



# **THE ROYAL ARTILLERY INSTITUTION LIMITED**

**(A Company Limited by Guarantee)**

## **REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

**Registered Charity No: 1122002**

**Registered Company No: 6446232**

**ROYAL ARTILLERY INSTITUTION LTD**

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# THE ROYAL ARTILLERY INSTITUTION LTD

## TRUSTEES AND ADMINISTRATIVE INFORMATION

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**Patron** Her Majesty Queen Elizabeth II

### RAI Trustees

During the year ended 31 December 2020, and up to date of approval of this report, the trustees were:

**Chairman** Major General DM Cullen CB OBE - Chairman

**Members**

Brigadier NA Clissitt	Colonel RA Reserves (Appointed 1 Jul 20)
Colonel LM Forbes TD VR	Deputy Commander 1 <sup>st</sup> ISR Brigade (Appointed 10 Feb 20)
Col C Palmer	Commander 7 <sup>th</sup> Air Defence Group (Appointed 24 Nov 20)
Colonel G Taylor	Commander 7 <sup>th</sup> Air Defence group (Resigned 16 Oct 20)
Colonel GH Malec	Deputy Commander 1 <sup>st</sup> Artillery Brigade
Colonel RST Murphy TD VR QVRM	Commandant Royal School of Artillery
Colonel AB Phillips	Colonel RA Reserves (Resigned 15 May 20)
Colonel RA Winchester	
Lieutenant Colonel JRM Gower MBE VR	
Lieutenant Colonel SJR Halliday TD	
Major MG Williams	
WO1 (RASM) RR Mealand	Royal Artillery Sergeant Major (Appointed 4 Jun 20)
WO1 (RASM) BA Pugh	Royal Artillery Sergeant Major (Resigned 22 Mar 20)

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

**Regimental Secretary** Colonel M G J Carter

**Finance Secretary** Mrs B Hoblyn

**Bankers** Lloyds Bank PLC  
39 Piccadilly  
London W1V 0AA

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

**Auditors** Saffery Champness LLP  
71 Queen Victoria Street  
London EC4V 4BE

**Investment Managers** Brewin Dolphin  
12 Smithfield Street  
London EC1A 9BD

**Address** Royal Artillery Barracks  
Larkhill  
Salisbury  
Wiltshire SP4 8QT

**Registered Charity No** 1122002

**Company No**

6446232

# THE ROYAL ARTILLERY INSTITUTION LTD

## TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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### Introduction

The Board of Trustees of The Royal Artillery Institution Ltd<sup>1</sup> (RAI) present their report and accounts for the year ended 31 December 2020 as required under the Companies Act 2006. The accounts comply with the Companies Act 2006, the charity's governing document and the relevant Statement of Recommended Practice (the Charities SORP (FRS 102)). The RAI is a charitable company, limited by guarantee and not having share capital. It is governed by Articles of Association. The Trustees' Report incorporates the directors' report for Companies Act purposes.

### Objects

The object of the charity, as described in its Articles of Association, is the promotion of the efficiency of the Royal Regiment of Artillery and the Officers, Warrant Officers and Other Ranks thereof. The charity meets that requirement by making grants to regiments, individuals and other regimental organisations in support of regimental affairs. Regimental affairs are those matters which are essential to the domestic life of the Regiment as a whole and which are controlled by the Regiment itself, subject to the requirements of prevailing legislation. The following activities are included: regimental property; regimental ceremonies, events and entertainment; educational, historical and heritage affairs; support to units and individuals, regimental sports and adventurous training, publications; supplementary support for Royal Artillery bands; policy for regimental matters such as dress, messes, heritage and ceremonial, all of which are supported by grants from the charity. Regimental welfare and the fostering of comradeship among all Gunners, serving and retired, are the responsibility of the Royal Artillery Charitable Fund (RACF) and Royal Artillery Association (RAA).

### Organisation

The duties of the RAI Board of Trustees are laid down in the Articles of Association. The Board members provide a skills-based set of abilities and experience with some representing the serving officers and soldiers. The RAI works closely with a number of other charities, in particular the Royal Artillery General Charitable Trust (RAGCT), RACF and RAA, whose objects also support and promote efficiency within the Royal Artillery. The Board of Trustees meets twice a year as part of the Royal Artillery Board of Management alongside the trustees of the RACF / RAA. The RACF is the sole corporate trustee of the RAA. Subordinate to the Board of Trustees are the Investment Committee and a Finance and General Purposes Committee. These committees comprise trustees from both RAI and RACF, who have been co-opted for their skills and knowledge so as to ensure that high quality advice may be provided to the RAI Board. The reports of these committees form part of the agenda of the meetings of the RAI Board of Trustees. The trustees form the membership of the RAI. The Master Gunner's Committee sets the strategic framework for the Regiment and acts as an advisory board to the RAI Board of Trustees as required. The Chairman of the RAI is a member of the Master Gunner's Committee and updates the committee biannually on business undertaken by the Royal Artillery Board of Management. The RAI works closely with other Royal Artillery charities and organisations that support and promote the Royal Artillery's heritage and traditions, most notably the Royal Artillery Historical Trust, the Royal Artillery Historical Society and the Royal Artillery Museum.

### Governance

In addition to the Articles of Association, the Investment and Finance & General-Purpose committees have their own directives, which are reviewed and agreed regularly by the trustees. Powers delegated to the Secretariat are contained in the directives. Secretariat policies, which are agreed by the trustees, are in place in order to ensure smooth and effective running of the charity. The charity's risk register is reviewed annually by the trustees. Identified risks are managed as laid down in the Risk Management Plan. For specific items, detailed briefs are sent to the trustees so they can consider issues in depth before meetings. Trustees also receive regular reports on the value and movement of the charity's investment portfolio. The Chairman of the trustees and the Regimental Secretary meet regularly (usually weekly) to discuss issues.

1. While the Charity Commission and Companies House websites show the name of the company / charity as 'Royal Artillery Institution Ltd', its correct title in accordance with its Articles of Association is 'The Royal Artillery Institution Ltd'.

**Charity Commission Governance Code**

The RAI as one of the Royal Artillery charities, comes under the umbrella of the Confederation of Service Charities (Cobseo). Cobseo, in consultation with the Charity Commission, have produced a Service Charity toolkit based on the 2017 Charity Commission Governance guide. The trustees carried out a self-assessment process using the toolkit during 2019. This enabled the Board to identify a number of enhancements which can be considered to improve governance. This included a resolution to limit the tenure of trustees. It is planned to repeat self-assessment process in 2022.

**Selection of Members of the RAI Board of Management**

The Articles of Association state the process for the appointment of trustees. New trustees are appointed by Resolution of the existing trustees. Trustees are normally serving and retired members of the Royal Artillery.

The Master Gunner St James's Park is the Head of the Regimental Family, but he is not a trustee. The Master Gunner proposes the Chairman, who will normally have been a Colonel Commandant. The appointment of the Chairman is then approved by resolution of the existing trustees. Trustees are selected for their skills and experience and their ability to understand and anticipate the needs of the serving and retired regiment. The trustees will normally include the Commandant, Royal School of Artillery, Commander 7 AD Group and Deputy Commanders from 1 Arty Bde and 1 ISR Bde, who between them represent a large proportion of serving Gunner soldiers and officers.

**Key Management Personnel**

The Regimental Secretary is the Chief Executive of the RAI and is responsible for: the day-to-day management of the charity's business; implementing policies agreed by the trustees and; the management of the charity's staff. The Finance Secretary is responsible to the Regimental Secretary for the accounting of funds and all financial records. The Assistant Regimental Secretary leads on day to day activities and acts as staff officer to the Master Gunner.

**Review of Financial Activities**

The charity's funds continue to be employed to promote efficiency within the Royal Artillery. The detailed results for the year under review are shown in the Statement of Financial Activities at page 14. In 2020 the charity had an excess of Income over expenditure before gains on investments of £669,736 (2019: expenditure over income £442,353). After investment gains of £226,286 (2019: gains of £1,326,903) there was a net increase in funds of £896,022 (2019: £884,550).

Total income decreased by £3,267 in the last financial year to £883,806 mainly due to a decrease in the grant received from RACF for Gunner. This was not required due a decrease in publications and hence expenditure. There was a reduction in income for regimental events. The reversal of COIF Officers Mess fund creditor (£19,622), increased the income as the funds were brought back into RAI, as agreed at RA BoM in November 2020. In addition investment income from the portfolio achieved in excess of the budgeted £260,000 (the excess being retained in the portfolio) but the total (£295,600) was £12,932 less than 2019. There were no legacies received in 2020 but 218 donations totalling £7,418 (2019: 234 - £5,202). The majority of donations arise from historic standing orders for Gunner Magazine, where recipients have requested to no longer receive the publication but have chosen not to cancel their standing orders. Income collected through the Service Pay Giving Scheme from serving members of the Regiment has increased by £7,258.

General charitable expenditure decreased by £78,751 to £590,616 (2019: £669,367). This was mainly due to a reduction in activities funded by the charity due to COVID19 restrictions. However, this does not include the cancellation of proposed 2019 £500K grant award to the Royal Artillery Museum. When this is taken into account, overall expenditure decreased by £1,082,928 to £127,145.

**Review of Financial Activities continued**

There are four main income streams. They are:

- Investment income
- Service Pay Giving Scheme (SPGS), where all serving personnel are encouraged to give part of their pay to the charity
- Grants
- Donations

The majority of funding comes from investment income and the SPGS. Despite a significant drop in the value of investments due to reaction to COVID19 in the Spring, our portfolio recovered well and, at year end was 2.2% above its 31 December 2019 value. The RAI requested a drawdown of £260,000 which was the budget for 2020. The balance of income from investments (£35,600) was reinvested within the portfolio. Income from the SPGS was unaffected by COVID19.

The trustees approve the forecast of income and expenditure annually and monitor it regularly through the Finance & General Purpose Committee and at Board meetings.

Bids for major grants are called for annually and are scrutinised as part of the budgetary process. Grants made by the Chairman of the Board and Regimental Secretary under their delegated financial powers are subsequently reported to the trustees.

**Charitable Activities**

The RAI's object is the promotion of efficiency within the Royal Regiment of Artillery. This follows the Charity Commission's guidance on legitimate charitable purposes, one of which is *"The promotion of the efficiency of the armed forces of the Crown"*.

The Charity Commission states: *"The armed forces exist for public defence and security. It is charitable to promote the efficiency of the armed forces of the Crown as a means of defending the country. That includes ensuring that those forces are properly trained and equipped during times of conflict. It also includes providing facilities and benefits for the armed forces"*.

The charity's principal activity during the year was the provision of grants to promote efficiency. During the year the RAI made the following major grants in support of regimental events and activities judged by the trustees as conducive to the promotion of efficiency within the Royal Artillery:

- Royal Artillery sports teams - £127,477 (Including £65,000 from RACF)
- Gunner magazine & RA Journal - £40,597
- Regimental grants - £65,190
- Regimental heritage - £38,250
- Recruiting - £19,561
- Regimental History publication - £10,000

Details of additional grants can be found on page 21.

The RAI holds and maintains a collection of chattels comprising pictures, silver and furniture which have been acquired by bequest, by purchase through subscription of the officers of the Regiment and through property being held by the charity following the disbandment of regiments and the placing in suspended animation of individual Batteries (a process that has been on-going since the end of the 2<sup>nd</sup> World War). The charity loans items to regiments, headquarters and some individual officers in representational roles and these are accounted for annually. There are

**Charitable Activities continued**

also a number of items on loan to regiments from the Royal Artillery Museum which are also monitored by the charity in order to ensure suitable insurance is in place.

**Public Benefit**

Accounting for the Collection is the principal responsibility of the Assistant Regimental Secretary who continues to review the holdings and maintain the database as additional items are received or loaned out. Much of the Collection (which totals more than 13,000 artefacts) is held in the Royal Artillery Mess at Larkhill where it imbues a sense of historical continuity, ethos and tradition to members of the regiment, past and present. Other items are loaned to other Royal Artillery messes, other military messes, museums and other public bodies, in all totalling some 120 different locations.

In addition to the above, the RAI continues to provide staff to support the Master Gunner, the Master Gunner's Committee and the Royal Artillery Board of Management in their representative and stewardship roles within the Royal Regiment.

The Objects of the RAI are to promote efficiency and welfare within the serving Regiment and to assist those in need who are serving or who have served their country through service in the Royal Regiment of Artillery, and their dependants. Inextricably linked with this Object is the aim of contributing to the public good by service to Her Majesty, the Country and all its citizens. The RAI contributes considerable public benefit to the local and national community by relieving need among members of the regimental family. This in turn maximises the likelihood of the charity's beneficiaries maintaining their place as valuable, self-sufficient members of the community who are able to make a positive contribution to society. The charity works in tandem with the SSAFA, ABF (the Soldiers Charity) and the Royal British Legion (RBL). The trustees have taken due regard of the Charity Commission's guidance on Public Benefit.

**Future Plans**

The charity has a sound financial base for future operations. The trustees will continue to support the evolving needs of the Royal Artillery and in particular the outcome of the Master Gunner St James's Park's Strategic Review which has six workstreams. The trustees will continue to respond to changes brought about under the workstreams, which are: Governance; People & Ethos; Operational Purpose & Distinctive Competencies; Heritage and; Charities & Veterans. In particular they will seek to further the concept of "One Regiment".

In 2019 the trustees agreed to earmark £1.5M of capital funds for future transfer to the Royal Artillery Museum (RAM). Of this £500K was to have been in the form of a grant and £1.0M in the form of a loan. Although the offer of this sum has now been withdrawn following the retraction of the offer of a suitable site for the museum, the trustees are likely to consider making a similar level of funding available in the future once the conditions upon which the original offer was made are met. There is currently no timeframe for this.

**Reserves Policy**

The trustees' policy is to maintain a sufficient level of reserves to: provide a stable base and income generation for the charity's continuing activities; generate sufficient funds to cover routine management and administrative costs and; enable the charity to respond to any emergency applications for grants which may arise from time to time. In 2020 the investment portfolio generated £295,600 for the charity, of which RAI received £260,000 as in year income. The balance of £35,600 was reinvested into the portfolio. The £260,000 was 30% of total income received.

Without this level of income the charity's activities would be significantly curtailed. The trustees review the reserves policy on a regular basis to ensure that excessive funds are not accumulated. The reserve level is £10,057,473 of Unrestricted funds and £1,085,929 of Restricted funds (£960,510 – Baxter Fund; £16,980 – Regimental Church; £10,500

**Reserve Policy continued.**

- RA Church Refurbishment; £97,939 - Royal Horse Artillery Association of which a large proportion is represented by investments.)

Trustees believe that investments should be maintained at the current levels, in order to generate income and provide for current needs whilst ensuring the charity remains well placed to meet future requirements. The trustees recognise that they have no long term mandated liability for any particular level of financial grants or activity. They therefore have the ability to reduce expenditure to match income in the event of income reducing.

**Investment policy**

The trustees' Investment Committee meets twice a year to consider the performance of the RAI's investments which are managed on a discretionary basis by Brewin Dolphin. The investment objective is to create sufficient income and capital growth to enable the charities to carry out their charitable objectives. The charity is expected to exist in perpetuity and investments are managed to meet the investment objective and ensure this sustainability.

The charity's funds are invested on an aliquot proportion in the same funds as the other Gunner welfare / efficiency charities. This is in order to achieve economies of scale in relation to investment costs. The trustees have given the fund managers discretion to manage the portfolio within an agreed risk profile and against agreed benchmarks. This is contained in a written directive.

At the bi-annual meeting with the investment managers the Investment Committee considers the state of the financial markets and measures the fund managers' on-going performance against specific agreed benchmarks, namely 30% FTSE All Share Index, 30% MSCI World ex UK Index, 10% MSCI Emerging Markets Index, 7.5% FTSE All Stocks Gilt Index, 5% iBoxx Sterling Non-Gilts Index, 10% IPD UK All Balanced Funds Index, 5% Alternative (IA Sector Targeted Absolute Return) and 2.5% Cash (7 Day Sterling LIBOR). Having compared performances over the last 1, 3 and 5 years, the Investment Committee are of the view that the investments have done reasonably well in relation to the market and relevant benchmarks, and that there is currently no case to prompt a change of investment policy.

**Environmental Governance and Social Considerations**

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

**Fundraising**

The trustees are very clear that all fundraising must be legal, open, honest and respectful. The charity does not actively engage in regular and organised fundraising, although it does receive donations and legacies. It receives the bulk of its income through investments and the Royal Artillery's 'service giving scheme'. The facility exists for individuals or organisations to make voluntary donations online. The charity does not work with any commercial partner or professional fundraisers except in order to operate an online donation facility such 'Charity Checkout'. When donations are received they are mainly as a result of advertisements on the Gunner website and publications, and from open, group briefings to members of the serving Regiment. In addition, regiments and other Gunner organisations are encouraged to engage in sponsored activities to raise funds. The charity does not solicit funds through direct approaches to individuals via mailshots or online unless consent has been obtained.

No complaints were received in 2020.

### Trustee Training

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

### Risk Management

The trustees maintain a continuous oversight of the principal areas of the charity's operations and the major risks, which may arise in these areas. In the opinion of the trustees the charity has established resources and review systems which, under normal conditions, should allow the risks identified to be mitigated to an acceptable level. A risk management plan is produced and approved by trustees each year and managed actively by the trustees, the Regimental Secretary and his staff. The main risks are:

- Insufficient income to meet the need: This is managed by careful budgeting, the investment and reserves policy and by controlling the level of support provided to beneficiaries.
- Fraud: This is guarded against by having policies in place to ensure regular checks are made and that all transactions are properly authorised by two signatories.
- Conflict of interest amongst trustees. A register of trustee interests is kept and updated annually. At the start of committee and Board of Management meetings, trustees are reminded to declare any conflict arising from the agenda so that appropriate action can be taken.
- Reputational damage arising from activities. This is mitigated by oversight of activities by the trustees and senior management.

### COVID19 Impact Assessment

The economic impact of the current COVID19 situation inevitably had an adverse effect on our financial position, particularly our investments, during the year. As at 6 April 2020 our investment portfolio had lost some £2,349,497 (22.34%) reducing in value to £8,167,076 from £10,516,573. The Investment Committee reviewed the situation and took the view that our funds were invested for the long term and that we should not make changes to our investment policy or asset weighting. It was anticipated that capital value and investment income would be adversely affected. As at 31 December 2020 capital investment values had regained £1,484,605 to £11,029,929 which is 2.2% above the 31 December 2019 figure. Despite capital losses in Q2, the total income from investments was £260,000, which was the RAI budget. Our fund managers assess that we expect to see: muted economic growth (especially during the first half of the year); inflation to remain at reasonably depressed levels (albeit slowly rising) and; returns from main asset classes to be lower than we have seen historically, although without the degree of turbulence that we saw in 2020. Importantly, we believe that it is highly unlikely that markets will suffer such an exaggerated fall as that which was seen in March 2020. The outlook for income is still very uncertain and is very much dependent on the speed at which corporate profits can recover. For 2021 we expect some improvement and it would not be unreasonable to expect a c.5% pickup.

Our second main source of income is through the Service Giving Scheme. This has been unaffected by the COVID19 position. Trustees recognise however that some individuals may withdraw from the scheme in the event of a drop in household income later this year if and when furlough schemes are due to finish. We anticipate a reduction in donations raised through sponsored activities but that standing orders and direct debits will be relatively unaffected. We have not taken a view on the possible effect on legacies. We do not believe any loss of income will materially affect the ability to deliver our charitable outputs, largely because many of the events and activities funded by the charity have been or are likely to be cancelled or postponed while restrictions remain in place.

# THE ROYAL ARTILLERY INSTITUTION LTD

## TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

### COVID19 Impact Assessment continued

One of the benefits of holding reasonably large and diversified investments is that we are well placed to weather any future economic downturn, however once again, in order to mitigate the expected in-year loss of income we conducted a review of planned expenditure and were able to identify compensating measures to potentially offset this loss if required. The majority of possible savings were deemed to be either inevitable (due to cancellation of activity) or acceptable (ie minimal impact on efficiency within the serving regiment).

The trustees are confident that the charity remains a going concern for the foreseeable future and at least for the next 12 months.

### Remuneration Policy

No trustee is paid as an employee or for services as a trustee, though travel and subsistence costs incurred as a trustee are reimbursed. One trustee was engaged through his Company, under contract to supply consultancy services to the charity. This was in line with Clause 6.3 of the Scheme. The trustees review staff salaries annually and take into account the MoD pay awards for similar grades, when recommending any pay increases.

### Employees

The RAI aims to be an organisation for which employees enjoy working and where they feel supported, valued, empowered and developed. Employees are kept fully informed about the aims and objectives of the charity and how it is achieving them. Employees are encouraged to contribute suggestions to help improve working processes and to achieve best practice. The charity is an equal opportunities employer and is committed to training and developing its staff.

### Trustees' Liability

The liability of RAI trustees for debts of The Royal Artillery Institution Ltd is limited to an amount not exceeding one pound.

### Statement of Trustees' Responsibilities

The trustees (who are also directors of the RAI for the purposes of Company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable charity and company law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice (UK GAAP)).

The Company and Charity law applicable in England & Wales and UK GAAP requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company. This includes details of income and expenditure and the application of resources for the period. In preparing these financial statements, the trustee are required to:

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

**Statement of Trustees' Responsibilities continued**

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

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with: the Companies Act 2006; the charity's governing document; the Charities Acts 2011 and; the SORP applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)).

**Statement as to Disclosure of Information to Auditors**

In so far as the trustees are aware:

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

This report has been prepared under the special provisions of Part 15 of the Companies Act 2006.

On behalf of the trustees

 June 2021



Major General DM Cullen CB OBE  
Chairman RAI Board of Trustees

# THE ROYAL ARTILLERY INSTITUTION LTD

## INDEPENDENT AUDITORS REPORT TO THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2020

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### Opinion

We have audited the financial statements of Royal Artillery Institution for the year ended 31 December 2020 which comprise the statement of financial activities, balance sheet, cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the charitable company's state of affairs as at 31 December 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company'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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Annual Report which includes the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report which includes the Directors' Report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and to take advantage of the small companies exemption in preparing the Trustees' Annual Report and the Strategic Report.

### **Responsibilities of trustees**

As explained more fully in the Trustees' Responsibilities Statement set out on pages 8-9, the trustees (who are also directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company'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 charitable company or to cease operations, or have no realistic alternative to do so.

### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditors under the Companies Act 2006 and report in accordance with regulations made under that Act.

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

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

**Identifying and assessing risks related to irregularities:**

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

Laws and regulations of direct significance in the context of the charitable company include The Companies Act 2006, and guidance issued by the Charity Commission for England and Wales.

**Audit response to risks identified:**

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

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

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

INDEPENDENT AUDITORS REPORT TO THE TRUSTEES  
FOR THE YEAR ENDED 31 DECEMBER 2020

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*Liz Hazell*

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Liz Hazell (Senior Statutory Auditor)  
For and on behalf of Saffery Champness LLP

Chartered Accountants  
Statutory Auditors  
71 Queen Victoria Street  
London  
EC4A 3BE

Date: *22 June 2021*

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

# THE ROYAL ARTILLERY INSTITUTION LTD

## STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income and Expenditure Account) FOR THE YEAR ENDED 31 DECEMBER 2020

<u>Income and Expenditure</u>	Notes	Unrestricted The RAI Funds £	Unrestricted Gunner Funds £	Restricted The RAI Funds £	2020 Combined Total £	2019 Combined Total £
Income						
Donations and legacies inc SPGS	2	394,597	39,745	-	434,342	445,424
Investment income		273,583	1,212	20,805	295,600	308,532
Charitable Activities	3	97,636	54,844	-	152,480	131,081
Other Income	4	1,384	-	-	1,384	2,036
<b>Total income before Expenditure</b>		<b>767,200</b>	<b>95,801</b>	<b>20,805</b>	<b>883,806</b>	<b>887,073</b>
<u>Expenditure on:</u>						
Raising funds		46,328	40,597	-	86,925	119,353
<b>Net funds available for charitable activities</b>		<b>720,872</b>	<b>55,204</b>	<b>20,805</b>	<b>796,881</b>	<b>767,720</b>
Charitable Activities inc Grants paid and payable	5	48,054	42,562	17,555	108,171	1,169,367
Baxter Fund Grants		-	-	18,974	18,974	40,706
<b>Total expenditure</b>		<b>48,054</b>	<b>42,562</b>	<b>36,529</b>	<b>127,145</b>	<b>1,210,073</b>
<b>Net (expenditure)/Income for the year before gains on Investments</b>		<b>672,818</b>	<b>12,642</b>	<b>(15,724)</b>	<b>669,736</b>	<b>(442,353)</b>
Net gains/(loss) on investment assets		200,439	1,301	24,546	226,286	1,326,903
Transfer between Funds		-	-	-	-	-
<b>Net movement in funds</b>		<b>873,257</b>	<b>13,943</b>	<b>8,822</b>	<b>896,022</b>	<b>884,550</b>
Total funds brought forward		9,105,865	66,866	1,077,107	10,249,838	9,365,288
<b>Total funds carried forward</b>		<b>9,979,122</b>	<b>80,809</b>	<b>1,085,929</b>	<b>11,145,860</b>	<b>10,249,838</b>

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

**THE ROYAL ARTILLERY INSTITUTION LTD**

**BALANCE SHEET  
AT 31 DECEMBER 2020**

	Notes	Unrestricted 2020		2019	
		The RAI Funds £	Gunner Funds £	Combined Total £	Combined Total £
<b>Fixed assets</b>					
Investments	6	10,693,205	61,830	10,755,035	10,516,573
		10,693,205	61,830	10,755,035	10,516,573
<b>Current assets</b>					
Stocks	7	15,957	-	15,957	16,939
Debtors	8	29,385	1,212	30,597	42,088
Cash at Bank and in hand	9	478,098	17,767	495,865	334,857
		523,440	18,979	542,419	393,884
<b>Current liabilities</b>					
Creditors: Amounts falling due within one year	10	(151,594)	-	(151,594)	(660,619)
<b>Net current assets / (liabilities)</b>		371,846	18,979	390,825	(266,735)
<b>Total assets less current liabilities</b>		<b>11,065,051</b>	<b>80,809</b>	<b>11,145,860</b>	<b>10,249,838</b>
<b>Funds</b>					
Unrestricted Funds		9,979,122	80,809	10,059,931	9,172,731
Restricted Funds	11	1,085,929	-	1,085,929	1,077,107
		11,065,051	80,809	11,145,860	10,249,838

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

Approved by the trustees on

1<sup>st</sup> June 2021



Major General DM Cullen CB OBE  
Chairman

The RAI Board of Trustees      Company number: 6446232

# THE ROYAL ARTILLERY INSTITUTION LTD

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
<b>Net cash used in operating activities</b>	<b>1</b>	(117,392)	(896,373)
<b><u>Cash flows from investing activities</u></b>			
Dividends, interest and rents from investments		295,600	308,532
Purchase of investments		(1,143,114)	(1,504,633)
Proceeds from sale of investments		1,126,261	1,759,424
<b>Net cash used in investing activities</b>		<u>278,747</u>	<u>563,323</u>
Net (decrease)/ increase in cash & cash equivalents		161,355	(333,050)
Cash & cash equivalents at the beginning of the year		485,834	818,884
<b>Cash and cash equivalents at end of the year</b>	<b>2</b>	<u><u>647,189</u></u>	<u><u>485,834</u></u>

### Notes to the cash flow statement

1.	<b>Reconciliation of net movement in funds to net cash flow from operating activities</b>		2020 £	2019 £
	Net movement in funds		896,022	884,550
	(Gain)/loss on investments		(226,286)	(1,326,903)
	Investment income		(295,600)	(308,532)
	Increase in investments due to changes in aliquot		5,096	14,244
	(Increase)/decrease in stock		982	(5,491)
	(Increase)/Decrease in debtors		11,491	30,525
	(Decrease)/increase in creditors		(509,097)	(184,766)
	<b>Net cash used in operating activities</b>		<u><u>(117,392)</u></u>	<u><u>(896,373)</u></u>
2.	<b>Analysis of cash and cash equivalents and net debt</b>	At 1 Jan 2020 £	Cash flow £	At 31 Dec 2020 £
	COIF Charities Deposit	19,571	51	19,622
	Cash on short term deposit	315,242	161,001	476,243
	Cash current account	44	(44)	-
	Cash balance before investments	<u>334,857</u>	<u>161,008</u>	<u>495,865</u>
	Cash held in Investments	<u>150,977</u>	<u>347</u>	<u>151,324</u>
	<b>Net cash provided by operating activities</b>	<u><u>485,834</u></u>	<u><u>161,355</u></u>	<u><u>647,189</u></u>

### **1 Accounting policies**

The Royal Artillery Institution is a company limited by guarantee incorporated in England and Wales. The registered office is Artillery House, Royal Artillery Barracks, Larkhill, Salisbury, SP4 8QT.

#### **1.1 Basis of accounting**

The financial statements have been prepared under the historic cost convention, with the exception of listed investments which are included at their market value. The accounts (financial statements) have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP(FRS102)), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Companies Act 2006 and UK Generally Accepted Accounting Practice.

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

#### **1.2 Going Concern**

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

#### **1.3 Investment income**

Investment income is credited to the statement of financial activities when its receipt is probable and the amount receivable can be measured reliably. It is allocated to both restricted and unrestricted funds on the basis of an aliquot proportion across the whole portfolio.

#### **1.4 Subscriptions, donations and legacies**

Subscriptions and donations are recognised as income when the amounts are receivable.

Legacies are recognised when received or receipt is reasonably certain and the value can be measured with sufficient reliability.

#### **1.5 Expenditure & support costs**

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

Supports costs are those costs which have not been directly allocate to an activity of the charity but nevertheless support these activities.

#### **1.6 Grant expenditure**

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

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

### 1.7 Fund accounting

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

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the charity's work or specific projects being undertaken by the charity.

### 1.8 Fixed asset investments

Fixed assets investments are stated at mid-market value. The unrealised movement in market value from one year to another is recognised in the statement of financial activities.

### 1.9 Stocks

Stocks are valued at the lower of cost and net realisable value.

### 1.10 Pensions

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

### 1.11 Cash & cash equivalents

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

### 1.12 Assets not included within the balance sheet

The collection of chattels comprising of pictures, silver and furniture which have mainly been acquired through bequest, by purchase through subscription of the officers of the regiment and through property reverting to the charity upon disbandment of regiments is not included in the balance sheet as the historic cost of any assets purchased is not known and is considered likely to be immaterial.

The artefacts are largely held at the Royal Artillery Mess at Larkhill with others being held at other military messes, museums and other public bodies. The assets are held as part of the setting of the regiment for future generations.

The insurance value of these assets is £7.5 million.

### 1.13 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.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

1.14 Critical estimate and judgements and key sources of estimation uncertainty

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

There are no critical estimates, judgements or key sources of estimation uncertainty in 2020 or 2019.

2 2020 Donations and legacies inc SPGS

	The RAI	Gunner	Total
	£	2020 £	£
Officers' subscriptions (SPGS)	193,004	-	193,004
Soldiers' subscriptions (SPGS)	146,557	-	146,557
Reserve Regiments	800	-	800
Donations	9,221	774	9,995
Intangible Income – Wages in Kind	45,015	38,971	83,986
	<u>394,597</u>	<u>39,745</u>	<u>434,342</u>

2019 Comparisons

	The RAI	Gunner	Total
	£	2019 £	£
Serving Regiment pay scheme:			
Officers' subscriptions	185,463	-	185,463
Soldiers' subscriptions	146,840	-	146,840
Reserve Regiments	1,200	-	1,200
Donations	4,300	902	5,202
Intangible Income – Wages in Kind	54,173	52,546	106,719
	<u>391,976</u>	<u>53,448</u>	<u>445,424</u>

3 2020 Charitable Activities Income.

	The RAI	Gunner	Total
	£	2020 £	£
RA Publications - Subscription	-	39,244	39,244
RA Publications – Advertising income	-	600	600
Grants (RAI & RACF)	67,000	15,000	82,000
Government Grant – Furlough	11,014	-	11,014
Officers Mess Fund (Writeback)	19,622	-	19,622
	<u>97,636</u>	<u>54,844</u>	<u>152,480</u>

# THE ROYAL ARTILLERY INSTITUTION LTD

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

### Charitable Activities Income continued.

#### 2019 Comparisons

	The RAI	Gunner 2019	Total
	£	£	£
RA Publications - Subscription	-	37,242	37,242
RA Publications – Advertising income	-	3,730	3,730
Grants	65,000	25,000	90,000
Legacies	109	-	109
	<u>65,109</u>	<u>65,972</u>	<u>131,081</u>

#### 4 2020 Other Income

	The RAI	Gunner 2020	Total
	£	£	£
Sale of books	362	-	362
Receipts of Laid Down Wines	47	-	47
Sandown Food	975	-	975
	<u>1,384</u>	<u>-</u>	<u>1,384</u>

#### 2019 Comparisons

	The RAI	Gunner 2019	Total
	£	£	£
Sale of books	198	-	198
Receipts of Laid Down Wines	1,447	-	1,447
Sandown Food	391	-	391
	<u>2,036</u>	<u>-</u>	<u>2,036</u>

# THE ROYAL ARTILLERY INSTITUTION LTD

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

### 5. 2020 Charitable Activities - Grants Paid

	The RAI	Gunner	Total
	2020		
	£	£	£
<b>Annual Allocations:</b>			
The Gunner Magazine	5,000	---	5,000
The Master Gunner's Fund	622	---	622
RA Sports	127,477	---	127,477
RA HQ Mess	6,967	---	6,967
RA Central Sergeants Mess Fund	13,000	---	13,000
Support of Units - Unit Grants	65,190	---	65,190
Support to Units – Senior/Commanding Officers	2,750	---	2,750
Recruiting	19,561	---	19,561
Regimental Expenses	742	---	742
Annual Contingency Reserve	4,894	---	4,894
	<u>246,203</u>	<u>---</u>	<u>246,203</u>
<b>Other Grants:</b>			
Adventurous Training	1,025	---	1,025
Sandown Transport	5,713	---	5,713
Regimental History VIII	10,000	---	10,000
Misc Grants	521	---	521
Royal Artillery Historical Trust	--	---	--
	<u>17,259</u>	<u>---</u>	<u>17,259</u>
Grants in year to RAM	38,250		38,250
Grants payable to RAM (cancelled)	(500,000)	---	(500,000)
<b>Total Grants Paid</b>	<u><b>(198,288)</b></u>	<u><b>---</b></u>	<u><b>(198,288)</b></u>
<b>Support Cost to Charitable Activities:</b>			
Salaries	145,961	-	145,961
Employers Pension Contributions	10,805	-	10,805
Wages in Kind	45,016	38,971	83,987
	<u>201,782</u>	<u>38,971</u>	<u>240,753</u>
Presentation & Awards	(869)	-	(869)
Printing, postage & Stationery	133	3,391	3,524
Computer software/Hardware	2,121	-	2,121
Insurance	3,831	-	3,831
Chattels (maintenance)	16,056	-	16,056
Travelling & Entertainment	232	-	232
Miscellaneous	2,794	200	2,994
Audit Fees	10,170	-	10,170
Under Provision Audit 2019	2,250	-	2,250
Legal and Professional Fees	7,842	-	7,842
	<u>44,560</u>	<u>3,591</u>	<u>48,151</u>
<b>Total Charitable Activities</b>	<u><b>48,054</b></u>	<u><b>42,562</b></u>	<u><b>90,616</b></u>

# THE ROYAL ARTILLERY INSTITUTION LTD

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

### 2019 Comparisons

	The RAI	Gunner	Total
	<b>2019</b>		
	£	£	£
<b>Annual Allocations:</b>			
The Gunner Magazine	5,000	---	5,000
The Master Gunner's Fund	5,537	---	5,537
RA Sports	157,969	---	157,969
RA HQ Mess	6,864	---	6,864
RA Central Sergeants Mess Fund	10,000	---	10,000
Support of Units - Unit Grants	65,553	---	65,553
Support to Units – Senior/Commanding Officers	11,738	---	11,738
Recruiting	19,683	---	19,683
Regimental Expenses	23,179	---	23,179
Annual Contingency Reserve	16,190	---	16,190
	<u>321,713</u>	<u>---</u>	<u>321,713</u>
<b>Other Grants:</b>			
Adventurous Training	2,940	---	2,940
Sandown Transport	9,587	---	9,587
Regimental History VIII	8,200	---	8,200
Misc Grants	24,200	---	24,200
Royal Artillery Historical Trust	9,240	---	9,240
	<u>54,167</u>	<u>---</u>	<u>54,167</u>
Grants in year to RAM			
Grants Payable to RAM	<u>500,000</u>	<u>---</u>	<u>500,000</u>
<b>Total Grants Paid</b>	<b><u>875,880</u></b>	<b><u>---</u></b>	<b><u>875,880</u></b>
<b>Support Cost to Charitable Activities:</b>			
Salaries	130,372	-	130,372
Employers Pension Contributions	14,596	-	14,596
Wages in Kind	54,173	52,546	106,719
	<u>199,141</u>	<u>52,546</u>	<u>251,687</u>
Presentation & Awards	1,395	-	1,395
Printing, postage & Stationery	488	3,861	4,349
Computer software/Hardware	3,385	-	3,385
Insurance	3,194	-	3,194
Chattels	965	-	965
Travelling & Entertainment	-	3,556	3,556
Miscellaneous	3,995	1,456	5,451
Audit Fees	7,950	-	7,950
Under Provision Audit 2018	510	-	510
Legal and Professional Fees	11,045	-	11,045
	<u>32,927</u>	<u>8,873</u>	<u>41,800</u>
<b>Total Charitable Activities</b>	<b><u>1,107,948</u></b>	<b><u>61,419</u></b>	<b><u>1,169,367</u></b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2020

5 Charitable activities - Support Costs continued

The average number of persons employed by the Fund during the year was:

	2020 Number	2019 Number
Office and administration	5	3

There were no employees with emoluments above £60,000. The following payments were made to Key Management Personnel: £14,076 (2019: £13,310).

No trustees received any out of pocket expenses in 2020 (2019: £78). One trustee received £2,728 in respect of consultancy services to the charity (2019: £7,578).

6 2020 Investments

	The RAI £	Gunner 2020 £	Total £
<b>Quoted investments</b>			
Market value at 1 January	10,457,282	59,291	10,516,573
Purchases	1,136,542	6,572	1,143,114
Sales proceeds	(1,119,786)	(6,475)	(1,126,261)
Investment Management Fee	(43,010)	(249)	(43,259)
Net realised/unrealised Losses	224,985	1,301	226,286
Aliquot Changes	(6,235)	1,139	(5,096)
Cash movements	43,427	251	43,678
<b>Market value at 31 December</b>	<b>10,693,205</b>	<b>61,830</b>	<b>10,755,035</b>
<b>Historical value at 31 December</b>	<b>7,238,674</b>	<b>40,033</b>	<b>7,278,707</b>

The following holding exceeded 5% of the total portfolio value at the 31<sup>st</sup> December 2020 and are considered material.

Findlay Park	£ 577,271		
	The RAI £	Gunner 2020 £	Total £
<b>Investment/Cash Breakdown</b>			
Investments	10,542,753	60,976	10,603,729
Income Account	23,747	135	23,882
Dealing & Deposit Account	126,705	719	127,424
<b>Market value at 31 December</b>	<b>10,693,205</b>	<b>61,830</b>	<b>10,755,035</b>

# THE ROYAL ARTILLERY INSTITUTION LTD

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

### Investment Continued – 2019 Comparisons

	The RAI	Gunner 2019	Total
	£	£	£
<b>Quoted investments</b>			
Market value at 1 January	9,766,733	57,190	9,823,923
Purchases	1,496,150	8,483	1,504,633
Sales proceeds	(1,749,503)	(9,921)	(1,759,424)
Investment management fee	(46,202)	(270)	(46,472)
Net realised/unrealised losses	1,319,422	7,481	1,326,903
Aliquot Changes	(13,149)	(1,887)	(15,036)
Cash movements	(316,169)	(1,785)	(317,954)
<b>Market value at 31 December</b>	<b>10,457,282</b>	<b>59,291</b>	<b>10,516,573</b>
<b>Historical value at 31 December</b>	<b>7,238,674</b>	<b>40,033</b>	<b>7,278,707</b>

### 2019 Comparisons

	The RAI	Gunner 2019	Total
	£	£	£
<b>Investment/Cash Breakdown</b>			
Investments	10,307,156	58,440	10,365,596
Income Account	37,073	210	37,283
Dealing & Deposit Account	113,053	641	113,694
<b>Market value at 31 December</b>	<b>10,457,282</b>	<b>59,291</b>	<b>10,516,573</b>

### 7. Stocks

	The RAI	Gunner	Total	RAI & GNR Total 2019
	£	£	£	£
Medals and Swords	9,566	-	9,566	10,470
Books	6,391	-	6,391	6,469
	<u>15,957</u>	<u>-</u>	<u>15,957</u>	<u>16,939</u>

### 8. 2020 Debtors

	The RAI	Gunner 2020	Total
	£	£	£
Accrued Service Giving Income	29,098	-	29,098
Insurance on behalf of third parties	122	-	122
Investment Income	-	1,212	1,212
Gift Aid	165	-	165
	<u>29,385</u>	<u>1,212</u>	<u>30,597</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2020

2019 Debtors Continued

	The RAI	Gunner 2019	Total
	£	£	£
Accrued Service Giving Income	28,623	-	28,623
Insurance on behalf of third parties	122	-	122
Investment Income	-	1,160	1,160
Gift Aid	183	-	183
CSM	12,000	-	12,000
	<u>40,928</u>	<u>1,160</u>	<u>42,088</u>

In the previous year, the related entity debtors and creditors were shown gross, in the current year they have been netted off where appropriate.

9. 2020 Cash at bank and in hand

	The RAI	Gunner 2020	Total
		£	£
COIF Charities Deposit Fund	19,622	-	19,622
Bank current accounts	458,476	17,767	476,243
	<u>478,098</u>	<u>17,767</u>	<u>495,865</u>

2019 Cash at bank and in hand

	The RAI	Gunner 2019	Total
	£	£	£
COIF Charities Deposit Fund	19,571	-	19,571
Bank current accounts	308,827	6,415	315,242
Cash	44	-	44
	<u>328,442</u>	<u>6,415</u>	<u>334,857</u>

10. Creditors

	The RAI	Gunner 2020	Total	RAI & GNR Total 2019
	£	£	£	£
Amounts falling due within one year:				
Gunner Investment Income	1,212	-	1,212	1,160
RAHT Investment Income	7,582	-	7,582	8,209
RHAA Investment Income	-	-	-	3,395
CSM Investment Income	17,151	-	17,151	14,718
Accrual - Audit and accountancy	10,170	-	10,170	7,920
Other Creditors	17,540	-	17,540	10,137
RHA Association	97,939	-	97,939	95,509
Officers Mess Fund	-	-	-	19,571
RAM grants payable	-	-	-	500,000
	<u>151,594</u>	<u>-</u>	<u>151,594</u>	<u>660,619</u>

In the previous year, the related entity debtors and creditors were shown gross, in the current year they have been netted off where appropriate.

# THE ROYAL ARTILLERY INSTITUTION LTD

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

### 10. Creditors Continued

Creditors have decreased significantly due to the cancellation of the £500K grant award to RAM, as reported in the 2019 trustees' report. The offer of this sum has now been withdrawn following the retraction of the offer of a suitable site for the museum, but the trustees are likely to consider making a similar level of funding available in the future once the conditions upon which the original offer was made are met. There is currently no timeframe for this.

### 11. 2020 Restricted Fund

	Balance 1 January 20 £	Incoming Resources £	Outgoing Resources £	Net Gain on Investment £	Transfers £	Balance at 31 December 20 £
Baxter Fund	938,468	18,989	(18,974)	22,027	-	960,510
Royal Horse Artillery Assoc	111,159	1,816	(17,555)	2,519	-	97,939
Regimental Church	16,980	-	-	-	-	16,980
Royal Artillery Church Refurbishment	10,500	-	-	-	-	10,500
<b>Total</b>	<b>1,077,107</b>	<b>20,805</b>	<b>(36,529)</b>	<b>24,546</b>	<b>-</b>	<b>1,085,929</b>

### 2019 Restricted Fund

	Balance 1 January 19 £	Incoming Resources £	Outgoing Resources £	Net Gain on Investment £	Transfers £	Balance at 31 December 19 £
Baxter Fund	841,553	18,974	(40,706)	118,647	-	938,468
Royal Horse Artillery Assoc	95,509	2,459	-	13,191	-	111,159
Regimental Church	16,980	-	-	-	-	16,980
Royal Artillery Church Refurbishment	10,500	-	-	-	-	10,500
<b>Total</b>	<b>964,542</b>	<b>21,433</b>	<b>(40,706)</b>	<b>131,838</b>	<b>-</b>	<b>1,077,107</b>

The Baxter Fund is restricted for the benefit of the King's Troop, Royal Horse Artillery. The Regimental Church Fund is restricted for the benefit of Regimental Church. The RA Church Refurbishment is restricted for the refurbishment of the RA Larkhill Garrison Church.

# THE ROYAL ARTILLERY INSTITUTION LTD

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

### 12. 2020 Analysis of net assets between funds

	2020		Net Total £
	Investments £	Current (liabilities)/ assets £	
<b>Restricted funds:</b>			
Baxter Fund	972,659	(12,149)	960,510
Royal Horse Artillery	96,123	1,816	97,939
Regimental Church Fund	-	16,980	16,980
RA Church Refurb	-	10,500	10,500
	<u>1,068,782</u>	<u>17,147</u>	<u>1,085,929</u>
<b>Unrestricted funds:</b>			
General Fund	<u>9,686,253</u>	<u>373,678</u>	<u>10,059,931</u>
	<u>10,755,035</u>	<u>390,825</u>	<u>11,145,860</u>

### 2019 Analysis of net assets between funds

	2019		Net Total £
	Investments £	Current (liabilities)/ assets £	
<b>Restricted funds:</b>			
Baxter Fund	950,631	(12,163)	938,468
Royal Horse Artillery	108,700	2,459	111,159
Regimental Church Fund	-	16,980	16,980
RA Church Refurb	-	10,500	10,500
	<u>1,059,331</u>	<u>17,776</u>	<u>1,077,107</u>
<b>Unrestricted funds:</b>			
General Fund	<u>9,457,242</u>	<u>(284,511)</u>	<u>9,172,731</u>
	<u>10,516,573</u>	<u>(266,735)</u>	<u>10,249,838</u>

### 14. Related party transactions

Income of £339,561 (2019: £333,503) was received from the Royal Artillery General Charitable Trust (RAGCT) of which both charities have a number of trustees in common. This Income relates to accrued Income from the Service Giving Scheme, which were voluntary contributions from service personnel.

Income of £8,027 (2019: £8,209) was received on behalf of Royal Artillery Historical Trust of which both charities have an number of trustees in common or who have the right to become a trustee of both. This Income relates to Interest earned on Investments.

**Related party transactions continued**

Income of £14,433 (2019: £14,718) was received on behalf of the Central Sergeant Mess (CSM) of which the Royal Artillery Sergeant Major (RASM) is a member of the Royal Artillery Institution (RAI) and the Chair of the Central Sergeant Mess. This Income relates to Interest on Investments.

At the year end, balances due to and from related entities are disclosed in notes 10 and 12.

# THE ROYAL ARTILLERY INSTITUTION LTD

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2020

### 17. Prior Year Comparatives for the Statement of Financial Activities and Balance Sheet

	Unrestricted RAI Funds £	Unrestricted Gunner Funds £	Restricted RAI Funds £	2019 Combined Funds £
<b>Income</b>				
Donations and Legacies inc SPGS	2 391,976	53,448	-	445,424
Investment income	285,939	1,160	21,433	308,532
Charitable Activities	65,109	65,972	-	131,081
Other Income	4 2,036	-	-	2,036
<b>Total income before Expenditure</b>	<b>745,060</b>	<b>120,580</b>	<b>21,433</b>	<b>887,073</b>
<b>Expenditure on:</b>				
Raising funds	47,303	72,050	-	119,353
<b>Net income available for charitable activities</b>	<b>697,757</b>	<b>48,530</b>	<b>21,433</b>	<b>767,720</b>
Charitable Activities in Grants and Grants payable	5 875,880	-	-	1,169,367
Baxter Fund Grants	-	-	40,706	40,706
<b>Total expenditure</b>	<b>1,107,948</b>	<b>61,419</b>	<b>40,706</b>	<b>1,210,073</b>
<b>Net expenditure for the year before gains on</b>	<b>(410,191)</b>	<b>(12,889)</b>	<b>(19,273)</b>	<b>(442,353)</b>
<b>Investments</b>				
Net gains/(loss) on investment assets	1,187,584	7,481	131,838	1,326,903
<b>Net movement in funds</b>	<b>777,393</b>	<b>(5,408)</b>	<b>112,565</b>	<b>884,550</b>
Total funds brought forward	8,328,472	72,274	964,542	9,365,288
<b>Total funds carried forward</b>	<b>9,105,865</b>	<b>66,866</b>	<b>1,077,107</b>	<b>10,249,838</b>