

**RE Corps Enterprises Limited**

Registered number: 03070988

## **RE Corps Enterprises Limited**

**Annual report and financial statements**

**for the year ended 31 December 2019**



## RE Corps Enterprises Limited

### Company Information

<b>Directors</b>	Brigadier MTG Bazeley	Resigned (tenure complete) - August 2019
	Brigadier PJ Rowell MBE	Appointed to the Board - August 2019
	Colonel M Quare MBE ADC	
<b>Registered number</b>	03070988	
<b>Registered office</b>	Regimental Headquarters, Royal Engineers Brompton Barracks Chatham Kent ME4 4UG	
<b>Independent auditor</b>	Kreston Reeves LLP Chartered Accountants & Registered Auditors Montague Place Quayside Chatham Maritime Chatham Kent ME4 4QU	
<b>Bankers</b>	Lloyds plc Cox's & King's Branch PO Box 1000 London BX1 1LT	
<b>Solicitors</b>	Furley Page LLP 39 St Margaret's Street Canterbury Kent CT1 2TX	
<b>Investment Managers</b>	BlackRock Investment Managers 12 Throgmorton Avenue London EC2N 2DL	

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## **RE Corps Enterprises Limited**

The Directors present their report and the financial statements for the year ended 31 December 2019. Directors 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.

### **Principal activities**

The principal activity of the Company is the sale of memorabilia relating to the Royal Engineers.

### **Review of the year's business**

The annual sales figure for the year's trading of Brompton shop sales, mail order and website trading was £265,831 (2018: £351,643). The gross profit on these sales was £25,727 (2018 was a profit of £63,449). These two trading outlets generated a net loss of £3,908 against a net gain of £19,260 in 2018.

At year-end, the Company had closing funds of £24,828 with cash at bank and in hand of £13,251.

During 2019, the Corps Enterprises' "Mobile Shop" supported several Royal Engineers Association (REA) evenings, the Armed Forces Day celebrations on Great Lines, Chatham and the rededication of the Corps plot at the National Arboretum Memorial in Alrewas, Staffordshire. This proved a great success and the 'outreach' offer remains permanently available to all Regiments and Associations.

The shop was also open for the Corps Memorial and Veterans' Weekend at Chatham in September and various weekends to coincide with RE Reserve annual camps and training weekends.

These activities are always appreciated and well supported by the serving and retired members of the Corps of Royal Engineers (the Sapper Family).

### **Directors**

The Directors who served during the year were:

Brigadier MTG Bazeley  
Brigadier PJ Rowell MBE  
Colonel M Quare MBE ADC

### **Future Developments**

Pricing and profit margins are continually reviewed.

2019 saw the start of a complete rebuild of the Sapper Shop website ([www.sappershop.com](http://www.sappershop.com)). This work will be finalised in the first quarter of 2020 to enhance the online shopping experience and provide detailed statistical data.

### **Directors' responsibilities statement**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;

## RE Corps Enterprises Limited

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Political and charitable contributions

The company gift aided £0 (2018: £19,260) to the Royal Engineers Central Charitable Trust during the year in respect of the profit achieved on trading.

### Provision of information to auditor

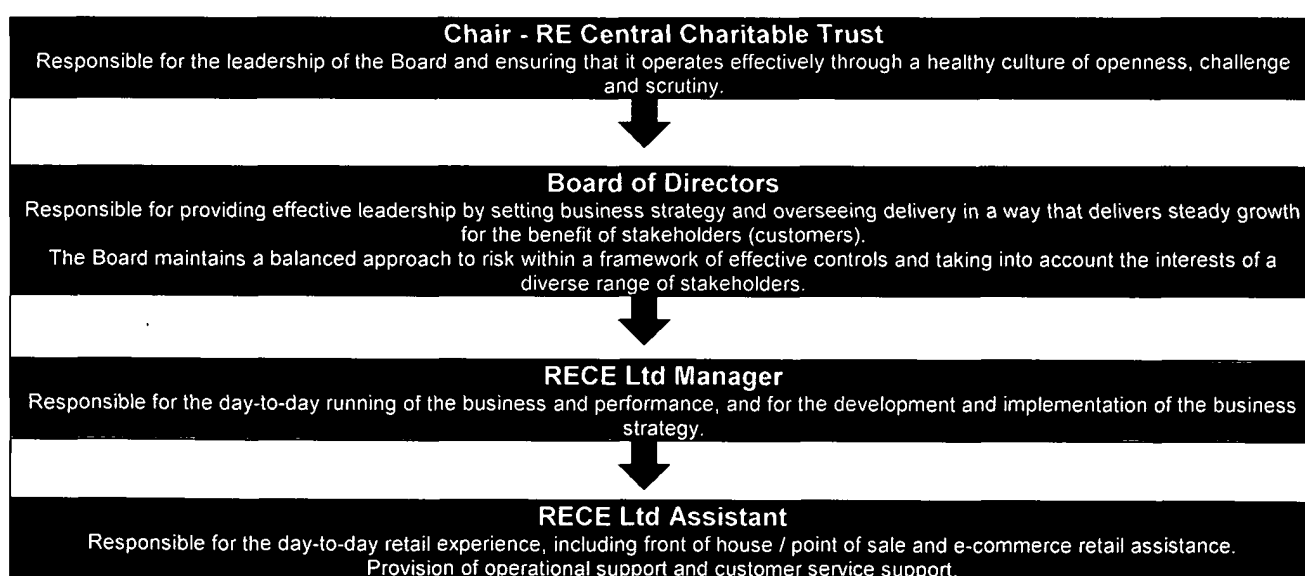
Each director who held office at the date of approval of this directors' report confirms that:

- so far as the director is aware, there is no relevant audit information, information needed by the company's auditor in connection with preparing their report, of which the company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

### Diversity

Our serving female stakeholders (customers) make up approximately 3% of the serving Corps (8.8% are offrs and 1.1% soldiers) and we provide our services (online and in-store) to a large percentage of Foreign & Commonwealth soldiers and veterans. Reporting in line with the UK Equality Act 2010 (Gender Pay Gap Information) Regulations 2017: (although we do not set specific targets for diversity) 100% of RECE Ltd staff are currently female therefore there is no pay difference between male and female staff who carry out the same job, similar jobs or work of equal value. We work to ensure that we are as diverse and inclusive as possible and are committed to ensuring our stakeholders are treated equally and that diversity is valued across the organisation.

### Overview of Governance structure



## **RE Corps Enterprises Limited**

### **Post balance sheet events**

At the time of signing the accounts, the Directors are aware of the potential economic and social effects of the COVID-19 virus outbreak. The full impact of the pandemic on the UK economy is yet to be seen but the business will continue to seek to mitigate this risk by following the UK Government's guidelines and adapting/developing its own internal strategy.

### **Director's Conflicts of Interest**

In accordance with the Company's Articles of Association, the Board has a formal system in place for directors to declare situational conflicts to be considered for authorisation by those directors who have no interest in the matter being considered. In deciding whether to authorise a situational conflict, the non-conflicted director considers the situation in conjunction with their general duties under the Companies Act 2006. Any situational conflicts considered by the Board, and any authorisations given, are recorded in the Board minutes and in the Conflicts of Interest register which is held by the Corps Treasurer.

### **Auditor**

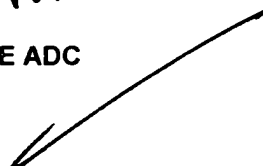
The auditor, Kreston Reeves LLP, has been re-appointed in accordance with section 485 of the Companies Act 2006.

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Board on 18<sup>th</sup> May 2020 and signed on its behalf.



**Colonel M Quare MBE ADC**  
Director



## **RE Corps Enterprises Limited**

We have audited the financial statements of RE Corps Enterprises Limited for the year ended 31 December 2019, set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss 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 Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Director's report has been prepared in accordance with applicable legal requirements.

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

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 directors' remuneration specified by law are not made; or

**RE Corps Enterprises Limited**

- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies' exemption from the requirement to produce a Strategic report.

*Krest Reeves LLP*

Susan Robinson BA FCA FCIE DChA MCMI (Senior Statutory Auditor)

for and on behalf of  
**Kreston Reeves LLP**

Chartered Accountants  
Registered Auditors  
Chatham Maritime

*10 July 2020*



**RE Corps Enterprises Limited****Profit and loss account****For the year ended 31 December 2019**

	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
<b>Turnover</b>	<b>265,831</b>	<b>351,643</b>
Cost of sales	<u><b>(240,105)</b></u>	<u><b>(288,194)</b></u>
<b>Gross profit</b>	<b>25,726</b>	<b>63,449</b>
Administrative expenses	<u><b>(29,634)</b></u>	<u><b>(63,449)</b></u>
<b>Profit/(loss) on ordinary activities before taxation</b>	<b>(3,908)</b>	<b>-</b>
Tax on profit/(loss) on ordinary activities	<u><b>-</b></u>	<u><b>-</b></u>
<b>Profit/(loss) for the financial year</b>	<u><u><b>(3,908)</b></u></u>	<u><u><b>-</b></u></u>

The notes on pages 10 to 15 form part of these financial statements.

Registered number: 03070988  
Balance sheet  
As at 31 December 2019

	Note	£	2019 £	£	2018 £
<b>Fixed assets</b>					
Tangible assets	6		395		559
<b>Current assets</b>					
Stocks		84,328		92,198	
Debtors	7	2,644		5,697	
Cash at bank and in hand		<u>13,251</u>		<u>15,764</u>	
		100,224		113,659	
<b>Creditors: amounts falling due within one year</b>	8	<u>(75,791)</u>		<u>(85,482)</u>	
<b>Net current assets</b>			<u>24,433</u>		<u>28,177</u>
<b>Net assets</b>			<u>24,828</u>		<u>28,736</u>
<b>Capital and reserves</b>					
Called up share capital	9		4		4
Profit and loss account	10		<u>24,824</u>		<u>28,732</u>
<b>Shareholders' funds</b>			<u>24,828</u>		<u>28,736</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18th May 2020.



Colonel M Quare MBE ADC  
Director

The notes on pages 10 to 15 form part of these financial statements.

**RE Corps Enterprises Limited****Statement of changes in equity  
As at 31 December 2019**

	<b>Share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
At 1 January 2019	4	28,732	28,736
Profit/(loss) for the year	-	(3,908)	(3,908)
At 31 December 2019	<u>4</u>	<u>24,824</u>	<u>24,828</u>

**As at 31 December 2018**

	<b>Share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
At 1 January 2018	4	28,732	28,736
Profit/(loss) for the year	-	-	-
At 31 December 2018	<u>4</u>	<u>28,732</u>	<u>28,736</u>

**RE Corps Enterprises Limited**

**Statement of cash flows**  
**For the year ended 31 December 2019**

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
Profit/(loss) for the financial year	(3,908)	-
<b>Adjustments for:</b>		
Depreciation of tangibles	164	165
Purchase of tangible fixed assets	-	(575)
(Increase)/decrease in stocks	7,870	(47,220)
(Increase)/decrease in debtors	3,053	(1,357)
Increase/(decrease) in creditors	(9,691)	53,666
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	<b>(2,513)</b>	<b>4,679</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(2,513)</b>	<b>4,679</b>
Cash and cash equivalents at beginning of year	15,764	11,085
	<hr/>	<hr/>
Cash and cash equivalents at end of year	<u><b>13,251</b></u>	<u><b>15,764</b></u>

**Analysis of changes in net debt**

	At 31 Jan 2019 £	Cashflows £	At 31 Dec 2019 £
<b>Cash and cash equivalents</b>			
Cash	15,764	(2,513)	13,251
	<hr/>	<hr/>	<hr/>
<b>Borrowings</b>			
	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total</b>	<u><b>15,764</b></u>	<u><b>(2,513)</b></u>	<u><b>13,251</b></u>

**Notes to the financial statements  
For the year ended 31 December 2019**

**1 General Administrative Information**

RE Corps Enterprises Limited is a company incorporated in England and Wales with the company registration number 03070988. The address of the registered office is Headquarters Royal Engineers, Ravelin Building, Brompton Barracks, Chatham, Kent, ME4 4UG. The company's principal activities continue to be the sale of memorabilia relating to the Royal Engineers

**2 Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical costs convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 2).

The following principal accounting policies have been applied:

**2.2 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Notes to the financial statements**  
**For the year ended 31 December 2019**

**2 Accounting policies (continued)**

**2.3 Tangible fixed assets**

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost of fixed assets over their estimated useful economic lives on a straight line basis as follows:

Shop fixtures, fittings	-	10% per annum
Computer equipment	-	20% per annum

**2.4 Stocks**

Stocks are included at the lower of cost and net realisable value. Cost represents invoiced purchase price excluding value added tax. Stock comprises goods for resale.

**2.5 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.6 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.7 Financial instruments**

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable.

**Notes to the financial statements**  
**For the year ended 31 December 2019**

**2 Accounting policies (continued)**

**2.8 Liabilities and provisions**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.9 Pensions**

The company makes contributions to individual defined contribution pension schemes on behalf of employees. These are accounted for on an accruals basis, there are no outstanding amounts at the year end.

Pension fund assets are held separately from the company.

**2.10 Taxation**

Tax is recognised in the Profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

**3 Judgements and key sources of estimation uncertainty**

No significant judgements have had to be made by management in preparing these financial statements.

**4 Loss**

The loss is stated after charging:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets	<b>164</b>	165
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	<b>1,900</b>	1,940
Defined contribution pension cost	<b>3,799</b>	3,811

During the year, no Director received any emoluments (2018: £NIL).

**Notes to the financial statements**  
**For the year ended 31 December 2019**

**5 Employees**

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	51,486	53,454
Social security costs	4,838	4,586
Cost of defined contribution scheme	3,799	3,811
	<u>60,123</u>	<u>61,851</u>

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

	2019 No.	2018 No.
Shop	<u>4</u>	<u>4</u>

**6 Tangible fixed assets**

**Shop, fixtures,  
fittings and IT  
equipment  
£**

**Cost**

At 1 January 2019	1,074
Additions	-
Disposals	<u>-</u>
At 31 December 2019	<u>1,074</u>

**Depreciation**

At 1 January 2019	515
Charge for the year	164
On disposals	<u>-</u>
At 31 December 2019	<u>679</u>

**Net book value**

At 31 December 2019	<u>395</u>
At 31 December 2018	<u>559</u>

**7 Debtors**

	2019 £	2018 £
Trade debtors	<u>2,644</u>	<u>5,697</u>



**Notes to the financial statements**  
**For the year ended 31 December 2019**

**8 Creditors:**  
**Amounts falling due within one year**

	2019 £	2018 £
Trade creditors	23,762	8,629
Amounts owed to parent undertaking	-	19,260
Other taxation	4,100	6,670
Other creditors	47,929	50,923
	<u>75,791</u>	<u>85,482</u>

**9 Profit and Loss Account**

	2019 £	2018 £
<b>Authorised</b>		
100 - Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>Allotted, called up and fully paid</b>		
4 - Ordinary shares of £1 each	<u>4</u>	<u>4</u>

**10 Reserves**

	Profit and loss account  £
At 1 January 2019	28,732
Profit/(loss) for the year	(3,908)
At 31 December 2019	<u>24,824</u>

**11 Pension commitments**

The company 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 £3,799 (2018: £3,811).

**12 Ultimate parent undertaking and controlling entity**

RE Corps Enterprises Limited is the trading subsidiary of the Royal Engineers Central Charitable Trust (the "RECCT"). The ultimate control of the company rests with the members of the Chief Royal Engineer's Committee who are the trustees of the RECCT. The largest and smallest group in which the results of the company are consolidated is that of which the RECCT is the parent undertaking. As a result, in accordance with the exemptions given under section 33 of FRS102 "Related Party Disclosures", transactions with RECCT are not disclosed. Financial Statements of RECCT are available on the Charity Commission web site, [www.charity-commission.gov.uk](http://www.charity-commission.gov.uk).

**Detailed trading and profit and loss account  
For the year ended 31 December 2019**

	2019 £	2018 £
<b>RECE - Trading</b>		
Sales	265,831	351,643
Cost of sales	(179,982)	(226,342)
Staff costs	(60,123)	(61,852)
	<hr/>	<hr/>
<b>Gross profit</b>	<b>25,726</b>	<b>63,449</b>
<b>Expenses</b>		
Postage and telephone	(16,657)	(26,450)
Printing and stationery	(1,903)	(5,277)
Insurance	(1,670)	(1,071)
Audit fee	(1,900)	(1,940)
Advertising	(583)	(2,047)
Computer costs	(2,050)	(1,506)
Cardnet charges	(3,490)	(5,000)
Bank charges	(460)	(463)
Miscellaneous	(757)	(270)
Depreciation	(165)	(165)
	<hr/>	<hr/>
	<b>(29,634)</b>	<b>(44,189)</b>
	<hr/>	<hr/>
	<b>(3,908)</b>	<b>19,260</b>
Gift Aid	-	(19,260)
<b>Profit/(loss) on ordinary activities before taxation</b>	<b><u>(3,908)</u></b>	<b><u>-</u></b>