

ROYAL ENGINEER YACHT CLUB OFFSHORE 2017/18 AUDIT REPORT

1. **Headlines.** Key points:

- a. The trading year runs 1 Feb to 31 Jan each year.
- b. Total cash income (including cash carried forward from 16/17) is £54,200.61; an increase of £2,908.44 (5.4%) on the previous year.
- c. Total expenditure is £54,200.61, an increase of £3,002.87. Significantly this includes a £2,481.61 contribution to the hulls fund (down £3.39 on 16/17), and £1,177.20 'profit' returned to Main (no 'profit' was returned last year).
- d. Total charter income was £24,816.06; down £33.94 on the previous year.
- e. Total external grant income was £10,000 from the Army Welfare Grant scheme and is directly attributable to the refurbishment of *Ilex* without which she would have become un-seaworthy.
- f. The Trustees are invited to note the total cost of purchasing the J109 (*Trojan*) and refurbishing *Ilex* closed out at £118,885.90. This is approximately £11,000 under the allocated budget of £130,000 and is indicative of the collective effort of the purchasing committee and Bosun's refurbishment work.
- g. Total (grant) support from Main was £18,642.62; comprising the £8,000 'standard' grant, £66 for *Right Royal* re-certification, and £10,576.62 contribution to *Ilex* refurbishment costs.
- h. Given the levels of expenditure required to maintain the yachts in a seaworthy condition, grant income (from both Main and the Army) are essential to sustain the fleet. Charter income alone, at its current level, cannot sustain Offshore.
- i. The Offshore accounts remain fully nested within the PRI Account of 22 Engr Regt and run in accordance with Service Fund regulations.
- j. The 17/18 Offshore trading accounts will be audited by the Regimental Administration Officer (RAO) 22 Engr Regt in due course.
- k. There are no outstanding liabilities for the 17/18 trading year.

2. **Summary of income and expenditure.** The table below summarises the past three years to date, with Annex A giving details of all transactions (income and expenditure) for 17/18. Please note that all receipts and invoices are retained and archived by 22 Engr Regt for 6 years as required by law.

Ser. (a)	Item (b)	Income (£) 15/16 (c)	Income (£) 16/17 (d)	Income (£) 17/18 (e)	Expenditure (£) 15/16 (f)	Expenditure (£) 16/17 (g)	Expenditure (£) 17/18 (h)
1	Grants	12,849.00	9,956.00	10,000.00	-	-	-
2	REYC(M)	-	11,561.63	18,642.62	-	-	3,658.81
3	ILEX	4,245.00	6,500.00	7,450.00	8,408.82	14,521.17	19,985.92
4	RAGNA	-	-	-	2,999.43	-	-
5	R-ROYAL	7,235.00	6,190.00	6,310.00	7,193.29	2,870.76	4,462.07
6	HEBE	200.00	1,750.00	2,336.06	3,587.08	3,693.45	5,666.55
7	TROJAN	700.00	10,410.00	8,720.00	1,744.82	15,732.93	12,933.64
8	Oilskins	-	-	197.50	-	-	-
9	Other	9,295.57	1,507.48	450.00	8,949.19	14,379.43	7,493.62
10	Cash	1,775.12	3,417.06	94.43	-	-	-
11	Totals	31,370.62	51,292.17	54,200.61	29,728.68	51,197.74	54,200.61

3. Income over expenditure by yacht.

Ser. (a)	Yacht (b)	15/16 (£) (c)	16/17 (£) (d)	17/18 (£) (e)
1	ILEX	-4,163.82	-8,021.17	8,040.70 ¹
2	RAGNA	-2,999.43	-	-
3	RIGHT ROYAL	41.71	3,319.24	4,462.07
4	HEBE	-3,387.08	-1,943.45	-3,330.49
5	TROJAN	-1,044.82	-5,322.93	-4,213.64

4. Expenditure summarised by category, details available on request, and supported by invoice/receipts held on file at 22 Engr Regt:

Ser. (a)	Category (b)	15/16 (£) (c)	16/17 (£) (d)	17/18 (£) (e)
1	Repairs	16,715.93	15,663.14	7,414.47
2	Chandlery		19,151.93	16,923.63
3	Lift/Launch	1,282.50	2,320.00	2,730.00
4	Certification/Coding	7,485.67	1,603.47	873.72
5	Sails	2,194.79	-	-
6	Safety	-	1,826.01	5,295.88
7	Office/Misc	76.98	777.86	1,548.16
8	Bosun PDT	245.00	50.00	80.00
9	Official Dinners	95.57	218.55	346.04
10	Yacht Charters	0.00	518.00	0.00
11	RAGNA Sale Costs	916.74	-	-
12	Loan Repayments	3,153.95	3,941.00	13,854.74
13	Race Entries	715.00	300.50	459.50
14	Refunds	-	700.00	370.00
15	Petty cash	-	474.28	645.66
16	Hull Contribution	-	3,653.00 ²	2,481.61
17	Profit (to REYC(M))	-	-	1,177.20
18	Total	31,370.62	51,197.74	54,200.61

¹ Figures reflect more positively due to the income received from the Army Welfare Grant (£10,000) and REYC(M) (£10,576.62), and an expenditure figure of £13,854.74; all directly attributable to the refurbishment of *Ilex*. If removed to reflect charter income and routine running costs/repairs in line with a normal year the adjusted income over expenditure figure is £1,318.82. This is the first positive figure for *Ilex* in many years.

² Comprises 15/16 amount (£1,168) and 16/17 (£2,485).

5. **Summary of overall income over expenditure.**

Ser. (a)	Trading Year (b)	Income (£) (c)	Expenditure (£) (d)	Surplus/Deficit (£) (e)
1	15/16	31,370.62	29,728.68	1,641.94
2	16/17	51,292.17	51,197.74	94.43
3	17/18	54,200.61	54,200.41	0.00 ³

6. **Property and Inventory Values.** The REYC(M) report covers hull values. Offshore inventory values, following the Board of Officers held on 17 Jan 18, are as follows:

Ser. (a)	Detail (b)	ILEX (c)	R-ROYAL (d)	HEBE (e)	TROJAN (f)	Misc. (g)	Totals (h)
1	Cost on purchase (£)	£7,291.79	£6,481.61	£4,101.42	£5,490.26	£9,724.17	£33,089.25
2	Replacement cost (£)	£8,170.83	£7,250.98	£5,237.39	£8,512.01	£9,814.17	£38,985.38
3	Current (written-down) value (£)	£1,283.17	£1,590.17	£1,093.50	£3,890.94	£7,282.96	£15,140.72

7. **Charter Rates.** Current rates used throughout the 17/18 season are summarised below:

Ser. (a)	Season	1 Apr – 31 Oct	1 Nov – 31 Mar
	Yacht (b)	Daily Rate (£) (c)	Daily Rate (£) (d)
1	ILEX	120	100
2	R-ROYAL	120	100
3	HEBE	50	50
4	TROJAN	130	120
5	Racing (£/Hd)	15	15

³ The income/expenditure figure is zero because the profit of £1,177.20 was transferred back to REYC(M) on 25 Jan 18.

8. **5-Year Forecast of Expenditure.** Figures are summarised from the detailed 5-Year forecast held by the Captain of Boats:

Income		2018	2019	2020	2021	2022
	PS4 ⁴	£7,000	£7,000	£7,000	£7,000	£7,000
	REYC(M)	£8,000	£8,000	£8,000	£8,000	£8,000
	Charters	£18,000	£18,000	£18,000	£18,000	£18,000
	Total	£33,000	£33,000	£33,000	£33,000	£33,000
Capital Expenditure						
	Ilex	£5,667.45	£6,223.01	£12,708.45	£9,474.10	£13,988.80
	R-Royal	£5,749.45	£7765.05	£7,265.00	£3,200.00	£4,407.50
	Hebe	£5,109.90	£4,255.70	£3,650.20	£4,259.90	£1,804.40
	Trojan	£2,350.00	£938.50	£1,241.95	£1,644.25	£1,510.15
Operating Costs						
	Certification	£3,008.00	£3,008.00	£3,008.00	£3,008.00	£3,008.00
	Routine Maintenance	£2,120.00	£2,120.00	£2,120.00	£2,120.00	£2,120.00
	Lift Costs	£1,104.00	£1,104.00	£1,104.00	£1,104.00	£1,104.00
	Tools	£800.00	£2,800.00	£700.00	£1,000.00	£1,000.00
	Cleaning Materials	£200.00	£200.00	£200.00	£250.00	£250.00
	Bosun Expenses	£500.00	£500.00	£500.00	£600.00	£600.00
	Office/Pubs	£550.00	£550.00	£550.00	£650.00	£650.00
Sub-Total		£27,158.80	£29,464.35	£33,047.60	£27,310.25	£30,442.85
Contingency (10%)		£2,715.88	£2,946.44	£3,304.76	£2,731.03	£3,044.29
Total		£29,874.68	£32,410.79	£36,352.36	£30,041.28	£33,487.14

9. **Summary.** A solid trading year dominated by the successful refurbishment of *Ilex* (which attracted significant grant assistance without which it would have been impossible to finance), and the closure of the *Trojan* purchase and *Ilex* refurbishment overall plan which came in some £11,000 under budget. This was also the first year in this Treasurer's tenure that a 'profit' was returned to Main, demonstrating a sound team effort across the REYC(O) Committee in marketing, managing charters, and controlling expenditure.

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REYC(O) Treasurer

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Annex A: Income and Expenditure Summary.

⁴ Requires club commitment and expenditure (25%) to leverage, and is subject to Army HQ fluctuations.