

The notes on pages 23 to 36 form part of these financial statements

The Royal Engineers Association

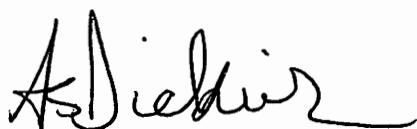
Balance sheet

For the year ended 31 December 2023

Charity Numbers: 258322 and SC041832

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	18	77,774	79,676
Investments	19	10,343,398	10,902,083
Investment properties	20	505,000	500,000
		<u>10,926,172</u>	<u>11,481,759</u>
Current assets			
Debtors	21	170,253	173,453
Cash at bank and in hand		<u>1,140,787</u>	<u>511,261</u>
		1,311,040	684,714
Creditors: amounts falling due within one year	22	<u>(73,954)</u>	<u>(74,843)</u>
Net current assets		<u>1,237,086</u>	<u>609,871</u>
Net assets		<u>12,163,258</u>	<u>12,091,630</u>
Charity Funds			
Restricted funds	23	557,332	628,715
Unrestricted funds	23	<u>11,605,926</u>	<u>11,462,915</u>
Total funds		<u>12,163,258</u>	<u>12,091,630</u>

The financial statements were approved by the Trustees on 17th May 2024 and signed on their behalf, by:



Major General AS Dickinson CBE,
Chairman



Colonel JM Ruddy,
Honorary Treasurer

The notes on pages 23 to 36 form part of these financial statements

The Royal Engineers Association

Statement of Cash Flows

For the year ended 31 December 2023

	Note	2023	2022
		£	£
Net cash used in operating activities	27	(388,866)	(771,910)
Cash flows from investing activities			
Interest and dividends		431,541	435,277
Movement on branches fixed assets		(359)	3,715
Movement on Branch Investments		(12,789)	(7,637)
Purchase of investment properties		-	(478,172)
Disposal of fixed asset investments		600,000	700,000
Cash provided by (used in) investing activities		1,018,393	653,183
Increase/(decrease) in cash and cash equivalents in the year		629,527	(118,727)
Cash and cash equivalents at the beginning of the year		511,261	629,988
Total cash and cash equivalents at the end of the year		1,140,788	511,261

Analysis of changes in net debt

	At 31 Jan 2023 £	Cashflows £	At 31 Dec 2023 £
Cash and cash equivalents			
Cash	511,261	629,527	1,140,788

The Royal Engineers Association

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

1 General administrative information

Royal Engineers Association is an unincorporated charity in England & Wales and Scotland with the registration numbers 258322 and SC041832. The address of the registered office is Headquarters Royal Engineers, Brompton Barracks, Chatham, Kent, ME4 4UG. The Charity's principal objectives continued to be to promote the efficiency of the Corps in all or any of the following ways: by fostering Esprit de Corps and a spirit of comradeship amongst serving and former members of the Corps; to provide financial and other assistance to serving and former members of the Corps, their spouses, widows, widowers and dependants who are in need; to make grants to the Army Benevolent Fund The Soldiers Charity and to such other charities as the Council think fit which further the objectives of the Association.

2 Accounting policies

2.1 Basis of preparation of financial statements

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

The Royal Engineers Association 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 for the fore-see able future.

2.3 Fund Accounting

General unrestricted funds represent unrestricted income of subscriptions, donations and legacies which is expendable at the discretion of the Council in the furtherance of the objects of the Association. Such funds may be held in order to finance both working capital and capital investment.

Designated funds represent amounts which have been put aside out of unrestricted funds at the discretion of the Trustees to meet specific purposes.

Restricted funds represent grants, donations and legacies received which are allocated by the donor for specific purpose. These are the Gabriel & Kitchener Scholarship funds which are explained in detail on page 1 in the Trustees' report.

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

The Royal Engineers Association

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

Accounting policies (continued)

2.4 Income

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

Subscriptions

Serving officers, warrant officers and soldiers subscribe to the Royal Engineers Central Charitable Trust under the Army's Day's Pay Scheme. The Association received 50% of the monies received from the Day's Pay Scheme.

Donations

Donations are included in full in the income and expenditure accounts on a receipts basis. Gift Aid donations are included in the income and expenditure account on a receivable basis.

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 objects of the trust which are always authorised by Trustees.

Cost of charitable activities includes grants made and the apportionment of support costs shown in note 13.

The cost of generating funds consists of investment, management, and certain legal fees.

2.6 Tangible fixed assets and depreciation

REA assets, including those purchases by Branches, costing more than £1,000 are capitalised. Depreciation is charged on assets using a straight line basis over their estimated life on the following basis:

Fixtures and fittings	10% per annum
General property	10% per annum
Computer equipment	20% per annum

REA Branch Standards are capitalised and maintained at their expected replacement value, £650.

2.7 Investments

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

Accounting policies (continued)

2.8 Debtors

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

2.9 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.

2.10 Liabilities

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.

2.11 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.12 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.

2.13 Donated services and facilities

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

2.14 Tender policy

Trustees introduced a tender policy that covers expenditure:

- a. Between £2.5k and £5k
- b. Between £5k and £10k
- c. Over £10k

Accounting policies (continued)

2.15 Taxation

The Royal Engineers Association is a registered charity and accordingly no provision is considered necessary for taxation.

2.16 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.

The Royal Engineers Association

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

		Unrestricted funds 2023	Restricted funds 2023	Total funds 2023	Total funds 2022
		£	£	£	£
3 Donations & Legacies					
Donations	(Note 4)	79,067	-	79,067	147,357
Legacies	(Note 5)	1,228,307	-	1,228,307	88,419
Grants	(Note 6)	2,500	-	2,500	2,500
Subscriptions	(Note 7)	434,620	-	434,620	421,418
Donated services and facilities	(Note 8)	83,586	-	83,586	86,976
		1,828,080	-	1,828,080	746,670

All of the donations and legacies income was unrestricted in 2023 and 2022.

4 Donations		£	£	£	£
General donations		63,077	-	63,077	120,994
Donations from branches		-	-	-	30
Tax refund		1,462	-	1,462	2,582
Website donations		7,988	-	7,988	23,751
Annual Dinner Receipts		3,540	-	3,540	-
Ijzendijke Receipts		3,000	-	3,000	-
		79,067	-	15,990	147,357

5 Legacies		£	£	£	£
Legacies Brown/McCabe		1,228,307	-	1,228,307	88,419

6 Grants		£	£	£	£
H&M Charitable Trust		2,500	-	2,500	2,500

7 Subscriptions and tax		£	£	£	£
Membership		29,697	-	29,697	29,947
Grant from RECCT (represents 50% of Day's Pay Scheme subscriptions to RECCT)		404,923	-	404,923	394,471
		434,620	-	434,620	424,418

The Royal Engineers Association

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

	Unrestricted funds 2023	Restricted funds 2023	Total funds 2023	Total funds 2022
8 Donated services and facilities	£	£	£	£
Gas	1,869	-	1,869	1,807
Electricity	2,131	-	2,131	2,131
Water and sewage	860	-	860	860
Community charge	5,686	-	5,686	5,686
Admin Utilities	1,524	-	1,524	1,478
MOD salaries	51,545	-	51,545	45,014
Admin Salaries	19,971	-	19,971	30,000
Total	83,586	-	83,586	86,976

9 Other trading activities

	£	£	£	£
Activity Generating Income	-	-	-	616
Esprit de Corps income	119,665	-	119,665	136,448
	119,665		119,665	137,064

10 Investment income

	£	£	£	£
Investment Property Rent	24,540	-	24,540	17,938
Dividends – Armed Forces Charities Fund	385,274	21,535	406,809	417,306
Bank interest	2	190	192	33
	409,816	21,725	431,541	435,277

Of the total investment income received; £431,541 (2022: £435,277), £409,816 was from unrestricted funds (2022: £414,466) and £21,725 was from restricted funds (2022: £20,811).

11 Other income

	£	£	£	£
Sundry income	26,108	-	26,108	14,449
Refund of Previous Years Grants	22,338	-	22,338	25,679
Stable Belts	8,942	-	8,942	-
	57,388	-	57,388	40,128

12 Raising Funds

	£	£	£	£
Recruiting	3,600	-	3,600	1,101

The Royal Engineers Association

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

13 Charitable Activities

	Direct costs	Support costs	Total	Total
	2023	2023	2023	2022
	£	£	£	£
Benevolence (Note 14)	750,346	192,609	942,955	955,031
Esprit de Corps (Note 15)	1,186,744	265,274	1,452,018	947,389
	1,937,090	457,883	2,394,973	1,902,420

£2,341,684 of the charitable activities expenditure was from unrestricted funds (2022: £1,843,836) and £53,289 was from restricted funds (2022: £58,584).

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2023	2023	2023	2022
	£	£	£	£
14 Benevolence grants and allowances				
Direct costs				
Grants	321,240	53,289	374,529	290,870
Christmas grants	8,275	-	8,275	8,855
Weekly allowances	111,542	-	111,542	104,191
Army Benevolent Fund	66,000	-	66,000	60,000
SSAFA Families Help	30,000	-	30,000	33,970
Other charities	160,000	-	160,000	280,000
	697,057	53,289	750,346	777,886
Support costs				
Committee & Travel costs	4,291	-	4,291	1,985
Audit	4,920	-	4,920	4,200
Fees & Subscriptions	438	-	438	2,395
Insurance	1,186	-	1,186	750
Administration	12,466	-	12,466	29,162
Post & Telephone	4,518	-	4,518	4,475
Depreciation	110	-	110	292
Donated services support costs	28,052	-	28,052	24,788
Donated services MOD salaries	19,971	-	19,971	30,000
Staff costs	116,657	-	116,657	79,098
	192,609	-	192,609	177,145
	889,666	53,289	942,955	955,031

The Royal Engineers Association

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

	Unrestricted funds 2023	Restricted funds 2023	Total funds 2023	Total funds 2022
15 Esprit de Corps				
	£	£	£	£
Direct costs				
Corps activities	950,350	-	950,350	432,538
Branch donations	22,229	-	22,229	24,565
Branch activities	201,685	-	201,685	243,678
Annual Conference	-	-	-	3,121
Sapper Sunday Lunch	1,596	-	1,596	1,295
Annual Dinner	10,884	-	10,884	5,264
	<u>1,186,744</u>	-	<u>1,186,744</u>	710,461
Support costs				
Committee & Travel costs	17,158	-	17,158	7,941
Audit	4,920	-	4,920	4,200
Fees & Subscriptions	438	-	438	2,395
Insurance	1,186	-	1,186	750
Administration	14,227	-	14,227	32,282
Post & telephone	4,518	-	4,518	4,475
Depreciation	2,099	-	2,099	5,543
Donated services support costs	35,563	-	35,563	32,188
Staff Costs	185,165	-	185,165	147,154
	<u>265,274</u>	-	<u>265,274</u>	236,928
	<u>1,452,018</u>	-	<u>1,452,018</u>	947,389

16 Net Income / Expenditure

This is stated after charging:	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	2,261	5,835
Auditor's remuneration	<u>9,840</u>	<u>8,400</u>

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

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

Trustees received reimbursement of expenses amounting to £Nil in the current year, (2022 - £Nil).

The Royal Engineers Association

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

17 Staff costs

Staff costs were as follows:

	Total funds 2023 £	Total funds 2022 £
Wages and salaries	265,220	198,570
Social security costs	21,006	14,083
Pension costs	15,597	13,599
	301,823	226,252

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

	No.	No.
Management and administration of the charity	17	14

The average headcount expressed as full-time equivalents was:

	No.	No.
Management and administration of the charity	9	8

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

	2023 No	2022 No
In the band £70,001 - £80,000	1	1

The total employment benefits including employer pension contributions of the key management personnel were £83,654 (2022 - £63,745).

18 Tangible fixed assets

	Unrestricted Designated Fixtures & fittings £	Unrestricted General Property £	Unrestricted General Computer equipment £	Total £
Cost				
At 1 January 2023	86,200	115,591	25,651	227,442
Movement in branches fixed assets	359	-	-	359
At 31 December 2023	86,559	115,591	25,651	227,801
Depreciation				
At 1 January 2023	11,865	113,384	22,517	147,766
Charge for the year	50	1,615	596	2,261
	-	-	-	-
At 31 December 2023	11,915	114,999	23,113	150,027
Net book value				
At 31 December 2023	74,644	592	2,538	77,774
At 31 December 2022	74,335	2,207	3,134	79,676

The Royal Engineers Association

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

19 Fixed asset investments

	Listed securities £	Branch Investments £	Total £
Market value			
At 1 January 2023	10,866,216	35,867	10,902,083
Disposals	(600,000)	-	(600,000)
Revaluations	28,526		28,526
Movement on branch investments	-	12,789	12,789
At 31 December 2023	<u>10,294,742</u>	<u>48,656</u>	<u>10,343,398</u>
Historical cost	<u>5,731,035</u>	<u>25,981</u>	<u>5,757,016</u>

Investments at market value comprise:

	2023 £	2022 £
Listed investments	10,294,742	10,866,216
Branch investments	48,656	35,867
Total market value	<u>10,343,398</u>	<u>10,902,083</u>

All of the fixed asset investments are held in the UK.

Material investments

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

20 Investment Properties

	Freehold Investment Property
Valuation	
At 1 January 2023	500,000
Revaluation	5,000
At 31 December 2023	<u>505,000</u>

Going forward the investment properties will be valued on an open market value for existing use basis

The Royal Engineers Association

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

21 Debtors

	2023	2022
	£	£
Other debtors	168,825	147,362
Prepayments and accrued income	-	26,091
Branch Debtors	1,428	-
	170,253	173,453

22 Creditors:

Amounts falling due within one year

	£	£
Branch creditors	2,043	728
Other creditors	71,911	74,115
	73,954	74,843

The Royal Engineers Association

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

23 Statement of funds

Current Year	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
Ballard Grants	-	-	-	181,332	-	181,332
Gabriel Grants	-	-	-	50,000	-	50,000
Branch funds	601,632	229,657	(223,915)	-	-	607,374
Total Designated funds	601,632	229,657	(223,915)	231,332	-	838,706
General funds						
General funds	10,861,283	2,424,734	(2,361,001)	(189,727)	31,931	10,767,220
Total Unrestricted funds	11,462,915	2,654,391	(2,584,916)	41,605	31,931	11,605,926
Restricted funds						
Kitchener Scholarship Fund	628,715	21,915	(53,289)	(41,605)	1,596	557,332
Total Restricted Funds	628,715	21,915	(53,289)	(41,605)	1,596	557,332
Total of funds	12,091,630	2,676,306	(2,638,205)	-	33,527	12,163,258
Prior Year	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
Branch funds	578,879	290,996	(268,243)	-	-	601,632
General funds						
General funds	13,079,194	1,047,332	(1,576,694)	-	(1,688,549)	10,861,283
Total Unrestricted funds	13,658,073	1,338,328	(1,844,937)	-	(1,688,549)	11,462,915
Restricted funds						
Kitchener Scholarship Fund	754,557	20,811	(58,584)	-	(88,069)	628,715
Total Restricted Funds	754,557	20,811	(58,584)	-	(88,069)	628,715
Total of funds	14,412,630	1,359,139	(1,903,521)	-	(1,776,618)	12,091,630

The Royal Engineers Association

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

24 Analysis of net assets between funds

Current Year	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £
Tangible fixed assets	77,774	-	77,774
Fixed asset investments	9,798,441	544,957	10,343,398
Investment properties	505,000	-	505,000
Current assets	1,298,854	12,186	1,311,040
Creditors due within one year	(73,954)	-	(73,954)
	11,606,115	557,143	12,163,258

Prior Year	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Tangible fixed assets	79,676	-	79,676
Fixed asset investments	10,358,722	543,361	10,902,083
Investment properties	500,000	-	500,000
Current assets	599,360	85,354	684,714
Creditors due within one year	(74,843)	-	(74,843)
	11,462,915	628,715	12,091,630

The Royal Engineers Association

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

25 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 £15,597 (2022 - £13,599).

26 Related party transactions

All transactions with related parties are disclosed in the Trustees Report and notes to the accounts.

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

	Total funds 2023	Total funds 2022
	£	£
Net movement in funds	71,628	(2,321,000)
Add back depreciation charge	2,261	5,835
Deduct interest income shown in investing activities	(431,541)	(435,277)
Deduct gains / add back losses on investments	(28,526)	1,798,446
Deduct gains / add back losses on investment properties	(5,000)	(21,828)
Decrease (increase) in debtors	3,200	171,911
Increase (decrease) in creditors	(889)	30,003
Net cash used in operating activities	<u>(388,866)</u>	<u>(771,910)</u>

Accounts

The Royal Engineers Association



Trustees' report and financial statements

For the year ended 31 December 2022

The Royal Engineers Association

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The Royal Engineers Association

Trustee's Report

For the year ending 31 December 2022

The Board of Trustees present their annual report and the audited financial statements for the year ended 31 December 2022. The financial statements have been prepared in accordance with the accounting policies set out at note 2 to the accounts and comply with the charity's trust deed, the Charities Act 2011, and the Charities SORP FRS 102. Trustees consider that in preparing these financial statements they have taken into account all information that could reasonably be expected to be available (including levels of reserves held). Therefore, the going concern basis of accounting is deemed appropriate and there are no material uncertainties.

Constitution

The Royal Engineers Association ("the Association" or "REA") is established under authority of a Deed of Declaration of Trust dated 19 November 1968 and Supplemental Deed dated 1 December 1974 as varied by a scheme of the Commissioners dated 11 August 1997 and supplemented by the Rules of the Royal Engineers Association 2009, hereafter referred to as 'The Deed'.

Restrictions on Funds

The Deed describes two Funds, A and B, which are restricted for the benevolence respectively of commissioned and of warrant officer and other rank members and past members of the Corps of Royal Engineers, together with their dependants. Both the A and B Funds were reduced to zero in 2015 and will not be re-used unless a specific grant is made in support of commissioned officers or other rank members of the Corps. A further restricted fund, the Gabriel Fund, was established during 1997, following receipt of a legacy from the estate of the late Colonel R C Gabriel (see note 23 to the financial statements). The General Fund is not restricted. Another restricted fund, The Kitchener Fund, which was the subject to an administrative transfer on 31 December 2008, was accepted by the REA Trustees from The Institution of Royal Engineers at their meeting in May 2009 and is now administered through the REA Benevolence committee.

OBJECTS AND ACTIVITIES

Objects of the Association, as set out in the Deed, are:

To promote the efficiency of the Corps in all or any of the following ways:

- (a) by fostering Esprit de Corps and a spirit of comradeship amongst serving and former members of the Corps.
- (b) to provide financial and other assistance to serving and former members of the Corps, their spouses, widows, widowers and dependants who are in need;
- (c) to make grants to the Army Benevolent Fund The Soldiers Charity and to such other Charities as the Council think fit which further the objectives of the Association.

Volunteers

REA branches are autonomous and are organised democratically in accordance with the REA Rules 2018 by members who take on the stewardship and running of the branch voluntarily. The many hundreds of volunteers who act as branch officials encouraging, supporting, recruiting and guiding their branches and members to ensure that the branches provide a national network that supports the entire sapper family.

ACHIEVEMENTS AND PERFORMANCE

The charity set out to ensure that grants are made in a speedy, efficient and cost-effective way. This was achieved, and grants, periodical allowances and Christmas benevolence gifts were made to 165 recipients, from whom many letters of appreciation have been received. The total number of benevolence cases considered in 2022 was 13% more than the previous year.

The Kitchener Fund supported the education of 12 children from Sapper families.

The Gabriel Fund supported the career development of 2 veterans suffering from life changing illness or injury.

The Royal Engineers Association

Trustee's Report (continued)

For the year ending 31 December 2022

Sappers Network

The operation and management of Sappers Network were transferred to REA HQ, the service has been continued, with the emphasis being on providing employment support to Service Leavers. The service is free to employers and candidates and offers jobs across the UK and Internationally.

Grants Considered 2017 to 2022

Year	2022	2021	2020	2019	2018	2017
Disabled & Illness	110	80	145	116	166	163
Old age	6	4	13	22	41	32
Widows	43	41	38	45	63	51
Unemployed	115	119	119	76	128	119
Miscellaneous	91	94	106	210	124	129
No grant made	88	62	87	120	31	51
Totals	453	400	508	589	553	545

Other Grants

As in previous years, a Branch and Unit Welfare Grant of £100,000 was allocated from Capital Reserves for the year 2022. This was to enhance *Esprit de Corps* – a specific objective of the REA - by providing the opportunity for Units and Branches to bid for support in funding projects or activities which had no – or incomplete – support from other resources. The overall result both in 'PR' for the REA and benefit for recipients was most encouraging. Grants included: support for the provision of a holiday chalet for use by serving personnel, veterans, and dependants; improvements to single living accommodation in several regiments; support for a families and community centre at Carver Barracks; support for an Association Branch meeting room providing disabled access.

The 2022 welfare grant was a success with 100% of the fund available being disbursed.

As a result of this changes were implemented for future Welfare Grant Applications, with a greater awareness being promoted to both Units and Branches through direct briefings, email and social media and support from REA HQ when needed. It has been decided to continue the welfare grant opportunities on an ongoing basis subject to annual reviews.

Delivery – Benevolence

- Benevolence to those in need is considered of paramount importance. Applications for benevolence assistance are dealt with within two or three days after checks on service records and establishing financial need. All applications received from the Sapper family are considered sympathetically, most applicants receive financial assistance.
- There will be many eligible persons in need of assistance of whom the Association is unsighted. Following the appointment of a Controller and Assistant has given the resources to begin looking at how better the Association can reach further, a review is currently underway to look at bring additional funds to bear in outreach/training and direct support in areas such as mental health, housing, supported living and how to access support.
- Cases requiring financial assistance greater than £1,000 (Controllers financial threshold increased from £500 in 2016) are referred to the REA Benevolence Committee that, since the increase in the Controller's delegated powers, sits quarterly rather than monthly. Cases of an urgent nature that exceed the Controller's delegated powers are considered out-of-committee in consultation with the Chairman of the Benevolence Committee and the Hon Treasurer REA. There is no financial limit on grants that the Committee can authorise for benevolence. The Committee also deals with applications for weekly allowances. Cases, having been in front of the Committee, are despatched within a week of the Committee decision.

The Royal Engineers Association

Trustee's Report (continued)

For the year ending 31 December 2022

- Regular weekly allowances were made to 40 applicants and, where there is a need to assist financially with nursing home fees, some have further assistance from the Army Benevolent Fund the Soldiers' Charity.
- 1288 Christmas cards and some 140 monetary gifts were sent out in November to those in elderly people homes, in hospitals or homes for the mentally infirm, to those who are in receipt of weekly allowances and those being treated through Combat Stress.
- A grant of £60,000 was provided to ABF The Soldiers' Charity.
- A grant of £33,970 was provided to SSAFA.

ABF The Soldiers' Charity

The Trustees are most appreciative of the financial support provided by the ABF The Soldiers' Charity towards the cost of welfare grants to serving and former members of the Corps and their dependants.

Delivery – Membership

- Applications for Membership are handled on the day of receipt with a service record check and issuing of a membership card.
- Meetings and reunions are held at numerous locations under arrangements of Groups and Branches.
- The REA Recruiting Committee sits when needed to consider the wider marketing of the Association and Public Relation issues and initiatives.
- Command courses held at both Minley and Chatham are addressed to inform them of the activities of the REA.

Assistance

The Association acknowledges with gratitude the assistance provided by the caseworkers of SSAFA, TRBL and REA branches for their contribution to the benevolence system.

Fundraising activities

In 2002, Trustees considered whether fund raising activities should be undertaken and, other than an information campaign to the serving officers and soldiers of the merits of the Days' Pay Scheme the Trustees decided no further fund raising activity should be undertaken. In 2020, it was considered we should review once more our approach to fund raising. This has been considered by the Finance Committee and a focus on areas such as Legacy and Donation and fund raising by Branches in support of the Association has been accepted to ensure that the Association maintains its long term ability to provide benevolence and welfare services to the Sapper Family.

REA Branch Accounts

In March 2004 Trustees were informed by their auditor that SORP 2000 required them to include the income, expenditure, assets and liabilities of those REA Branches that did not have separate legal status in their annual charity account, if material. Subsequent legal advice confirmed that the current REA Branches do not have separate legal status and that the extant Rules of the REA did not require Branches to furnish this information to HQ REA. Trustees have changed the Rules of the REA and directed REA Branches to provide this financial information to HQ REA by 31 January each year. The funds associated with these branches are designated.

Activities in Scotland

The Association has nine active branches in Scotland under the control of the Scotland & Northern Ireland Group Headquarters based at Leuchars, Fife. Because of this presence in Scotland the Association is registered with the Scottish Charity Regulator. As with the remaining UK and overseas branches, those branches based in Scotland do not carry out fundraising but aim to promote and support the Corps in accordance with the Objects of the Association.

The Royal Engineers Association

Trustee's Report (continued) For the year ending 31 December 2022

2022 FINANCIAL REVIEW

Serving RE officers, warrant officers and soldiers subscribe to the Royal Engineers Central Charitable Trust under the Army's 'Days Pay Scheme' (a payroll giving scheme). After the Institution of Royal Engineers has received a set percentage of officer and soldier subscriptions, the HQ Mess receive a set percentage of officer subscriptions, and the Corps WOs' & Sgts' Mess receive an element of the SNCOs and WOs subscriptions (their respective membership fees) the Association receives 50% of the monies received from the Days Pay Scheme (DPS). Any shortfall of income compared to expenditure comes from investment income. Donations and legacies that are retained are available for investment towards future benevolence. The Association's combined income from DPS, 38% of income, investments 50% of income, legacy, and donations 12% of income is sufficient to sustain our annual operating expenditure in all the key areas of benevolence, welfare, and esprit de corps.

Summary

Net expenditure before other recognised gains and losses was £544,382 (2021: £118,350). The Charity did not authorise any further funds for investment in 2022.

Balance Sheet

The accumulated funds decreased by £2,321,000 to £12,091,630 (2021 increased by £1,021,236 to £14,412,630).

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

Expenditure on benevolence grants to individuals increased by £34,964 from £255,906 in 2021 to £290,870. Figures are now steadily recovering to pre-pandemic levels.

Christmas grants decreased by £450 to £8,855 in 2022 and weekly allowances decreased from £121,810 in 2021 to £104,191 in 2022. This directly because of deaths of those receiving weekly allowances and fewer cases replacing these. This is to be expected as the veteran population declines particularly in the most senior age group.

Investment house & policy

The REA invests in the Armed Forces Charities Growth & Income Fund, managed by BlackRock.

The Objective of the Fund is to achieve real growth in capital and income over the long term by investment mainly in equities and fixed income securities. Further investment details are given in the notes to the financial statements.

No additional investment units were purchased in 2022.

Investment performance

Investments delivered dividends of £417,306 in 2022 (2021: £427,900). 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: +309.3%, +7.2%). The fund's benchmark since inception has returned 346.3% and 8.0%. Investment property rental generated £17,938.

Risk statement

The risks to which the Charity are exposed are reviewed by the REA Management Committee at each of its meetings. The basis of the review is a Risk Management Matrix that identifies and defines the risk, its impact and likelihood, and those mitigation measures the Trustees feel need to be applied. The Risk Management Matrix was reviewed at the September Board meeting in 2022 and members were content that systems have been established to mitigate those risks identified.

The Royal Engineers Association

Trustee's Report (continued)

For the year ending 31 December 2022

Key Risk

The key risks are financial and reputational with loss of income from our investments potentially restricting the services we deliver and thus our reputation among our members and beneficiaries which could further affect our income. In mitigation of this the Board ensures that we maintain sufficient investment funds to provide resilience and regularly reviews the status of our reserves.

Reserves

The accounts show net expenditure of £544,382 (2021: £118,530) before gains on investments. Losses on investments amounted to £1,798,446 (2021: gains of £1,139,766) giving a negative net movement in funds of £2,321,000 (2021: positive net movement of £1,021,236). Gains on our investment property revaluation were £21,828. It is the Trustees policy to realise capital from the Restricted Fund's investment portfolios when required to provide funds in support of grant making or project funding.

Trustees review the reserves policy annually and aim to match the amount held in reserves to mitigate against potential financial threats over the long term. The charity relies upon the MoD for administration of the Day's Pay Giving Scheme, provision of infrastructure, utilities, and a proportion of staff costs. If these MoD donated services were to be withdrawn, the charity would suffer an operational shock. The charity's reserves must be able to meet such a shock if it were to occur.

Furthermore, it is the intention of the Trustees to maintain free reserves amounting to a minimum of 15 years' operating costs (essentially benevolence payments and staffing costs). This is intended to provide adequate security against market volatility, and future risks to both income and expenditure whilst maintaining long-term benevolence support to the Corps' beneficiaries. Current unrestricted reserves are £11,462,915 (2021: £13,658,073) which Trustees consider is consistent with this policy.

Public Benefit

The REA Trustees have paid due regard to the Charity Commission's guidance on public benefit in deciding what activities the charity should undertake. This fund provides public benefit by assisting service personnel to more effectively perform their role within the Corps of Royal Engineers and assisting those of the wider family of the Corps (those who have left uniform). Where there is "need" the fund helps those who have fallen on hard times like debt, family separation, mobility aids for the infirm (such as stair lifts and electric powered scooters and wheelchairs) and walk-in showers at home where the applicant is unable to use a bath safely. In addition, the Fund has helped some of our serving Sappers where there is a "need".

PLANS FOR THE FUTURE

REA Strategy 2022-2027 Background

The Royal Engineers Association came into being on 12 October 1912 as the Old Comrades Association, with Field Marshall Kitchener as the President. In 1918 King George V became the patron and this Royal patronage continues today with Her Majesty the Queen. During the intervening 109 years the Association has evolved; in 1952, from Old Comrades to the Royal Engineers Association, in 1968 amalgamating the RE Benevolent Fund Ltd with the REA under a new constitution.

The 5-year strategy adopted in 2021 has seen the following developments

1. All benevolence processing is now digital and online, all data is now held within the Mosaic database operated by SSAFA.
2. New website has been launched moving the majority of our administration to the digital space.
3. A new community platform is currently in test phase.
4. New branches are developing replacing branches which have been unable to continue.
5. Increase outreach to Regiments with regular visits to units and presentations to recruits in phase 1 and phase 2 training.
6. Introduction of new areas of support through the Ballard fund and Gabreil fund and expansion of the reach of the Kitchener fund.

The Royal Engineers Association

Trustee's Report (continued) For the year ending 31 December 2022

Charitable Objects

Our objects are shown below and have always provided a clear guide to what the purpose and role of the Association. These provide a very sound foundation for all our activities.

1. To promote and support the Corps among members of the Association in the following ways:
 - a. By fostering esprit de corps and a spirit of comradeship and service.
 - b. By maintaining an awareness of Corps traditions.
 - c. By acting as a link between serving and retired members of the Corps.
2. To provide financial and other assistance to serving and former members of the Corps, their spouses, widows, widowers, and dependents who are in need through poverty.
3. To make grants, within Association Guidelines, to the Army Benevolent Fund and to other charities that further the objectives of the Association.

Governance

We have in place all the required elements for the Association to fulfil our legal obligations as a charity. Our charity's governing document is a legal document. It works as a rulebook, setting out:

- Its name.
- Its charitable purposes ('objects').
- What it can do to carry out its purposes ('powers'), such as borrowing money;
- Who runs it ('trustees') and who can be a member;
- How meetings will be held, and trustees appointed;
- Any rules about paying trustees, investments and holding land;
- Whether the trustees can change the governing document, including its charitable objects ('amendment provisions');
- How to close the charity ('dissolution provisions').

Vision

Ensure that all members of the Sapper family have access to the comradeship and support that enables them to live full lives.

Mission

Reach out to all members of the Sapper family and provide support to those in need by maintaining the links between all serving soldiers, veterans, and their families.

Strategic Aims

To deliver our vision and mission our strategic aims are:

Engagement

We will actively engage with our stakeholders and strive to be recognised, known, and understood by our members, partners, and relevant agencies. Extending our reach into the wider community using all means at our disposal to ensure effective communication to promote the mission of the REA

Support

We will ensure we understand and adapt to the needs of our members and those we support across the Sapper family improving the lived experience of the sapper workforce and veteran community enabling them to reach full potential.

The Royal Engineers Association

Trustee's Report (continued) For the year ending 31 December 2022

Benevolence (Aid)

To aid the Sapper family by providing appropriate, timely and effective assistance to those in need.

Sustainability

We will ensure we have people with the right skills and sufficient time and resources deliver on our mission, underpinned by a sustainable income.

Collaborative Working

We will work together within the organisation and with internal and external partners and stakeholders to deliver our objects. Examples of this are our collaboration and ongoing commitment with RBLI Aylesford with the opening of Sapper House. Our Commitment to ABF and SSAFA and our participation in Cobseo and the Single Cap Badge Association plus numerous other charities and organisations

Actions completed in 2022.

A new REA website was launched in July 2022, this has proved to be very successful and has had good feedback, traffic to the website has increased by 167%.

The new website has enabled the digitisation of the majority of our standard forms and reports improving the efficiency and responsiveness of REA HQ.

The development of the community platform was slowed until the website was completed with a launch of the test platform planned for February 2023

Succession Planning – with the imminent retirement of our Operations Manager in March 2023 the post was reviewed and the decision taken to develop the role to a full time position with increased responsibility for outreach, candidates were invited to interview in December 2022 and a replacement selected to commence with the Association in March 2023

Gibraltar 250 – 2022 saw a return to full scale events following the pandemic and the Gibraltar 250 weekend led the way with 400 veterans and 100 serving personnel attending a weekend of civic events, parades, dinners hosted by the Gibraltar branch attended by many of the local dignitaries including the Governor, Major and CBG.

Cassino – Amazon Bridge Memorial Dedication, The President of the REA accompanied by the dedicated team of REA members who designed and built the Amazon Bridge Memorial traveled to Cassino in Italy to take part in a dedication of memorial and wreath laying ceremonies at the various memorials of the units who took part in the action in May 1944.

Outreach - a number of unit visits were carried out by the REA HQ team including, to 26 Engr Regt, 24 Cdo Regt RE, Defence Diving School. Additionally, presentations to recruit training organisations resumed by local groups and branches.

Support for TASS athletes and Adventure training - this is now fully embedded within the REA and an increasing number of elite athletes were supported by the REA in 2022 and into 2023.

Plans for 2023

Continuing with our current strategy 2023 has several important milestones to be achieved.

Introduction of the Community Platform – Sappercom. The aim is to provide a networking and communications tool for all members of the Association, families and serving soldiers to connect with the Association. The platform provides opportunities for users to communicate, create and promote events, share ideas and discuss issues.

Outreach - increased capacity in REA HQ means a program of outreach visits to Units and branches will be developed for 2023 to include collaborating with other Corps charities, Branches, Groups and linking to Corps events.

The Royal Engineers Association

Trustee's Report (continued) For the year ending 31 December 2022

Group Structure a further review of the Group Structure is being carried out in 2023 with a view to improving the strengths of groups and the liaison between units and branches.

Mission Activate – this is a recruitment initiative to encourage branches and groups to hold events to recruit new members for the Association. For 2023 we will look to increase the number of serving members and family members of the Association.

Research – following on from our survey of 2020 it is proposed that we undertake two further surveys in 2022 with the aim of researching the success of our outreach in terms of awareness of the Association among our target market. The second research piece is to look at the reasons why benevolence demand has not recovered to pre-pandemic levels.

Auditors

Kreston Reeves LLP remain the Trustees choice as Corps auditors.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The REA is governed by the Deeds of Trust dated 19 November 1968 and Supplemental Deed dated 1 December 1974 as varied by a scheme of the Commissioners dated 11 August 1997 and supplemented by the Rules of the Royal Engineers Association 2009.

Trustees

The current Board of Trustees are listed on page 10.

The Board

The affairs of the Association shall be directed by the Board of the Association.

The composition of the Board shall be:

- (1) President, a Colonel Commandant of the Corps nominated by the Chief Royal Engineer ratified by the Board. Appointment for maximum of six years.
- (2) Chair of the Association nominated by the President and ratified by the Board, maximum of six years over two, three-year, terms.
- (3) The Corps Colonel for duration of appointment.
- (4) Honorary Treasurer elected by the Board for maximum of six years over two, three-year, terms.
- (5) The Corps Sergeant Major for duration of appointment.
- (6) Reservist – nominated by President and ratified by vote of the Board maximum six years over two, three-year, terms.
- (7) Group Director – Serving Commanding Officer (CO) rotating round groups for duration of appointment.
- (8) Wider Community Trustee – externally recruited, position ratified by Board for maximum of six years over two, three-year, terms.
- (9) Governance Trustee – externally recruited, position ratified by Board for maximum of six years over two, three-year, terms.
- (10) Service Charity Trustee - externally recruited, position ratified by Board for maximum of six years over two, three-year, terms.
- (11) Fundraising Trustee – externally recruited, Position ratified by board for maximum of six years over two three-year terms.
- (12) Trustee – externally recruited, position ratified by board for a maximum of six years over two three-year terms.

The Chief Executive of the Association shall be Secretary to the Board. The Corps Treasurer and Operations Manager shall be in attendance.

The Royal Engineers Association

Trustee's Report (continued)

For the year ending 31 December 2022

The Board shall exercise its responsibilities through subordinate committees subject to the provision that at least two members of any such committee shall be members of the Board.

The standing subordinate committees of the Board are:

- The Management Committee, chaired by the Chief Executive, responsible to the Board for the management of the Association including administration, membership, reunions, and awards.
- The Benevolence Committee, chaired by the REA Chair, responsible to the Board for all questions relating to the charitable business of the Association.
- The Finance Committee, Chaired by the Honorary Treasurer, responsible to the Board for the financial affairs of the Association.
- The Recruiting Committee, chaired by a nominated Trustee, responsible to the Management Committee for monitoring and prompting recruiting and awareness issues within the Association.

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 has been complied with.

Organisational structure and networks

The Association is directed by its Board of Trustees, constituted as described in the Deed, and consisting of ex-officio, nominated and elected members. Its members are the Trustees of the Association's funds. The Board meets as often as is necessary to fulfil its responsibilities, normally twice a year.

Certain routine business of a non-financial nature is delegated to the Management Committee, which meets twice a year. A benevolence committee meets quarterly to consider the more complicated applications for assistance and those requiring sums beyond the Controller's authorised powers.

A finance committee deals with matters and is responsible to the Board of Trustees.

The REA is divided into 17 Groups throughout the UK and overseas. Each group has a Group Director who is appointed by the Corps Colonel and, in most cases, the Group Director is the senior serving Royal Engineer officer in the Group area. Within these Groups are 108 Branches. Of these, 94 Branches are in towns and cities in the UK and overseas who normally meet up once a month for camaraderie and Esprit de Corps. The remaining 14 branches are national and themed branches who represent specialist trades/functions or particular interests with affiliated members throughout the UK and overseas; they will normally meet up once a year. While all Branches are self-financing, grants are made to Groups, National and Themed branches to support annual meetings and travel, all Branches have the same objectives as those of the Association.

The Headquarters or Secretariat of the Association is managed by the Chief Executive who oversees all activities with particular emphasis on engaging and involving the REA and other veteran organisations in wider Corps affairs and business development. He is supported by an Operations Manager who works part time and deals primarily with Esprit de Corps and benevolence matters.

With Sappers Network, HQ REA is established for four full time administrative and clerical staff. One of the Secretariat staff is established and paid as a Civil Servant within the Regimental Headquarters of the Royal Engineers. The Chief Executive, Operations Manager and three full time members of staff are employed solely by the Association.

The Royal Engineers Association

Reference and administrative details of the charity, its trustees, and advisers For the year ended 31 December 2022

REA Board of Trustees

Major General (ret'd) Alastair Dickinson CBE	President	
Colonel (ret'd) Chris Davies MBE	Honorary Treasurer & Chair Finance Committee	(Tenure complete October 2022)
Colonel (ret'd) Jonathan Ruddy	Honorary Treasurer & Chair Finance Committee	(Appointed October 2022)
Air Commodore (ret'd) Colin Basnett CBE	Service Charities	
Lieutenant Colonel (ret'd) Jane Thomson	Wider Community	
Colonel Matthew Quare MBE ADC	Corps Colonel	(Tenure complete November 2022)
Colonel Richard Hawkins MBE ADC	Corps Colonel	(Appointed November 2022)
Warrant Officer Class One Marc Elliott MBE	Corps Sergeant Major	
Lieutenant Colonel Martin Heffer RE TD	Reserves	
Lieutenant Colonel Larry Inge	National Branches	(Tenure complete November 2022)
Lieutenant Colonel Claire James	Group Director	Chair Recruiting Committee
Mr Jeffrey Jupp	Governance	
Mr Eric Hargreaves	Local Branches	(Tenure complete November 2022)
Mr Brian Simm	Themed Branches	(Tenure complete November 2022)
Mr Kenneth Kirk	Chief Executive	Chair Management Committee Secretary to Board of Trustees
Major (ret'd) Iain George	Operations Manager	
Major (ret'd) Ian Sidebottom	Advisor	Corps Treasurer Secretary to Finance Committee

Charity registered numbers.

258322 and SC041832

Principal office

Regimental Headquarters Royal Engineers
Brompton Barracks
Chatham
Kent
ME4 4UG

The Royal Engineers Association

Reference and administrative details of the charity, its trustees, and advisers For the year ended 31 December 2022

Independent auditor

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

Solicitors

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

Investment managers

BlackRock Investment Managers
12 Throgmorton Avenue
London
EC2N 2DL

Approved by the Trustees and signed on behalf of the Trustees 5th May 2023

A handwritten signature in black ink, appearing to read 'A S Dickinson', with a stylized flourish at the end.

Major General A S Dickinson CBE
Chairman

The Royal Engineers Association

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

We have audited the financial statements of Royal Engineers Association (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.

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.

The Royal Engineers Association

Independent Auditor's report to the Trustees of Royal Engineers Association (continued)

Matters on which we are required to report by exception.

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

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

Respective responsibilities of Trustees and auditor

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

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

Auditor's responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements 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 can detect 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

Independent Auditor's report to the Trustees of Royal Engineers Association (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- 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 are 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.

The Royal Engineers Association

Independent Auditor's report to the Trustees of Royal Engineers Association (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 LLP
Chartered Accountants
Registered Auditors
Montague Place
Quayside
Chatham Maritime
Chatham
Kent ME4 4QU

Date: 25 May 2023

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

The Royal Engineers Association

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 & Legacies	3	746,670	-	746,670	794,489
Other trading activities	9	137,064	-	137,064	78,603
Investment income	10	414,466	20,811	435,277	427,925
Other income	11	40,128	-	40,128	25,949
Total income		1,338,328	20,811	1,359,138	1,326,966
Expenditure on:					
Raising Funds	12	1,101	-	1,101	288
Charitable activities	13	1,843,836	58,584	1,902,420	1,445,208
Total expenditure		1,844,937	58,584	1,903,521	1,445,496
Net expenditure before revaluations		(506,609)	(37,773)	(544,382)	(118,530)
Net loss on investments	19	(1,710,377)	(88,069)	(1,798,446)	1,139,766
Net Gains on property	19a	21,828	-	21,828	
Net movement in funds for year		(2,195,158)	(125,842)	(2,321,000)	1,021,236
Reconciliation of funds					
Total funds at 1 January 2022		13,658,073	754,557	14,412,630	13,391,394
Total funds at 31 December 2022		11,462,915	628,715	12,091,630	14,412,630

The Statement of Financial Activities includes all gains and losses in the year.

All activities relate to continuing operations.

The notes on pages 19 to 32 form part of these financial statements

The Royal Engineers Association

Balance sheet

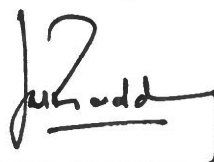
For the year ended 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	18	79,676	89,226
Investments	19	10,902,083	13,392,892
Investment properties	20	500,000	-
		<u>11,481,759</u>	<u>13,482,118</u>
Current assets			
Debtors	21	173,453	345,364
Cash at bank and in hand		<u>511,261</u>	<u>629,988</u>
		684,714	975,352
Creditors: amounts falling due within one year	22	<u>(74,843)</u>	<u>(44,840)</u>
Net current assets		<u>609,871</u>	<u>930,512</u>
Net assets		<u>12,091,630</u>	<u>14,412,630</u>
Charity Funds			
Restricted funds	23	628,715	754,557
Unrestricted funds	23	<u>11,462,915</u>	<u>13,658,073</u>
Total funds		<u>12,091,630</u>	<u>14,412,630</u>

The financial statements were approved by the Trustees on 5th May 2023 and signed on their behalf, by:



**Major General AS Dickinson CBE,
Chairman**



**Colonel JM Ruddy,
Honorary Treasurer**

The notes on pages 19 to 32 form part of these financial statements

The Royal Engineers Association

Statement of Cash Flows
For the year ended 31 December 2022

	Note	2022	2021
		£	£
Net cash used in operating activities	27	(771,910)	(702,283)
Cash flows from investing activities			
Interest and dividends		435,277	427,925
Movement on branches fixed assets		3,715	(4,340)
Movement on Branch Investments		(7,637)	(3,431)
Purchase of investment properties		(478,172)	-
Disposal of fixed asset investments		700,000	250,000
Cash provided by (used in) investing activities		653,183	670,154
Increase/(decrease) in cash and cash equivalents in the year		(118,727)	(32,129)
Cash and cash equivalents at the beginning of the year		629,988	662,117
Total cash and cash equivalents at the end of the year		511,261	629,988

Analysis of changes in net debt

	At 31 Jan 2022 £	Cashflows £	At 31 Dec 2022 £
Cash and cash equivalents			
Cash	629,988	(118,727)	511,261

The Royal Engineers Association

Notes to the financial statements

For the year ended 31 December 2022

1 General administrative information

Royal Engineers Association is an unincorporated charity in England & Wales and Scotland with the registration number 258322 and SC041832. The address of the registered office is Headquarters Royal Engineers, Brompton Barracks, Chatham, Kent, ME4 4UG. The Charity's principal objectives continued to be to promote the efficiency of the Corps in all or any of the following ways: by fostering Esprit de Corps and a spirit of comradeship amongst serving and former members of the Corps; to provide financial and other assistance to serving and former members of the Corps, their spouses, widows, widowers and dependants who are in need; to make grants to the Army Benevolent Fund The Soldiers Charity and to such other charities as the Council think fit which further the objectives of the Association.

2 Accounting policies

2.1 Basis of preparation of financial statements

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

The Royal Engineers Association 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 income of subscriptions, donations and legacies which is expendable at the discretion of the Council in the furtherance of the objects of the Association. Such funds may be held in order to finance both working capital and capital investment.

Designated funds represent amounts which have been put aside out of unrestricted funds at the discretion of the Trustees to meet specific purposes.

Restricted funds represent grants, donations and legacies received which are allocated by the donor for specific purpose. These are Gabriel, Kitchener Scholarship, funds which are explained in detail on page 1 in the Trustees' report.

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

The Royal Engineers Association

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

Accounting policies (continued)

2.4 Income

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

Subscriptions

Serving officers, warrant officers and soldiers subscribe to the Royal Engineers Central Charitable Trust under the Army's Day's Pay Scheme. The Association received 50% of the monies received from the Day's Pay Scheme.

Donations

Donations are included in full in the income and expenditure accounts on a receipts basis. Gift Aid donations are included in the income and expenditure account on a receivable basis.

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 objects of the trust which are always authorised by Trustees.

Cost of charitable activities includes grants made and the apportionment of support costs shown in note 13.

The cost of generating funds consists of investment, management and certain legal fees.

2.6 Tangible fixed assets and depreciation

REA assets, including those purchases by Branches, costing more than £1000 are capitalised. Depreciation is charged on assets using a straight line basis over their estimated life on the following basis:

Fixtures and fittings	10% per annum
General property	10% per annum
Computer equipment	20% per annum

REA Branch Standards are capitalised and maintained at their expected replacement value, £650.

2.7 Investments

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

Accounting policies (continued)

2.8 Debtors

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

2.9 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.

2.10 Liabilities

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.

2.11 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.12 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.

2.13 Donated services and facilities

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

2.14 Tender policy

Trustees introduced a tender policy that covers expenditure:

- a. Between £2.5k and £5k
- b. Between £5k and £10k
- c. Over £10k

The Royal Engineers Association

Notes to the financial statements

For the year ended 31 December 2022

Accounting policies (continued)

2.15 Taxation

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

2.16 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.

The Royal Engineers Association

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

		Unrestricted funds 2022	Restricted funds 2022	Total funds 2022	Total funds 2021
3 Donations & Legacies		£	£	£	£
Donations (Note 4)		147,357	-	147,357	91,649
Legacies (Note 5)		88,419	-	88,419	211,462
Grants (Note 6)		2,500	-	2,500	2,500
Subscriptions (Note 7)		421,418	-	421,418	406,164
Donated services and facilities (Note 8)		86,976	-	86,976	82,714
		746,670	-	746,670	794,489

All of the donations and legacies income was unrestricted in 2022 and 2021.

4 Donations

	£	£	£	£
General donations	120,994	-	120,994	87,793
Donations from branches	30	-	30	260
Tax refund	2,582	-	2,582	123
Website donations	23,751	-	23,751	2,973
Sapper Network	-	-	-	500
	147,357	-	147,357	91,649

5 Legacies

	£	£	£	£
Other legacies	88,419	-	88,419	211,462

6 Grants

	£	£	£	£
H&M Charitable Trust	2,500	-	2,500	2,500

7 Subscriptions and tax

	£	£	£	£
Membership	26,947	-	26,947	16,736
Grant from RECCT (represents 50% of Day's Pay Scheme subscriptions to RECCT)	394,471	-	394,471	389,428
	421,418	-	421,418	406,164

The Royal Engineers Association

Notes to the financial statements

For the year ended 31 December 2022

	Unrestricted funds 2022	Restricted funds 2022	Total funds 2022	Total funds 2021
	£	£	£	£
8 Donated services and facilities				
Gas	1,807	-	1,807	1,770
Electricity	2,131	-	2,131	2,093
Water and sewage	860	-	860	847
Community charge	5,686	-	5,686	5,574
Utilities	1,478	-	1,478	1,451
MOD salaries	45,014	-	45,014	28,270
Administration salaries	30,000	-	30,000	42,709
Total	86,976	-	86,976	82,714

9 Other trading activities

	£	£	£	£
Activity Generating Income	616	-	616	-
Esprit de Corps income	136,448	-	136,448	78,603
	137,064		137,064	78,603

10 Investment income

	£	£	£	£
Investment Property Rent	17,938	-	17,938	-
Dividends – Armed Forces Charities Fund	396,527	20,779	417,306	427,900
Bank interest	1	32	33	25
	414,466	20,811	435,277	427,925

Of the total investment income received; £435,277 (2021: £427,925), £414,466 was from unrestricted funds (2021: £407,889) and £20,811 was from restricted funds (2021: £20,036).

11 Other income

	£	£	£	£
Sundry income	14,449	-	14,449	25,949
Refund of Previous Years Grants	25,679	-	25,679	-
	40,128	-	40,128	25,949

12 Raising Funds

	£	£	£	£
Recruiting	1,101	-	1,101	288

The Royal Engineers Association

Notes to the financial statements

For the year ended 31 December 2022

13 Charitable Activities

	Direct costs	Support costs	Total	Total
	2022	2022	2022	2021
	£	£	£	£
Benevolence (Note 14)	777,886	177,145	955,031	740,639
Esprit de Corps (Note 15)	710,461	236,928	947,389	704,569
	1,488,347	414,073	1,902,420	1,445,208

£1,843,836 of the charitable activities expenditure was from unrestricted funds (2021: £1,405,858) and £58,584 was from restricted funds (2021: £39,350).

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2022	2022	2022	2021
	£	£	£	£
Direct costs				
Grants	232,286	58,584	290,870	255,906
Christmas grants	8,855	-	8,855	9,305
Weekly allowances	104,191	-	104,191	121,810
Army Benevolent Fund	60,000	-	60,000	-
SSAFA Families Help	33,970	-	33,970	-
Other charities	280,000	-	280,000	220,000
Refund Grants previous years	-	-	-	(6,972)
	719,302	58,584	777,886	600,049
Support costs				
Committee & Travel costs	1,985	-	1,985	910
Audit	4,200	-	4,200	3,591
Fees & Subscriptions	2,395	-	2,395	4,178
Insurance	750	-	750	1,517
Administration	29,162	-	29,162	7,746
Post & Telephone	4,475	-	4,475	4,838
Depreciation	292	-	292	294
Donated services support costs	24,788	-	24,788	24,174
Donated services MOD salaries	30,000	-	30,000	28,270
Staff costs	79,098	-	79,098	65,072
	177,145	-	177,145	140,590
	896,447	58,584	955,031	740,639

The Royal Engineers Association

Notes to the financial statements

For the year ended 31 December 2022

	Unrestricted funds 2022	Restricted funds 2022	Total funds 2022	Total funds 2021
15 Esprit de Corps				
	£	£	£	£
Direct costs				
Corps activities	432,538	-	432,538	346,281
Branch donations	24,565	-	24,565	24,294
Branch activities	243,678	-	243,678	138,405
Annual Conference	3,121	-	3,121	172
Sapper Sunday Lunch	1,295	-	1,295	-
Annual Dinner	5,264	-	5,264	-
	<u>710,461</u>	-	<u>710,461</u>	509,152
Support costs				
Committee & Travel costs	7,941		7,941	3,638
Audit	4,200		4,200	3,591
Fees & Subscriptions	2,395		2,395	4,178
Insurance	750		750	1,517
Administration	32,282		32,282	8,344
Post & telephone	4,475		4,475	4,838
Depreciation	5,543		5,543	5,583
Donated services support costs	32,188		32,188	30,272
Staff Costs	147,154	-	147,154	133,456
	<u>236,928</u>	-	<u>236,928</u>	195,417
	<u>947,389</u>	-	<u>947,389</u>	704,569

16 Net Income / Expenditure

This is stated after charging:	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	5,835	5,876
Auditor's remuneration	<u>8,400</u>	<u>7,182</u>

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

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

Trustees received reimbursement of expenses amounting to £Nil in the current year, (2021 - £Nil).

The Royal Engineers Association

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

	Total funds 2022 £	Total funds 2021 £
--	-----------------------------	-----------------------------

17 Staff costs

Staff costs were as follows:

Wages and salaries	198,570	172,360
Social security costs	14,083	13,703
Pension costs	13,599	12,466
	226,252	198,529

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

Management and administration of the charity	7	6
--	---	---

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	-

The total employment benefits including employer pension contributions of the key management personnel were £63,745 (2021 - £57,578).

18 Tangible fixed assets

	Unrestricted Designated Fixtures & fittings £	Unrestricted General Property £	Unrestricted General Computer equipment £	Total £
Cost				
At 1 January 2022	89,915	115,591	25,651	231,157
Movement in branches fixed assets	(3,715)	-	-	(3,715)
At 31 December 2022	86,200	115,591	25,651	227,442
Depreciation				
At 1 January 2022	11,865	111,102	18,964	141,931
Charge for the year	-	2,282	3,553	5,835
At 31 December 2022	11,865	113,384	22,517	147,766
Net book value				
At 31 December 2022	74,335	2,207	3,134	79,676
At 31 December 2021	78,050	4,490	6,685	89,225

The Royal Engineers Association

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

19 Fixed asset investments

	Listed securities £	Branch Investments £	Total £
Market value			
At 1 January 2022	13,364,662	28,230	13,392,892
Disposals	(700,000)	-	(700,000)
Revaluations	(1,798,446)	-	(1,798,446)
Movement on branch investments	-	7,637	7,637
At 31 December 2022	<u>10,866,216</u>	<u>35,867</u>	<u>10,902,083</u>
Historical cost	<u>5,731,035</u>	<u>25,981</u>	<u>5,757,016</u>

Investments at market value comprise:

	2022 £	2021 £
Listed investments	10,866,216	13,364,662
Branch investments	35,867	28,230
Total market value	<u>10,902,083</u>	<u>13,392,892</u>

All of the fixed asset investments are held in the UK.

Material investments

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

20 Investment Properties

	Freehold Investment Property
Valuation	
Additions	478,172
Revaluation	21828
At 31 December 2022	<u>500,000</u>

Going forward the investment properties will be valued on an open market value for existing use basis

The Royal Engineers Association

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

21 Debtors

	2022	2021
	£	£
Other debtors	147,362	316,791
Prepayments and accrued income	26,091	28,573
	173,453	345,364

22 Creditors:

Amounts falling due within one year

	£	£
Branch creditors	728	8,435
Other creditors	74,115	36,405
	74,843	44,840

The Royal Engineers Association

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

23 Statement of funds

Current Year	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
Branch funds	578,879	290,996	(268,243)	-	-	601,632
General funds						
General funds	13,079,194	1,047,332	(1,576,694)	-	(1,688,549)	10,861,283
Total Unrestricted funds	13,658,073	1,338,328	(1,844,937)	-	(1,688,549)	11,462,915
Restricted funds						
Kitchener Scholarship Fund	754,557	20,811	(58,584)	-	(88,069)	628,715
Total Restricted Funds	754,557	20,811	(58,584)	-	(88,069)	628,715
Total of funds	14,412,630	1,359,139	(1,903,521)	-	(1,776,618)	12,091,630
Prior Year						
	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
Branch funds	539,533	202,045	(162,699)	-	-	578,879
General funds						
General funds	12,131,260	1,104,974	(1,243,536)	-	1,086,496	13,079,194
Total Unrestricted funds	12,670,793	1,307,019	(1,406,235)	-	1,086,496	13,658,073
Restricted funds						
Kitchener Scholarship Fund	720,601	20,036	(39,350)	-	53,270	754,557
Total Restricted Funds	720,601	20,036	(39,350)	-	53,270	754,557
Total of funds	13,391,394	1,327,055	(1,445,585)	-	1,139,766	14,412,630

The Royal Engineers Association

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

24 Analysis of net assets between funds

Current Year	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Tangible fixed assets	79,676	-	79,676
Fixed asset investments	10,358,722	543,361	10,902,083
Investment properties	500,000	-	500,000
Current assets	599,360	85,354	684,714
Creditors due within one year	(74,843)	-	(74,843)
	11,462,915	628,715	12,091,630
Prior Year	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	89,226	-	89,226
Fixed asset investments	12,761,462	631,430	13,392,892
Current assets	852,225	123,127	975,352
Creditors due within one year	(44,840)	-	(44,840)
	13,658,073	754,557	14,412,630

The Royal Engineers Association

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

25 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 £13,599 (2021 - £12,466).

26 Related party transactions

All transactions with related parties are disclosed in the Trustees Report and notes to the accounts.

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

	Total funds 2022	Total funds 2021
	£	£
Net movement in funds	(2,321,000)	1,021,236
Add back depreciation charge	5,835	5,876
Deduct interest income shown in investing activities	(435,277)	(427,925)
Deduct gains / add back losses on investments	1,798,446	(1,139,766)
Deduct gains / add back losses on investment properties	(21,828)	-
Decrease (increase) in debtors	171,911	(175,758)
Increase (decrease) in creditors	30,003	14,054
Net cash used in operating activities	<u>(771,910)</u>	<u>(702,283)</u>

Accounts

Charity numbers: 258322 and SC041832

The Royal Engineers Association



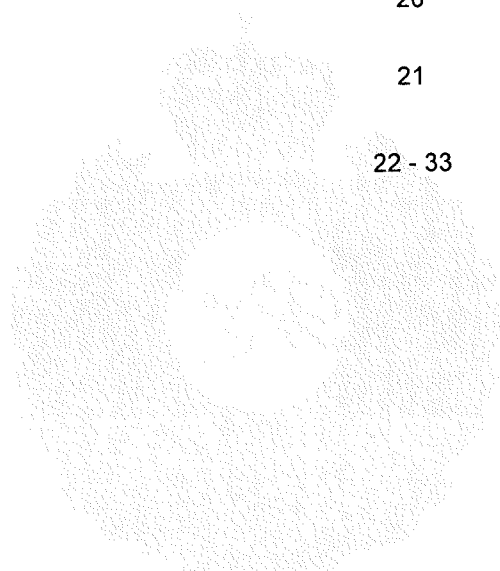
Trustees' report and financial statements

For the year ended 31 December 2021

The Royal Engineers Association

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Approved for issue by the Charity Commission

2025 Financial Statements

The Royal Engineers Association

Trustee's Report

For the year ending 31 December 2021

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

Constitution

The Royal Engineers Association ("the Association" or "REA") is established under authority of a Deed of Declaration of Trust dated 19 November 1968 and Supplemental Deed dated 1 December 1974 as varied by a scheme of the Commissioners dated 11 August 1997 and supplemented by the Rules of the Royal Engineers Association 2009, hereafter referred to as 'The Deed'.

Restrictions on Funds

The Deed describes two Funds, A and B, which are restricted for the benevolence respectively of commissioned and of warrant officer and other rank members and past members of the Corps of Royal Engineers, together with their dependants. Both the A and B Funds were reduced to zero in 2015 and will not be re-used unless a specific grant is made in support of commissioned officers or other rank members of the Corps. A further restricted fund, the Gabriel Fund, was established during 1997, following receipt of a legacy from the estate of the late Colonel R C Gabriel (see note 24 to the financial statements). The General Fund is not restricted. Another restricted fund, The Kitchener Fund, which was the subject to an administrative transfer on 31 December 2008, was accepted by the REA Trustees from The Institution of Royal Engineers at their meeting in May 2009 and is now administered through the REA Benevolence committee.

OBJECTS AND ACTIVITIES

Objects of the Association, as set out in the Deed, are:

To promote the efficiency of the Corps in all or any of the following ways:

- (a) by fostering Esprit de Corps and a spirit of comradeship amongst serving and former members of the Corps;
- (b) to provide financial and other assistance to serving and former members of the Corps, their spouses, widows, widowers and dependants who are in need;
- (c) to make grants to the Army Benevolent Fund The Soldiers Charity and to such other Charities as the Council think fit which further the objectives of the Association.

Volunteers

REA branches are autonomous and are organised democratically in accordance with the REA Rules 2018 by members who take on the stewardship and running of the branch voluntarily. The many hundreds of volunteers who act as branch officials encouraging, supporting, recruiting and guiding their branches and members to ensure that the branches provide a national network that supports the entire sapper family.

ACHIEVEMENTS AND PERFORMANCE

The charity set out to ensure that grants are made in a speedy, efficient and cost-effective way. This was achieved, and grants, periodical allowances and Christmas benevolence gifts were made to 165 recipients, from whom many letters of appreciation have been received. The total number of benevolence cases considered in 2021 was 21% more than the previous year.

The Kitchener Fund supported the education of 12 children from Sapper families.

The Gabriel Fund supported the career development of 2 veterans suffering from life changing illness or injury.

The Royal Engineers Association

Trustee's Report (continued) For the year ending 31 December 2021

Sappers Network

The operation and management of Sappers Network were transferred to REA HQ, the service has been continued, with the emphasis being on providing employment support to Service Leavers. The service is free to employers and candidates and offers jobs across the UK and Internationally.

Grants Considered 2016 to 2021

Year	2021	2020	2019	2018	2017	2016
Disabled & Illness	80	145	116	166	163	174
Old age	4	13	22	41	32	53
Widows	41	38	45	63	51	55
Unemployed	119	119	76	128	119	107
Miscellaneous	94	106	210	124	129	136
No grant made	62	87	120	31	51	40
Totals	400	508	589	553	545	565

Other Grants

As in previous years, a Branch and Unit Welfare Grant of £100,000 was allocated from Capital Reserves for the year 2021. This was to enhance *Esprit de Corps* – a specific objective of the REA - by providing the opportunity for Units and Branches to bid for support in funding projects or activities which had no – or incomplete – support from other resources. The overall result both in 'PR' for the REA and benefit for recipients was most encouraging. Grants included: support for the provision of a holiday chalet for use by serving personnel, veterans and dependants; improvements to single living accommodation in several regiments; support for a families and community centre at Carver Barracks; support for an Association Branch meeting room providing disabled access.

The 2021 welfare grant was a success with 100% of the fund available being disbursed.

As a result of this changes were implemented for future Welfare Grant Applications, with a greater awareness being promoted to both Units and Branches through direct briefings, email and social media and support from REA HQ when needed. It has been decided to continue the welfare grant opportunities on an ongoing basis subject to annual reviews.

Delivery – Benevolence

- Benevolence to those in need is considered of paramount importance. Applications for benevolence assistance are dealt with within two or three days after checks on service records and establishing financial need. All applications received from the Sapper family are considered sympathetically, the vast majority of applicants receive financial assistance.
- There will be many eligible persons in need of assistance of whom the Association is unsighted. Following the appointment of a Controller and Assistant has given the resources to begin looking at how better the Association can reach further, a review is currently underway to look at bring additional funds to bear in outreach/training and direct support in areas such as mental health, housing, supported living and how to access support.
- Cases requiring financial assistance greater than £1,000 (Controllers financial threshold increased from £500 in 2016) are referred to the REA Benevolence Committee that, since the increase in the Controller's delegated powers, sits quarterly rather than monthly. Cases of an urgent nature that exceed the Controller's delegated powers are considered out-of-committee in consultation with the Chairman of the Benevolence Committee and the Hon Treasurer REA. There is no financial limit on grants that the Committee can authorise for benevolence. The Committee also deals with applications for weekly allowances. Cases, having been in front of the Committee, are despatched within a week of the Committee decision.

The Royal Engineers Association

Trustee's Report (continued)

For the year ending 31 December 2021

- Regular weekly allowances were made to about 52 applicants and, where there is a need to assist financially with nursing home fees, some have further assistance from the Army Benevolent Fund The Soldiers' Charity.
- 1271 Christmas cards and some 165 monetary gifts were sent out in November to those in elderly people homes, in hospitals or homes for the mentally infirm, to those who are in receipt of weekly allowances and those being treated through Combat Stress.
- A grant of £60,000 (2020: £50,000) which is usually made in-year to ABF for the work they do on behalf of the wider Services' benevolence systems will be made in Q1 of 2022.
- A grant of £30,000 (2020: £20,000) which is usually made in-year to SSAFA Forces Help will be made in Q1 of 2022.

ABF The Soldiers' Charity

The Trustees are most appreciative of the financial support provided by the ABF The Soldiers' Charity towards the cost of welfare grants to serving and former members of the Corps and their dependants.

Delivery – Membership

- Applications for Membership are handled on the day of receipt with a service record check and issuing of a membership card.
- Meetings and reunions are held at numerous locations under arrangements of Groups and Branches.
- The REA Recruiting Committee sits when needed to consider the wider marketing of the Association and Public Relation issues and initiatives.
- Command courses held at both Minley and Chatham are addressed to inform them of the activities of the REA.

Assistance

The Association acknowledges with gratitude the assistance provided by the caseworkers of SSAFA, TRBL and REA branches for their contribution to the benevolence system.

Fundraising activities

In 2002 the Trustees considered whether fund raising activities should be undertaken and, other than an information campaign to the serving officers and soldiers of the merits of the Days' Pay Scheme. In 2020, it was considered we should review once more our approach to fund raising. This has been considered by the Finance Committee and a focus on areas such as Legacy and Donation and fund raising by Branches in support of the Association has been accepted to ensure that the Association maintains its long term ability to provide benevolence and welfare services to the Sapper Family.

REA Branch Accounts

In March 2004 Trustees were informed by their auditor that SORP 2000 required them to include the income, expenditure, assets and liabilities of those REA Branches that did not have separate legal status in their annual charity account, if material. Subsequent legal advice confirmed that the current REA Branches do not have separate legal status and that the extant Rules of the REA did not require Branches to furnish this information to HQ REA. Trustees have changed the Rules of the REA and directed REA Branches to provide this financial information to HQ REA by 31 January each year. The funds associated with these branches are designated.

Activities in Scotland

The Association has nine active branches in Scotland under the control of the Scotland & Northern Ireland Group Headquarters based at Leuchars, Fife. Because of this presence in Scotland the Association is registered with the Scottish Charity Regulator. As with the remaining UK and overseas branches, those branches based in Scotland do not carry out fundraising but aim to promote and support the Corps in accordance with the Objects of the Association.

The Royal Engineers Association

Trustee's Report (continued) For the year ending 31 December 2021

2021 FINANCIAL REVIEW

Serving RE officers, warrant officers and soldiers subscribe to the Royal Engineers Central Charitable Trust under the Army's 'Days Pay Scheme' (a payroll giving scheme). After the Institution of Royal Engineers has received a set percentage of officer and soldier subscriptions, the HQ Mess receive a set percentage of officer subscriptions, and the Corps WOs' & Sgts' Mess receive an element of the SNCOs and WOs subscriptions (their respective membership fees) the Association receives 50% of the monies received from the Days Pay Scheme (DPS). Any shortfall of income compared to expenditure comes from investment income. Donations and legacies that are retained are available for investment towards future benevolence. The Association's combined income from DPS, 38% of income, investments 50% of income, legacy, and donations 12% of income is sufficient to sustain our annual operating expenditure in all the key areas of benevolence, welfare and esprit de corps.

Summary

Net expenditure before other recognised gains and losses was £118,530 (2020: £219,596). The Charity did not authorise any further funds for investment in 2021.

Balance Sheet

The accumulated funds increased by £1,021,236 to £14,412,630 (2020 increased by £360,430 to £13,391,394). Notes to the Statement of Financial Activities and Balance Sheet provide supplementary information against each funding activity.

Expenditure on benevolence grants to individuals decreased by £17,453 from £273,359 in 2020 to £255,906.

Christmas grants decreased by £2,198 to £9,305 in 2021 and weekly allowances decreased from £125,767 in 2020 to £121,810 in 2021.

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 closed, and the assets were transferred to the CAIF, on a one-for-one basis, which is being run with the same investment objective and policy.

The Objective of the Fund is unchanged and seeks to achieve real growth in capital and income over the long term by investment predominately in equities.

Investment performance

Investments delivered dividends of £427,900 in 2021 (2020: £430,686). 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%.

Risk statement

The risks to which the Charity are exposed are reviewed by the REA Management Committee at each of its meetings. The basis of the review is a Risk Management Matrix that identifies and defines the risk, its impact and likelihood, and those mitigation measures the Trustees feel need to be applied. The Risk Management Matrix was reviewed at the September Board meeting in 2021 and members were content that systems have been established to mitigate those risks identified.

Key Risk

The key risks are financial and reputational with loss of income from our investments potentially restricting the services we deliver and thus our reputation among our members and beneficiaries which could further affect our income. In mitigation of this the Board ensures that we maintain sufficient investment funds to provide resilience and regularly reviews the status of our reserves.

The Royal Engineers Association

Trustee's Report (continued)

For the year ending 31 December 2021

Reserves

The accounts show net expenditure of £118,530 (2019: £219,596) before gains on investments. Gains on investments amounted to £1,139,766 (2020: £580,026) giving a positive net movement in funds of £1,021,236 (2020: positive net movement of £360,430). It is the Trustees policy to realise capital from the Restricted Fund's investment portfolios when required to provide funds in support of grant making or project funding.

Trustees review the reserves policy annually and aim to match the amount held in reserves to mitigate against potential financial threats over the long term. The charity relies upon the MoD for administration of the Day's Pay Giving Scheme, provision of infrastructure, utilities, and a proportion of staff costs. If these MoD donated services were to be withdrawn, the charity would suffer an operational shock. The charity's reserves must be able to meet such a shock if it were to occur.

Furthermore, it is the intention of the Trustees to maintain free reserves amounting to a minimum of 15 years' operating costs (essentially benevolence payments and staffing costs). This is intended to provide adequate security against market volatility, and future risks to both income and expenditure whilst maintaining long-term benevolence support to the Corps' beneficiaries. Current unrestricted reserves are £13,391,394 (2020: £12,672,333) which Trustees consider is consistent with this policy.

Public Benefit

The REA Trustees have paid due regard to the Charity Commission's guidance on public benefit in deciding what activities the charity should undertake. This fund provides public benefit by assisting service personnel to more effectively perform their role within the Corps of Royal Engineers and assisting those of the wider family of the Corps (those who have left uniform). Where there is "need" the fund helps those who have fallen on hard times like debt, family separation, mobility aids for the infirm (such as stair lifts and electric powered scooters and wheelchairs) and walk-in showers at home where the applicant is unable to use a bath safely. In addition, the Fund has helped some of our serving Sappers where there is a "need".

PLANS FOR THE FUTURE

REA Strategy 2021-2025 Background

The Royal Engineers Association came into being on 12 October 1912 as the Old Comrades Association, with Field Marshall Kitchener as the President. In 1918 King George V became the patron and this Royal patronage continues today with Her Majesty the Queen. During the intervening 109 years the Association has evolved; in 1952, from Old Comrades to the Royal Engineers Association, in 1968 amalgamating the RE Benevolent Fund Ltd with the REA under a new constitution.

Now with 108 branches dispersed across the UK, changing lifestyles and membership demographic, the Association faces new challenges in remaining connected and relevant to the Sapper family. As a result, it was agreed in 2020 that the current 5-year REA Strategy, developed in 2016 should be reviewed and a new strategy proposal be developed and presented to the AGM in October 2021.

Charitable Objects

Our objects are shown below and have always provided a clear guide to what the purpose and role of the Association. These provide a very sound foundation for all our activities.

1. To promote and support the Corps among members of the Association in the following ways:
 - a. By fostering esprit de corps and a spirit of comradeship and service.
 - b. By maintaining an awareness of Corps traditions.
 - c. By acting as a link between serving and retired members of the Corps.
2. To provide financial and other assistance to serving and former members of the Corps, their spouses, widows, widowers, and dependents who are in need through poverty.

The Royal Engineers Association

Trustee's Report (continued) For the year ending 31 December 2021

3. To make grants, within Association Guidelines, to the Army Benevolent Fund and to other charities that further the objectives of the Association.

Governance

We have in place all the required elements for the Association to fulfil our legal obligations as a charity. Our charity's governing document is a legal document. It works as a rulebook, setting out:

- Its name;
- Its charitable purposes ('objects');
- What it can do to carry out its purposes ('powers'), such as borrowing money;
- Who runs it ('trustees') and who can be a member;
- How meetings will be held, and trustees appointed;
- Any rules about paying trustees, investments and holding land;
- Whether the trustees can change the governing document, including its charitable objects ('amendment provisions');
- How to close the charity ('dissolution provisions').

Vision

Ensure that all members of the Sapper family have access to the comradeship and support that enables them to live full lives.

Mission

Reach out to all members of the Sapper family and provide support to those in need by maintaining the links between all serving soldiers, veterans, and their families.

Strategic Aims

To deliver our vision and mission our strategic aims are:

Engagement

We will actively engage with our stakeholders and strive to be recognised, known, and understood by our members, partners, and relevant agencies. Extending our reach into the wider community using all means at our disposal to ensure effective communication to promote the mission of the REA

Support

We will ensure we understand and adapt to the needs of our members and those we support across the Sapper family improving the lived experience of the sapper workforce and veteran community enabling them to reach full potential.

Benevolence (Aid)

To aid the Sapper family by providing appropriate, timely and effective assistance to those in need.

Sustainability

We will ensure we have people with the right skills and sufficient time and resources deliver on our mission, underpinned by a sustainable income.

Collaborative Working

We will work together within the organisation and with internal and external partners and stakeholders to deliver our objects.

The Royal Engineers Association

Trustee's Report (continued)

For the year ending 31 December 2021

Research

Several areas of research were carried out to establish a clear picture of our stakeholders across all aspects, from veterans, serving soldiers, families, supporters, other associations, and charities. This information identifies key concerns of the stakeholders and proposals to address these.

MOD Data

One of the key insights from recent MOD data is the reduction in the numbers of veterans over the next decade with numbers falling from 2016 when there were 2.5 million to 1.6 million by 2028. There will also be an increase in the percentage of veterans who are of working age from 37% to 44% over the same period and an increase in female veterans from 10% to 13%. However, the number of households with a veteran link will drop from 5% to 2.3%. We can assume that, as the Sappers are normally around 10% of the army and army veterans, we will see a similar percentage fall in our numbers.

What will the impact be of fewer veterans, more of whom are of working age with lower awareness among the public of the military community? It will certainly present challenges for the organisation, our branch network and how we have traditionally communicated. We will need to address these issues going forward.

Internal

Internal research of our database and work currently being undertaken to validate the data in our CRM system has established that from a perceived membership of 71,000 drawn from legacy databases, the figure is more likely to be less than 30,000 with only 5000 active branch members.

Stakeholder Consultation

In the second quarter of 2021, we surveyed the Sapper Family. The response was significant and provided statistically relevant insight into our position and relevance to the community. The respondents broke down as follows; 60% Veteran, 35% Serving and 5% Family. Key insights included:

- Snapshot of current relevance
- Key support & Information needs
- Preferred methods of communication
- Website feedback
- NPS (Net Promoter Score) – Benchmarking

Encouragingly, the survey revealed that the REA represents a focal point for camaraderie across all groups. The REA's role in benevolence and remembrance was also a significant touchpoint. Further analysis of the data reveals some divergence between the veteran and serving community. The emphasis on remembrance and benevolence is different between the two groups with remembrance featuring above benevolence for veterans and vice versa for those still serving. This divergence continued across areas such as support with housing, sport, adventure training and branch activities. Importantly, there was a strong and unified desire to receive more direction and support from the REA on volunteering opportunities and especially mental health. The survey also enquired about membership status which, revealed that 62% of those serving had yet to activate their membership or did not know their membership status. Among the veteran community, this equated to 25%.

Finally, using a single question, "How likely are you to recommend the REA to a colleague or friend?". We have established our first net promoter score (NPS). This methodology is a recognised way of benchmarking the way our stakeholders feel about the association. The survey revealed a solid NPS of +18, which is a very positive score and certainly stands favourably amongst similar organisations. As with other aspects of the research, there was a divergence of feeling between the serving and veteran community. The veteran community generated an above-average NPS of +35. Whilst the serving community revealed a less favourable NPS of -5. It is important to note that this is a starting point. The same question asked in six months may provide a different feeling towards the REA amongst the stakeholders. Nevertheless, it is an indicator of where efforts need to be focused going forward if we are to effect change and ensure positive outcomes.

The Royal Engineers Association

Trustee's Report (continued) For the year ending 31 December 2021

Further Research

In addition to continued stakeholder and sector specific research, it is recommended that we consider research into outcomes for veterans in the Criminal Justice System. This is a much-needed area of research and strongly believed to be a source of lost members of the Sapper family in need. This body of work could take the form of a sponsored PhD, ensuring that the research is robust and validated by academic rigour. Ideally, this would be carried out by a serving member of the Corps wishing to undertake further academic study and therefore be funded by the Gabriel Fund.

Goals

As a result of the above research of the Sapper community and their families and set against the backdrop of the broader MOD research we have established the following five areas of focus to achieve the REA's Strategic aims to ensure continued success in our mission.

Early engagement with the serving Sapper

The longer-term future of the REA is best served by developing a relationship with the serving community from the commencement of their service. Currently, engagement with this important group is limited, and activation of membership usually comes at the point of leaving the service. This late enrolment of members to the REA can become the point at which many become lost to us.

The provision of aid without judgement to those in need remains our number one priority. However, research shows that the development of opportunities in the areas of sport, adventure training and e-games will create engagement opportunities with the serving community. Streamlining the joining process and creating a digital platform to interact with the association will also encourage activation of membership during service.

Re-energise the branch structure

It has become clear that the branch structure needs significant reform. Whilst there are pockets of success with some branch's continuing to thrive, many are failing or have failed entirely. This is for several reasons but predominantly influenced by the changing veteran demographic who seek a different way to maintain the comradeship that service has given them. Again, the research has shown that there is a strong demand for a communal opportunity for regular interaction with comrades. Therefore, redevelopment of the branch structure remains our best option to support this need. Any restructure requires understanding of the ongoing needs of the older veteran whilst repositioning the offer to make it attractive to younger veterans. Research also revealed at least 50% of those canvassed declared either a strong interest in volunteering opportunities or were already engaged in such activities. Therefore, re-energising the branch structure will also provide the ideal platform for the coordination of volunteerism across our membership. Work on this goal will begin by gaining a deeper understanding of our current position and the needs of the next generation of veterans in tandem of a procedural overhaul of process at REA HQ and the development of new platforms to increase active engagement.

Team development

Underpinning all aspects of our transformation will be the REA HQ Team. We will ensure that the team are adequately supported in this task with clear direction and provided with appropriate training to deliver on our goals. This will commence with a training programme to gain maximum use of SCRM, our current Constituent Relationship Management System. Whilst this system has been in use for some time a recent audit identified that a significant amount of the data held was out of date or incorrect and that the staff had never received sufficient training to ensure strong buy-in to the system or to maximise the benefits such a system should offer to the REA. As we begin our digital transformation further training will be provided to ensure success with the introduction of any new processes or tools.

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Trustee's Report (continued)

For the year ending 31 December 2021

Digital transformation

As already mentioned, work has already begun on the digital transformation of the REA as we cleanse the CRM system and ensure that staff are adequately trained to make use of the system. However, this is just one part of the changes underway. The website is currently under re-development and crucially will introduce a 'member only' area. If the website is our shop window to the world the members area will become the community hub. A secure area for our members to engage with HQ and more importantly each other. The hub will be a place for connection, news, events, and a resource for important information and learning opportunities. It will support the goal to re-energise the branch structure by providing each branch with a platform for engagement with their respective members.

Collaboration

The REA sits within a complex matrix of organisations providing aid and support to the serving and veteran communities. This means it is imperative that we maintain and develop strong strategic relationships with all relevant organisations as well as key internal stakeholders to provide continuous visibility of the aid we provide. To support this goal, we will ensure that new pathways are established for better communication and the delivery of service. We will also play our part as an organisation in augmenting the understanding of need across the sector. We will do this through data gathering and reporting. We aim to broaden the finite resources of the REA HQ team, by utilising the support of members of the board who with their extensive connections and knowledgebase will be a key component of our communications strategy going forward.

Evaluation

The single most important metric for this organisation is the delivery of aid wherever and whenever it is needed as well as the responsible management of the organisations reserves and investments for the continued delivery of aid.

In addition to this, we will consider the following key areas to assess ongoing progress:

- Membership growth especially amongst the serving community
- Increase in branch activity and increased contact with REA HQ – using SCRM
- Increase in engagement as we roll-out new digital platforms - measured using online analytics
- Positive stakeholder feedback

Using these metrics and others yet to be defined will enable us to adjust tactics as required to achieve the best possible outcomes with the resources available. We will regularly evaluate all aspects of our strategy and progress towards the goals we have set, enabling the REA to remain relevant, stay on mission and ultimately, continue to evolve to meet the needs and expectations of our stakeholders, the Sapper family.

The Royal Engineers Association

Trustee's Report (continued) For the year ending 31 December 2021

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 (JRS);
- 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.

Auditors

Kreston Reeves LLP remain the Trustees choice as Corps auditors.

The Royal Engineers Association

Trustee's Report (continued)

For the year ending 31 December 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT

The REA is governed by the Deeds of Trust dated 19 November 1968 and Supplemental Deed dated 1 December 1974 as varied by a scheme of the Commissioners dated 11 August 1997 and supplemented by the Rules of the Royal Engineers Association 2009.

Trustees

The current Board of Trustees are listed on page 13.

The Board

The affairs of the Association shall be directed by the Board of the Association.

The composition of the Board shall be:

- (1) President, a Colonel Commandant of the Corps nominated by the Chief Royal Engineer ratified by the Board. Appointment for maximum of six years.
- (2) Chair of the Association nominated by the President and ratified by the Board, maximum of six years over two, three-year, terms.
- (3) The Corps Colonel for duration of appointment.
- (4) Honorary Treasurer elected by the Board for maximum of six years over two, three-year, terms.
- (5) The Corps Sergeant Major for duration of appointment.
- (6) Reservist – nominated by President and ratified by vote of the Board maximum six years over two, three-year, terms.
- (7) Group Director – Serving Commanding Officer (CO) rotating round groups for duration of appointment.
- (8) Branch Rep – proposed by Groups on three-year term rotating round Groups.
- (9) National Rep – proposed by Groups on a three-year term rotating round National Branches.
- (10) Themed Rep – proposed by Groups on a three-year term rotating round Themed Branches.
- (11) Wider Community Trustee – externally recruited, position ratified by Board for maximum of six years over two, three-year, terms.
- (12) Governance Trustee – externally recruited, position ratified by Board for maximum of six years over two, three-year, terms.
- (13) Service Charity Trustee - externally recruited, position ratified by Board for maximum of six years over two, three-year, terms.

The Chief Executive of the Association shall be Secretary to the Board. The Corps Treasurer and Operations Manager shall be in attendance.

The Board shall exercise its responsibilities through subordinate committees subject to the provision that at least two members of any such committee shall be members of the Board.

The standing subordinate committees of the Board are:

- The Management Committee, Chaired by the Chief Executive, responsible to the Board for the management of the Association including administration, membership, reunions and awards.
- The Benevolence Committee, Chaired by the REA Chair, responsible to the Board for all questions relating to the charitable business of the Association.
- The Finance Committee, Chaired by the Honorary Treasurer, responsible to the Board for the financial affairs of the Association.
- The Recruiting Committee, Chaired by a nominated Trustee, responsible to the Management Committee for monitoring and prompting recruiting and awareness issues within the Association.

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Trustee's Report (continued) For the year ending 31 December 2021

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 has been complied with.

Organisational structure and networks

The Association is directed by its Board of Trustees, constituted as described in the Deed, and consisting of ex-officio, nominated and elected members. Its members are the Trustees of the Association's funds. The Board meets as often as is necessary to fulfil its responsibilities, normally twice a year.

Certain routine business of a non-financial nature is delegated to the Management Committee, which meets twice a year. A benevolence committee meets quarterly to consider the more complicated applications for assistance and those requiring sums beyond the Controller's authorised powers.

A finance committee deals with particular matters and is responsible to the Board of Trustees.

The REA is divided into 17 Groups throughout the UK and overseas. Each group has a Group Director who is appointed by the Corps Colonel and, in most cases, the Group Director is the senior serving Royal Engineer officer in the Group area. Within these Groups are 108 Branches. Of these, 94 Branches are located in towns and cities in the UK and overseas who normally meet up once a month for camaraderie and Esprit de Corps. The remaining 14 branches are national and themed branches who represent specialist trades/functions or particular interests with affiliated members throughout the UK and overseas; they will normally meet up once a year. While all Branches are self-financing, grants are made to Groups, National and Themed branches to support annual meetings and travel, all Branches have the same objectives as those of the Association.

The Headquarters or Secretariat of the Association is managed by the Chief Executive who oversees all activities with particular emphasis on engaging and involving the REA and other veteran organisations in wider Corps affairs and business development. He is supported by an Operations Manager who works part time and deals primarily with Esprit de Corps and benevolence matters.

With Sappers Network, HQ REA is established for four full time administrative and clerical staff. One of the Secretariat staff is established and paid as a Civil Servant within the Regimental Headquarters of the Royal Engineers. The Chief Executive, Operations Manager and three full time members of staff are employed solely by the Association.

The Royal Engineers Association

Reference and administrative details of the charity, its trustees and advisers For the year ended 31 December 2021

REA Board of Trustees

Major General (retd) Alastair Dickinson CBE	President	
Brigadier (retd) Andrew Craig OBE	Chair	Chair Benevolence Committee
Colonel (retd) Chris Davies MBE Colonel (retd) Jonathan Ruddy	Honorary Treasurer & Chair Finance Committee	(tenure complete October 2021) (appointed October 2021)
Air Commodore (retd) Colin Basnett CBE	Service Charities	
Lieutenant Colonel (retd) Jane Thomson	Wider Community	
Colonel Matthew Quare MBE ADC	Corps Colonel	
Warrant Officer Class 1 Paul Clark Warrant Officer Class One Marc Elliott MBE	Corps Sergeant Major Corps Sergeant Major	(tenure complete August 2021) (appointed August 2021)
Lieutenant Colonel Martin Heffer RE TD	Reserves	
Lieutenant Colonel Larry Inge	National Branches	
Lieutenant Colonel Claire James	Group Director	Chair Recruiting Committee
Mr Jeffrey Jupp	Governance	
Mr Eric Hargreaves	Local Branches	
Mr Brian Simm	Themed Branches	(tenure complete November 2021)
Mr Kenneth Kirk	Chief Executive	Chair Management Committee Secretary to Board of Trustees
Major (retd) Iain George	Operations Manager	
Major (retd) Ian Sidebottom	Advisor	Corps Treasurer Secretary to Finance Committee

Charity registered numbers

258322 and SC041832

Principal office

Regimental Headquarters Royal Engineers
Brompton Barracks
Chatham
Kent
ME4 4UG

Independent auditor

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

The Royal Engineers Association

Reference and administrative details of the charity, its trustees and advisers (continued)
For the year ended 31 December 2021

Bankers

Lloyds plc
Piccadilly Branch
PO Box 1000
BX1 1LT

Solicitors

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

Investment managers

BlackRock Investment Managers
12 Throgmorton Avenue
London
EC2N 2DL

Approved by the Trustees
and signed on behalf of the Trustees

6 May 2022

Major General A S Dickinson CBE
Chairman

The Royal Engineers Association

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

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

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

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

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 December 2021 and of its income and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

The Royal Engineers Association

Independent Auditor's report to the Trustees of Royal Engineers Association (continued)

Matters on which we are required to report by exception

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

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

Respective responsibilities of Trustees and auditor

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Capability of the audit in detecting irregularities, including fraud

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

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

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud; and
- Assessment of identified fraud risk factors; and

The Royal Engineers Association

Independent Auditor's report to the Trustees of Royal Engineers Association (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- 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.
- 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.

The Royal Engineers Association

Independent Auditor's report to the Trustees of Royal Engineers Association (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 LLP
Chartered Accountants
Statutory Auditor
Chatham Maritime

Date: 27 June 2022

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

The Royal Engineers Association

**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 & Legacies	3	794,489	-	794,489	716,162
Other trading activities	9	78,603	-	78,603	22,571
Investment income	10	407,889	20,036	427,925	430,790
Other income	11	25,949	-	25,949	11,289
Total income		1,306,930	20,036	1,326,966	1,180,812
Expenditure on:					
Raising Funds	12	288	-	288	5,342
Charitable activities	13	1,405,858	39,350	1,445,208	1,395,066
Total expenditure		1,406,146	39,350	1,445,496	1,400,408
Net expenditure before revaluations		(99,216)	(19,314)	(118,530)	(219,596)
Net gains on investments	19	1,086,496	53,270	1,139,766	580,026
Net movement in funds for year		987,280	33,956	1,021,236	360,430
Reconciliation of funds					
Total funds at 1 January 2021		12,672,333	719,061	13,391,394	13,030,964
Total funds at 31 December 2021		13,659,613	753,017	14,412,630	13,391,394

All activities relate to continuing operations.

The notes on pages 22 to 33 form part of these financial statements

The Royal Engineers Association

Balance sheet

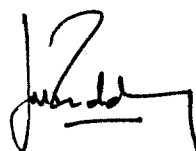
For the year ended 31 December 2021

	Note	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	18		89,226		90,762
Investments	19		<u>13,392,892</u>		<u>12,499,695</u>
			13,482,118		12,590,457
Current assets					
Debtors	20	345,364		169,606	
Cash at bank and in hand		<u>629,988</u>		<u>662,117</u>	
		975,352		831,723	
Creditors: amounts falling due within one year	21	<u>(44,840)</u>		<u>(30,786)</u>	
Net current assets			<u>930,512</u>		<u>800,937</u>
Net assets			<u>14,412,630</u>		<u>13,391,394</u>
Charity Funds					
Restricted funds	22		754,557		720,601
Unrestricted funds	22		<u>13,658,073</u>		<u>12,670,793</u>
Total funds			<u>14,412,630</u>		<u>13,391,394</u>

The financial statements were approved by the Trustees on
signed on their behalf, by:



**Major General AS Dickinson CBE,
Chairman**

6 May


**Colonel JM Ruddy,
Honorary Treasurer**

2022 and

The notes on pages 22 to 33 form part of these financial statements

The Royal Engineers Association

Statement of Cash Flows

For the year ended 31 December 2021

	Note	2021	2020
		£	£
Net cash used in operating activities	27	(702,283)	(665,396)
Cash flows from investing activities			
Interest and dividends		427,925	430,790
Purchase of tangible fixed assets		(4,340)	(10,696)
Movement on Branch Investments		(3,431)	(5,634)
Disposal of fixed asset investments		250,000	250,000
Cash provided by (used in) investing activities		670,154	664,460
Increase/(decrease) in cash and cash equivalents in the year		(32,129)	(936)
Cash and cash equivalents at the beginning of the year		662,117	663,053
Total cash and cash equivalents at the end of the year		629,988	662,117

Analysis of changes in net debt

	At 31 Jan 2021 £	Cashflows £	At 31 Dec 2021 £
Cash and cash equivalents			
Cash	662,117	(32,129)	629,988

The Royal Engineers Association

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

1 General administrative information

Royal Engineers Association is an unincorporated charity in England & Wales and Scotland with the registration number 258322 and SC041832. The address of the registered office is Headquarters Royal Engineers, Brompton Barracks, Chatham, Kent, ME4 4UG. The Charity's principal objectives continued to be to promote the efficiency of the Corps in all or any of the following ways: by fostering Esprit de Corps and a spirit of comradeship amongst serving and former members of the Corps; to provide financial and other assistance to serving and former members of the Corps, their spouses, widows, widowers and dependants who are in need; to make grants to the Army Benevolent Fund The Soldiers Charity and to such other charities as the Council think fit which further the objectives of the Association.

2 Accounting policies

2.1 Basis of preparation of financial statements

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

The Royal Engineers Association 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 income of subscriptions, donations and legacies which is expendable at the discretion of the Council in the furtherance of the objects of the Association. Such funds may be held in order to finance both working capital and capital investment.

Designated funds represent amounts which have been put aside out of unrestricted funds at the discretion of the Trustees to meet specific purposes.

Restricted funds represent grants, donations and legacies received which are allocated by the donor for specific purpose. These are Gabriel, Kitchener Scholarship, funds which are explained in detail on page 1 in the Trustees' report.

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

The Royal Engineers Association

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

Accounting policies (continued)

2.4 Income

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

Subscriptions

Serving officers, warrant officers and soldiers subscribe to the Royal Engineers Central Charitable Trust under the Army's Day's Pay Scheme. The Association received 50% of the monies received from the Day's Pay Scheme.

Donations

Donations are included in full in the income and expenditure accounts on a receipts basis. Gift Aid donations are included in the income and expenditure account on a receivable basis.

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 objects of the trust which are always authorised by Trustees.

Cost of charitable activities includes grants made and the apportionment of support costs shown in note 13.

The cost of generating funds consists of investment, management and certain legal fees.

2.6 Tangible fixed assets and depreciation

REA assets, including those purchases by Branches, costing more than £250 are capitalised. Depreciation is charged on assets using a straight line basis over their estimated life on the following basis:

Fixtures and fittings	10% per annum
General property	10% per annum
Computer equipment	20% per annum

REA Branch Standards are capitalised and maintained at their expected replacement value, £650.

2.7 Investments

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

Accounting policies (continued)

2.8 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.

2.9 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.

2.10 Liabilities

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.

2.11 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.12 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.

2.13 Donated services and facilities

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

2.14 Tender policy

Trustees introduced a tender policy that covers expenditure:

- a. Between £2.5k and £5k
- b. Between £5k and £10k
- c. Over £10k

The Royal Engineers Association

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

		Unrestricted funds 2021	Restricted funds 2021	Total funds 2021	Total funds 2020
		£	£	£	£
3 Donations & Legacies					
Donations	(Note 4)	91,649	-	91,649	125,847
Legacies	(Note 5)	211,462	-	211,462	125,000
Grants	(Note 6)	2,500	-	2,500	2,500
Subscriptions	(Note 7)	406,164	-	406,164	384,193
Donated services and facilities	(Note 8)	82,714	-	82,714	78,622
		794,489	-	794,489	716,162

In 2021, all £794,489 of income from donations and legacies was unrestricted (2020: £716,162).

4 Donations

	£	£	£	£
General donations	87,793	-	87,793	119,879
Donations from branches	260	-	260	830
Tax refund	123	-	123	952
Website donations	2,973	-	2,973	2,836
Sapper Network	500	-	500	1,350
	91,649	-	91,649	125,847

5 Legacies

	£	£	£	£
Other legacies	211,462	-	211,462	125,000

6 Grants

	£	£	£	£
H&M Charitable Trust	2,500	-	2,500	2,500

7 Subscriptions and tax

	£	£	£	£
Membership	16,736	-	16,736	17,472
Grant from RECCT (represents 50% of Day's Pay Scheme subscriptions to RECCT)	389,428	-	389,428	366,721
	406,164	-	406,164	384,193

The Royal Engineers Association

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

	Unrestricted funds 2021	Restricted funds 2021	Total funds 2021	Total funds 2020
8 Donated services and facilities	£	£	£	£
Gas	1,770	-	1,770	1,757
Electricity	2,093	-	2,093	2,068
Water and sewage	847	-	847	835
Community charge	5,574	-	5,574	5,519
Utilities	1,451	-	1,451	1,421
MOD salaries	28,270	-	28,270	28,093
Administration salaries	42,709	-	42,709	38,929
Total	82,714	-	82,714	78,622

9 Other trading activities

	£	£	£	£
Esprit de Corps income	78,603	-	78,603	22,571

REA Branches generated £78,603 (2020 - £22,571) from activities.

10 Investment income

	£	£	£	£
Dividends – Armed Forces Charities Fund	407,877	20,023	427,900	430,686
Bank interest	12	13	25	104
	407,889	20,036	427,925	430,790

Of the total investment income received, of £427,925 (2020: £430,790), £407,889 was to unrestricted funds (2020: £411,088) and £20,036 was to restricted funds (2020: £19,702).

11 Other income

	£	£	£	£
Sundry income	25,949	-	25,949	11,289

12 Raising Funds

	£	£	£	£
Recruiting	288	-	288	5,342

The Royal Engineers Association

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

13 Charitable Activities

	Direct costs	Support costs	Total	Total
	2021	2021	2021	2020
	£	£	£	£
Benevolence (Note 14)	600,049	140,590	740,639	611,151
Esprit de Corps (Note 15)	509,152	195,417	704,569	783,915
	1,109,201	336,007	1,445,208	1,395,066

£1,405,858 of the charitable activities expenditure was from unrestricted funds (2020: £1,370,163) and £39,350 was from restricted funds (2020: £24,903).

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2021	2021	2021	2020
	£	£	£	£
Direct costs				
Grants	216,556	39,350	255,906	273,359
Christmas grants	9,305	-	9,305	11,503
Weekly allowances	121,810	-	121,810	125,767
Army Benevolent Fund	-	-	-	50,000
SSAFA Families Help	-	-	-	20,000
Other charities	220,000	-	220,000	-
Refund Grants previous years	(6,972)	-	(6,972)	(4,095)
	560,699	39,350	600,049	476,534
Support costs				
Committee & Travel costs	910	-	910	600
Audit	3,591	-	3,591	3,576
Fees & Subscriptions	4,178	-	4,178	3,773
Insurance	1,517	-	1,517	1,435
Administration	7,746	-	7,746	4,344
Post & Telephone	4,838	-	4,838	2,340
Depreciation	294	-	294	294
Donated services support costs	24,174	-	24,174	22,173
Donated services MOD salaries	28,270	-	28,270	28,093
Staff costs	65,072	-	65,072	67,989
	140,590	-	140,590	134,617
	701,289	39,350	740,639	611,151

The Royal Engineers Association

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

	Unrestricted funds 2021	Restricted funds 2021	Total funds 2021	Total funds 2020
	£	£	£	£
15 Esprit de Corps				
Direct costs				
Corps activities	346,281	-	346,281	539,659
Branch donations	24,294	-	24,294	10,332
Branch activities	138,405	-	138,405	43,204
Annual Conference	172	-	172	1,398
	509,152	-	509,152	594,593
Support costs				
Committee & Travel costs	3,638		3,638	2,399
Audit	3,591		3,591	3,576
Fees & Subscriptions	4,178		4,178	3,773
Insurance	1,517		1,517	1,435
Administration	8,344		8,344	4,803
Post & telephone	4,838		4,838	2,340
Depreciation	5,583		5,583	5,583
Donated services support costs	30,272		30,272	28,356
Staff Costs	133,456	-	133,456	137,057
	195,417	-	195,417	189,322
	704,569	-	704,569	783,915

16 Net Income / Expenditure

This is stated after charging:

Depreciation of tangible fixed assets:

- owned by the charity

Auditor's remuneration

	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	5,876	5,877
Auditor's remuneration	7,182	7,152

During the year, no Trustees received any remuneration (2020 - £NIL).

During the year, no Trustees received any benefits in kind (2020 - £NIL).

Trustees received reimbursement of expenses amounting to £NIL in the current year, (2020 - 6 Trustees - £403).

The Royal Engineers Association

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

	Total funds 2021 £	Total funds 2020 £
17 Staff costs		
Staff costs were as follows:		
Wages and salaries	172,360	179,961
Social security costs	13,703	12,423
Other pension costs	12,466	12,662
	198,529	205,046

The average monthly number of employees during the year was as follows:	No.	No.
Management and administration of the charity	6	6

No employee received remuneration amounting to more than £60,000 in either year.
The total employment benefits including employer pension contributions of the key management personnel were £57,578 (2020 - £58,190).

18 Tangible fixed assets

	Unrestricted Designated Fixtures & fittings £	Unrestricted General Property £	Unrestricted General Computer equipment £	Total £
Cost				
At 1 January 2021	85,575	115,591	25,651	226,817
Additions	4,340	-	-	4,340
At 31 December 2021	89,915	115,591	25,651	231,157
Depreciation				
At 1 January 2021	11,865	108,779	15,411	136,055
Charge for the year	-	2,323	3,553	5,876
At 31 December 2021	11,865	111,102	18,964	141,931
Net book value				
At 31 December 2021	78,050	4,490	6,685	89,226
At 31 December 2020	73,710	6,813	10,238	90,762

The Royal Engineers Association

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

19 Fixed asset investments

	Listed securities £	Branch Investments £	Total £
Market value			
At 1 January 2021	12,474,896	24,799	12,499,695
Disposals	(250,000)	-	(250,000)
Revaluations	1,139,766	-	1,139,766
Movement on branch investments	-	3,431	3,431
At 31 December 2021	<u>13,364,662</u>	<u>28,230</u>	<u>13,392,892</u>
Historical cost	<u>5,731,035</u>	<u>25,981</u>	<u>5,757,016</u>

Investments at market value comprise:

	2021 £	2020 £
Listed investments	13,364,662	12,474,896
Branch investments	28,230	24,799
Total market value	<u>13,392,892</u>	<u>12,499,695</u>

All of the fixed asset investments are held in the UK.

Material investments

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

20 Debtors

	2021 £	2020 £
Other debtors	316,791	137,441
Prepayments and accrued income	28,573	32,165
	<u>345,364</u>	<u>169,606</u>

21 Creditors:

Amounts falling due within one year

	£	£
Branch creditors	8,435	4,735
Other creditors	36,405	26,051
	<u>44,840</u>	<u>30,786</u>

The Royal Engineers Association

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

22 Statement of funds

Current Year	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
Branch funds	539,533	202,045	(162,699)	-	-	578,879
General funds						
General funds	12,131,260	1,104,974	(1,243,536)	-	1,086,496	13,079,194
Total Unrestricted funds	12,670,793	1,307,019	(1,406,235)	-	1,086,496	13,658,073
Restricted funds						
Kitchener Scholarship Fund	720,601	20,036	(39,350)	-	53,270	754,557
Total Restricted Funds	720,601	20,036	(39,350)	-	53,270	754,557
Total of funds	13,391,394	1,327,055	(1,445,585)	-	1,139,766	14,412,630
Prior Year	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
Branch funds	432,257	160,813	(53,537)	-	-	539,533
General funds						
General funds	11,902,191	1,000,297	(1,321,968)	(2,211)	552,951	12,131,260
Total Unrestricted funds	12,334,448	1,161,110	(1,375,505)	(2,211)	552,951	12,670,793
Restricted funds						
Gabriel Fund	2,691	-	(7,460)	4,769	-	-
Kitchener Scholarship Fund	693,825	19,702	(17,443)	(2,558)	27,075	720,601
Total Restricted Funds	696,516	19,702	(24,903)	2,211	27,075	720,601
Total of funds	13,030,964	1,180,812	(1,400,408)	-	580,026	13,391,394

The Royal Engineers Association

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

23 Analysis of net assets between funds

Current Year	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	89,226	-	89,226
Fixed asset investments	12,761,462	631,430	13,392,892
Current assets	864,256	111,096	975,352
Creditors due within one year	(44,840)	-	(44,840)
	13,670,104	742,526	14,412,630

Prior Year	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	90,762	-	90,762
Fixed asset investments	11,923,675	576,020	12,499,695
Current assets	687,142	144,581	831,723
Creditors due within one year	(30,786)	-	(30,786)
	12,670,793	720,601	13,391,394

The Royal Engineers Association

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

24 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 £22,817 (2020 - £12,662).

25 The Gabriel Fund

In 1966 a legacy of £25,000 was received from the estate of Colonel RC Gabriel. No restriction was placed on these funds at the time, hence, it was included in the General Fund at 31 December 1966.

During 1997 the Association applied for, and was granted a further legacy of £20,000 from the estate of Colonel RC Gabriel. In accordance with the conditions of the additional legacy a restricted fund has been established for the purpose of providing retraining, further education and contributing towards the costs of obtaining a qualification and / or licence to work for those who are serving or have served as officers and soldiers of the Royal Engineers. A further £5,000 was received in 1998.

The original legacy was transferred to the restricted fund at 31 December 1997 since the restrictions are considered to apply to all the funds from the estate of Colonel RC Gabriel.

This fund was fully expended during the year ended 31 December 2020.

26 Related party transactions

All transactions with related parties are disclosed in the Trustees Report and notes to the accounts.

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

	Total funds 2021	Total funds 2020
	£	£
Net movement in funds	1,021,236	360,430
Add back depreciation charge	5,876	5,877
Deduct interest income shown in investing activities	(427,925)	(430,790)
Deduct gains / add back losses on investments	(1,139,766)	(580,026)
Decrease (increase) in debtors	(175,758)	3,865
Increase (decrease) in creditors	14,054	(24,752)
Net cash used in operating activities	<u>(702,283)</u>	<u>(665,396)</u>

Accounts

The Royal Engineers Association



Trustees' report and financial statements

For the year ended 31 December 2020

The Royal Engineers Association

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Trustee's Report

For the year ending 31 December 2020

The Trustees ("Council") present their annual report and the audited financial statements for the year ended 31 December 2020. The financial statements have been prepared in accordance with the accounting policies set out at note 2 to the accounts and comply with the charity's trust deed, the Charities Act 2011 and the Charities SORP FRS 102. Trustees consider that in preparing these financial statements they have taken into account all information that could reasonably be expected to be available (including levels of reserves held). Therefore, the going concern basis of accounting is deemed appropriate and there are no material uncertainties.

Constitution

The Royal Engineers Association ("the Association" or "REA") is established under authority of a Deed of Declaration of Trust dated 19 November 1968 and Supplemental Deed dated 1 December 1974 as varied by a scheme of the Commissioners dated 11 August 1997, and supplemented by the Rules of the Royal Engineers Association 2009, hereafter referred to as 'The Deed'.

Restrictions on Funds

The Deed describes two Funds, A and B, which are restricted for the benevolence respectively of commissioned and of warrant officer and other rank members and past members of the Corps of Royal Engineers, together with their dependants. Both the A and B Funds were reduced to zero in 2015 and will not be re-used unless a specific grant is made in support of commissioned officers or other rank members of the Corps. A further restricted fund, the Gabriel Fund, was established during 1997, following receipt of a legacy from the estate of the late Colonel R C Gabriel (see note 24 to the financial statements). The General Fund is not restricted. Another restricted fund, The Kitchener Fund, which was the subject to an administrative transfer on 31 December 2008, was accepted by the REA Trustees from The Institution of Royal Engineers at their meeting in May 2009 and is now administered through the REA Benevolence committee.

OBJECTS AND ACTIVITIES

Objects of the Association, as set out in the Deed, are:

To promote the efficiency of the Corps in all or any of the following ways:

- (a) by fostering Esprit de Corps and a spirit of comradeship amongst serving and former members of the Corps;
- (b) to provide financial and other assistance to serving and former members of the Corps, their spouses, widows, widowers and dependants who are in need;
- (c) to make grants to the Army Benevolent Fund The Soldiers Charity and to such other Charities as the Council think fit which further the objectives of the Association.

Volunteers

REA branches are autonomous and are organised democratically in accordance with the REA Rules 2018 by members who take on the stewardship and running of the branch voluntarily. The many hundreds of volunteers who act as branch officials encouraging, supporting, recruiting and guiding their branches and members to ensure that the branches provide a national network that supports the entire sapper family.

ACHIEVEMENTS AND PERFORMANCE

The charity set out to ensure that grants are made in a speedy, efficient and cost-effective way. This was achieved, and grants, periodical allowances and Christmas benevolence gifts were made to 421 recipients, from whom many letters of appreciation have been received. The total number of benevolence cases considered in 2020 was 14% less than the previous year.

The Kitchener Fund supported the education of 3 children from Sapper families.

The Gabriel Fund supported the career development of 3 veterans suffering from life changing illness or injury.

The Royal Engineers Association

Trustee's Report (continued)

For the year ending 31 December 2020

Sappers Network

The operation and management of Sappers Network were transferred to REA HQ, the service has been continued, with the emphasis being on providing employment support to Service Leavers. The service is free to employers and candidates and offers jobs across the UK and Internationally. Here is a precis of activity:

Number of vacancies advertised	181
Number of registered candidates (serving & veteran)	336
Number of candidates put forward for jobs	65
Number of candidates placed in work	3

Grants Considered 2015 to 2020

Year	2020	2019	2018	2017	2016	2015
Disabled & Illness	145	116	166	163	174	175
Old age	13	22	41	32	53	71
Widows	38	45	63	51	55	86
Unemployed	119	76	128	119	107	118
Miscellaneous	106	210	124	129	136	149
No grant made	87	120	31	51	40	51
Totals	508	589	553	545	565	650

Other Grants

A Welfare Grant of £100,000 was allocated from Capital Reserves for the year 2020. This was to enhance *Esprit de Corps* – a specific objective of the REA - by providing the opportunity for Units and Branches to bid for support in funding projects or activities which had no – or incomplete – support from other resources. The overall result both in 'PR' for the REA and benefit for recipients was most encouraging. Grants included: campervans for various RE Units; improvements to the communal areas in single living accommodation; and the provision of gazebos for REA Branches to undertake recruiting and outreach activities.

The 2020 welfare grant was a success with 85% of the fund available being disbursed.

As a result of this changes were implemented for future Welfare Grant Applications, with a greater awareness being promoted to both Units and Branches through direct briefings, email and social media and support from REA HQ when needed. It has been decided to continue the welfare grant opportunities on an ongoing basis subject to annual reviews.

Delivery – Benevolence

- Benevolence to those in need is considered of paramount importance. Applications for benevolence assistance are dealt with within two or three days after checks on service records and establishing financial need. All applications received from the Sapper family are considered sympathetically, the vast majority of applicants receive financial assistance.
- There will be many eligible persons in need of assistance of whom the Association is unsighted. Following the appointment of a Controller and Assistant has given the resources to begin looking at how better the Association can reach further, a review is currently underway to look at bring additional funds to bear in outreach/training and direct support in areas such as mental health, housing, supported living and how to access support.
- Cases requiring financial assistance greater than £1,000 (Controllers financial threshold increased from £500 in 2016) are referred to the REA Benevolence Committee that, since the increase in the Controller's delegated powers, sits quarterly rather than monthly. Cases of an urgent nature that exceed the Controller's delegated powers are considered out-of-committee in consultation with the Chairman of the Benevolence Committee and the Hon Treasurer REA. There is no financial limit on grants that the Committee can authorise for benevolence. The Committee also deals with applications for weekly allowances. Cases, having been in front of the Committee, are despatched within a week of the Committee decision.
- Regular weekly allowances were made to about 52 applicants and, where there is a need to assist

The Royal Engineers Association

Trustee's Report (continued)

For the year ending 31 December 2020

financially with nursing home fees, some have further assistance from the Army Benevolent Fund The Soldiers' Charity.

- 1,094 Christmas cards and some 179 monetary gifts were sent out in November to those in elderly people homes, in hospitals or homes for the mentally infirm, to those who are in receipt of weekly allowances and those being treated through Combat Stress.
- A grant of £50,000 (2019: £50,000) was made to ABF for the work they do on behalf of the wider Services' benevolence systems.
- A grant of £20,000 (2019: £20,000) was made to SSAFA Forces Help.

ABF The Soldiers' Charity

The Trustees are most appreciative of the financial support provided by the ABF The Soldiers' Charity towards the cost of welfare grants to serving and former members of the Corps and their dependants. In this financial year. The Soldiers' Charity has supported 233 serving and retired Sapper cases with grants of £243,342.

Delivery – Membership

- Applications for Membership are handled on the day of receipt with a service record check and issuing of a membership card.
- Meetings and reunions are held at numerous locations under arrangements of Groups and Branches.
- The REA Recruiting Committee sits when needed to consider the wider marketing of the Association and Public Relation issues and initiatives.
- Command courses held at both Minley and Chatham are addressed to inform them of the activities of the REA.

Assistance

The Association acknowledges with gratitude the assistance provided by the caseworkers of SSAFA, TRBL and REA branches for their contribution to the benevolence system.

Fundraising activities

In 2002 the Trustees considered whether fund raising activities should be undertaken and, other than an information campaign to the serving officers and soldiers of the merits of the Days' Pay Scheme. In 2020, it was considered we should review once more our approach to fund raising. This has been considered by the Finance Committee and a focus on areas such as Legacy and Donation and fund raising by Branches in support of the Association has been accepted to ensure that the Association maintains its long term ability to provide benevolence and welfare services to the Sapper Family.

REA Branch Accounts

In March 2004 Trustees were informed by their auditor that SORP 2000 required them to include the income, expenditure, assets and liabilities of those REA Branches that did not have separate legal status in their annual charity account, if material. Subsequent legal advice confirmed that the current REA Branches do not have separate legal status and that the extant Rules of the REA did not require Branches to furnish this information to HQ REA. Trustees have changed the Rules of the REA and directed REA Branches to provide this financial information to HQ REA by 31 January each year. The funds associated with these branches are designated.

Activities in Scotland

The Association has nine active branches in Scotland under the control of the Scotland & Northern Ireland Group Headquarters based at Leuchars, Fife. Because of this presence in Scotland the Association is registered with the Scottish Charity Regulator. As with the remaining UK and overseas branches, those branches based in Scotland do not carry out fundraising, but aim to promote and support the Corps in accordance with the Objects of the Association.

2020 FINANCIAL REVIEW

Serving RE officers, warrant officers and soldiers subscribe to the Royal Engineers Central Charitable Trust under the Army's 'Days Pay Scheme' (a payroll giving scheme). After the Institution of Royal Engineers has received a set percentage of officer and soldier subscriptions the Association receives 50% of the monies received from the Days Pay Scheme (DPS). Any shortfall of income compared to expenditure comes from investment income. Donations and legacies that are retained are available for investment towards future benevolence. The Association's combined income from DPS, 38% of income, investments 50% of income, legacy and donations 12% of income is sufficient to sustain our annual operating expenditure in all the key areas of benevolence, welfare and esprit de corps.

Summary

Net expenditure before other recognised gains and losses was £219,596 (2019: £272,975). The Charity did not authorise any further funds for investment in 2020.

Balance Sheet

The accumulated funds increased by £360,430 to £13,391,394 (2019 increased by £1,247,910 to £13,030,964). Notes to the Statement of Financial Activities and Balance Sheet provide supplementary information against each funding activity.

Expenditure on benevolence grants to individuals decreased by £27,126 from £300,485 in 2019 to £273,359.

Christmas grants decreased by £707 to £11,503 in 2020 and weekly allowances decreased from £137,671 in 2019 to £125,767 in 2020.

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 closed and the assets were transferred to the CAIF, on a one-for-one basis, which is being run with the same investment objective and policy.

The Objective of the Fund is unchanged and seeks to achieve real growth in capital and income over the long term by investment predominately in equities.

Investment performance

Investments delivered dividends of £430,686 in 2020 (2019: £424,627). 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%.

Risk statement

The risks to which the Charity are exposed are reviewed by the REA Management Committee at each of its meetings. The basis of the review is a Risk Management Matrix that identifies and defines the risk, its impact and likelihood, and those mitigation measures the Trustees feel need to be applied. The Risk Management Matrix was reviewed at the September Board meeting in 2020 and members were content that systems have been established to mitigate those risks identified.

Key Risk

The key risks are financial and reputational with loss of income from our investments potentially restricting the services we deliver and thus our reputation among our members and beneficiaries which could further affect our income. In mitigation of this the Board ensures that we maintain sufficient investment funds to provide resilience and regularly reviews the status of our reserves.

Reserves

The accounts show net expenditure of £219,596 (2019: £272,975) before gains on investments. Gains on investments amounted to £580,026 (2019: £1,520,885) giving a positive net movement in funds of £360,430 (2019: positive net movement of £1,247,910). It is the Trustees policy to realise capital from the Restricted Fund's investment portfolios when required to provide funds in support of grant making or project funding.

Trustees review the reserves policy annually and aim to match the amount held in reserves to mitigate against potential financial threats over the long term. The charity relies upon the MoD for administration of the Day's Pay Giving Scheme, provision of infrastructure, utilities, and a proportion of staff costs. If these MoD donated services were to be withdrawn, the charity would suffer an operational shock. The charity's reserves must be able to meet such a shock if it were to occur.

Furthermore, it is the intention of the Trustees to maintain free reserves amounting to a minimum of 15 years' operating costs (essentially benevolence payments and staffing costs). This is intended to provide adequate security against market volatility, and future risks to both income and expenditure whilst maintaining long-term benevolence support to the Corps' beneficiaries. Current unrestricted reserves are £12,672,333 (2019: £12,333,777) which Trustees consider is consistent with this policy.

Public Benefit

The REA Trustees have paid due regard to the Charity Commission's guidance on public benefit in deciding what activities the charity should undertake. This fund provides public benefit by assisting service personnel to more effectively perform their role within the Corps of Royal Engineers and assisting those of the wider family of the Corps (those who have left uniform). Where there is "need" the fund helps those who have fallen on hard times like debt, family separation, mobility aids for the infirm (such as stair lifts and electric powered scooters and wheelchairs) and walk-in showers at home where the applicant is unable to use a bath safely. In addition the Fund has helped some of our serving Sappers where there is a "need".

PLANS FOR THE FUTURE

The Association has continued to seek new opportunities to develop its branch structure to meet the demands of new generations of Sappers and following the establishment of themed branches for Cycling, Football, the Blue Light Emergency Services Branch and a new National Diving Branch, work is now underway to establish an esports branch, to support the activities and interests of the current generation of Sappers and also to connect with more recent Service leavers.

The pandemic has accelerated the Associations' need to develop a strategy for digital transformation to enable us to reach our membership through a variety of digital media. This has included remote online meetings for all committees and even the AGM. Moving to online submission of routine branch reports and plans to roll out our new digital platforms for individuals and equipment for branches.

A need to connect more effectively with the serving Corps was identified by the Recruiting Committee and to build on the current direct support it has been proposed that an Association App is developed in 2021.

The study of the use of the Association's Reserves continued and proposals were presented to the new Board in September 2019. The board requested further information on the proposals with the working group requested to report back in January 2020. Following the report of the working group, the Board authorised the provision of a substantial grant of £880,000 to RBLI as part of a collaborative agreement to support members of the Sapper Family in need at various stages in their lives. 29 Sappers were being supported by RBLI in 2020 and the build of the new Centenary Village has progressed well with £18million raised and less than £4million needed to complete the project. The first of our phased contributions of £220,000 was made in 2020 with a further two contributions planned for 2021 totalling £320,000. This leaves a balance of £340,000.

The Queens Gurkha Engineers (QGE) is part of the family of the Corps of Royal Engineers. At the same time, Gurkha Sappers also belong to the Gurkha family. From 01 May 2019 members and veterans of the Queens QGE Sappers may become members of the REA, and any benevolence requirements are directed to the Gurkha Welfare Fund. Those QGE Sappers who subsequently transfer to the Corps of Royal Engineers and donate to RE DPS may also receive support from the REA benevolence funds.

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 (JRS);
- 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.

Auditors

Kreston Reeves LLP remain the Trustees choice as Corps auditors.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The REA is governed by the Deeds of Trust dated 19 November 1968 and Supplemental Deed dated 1 December 1974 as varied by a scheme of the Commissioners dated 11 August 1997, and supplemented by the Rules of the Royal Engineers Association 2009.

The Royal Engineers Association

Trustee's Report (continued) For the year ending 31 December 2020

Trustees

The current Board of Trustees are listed on page 9.

The Board

The affairs of the Association shall be directed by the Board of the Association.

The composition of the Board shall be:

- (1) President, a Colonel Commandant of the Corps nominated by the Chief Royal Engineer ratified by the Board. Appointment for maximum of six years.
- (2) Chair of the Association nominated by the President and ratified by the Board, maximum of six years over two, three-year, terms.
- (3) The Corps Colonel for duration of appointment.
- (4) Honorary Treasurer elected by the Board for maximum of six years over two, three-year, terms.
- (5) The Corps SM for duration of appointment.
- (6) Reservist – nominated by President and ratified by vote of the Board maximum six years over two, three-year, terms.
- (7) Group Director – Serving CO rotating round groups for duration of appointment.
- (8) Branch Rep – proposed by Groups on three-year term rotating round Groups.
- (9) National Rep – proposed by Groups on a three-year term rotating round National Branches.
- (10) Themed Rep – proposed by Groups on a three-year term rotating round Themed Branches.
- (11) Wider Community Trustee – externally recruited, position ratified by Board for maximum of six years over two, three-year, terms.
- (12) Governance Trustee – externally recruited, position ratified by Board for maximum of six years over two, three-year, terms.
- (13) Service Charity Trustee - externally recruited, position ratified by Board for maximum of six years over two, three-year, terms.

The Controller of the Association shall be Secretary to the Board. The Corps Treasurer and Assistant Controller shall be in attendance.

The Board shall exercise its responsibilities through subordinate committees subject to the provision that at least two members of any such committee shall be members of the Board.

The standing subordinate committees of the Board are:

- The Management Committee, Chaired by the Controller, responsible to the Board for the management of the Association including administration, membership, reunions and awards.
- The Benevolence Committee, Chaired by the REA Chair, responsible to the Board for all questions relating to the charitable business of the Association.
- The Finance Committee, Chaired by the Honorary Treasurer, responsible to the Board for the financial affairs of the Association.
- The Recruiting Committee, Chaired by a nominated Trustee, responsible to the Management Committee for monitoring and prompting recruiting and awareness issues within the Association.

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 has been complied with.

The Royal Engineers Association

Trustee's Report (continued)

For the year ending 31 December 2020

Organisational structure and networks

The Association is directed by its Board of Trustees, constituted as described in the Deed, and consisting of ex-officio, nominated and elected members. Its members are the Trustees of the Association's funds. The Board meets as often as is necessary to fulfil its responsibilities, normally twice a year.

Certain routine business of a non-financial nature is delegated to the Management Committee, which meets twice a year. A benevolence committee meets quarterly to consider the more complicated applications for assistance and those requiring sums beyond the Controller's authorised powers.

A finance committee deals with particular matters and is responsible to the Board of Trustees.

The REA is divided into 17 geographical Groups throughout the UK and overseas. Each group has a Group Director who is appointed by the Corps Colonel and, in most cases, the Group Director is the senior serving Royal Engineer officer in the Group area. Within these Groups are 106 Branches. Of these, 93 Branches are located in towns and cities in the UK and overseas who normally meet up once a month for camaraderie and Esprit de Corps. The remaining 13 branches are national and themed branches who represent specialist trades/functions or particular interests with affiliated members throughout the UK and overseas; they will normally meet up once a year. While all Branches are self-financing grants are made to Groups, National and Themed branches to support annual meetings and travel, all branches have the same objectives as those of the Association.

The Headquarters or Secretariat of the Association is managed by the Controller who, as Chief Executive, oversees all activities with particular emphasis on engaging and involving the REA and other veteran organisations in wider Corps affairs and business development. He is supported by an Assistant Controller who works part time and deals primarily with Esprit de Corps and benevolence matters.

With Sappers Network, HQ REA is established for four full time administrative and clerical staff. One of the Secretariat staff is established and paid as a Civil Servant within the Regimental Headquarters of the Royal Engineers. The Assistant Controller and three full time members of staff are employed solely by the Association.

The Royal Engineers Association

**Reference and administrative details of the charity, its trustees and advisers
For the year ended 31 December 2020**

REA Board of Trustees

Major General (ret'd) Alastair Dickinson CBE	President	
Brigadier (ret'd) Andrew Craig OBE	Chair	Chair Benevolence Committee
Colonel (ret'd) Chris Davies MBE	Honorary Treasurer	Chair Finance Committee
Air Commodore (ret'd) Colin Basnett CBE	Service Charities	
Lieutenant Colonel (ret'd) Jane Thomson	Wider Community	
Colonel Matthew Quare MBE ADC	Corps Colonel	
Warrant Officer Class 1 Paul Clark	Corps Sergeant Major	
Lieutenant Colonel Martin Heffer RE TD	Reserves	
Lieutenant Colonel Larry Inge	National Branches	
Lieutenant Colonel Claire James	Group Director	Chair Recruiting Committee
Mr Jeffrey Jupp	Governance	
Mr Eric Hargreaves	Local Branches	
Mr Brian Simm	Themed Branches	
Mr Kenneth Kirk	Chief Executive	Chair Management Committee Secretary to Board of Trustees
Major (ret'd) Iain George	Operations Manager	
Major (ret'd) Ian Sidebottom	Advisor	Corps Treasurer Secretary to Finance Committee

Charity registered numbers

258322 and SC041832

Principal office

Regimental Headquarters Royal Engineers
Brompton Barracks
Chatham
Kent
ME4 4UG

Independent auditor

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

The Royal Engineers Association

Reference and administrative details of the charity, its trustees and advisers (continued)
For the year ended 31 December 2020

Bankers

Lloyds plc
Piccadilly Branch
PO Box 1000
BX1 1LT

Solicitors

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

Investment managers

BlackRock Investment Managers
12 Throgmorton Avenue
London
EC2N 2DL

Approved by the Trustees
and signed on behalf of the Trustees 14th May 2021

Alastair Dickinson

Major General A S Dickinson CBE
Chairman

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

We have audited the financial statements of Royal Engineers Association (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.

Other information

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

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

We have nothing to report in this regard.

Independent Auditor's report to the Trustees of Royal Engineers Association (continued)

Matters on which we are required to report by exception

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

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

Respective responsibilities of Trustees and auditor

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Capability of the audit in detecting irregularities, including fraud

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

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

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud; and
- Assessment of identified fraud risk factors; and

Independent Auditor's report to the Trustees of Royal Engineers Association (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- 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.
- 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.

The Royal Engineers Association

Independent Auditor's report to the Trustees of Royal Engineers Association (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 LLP
Chartered Accountants
Statutory Auditor
Chatham Maritime

Date: 16 July 2021

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

The Royal Engineers Association

**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 & Legacies	3	716,162	-	716,162	570,243
Other trading activities	9	22,571	-	22,571	138,047
Investment income	10	411,088	19,702	430,790	425,080
Other income	11	11,289	-	11,289	22,059
Total income		1,161,110	19,702	1,180,812	1,155,429
Expenditure on:					
Raising Funds	12	5,342	-	5,342	3,052
Charitable activities	13	1,370,163	24,903	1,395,066	1,425,352
Total expenditure		1,375,505	24,903	1,400,408	1,428,404
Net expenditure before revaluations		(214,395)	(5,201)	(219,596)	(272,975)
Net gains on investments	19	552,951	27,075	580,026	1,520,885
Net movement in funds for year		338,556	21,874	360,430	1,247,910
Reconciliation of funds					
Total funds at 1 January 2020		12,333,777	697,187	13,030,964	11,783,054
Total funds at 31 December 2020		12,672,333	719,061	13,391,394	13,030,964

All activities relate to continuing operations.

The notes on pages 18 to 29 form part of these financial statements

The Royal Engineers Association

**Balance sheet
For the year ended 31 December 2020**

	Note	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	18		90,762		85,943
Investments	19		<u>12,499,695</u>		<u>12,164,035</u>
			12,590,457		12,249,978
Current assets					
Debtors	20	169,606		173,471	
Cash at bank and in hand		<u>662,117</u>		<u>663,053</u>	
		831,723		836,524	
Creditors: amounts falling due within one year	21	<u>(30,786)</u>		<u>(55,538)</u>	
Net current assets			<u>800,937</u>		<u>780,986</u>
Net assets			<u>13,391,394</u>		<u>13,030,964</u>
Charity Funds					
Restricted funds	22		720,601		696,516
Unrestricted funds	22		<u>12,670,793</u>		<u>12,334,448</u>
Total funds			<u>13,391,394</u>		<u>13,030,964</u>

The financial statements were approved by the Trustees on 14th May 2021 and signed on their behalf, by:

Alastair Dickinson

CM Davies

**Major General AS Dickinson CBE,
Chairman**

**Colonel CM Davies MBE,
Honorary Treasurer**

The notes on pages 18 to 29 form part of these financial statements

The Royal Engineers Association

Statement of Cash Flows

For the year ended 31 December 2020

	Note	2020	2019
		£	£
Net cash used in operating activities	27	<u>(665,396)</u>	<u>(706,844)</u>
Cash flows from investing activities			
Interest and dividends		430,790	425,080
Purchase of tangible fixed assets		(10,696)	(7,615)
Movement on Branch Investments		(5,634)	4,162
Disposal of fixed asset investments		250,000	-
Cash provided by (used in) investing activities		<u>664,460</u>	<u>421,627</u>
Increase/(decrease) in cash and cash equivalents in the year		<u>(936)</u>	<u>(285,217)</u>
Cash and cash equivalents at the beginning of the year		663,053	948,269
Total cash and cash equivalents at the end of the year		<u>662,117</u>	<u>663,053</u>

The Royal Engineers Association

Notes to the financial statements

For the year ended 31 December 2020

1 General administrative information

Royal Engineers Association is an unincorporated charity in England & Wales and Scotland with the registration number 258322 and SC041832. The address of the registered office is Headquarters Royal Engineers, Brompton Barracks, Chatham, Kent, ME4 4UG. The Charity's principal objectives continued to be to promote the efficiency of the Corps in all or any of the following ways: by fostering Esprit de Corps and a spirit of comradeship amongst serving and former members of the Corps; to provide financial and other assistance to serving and former members of the Corps, their spouses, widows, widowers and dependants who are in need; to make grants to the Army Benevolent Fund The Soldiers Charity and to such other charities as the Council think fit which further the objectives of the Association.

2 Accounting policies

2.1 Basis of preparation of financial statements

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

The Royal Engineers Association 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 income of subscriptions, donations and legacies which is expendable at the discretion of the Council in the furtherance of the objects of the Association. Such funds may be held in order to finance both working capital and capital investment.

Designated funds represent amounts which have been put aside out of unrestricted funds at the discretion of the Trustees to meet specific purposes.

Restricted funds represent grants, donations and legacies received which are allocated by the donor for specific purpose. These are Gabriel, Kitchener Scholarship, funds which are explained in detail on page 1 in the Trustees' report.

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

The Royal Engineers Association

Notes to the financial statements For the year ended 31 December 2020

Accounting policies (continued)

2.4 Income

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

Subscriptions

Serving officers, warrant officers and soldiers subscribe to the Royal Engineers Central Charitable Trust under the Army's Day's Pay Scheme. The Association received 50% of the monies received from the Day's Pay Scheme.

Donations

Donations are included in full in the income and expenditure accounts on a receipts basis. Gift Aid donations are included in the income and expenditure account on a receivable basis.

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 objects of the trust which are always authorised by Trustees.

Cost of charitable activities includes grants made and the apportionment of support costs shown in note 12.

The cost of generating funds consists of investment, management and certain legal fees.

2.6 Tangible fixed assets and depreciation

REA assets, including those purchases by Branches, costing more than £250 are capitalised. Depreciation is charged on assets using a straight line basis over their estimated life on the following basis:

Fixtures and fittings	10% per annum
General property	10% per annum
Computer equipment	20% per annum

REA Branch Standards are capitalised and maintained at their expected replacement value, £650.

2.7 Investments

Investments are included in the financial statements at the mid market value of the units held by the Royal Engineers Association in the Armed Forces Common Investment Fund.

Accounting policies (continued)

2.8 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.

2.9 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.

2.10 Liabilities

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.

2.11 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.12 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.

2.13 Donated services and facilities

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

2.14 Tender policy

Trustees introduced a tender policy that covers expenditure:

- a. Between £2.5k and £5k
- b. Between £5k and £10k
- c. Over £10k

The Royal Engineers Association

Notes to the financial statements
For the year ended 31 December 2020

	Unrestricted funds 2020	Restricted funds 2020	Total funds 2020	Total funds 2019
	£	£	£	£
3 Donations & Legacies				
Donations (Note 4)	125,847	-	125,847	82,761
Legacies (Note 5)	125,000	-	125,000	26,728
Grants (Note 6)	2,500	-	2,500	2,500
Subscriptions (Note 7)	384,193	-	384,193	382,759
Donated services and facilities (Note 8)	78,622	-	78,622	75,495
	<u>716,162</u>	<u>-</u>	<u>716,162</u>	<u>570,243</u>

In 2020 all £716,162 of income from donations and legacies was unrestricted (2019: £570,243).

4 Donations

	£	£	£	£
General donations	119,879	-	119,879	74,764
Donations from branches	830	-	830	5,381
Tax refund	952	-	952	-
Website donations	2,836	-	2,836	2,616
Sapper Network	1,350	-	1,350	-
	<u>125,847</u>	<u>-</u>	<u>125,847</u>	<u>82,761</u>

5 Legacies

	£	£	£	£
Other legacies	<u>125,000</u>	<u>-</u>	<u>125,000</u>	<u>26,728</u>

6 Grants

	£	£	£	£
H&M Charitable Trust	<u>2,500</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>

7 Subscriptions and tax

	£	£	£	£
Membership	17,472	-	17,472	24,554
Grant from RECCT (represents 50% of Day's Pay Scheme subscriptions to RECCT)	366,721	-	366,721	358,205
	<u>384,193</u>	<u>-</u>	<u>384,193</u>	<u>382,759</u>

The Royal Engineers Association

Notes to the financial statements For the year ended 31 December 2020

	Unrestricted funds 2020	Restricted funds 2020	Total funds 2020	Total funds 2019
8 Donated services and facilities				
	£	£	£	£
Gas	1,757	-	1,757	1,744
Electricity	2,068	-	2,068	2,044
Water and sewage	835	-	835	822
Community charge	5,519	-	5,519	5,465
Utilities	1,421	-	1,421	1,421
MOD salaries	28,093	-	28,093	26,000
Administration salaries	38,929	-	38,929	37,999
Total	78,622	-	78,622	75,495

9 Other trading activities

	£	£	£	£
Esprit de Corps income	22,571	-	22,571	138,047

REA Branches generated £22,571 (2019 - £138,047) from activities.

10 Investment income

	£	£	£	£
Dividends – Armed Forces Charities Fund	411,041	19,645	430,686	424,627
Bank interest	47	57	104	453
	411,088	19,702	430,790	425,080

Of the total investment income received, of £430,790 (2019: £425,080), £411,088 was to unrestricted funds (2019: £405,680) and £19,702 was to restricted funds (2019: £19,400).

11 Other income

	£	£	£	£
Sundry income	11,289	-	11,289	22,059

12 Raising Funds

	£	£	£	£
Recruiting	5,342	-	5,342	3,052

The Royal Engineers Association

Notes to the financial statements For the year ended 31 December 2020

13 Charitable Activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total 2020 £	Total 2019 £
Benevolence (Note 14)	476,534	134,617	611,151	627,090
Esprit de Corps (Note 15)	594,593	189,322	783,915	798,262
	1,071,127	323,939	1,395,066	1,425,352

£1,370,163 of the charitable activities expenditure was from unrestricted funds (2019: £1,415,728) and £24,903 was from restricted funds (2019: £9,624).

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
14 Benevolence grants and allowances				
Activities undertaken directly				
Grants	248,456	24,903	273,359	300,485
Christmas grants	11,503	-	11,503	12,210
Weekly allowances	125,767	-	125,767	137,671
Army Benevolent Fund	50,000	-	50,000	50,000
SSAFA Families Help	20,000	-	20,000	20,000
Other charities	-	-	-	402
Refund Grants previous years	(4,095)	-	(4,095)	(7,607)
	451,631	24,903	476,534	513,161
Support Costs				
Committee & Travel costs	600	-	600	1,907
Audit	3,576	-	3,576	3,360
Fees & Subscriptions	3,773	-	3,773	2,446
Insurance	1,435	-	1,435	1,355
Administration	4,344	-	4,344	3,355
Post & Telephone	2,340	-	2,340	2,120
Depreciation	294	-	294	252
Donated services support costs	22,173	-	22,173	21,831
Donated services MOD salaries	28,093	-	28,093	26,000
Staff costs	67,989	-	67,989	51,303
	134,617	-	134,617	113,929
	586,248	24,903	611,151	627,090

The Royal Engineers Association

Notes to the financial statements
For the year ended 31 December 2020

	Unrestricted funds 2020	Restricted funds 2020	Total funds 2020	Total funds 2019
15 Esprit de Corps				
	£	£	£	£
Activities undertaken directly				
Corps activities	539,659	-	539,659	325,545
Branch donations	10,332	-	10,332	21,974
Branch activities	43,204	-	43,204	218,038
Annual Conference	1,398	-	1,398	7,440
Annual Dinner	-	-	-	7,515
Sapper Sunday Lunch	-	-	-	1,285
REVETT Grant	-	-	-	30,000
Refund previous year	-	-	-	(5,103)
	594,593	-	594,593	606,694
Support Costs				
Committee & Travel costs	2,399		2,399	7,627
Audit	3,576		3,576	3,360
Fees & Subscriptions	3,773		3,773	2,446
Insurance	1,435		1,435	1,355
Administration	4,803		4,803	4,188
Post & telephone	2,340		2,340	2,120
Depreciation	5,583		5,583	4,792
Donated services support costs	28,356		28,356	27,664
Staff Costs	137,057	-	137,057	138,016
	189,322	-	189,322	191,568
	783,915	-	783,915	798,262

16 Net Income / Expenditure

This is stated after charging:

Depreciation of tangible fixed assets:

- owned by the charity

Auditor's remuneration

	£	£
	5,877	5,044
	7,152	6,720

During the year, no Trustees received any remuneration (2019 - £NIL).

During the year, no Trustees received any benefits in kind (2019 - £NIL).

6 Trustees received reimbursement of expenses amounting to £403 in the current year, (2019 - 10 Trustees - £4,193)

The Royal Engineers Association

Notes to the financial statements For the year ended 31 December 2020

	Total funds 2020 £	Total funds 2019 £
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17 Staff costs

Staff costs were as follows:

Wages and salaries	179,961	165,391
Social security costs	12,423	11,649
Other pension costs	12,662	12,279
	205,046	189,319

The average monthly number of employees during the year was as follows:	No.	No.
Management and administration of the charity	6	6

No employee received remuneration amounting to more than £60,000 in either year.
The total employment benefits including employer pension contributions of the key management personnel were £58,190 (2019 - £53,412).

18 Tangible fixed assets

	Unrestricted Designated Fixtures & fittings £	Unrestricted General Property £	Unrestricted General Computer equipment £	Total £
Cost				
At 1 January 2020	79,043	115,591	21,487	216,121
Additions	6,532	-	4,164	10,696
At 31 December 2020	85,575	115,591	25,651	226,817
Depreciation				
At 1 January 2020	11,865	106,455	11,858	130,178
Charge for the year	-	2,324	3,553	5,877
At 31 December 2020	11,865	108,779	15,411	136,055
Net book value				
At 31 December 2020	73,710	6,813	10,238	90,762
At 31 December 2019	67,178	9,137	9,629	85,944

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**Notes to the financial statements
For the year ended 31 December 2020**

19 Fixed asset investments

	Listed securities £	Branch Investments £	Total £
Market value			
At 1 January 2020	12,144,870	19,165	12,164,035
Disposals	(250,000)		(250,000)
Revaluations	580,026		580,026
Movement on branch investments	-	5,634	5,634
At 31 December 2020	12,474,896	24,799	12,499,695
Historical cost	5,847,891	22,550	5,870,441

Investments at market value comprise:

	2020 £	2019 £
Listed investments	12,474,896	12,144,870
Branch investments	24,799	19,165
Total market value	12,499,695	12,164,035

Material investments

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

20 Debtors

	2020 £	2019 £
Branch debtors	-	1,116
Other debtors	137,441	137,862
Prepayments and accrued income	32,165	34,493
	169,606	173,471

21 Creditors:

Amounts falling due within one year

	£	£
Branch creditors	4,735	4,604
Other creditors	26,051	50,934
	30,786	55,538

The Royal Engineers Association

Notes to the financial statements
For the year ended 31 December 2020

22 Statement of funds

Current Year	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
Branch funds	432,257	160,813	(53,537)	-	-	539,533
General funds						
General funds	11,902,191	1,000,297	(1,321,968)	(2,211)	552,951	12,131,260
Total Unrestricted funds	12,334,448	1,161,110	(1,375,505)	(2,211)	552,951	12,670,793
Restricted funds						
Gabriel Fund	2,691	-	(7,460)	4,769	-	-
Kitchener Scholarship Fund	693,825	19,702	(17,443)	(2,558)	27,075	720,601
Total Restricted Funds	696,516	19,702	(24,903)	2,211	27,075	720,601
Total of funds	13,030,964	1,180,812	(1,400,408)	-	580,026	13,391,394
Prior Year						
	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
Branch funds	420,660	251,609	(240,012)	-	-	432,257
General funds						
General funds	10,744,668	1,136,029	(1,430,379)	-	1,451,873	11,902,191
Total Unrestricted funds	11,165,328	1,387,638	(1,670,391)	-	1,451,873	12,334,448
Restricted funds						
Gabriel Fund	3,362	2	(673)	-	-	2,691
Kitchener Scholarship Fund	614,364	19,400	(8,951)	-	69,012	693,825
Total Restricted Funds	617,726	19,402	(9,624)	-	69,012	696,516
Total of funds	11,783,054	1,407,040	(1,680,015)		1,520,885	13,030,964

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Notes to the financial statements
For the year ended 31 December 2020

23 Analysis of net assets between funds
Current Year

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	90,762		90,762
Fixed asset investments	11,923,675	576,020	12,499,695
Current assets	687,142	144,581	831,723
Creditors due within one year	(30,786)	-	(30,786)
	12,670,793	720,601	13,391,394

Prior Year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	85,943	-	85,943
Fixed asset investments	11,612,950	551,085	12,164,035
Current assets	691,093	145,431	836,524
Creditors due within one year	(55,538)	-	(55,538)
	12,334,448	696,516	13,030,964

The Royal Engineers Association

Notes to the financial statements For the year ended 31 December 2020

24 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 £12,662 (2019 - £12,279).

25 The Gabriel Fund

In 1966 a legacy of £25,000 was received from the estate of Colonel RC Gabriel. No restriction was placed on these funds at the time, hence, it was included in the General Fund at 31 December 1966.

During 1997 the Association applied for, and was granted a further legacy of £20,000 from the estate of Colonel RC Gabriel. In accordance with the conditions of the additional legacy a restricted fund has been established for the purpose of providing retraining, further education and contributing towards the costs of obtaining a qualification and / or licence to work for those who are serving or have served as officers and soldiers of the Royal Engineers. A further £5,000 was received in 1998.

The original legacy was transferred to the restricted fund at 31 December 1997 since the restrictions are considered to apply to all the funds from the estate of Colonel RC Gabriel.

26 Related party transactions

All transactions with related parties are disclosed in the Trustees Report and notes to the accounts.

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

	Total funds 2020	Total funds 2019
	£	£
Net movement in funds	360,430	1,247,910
Add back depreciation charge	5,877	5,044
Deduct interest income shown in investing activities	(430,790)	(425,080)
Deduct gains / add back losses on investments	(580,026)	(1,520,884)
Decrease (increase) in debtors	3,865	1,702
Increase (decrease) in creditors	(24,752)	(15,536)
Net cash used in operating activities	(665,396)	(706,844)