



## Royal Engineer Yacht Club

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CIO Number 1178311

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### **REYC TRUSTEES' OBSERVATIONS ON THE CLUB'S 2018 AUDIT REPORTS**

#### References:

- A. Army Form N1514 REYC Main Account Audit at 30 Sep 18.
- B. REYC Offshore Account Audit at 31 Dec 18.
- C. REYC Chatham Branch Account Audit at 31 Dec 18.

1. The Audit Reports on the Club's three accounts, References A, B and C, have been considered by the REYC Trustees and the following Observations made.
2. The Trustees thank the fund managers for their hard work in maintaining their accounts and producing them for audit in a timely manner.
3. Note that the Main and Offshore Accounts were subject to scrutiny by Service Fund Accountants, and the Chatham Branch Account Audit was conducted by a Chartered Accountant and independently checked by a Chartered Engineer. The Main Account, as the Excepted Charity principal account, ceased trading on 30 Sep 18 prior to seeking authority from MOD APSG for dissolution of the Club as an Excepted Charity; this is awaited. Accountancy services and annual audit arrangements are now provided by RE Corps Funds.
4. With reference to the Trustees' Observations on the Club's 2017/18 Audit Reports:
  - a. Note that Club Reserves remained invested under arrangements made by 3 RSME Regt until 30 Sep 18, and that new investment opportunities will be explored with the Corps Treasurer in 2019.
  - b. The Main Committee has confirmed that all 2018 Direct Debit and Standing Order payments received for Membership Subscriptions and Hulls Fund Donations were reconciled with the Membership Secretary's records and correctly apportioned. Those collected locally through Chatham Branch have likewise been correctly credited. Registered Member subscriptions collected by the Club Bosuns have been recorded and credited appropriately. Associate Member subscriptions are now collected with yacht bookings.
  - c. Note Gift Aid on Hulls Fund Donations for 2017/18 and 2018 including Chatham Branch for previous years has not been received, and shall be processed in 2019.
  - d. Welcome circulation of the Club's yachts strategy paper, support the recommended operating envelope for the purchase of one yacht and the disposal of

two, and concur that the proposal is financially sound. Members should now agree the way forward.

e. Note the Chatham Branch 2016 Review was not completed during 2018 and that this work is ongoing.

f. The Main Committee has clarified that the Medway sailing provided for soldiers under training at the RSME is managed as a training contract between 1 RSME Regt and the Medway Yacht Club (MYC) with the REYC acting as facilitator. The REYC therefore has no responsibility for insurance, risk assessments and safeguarding for this training. The associated MYC membership is a temporary Training Membership for those receiving training and does not entitle REYC Members to any benefits. It is, however, noted that the Main Committee intends to investigate REYC membership in 2019.

g. Welcome the substantial completion of the Club Asset Register thereby providing realistic numbers for Fixed Assets to be included in the Balance Sheet. Note that work required to refine records of Club property held in the RE HQ Mess will be completed before the next AGM. As these are classed as Heritage Assets under Service Fund Accounting Regulations they do not currently feature as tangible fixed assets; Charity Commission requirements shall be investigated for future audits.

h. Welcome completion by the Vice Commodore of a review of Club insurance and the implementation of its recommendations, recognising the increase premium payment as reasonable. Note also that cover for Club property held in the RE HQ Mess is provided through a Mess policy paid from Corps funds.

i. Welcome confirmation that proper documentation of Club yachts is now effected and a Managing Agent structure is in place.

5. Congratulate the Vice Commodore and his team on the timely production of the Club Balance Sheet and Statement of Financial Activity, particularly challenging at a time of Club financial management change. Also, for the development of a well-researched and presented Club 12 Year Financial Plan. All have clear supporting Notes to aid Member understanding. From the Plan, it is apparent that the Club must generate more income if the current level of expenditure is to be sustained. The Main Committee is therefore directed to review in 2019 all rates charged by the Club and to present its recommendations in the budget for 2020. The production of pragmatic Divisional operating budgets and income targets, together with financial delegations to Club Officers is noted. The Club's financial management is in excellent shape.

*DI*  
Brig (Retd) D R ff Innes  
Trustee

*RW*  
Col (Retd) A R M Wilson  
Trustee