Company Registration No. 178994

ANNUITY FUND

The Royal Engineers Officers' Widows Society Annuity Fund (Unlimited company)

Annual Report and Financial Statements

31 December 2018

The Royal Engineers Officers' Widows Society Annuity Fund
(Unlimited company)

Annual report and financial statements for the year ended 31 December 2018

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The Royal Engineers Officers' Widows Society Annuity Fund (Unlimited company)

Officers and professional advisers

Council of Management

Trustees and Members of the Council	Major General R Wardlaw OBE (Chairman)	
	Brigadier (Retd) D R Innes	
	Brigadier (Retd) A A Wilson OBE	
	Colonel (Retd) J F Crompton MBE	
	Brigadier D W Southall CBE	
	Brigadier J L Clark CBE	
Ex-Officio members	Lt Col C N Holman	Corps Secretary
	Colonel D Gray	Colonel RE Reserve
	Lieutenant Colonel C W Battey	Chief Instructor RE Warfare Wing
	Colonel L N Bell	Col CM Cbt Sp Branch APC
	Capt D Waddington	SO3 Offr Trg RE Warfare Wing
	Mrs R A Chilton	Widows Representative
Secretary	Brigadier (Retd) A A Wilson OBE	
Registered office	Regimental Headquarters Royal Engineers Brompton Barracks Chatham Kent ME4 4UG	
Registered number	0178994 (England and Wales)	
Bankers	Lloyds Bank plc Cox and Kings Branch PO Box 1000 BX1 1LT	
Investment managers	James Hambro & Partners LLP 45 Pall Mall London SW1Y 5JG	
Senior statutory auditor	Leslie Newman FCA	
Independent auditors	Waveney Accountants Limited t/a Newman & Co Chartered Accountants & Registered Auditors 4b Church Street Diss IP22 4DD	

The Royal Engineers Officers' Widows Society Annuity Fund (Unlimited company)

Report of the Council of the Society (continued)

The Council presents its annual report and audited financial statements for the year ended 31 December 2018.

Principal activity

To establish, maintain and administer a fund for the better support and maintenance of the spouses and dependents of Officers of the Corps of Royal Engineers.

Responsibilities of the Council of the Society

The Council is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Council to prepare financial statements for each financial year. Under that law the Council has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of the affairs of the Society as at the end of the financial year, and its income and expenditure for the period. In preparing those financial statements, the Council has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- prepared the financial statements on the going concern basis.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Society, and to enable it to ensure that the financial statements comply with the Companies Act 2006. It is also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Membership

As at 31 December 2018 the total membership stood at 1,051 holding a total of 4,530 units of membership (2017 - 1,083 members with 4,662 units). During the year 6 new members joined the Society (2017 - 7), whilst 34 members resigned/lapsed (2017 - 75) and 4 members died (2017 - 3).

Benefits

During the year 10 widows' annuity payments ceased and 3 new ones began, (2017 - 8 and 4). At the year end there were 85 widows, (2017 - 92 widows), holding 118 units of membership. No half death benefit was paid to widowers NOK (2017 - 1).

Administration

The total administrative expenses of the Society represented 1% of the value of the Annuity Fund as at 31 December 2018 (2017 - 1%).

Assets

The market value of the Annuity Fund decreased by 3.24% during 2018 (2017 - increased 12.26%).

Remuneration

Under the Society's Memorandum and Articles of Association, the members of the Council are not entitled to any remuneration.

The Royal Engineers Officers' Widows Society Annuity Fund (Unlimited company)

Report of the Council of the Society (continued)

Members

The members shown below have held office during the whole of the period from 1 January 2018 to the date of this report:

Major General R Wardlaw OBE (Chairman)
Brigadier (Retd) D R Innes
Brigadier (Retd) A A Wilson OBE
Colonel (Retd) J F Crompton MBE
Brigadier D W Southall CBE

Other changes in members holding office are as follows:

Brigadier J L Clark CBE	(Appointed 17 October 2018)
Brigadier (Retd) C C Galloway	(Resigned 17 October 2018)

Lieutenant Colonel (Retd) N D Mifsud was appointed after the end of the period on 8 May 2019, but prior to the approval date of this report. He took over the office of company secretary from Brigadier (Retd) A A Wilson OBE as of the 23 May 2019.

Members' liability

The company indemnifies all members of the society against potential liabilities incurred as a member in performing their duties for the company and against potential liabilities of the company.

Independent auditors

Each of the persons who is a member of the Council of the Society at the date of approval of this report confirms that:

(1) so far as the member is aware, there is no relevant audit information of which the company's auditors are unaware; and

(2) the member has taken all the steps that he/she ought to have taken as a member in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

A resolution for the reappointment of Newman & Co as auditors of the Society is to be proposed at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of part 15 of the Companies Act 2006 relating to small companies.

Signed on behalf of the Council on 2019.

A A Wilson

Trustee

Independent Auditors' Report to the Members of the Royal Engineers Officers' Widows Society Annuity Fund (Unlimited company)

Opinion

We have audited the financial statements of the Royal Engineers Officers' Widows Society Annuity Fund (the 'company') for the year ended 31 December 2018 which comprise of the income and expenditure account, the statement of total recognised gains and losses, the balance sheet and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018, and of its surplus 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.

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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The members 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.

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

We have nothing to report in this regard.

Independent Auditors' Report to the Members of the Royal Engineers Officers' Widows Society Annuity Fund (Unlimited company)

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 report of the Council of the Society for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the report of the Council of the Society has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the report of the Council of the Society.

We have nothing to report in respect of the following matters in relation to which 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 members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the members were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the members' report and from the requirement to prepare a strategic report.

Responsibilities of members

As explained more fully in the members' responsibilities statement [set out on page 2], the members 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 members 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 members are responsible for assessing the 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 members either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members.
- Conclude on the appropriateness of the members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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.

Leslie Newman FCA (Senior Statutory Auditor)

For and on behalf of Waveney Accountants Limited t/a Newman & Co
Chartered Accountants & Registered Auditors
4b Church Street
Diss
Norfolk
IP22 4DD

Date:.....

The Royal Engineers Officers' Widows Society Annuity Fund
(Unlimited company)

Income Statement
Year ended 31 December 2018

	Note	2018	2017
		£	£
Income			
Subscriptions		98,908	101,412
Investment income	4	88,945	105,734
Sundry income		-	7
Total income		187,853	207,153
Expenditure			
Pensions and death benefits payable to widows and orphans	5	80,070	76,780
Administrative expenses			
Secretarial and administrative services		17,888	17,438
Investment manager/stockbroker fees		56,535	51,833
Auditors' remuneration - audit fees		5,922	5,640
- tax services		1,152	1,110
Actuarial Fees		-	-
Printing, postage, stationery & telephone		732	1,331
Other expenses	7	4,682	2,648
		86,911	80,000
Total expenditure		166,981	156,780
Operating surplus		20,872	50,373
Interest receivable		59	37
Gain on sale of investments		522,975	214,917
Surplus before tax		543,906	265,327
Tax charge on surplus	6	100,165	-
Surplus for the financial year	12	443,741	265,327

All income and expenditure arises from the continuing activities of the Fund.

The Royal Engineers Officers' Widows Society Annuity Fund
(Unlimited company)

Other Comprehensive Income
Year ended 31 December 2018

	Note	2018	2017
		£	£
Surplus for the financial year		443,741	265,327
Unrealised (losses)/gains arising on revaluation of investments to market value	9	(130,640)	615,934
Transfer from revaluation reserve for investments sold in the year	12	(608,592)	(169,192)
Total recognised (losses)/gains since last report		(295,491)	712,069

The Royal Engineers Officers' Widows Society Annuity Fund
(Unlimited company)

Balance sheet
31 December 2018

	Note	2018	2017
		£	£
Fixed assets			
Tangible fixed assets	8	97	88
Investments	9	5,854,384	6,050,215
		5,854,481	6,050,303
Current assets			
Debtors	10	8,343	6,855
Cash at bank		142,717	151,107
		151,060	157,962
Creditors: amounts falling due within one year	11	(26,474)	(28,416)
Net current assets		124,586	129,546
Provision for Deferred Tax		(94,709)	-
Total assets less current liabilities		5,884,358	6,179,849
Reserves			
Income and expenditure account	12	5,303,235	4,764,785
Revaluation reserve	12	581,123	1,415,064
		5,884,358	6,179,849

The financial statements have been prepared in accordance with the special provisions of part 15 of the Companies Act 2006 relating to small companies.

These financial statements were approved by the Council on 2019.

Signed on behalf of the Council

Major General R Wardlaw
Chairman

Company Registration No. 00178994

The Royal Engineers Officers' Widows Society Annuity Fund (Unlimited company)

Notes to the accounts
Year ended 31 December 2018

1. STATUTORY INFORMATION

Royal Engineers Officers' Widows Society Annuity Fund is a private unlimited company without share capital, registered in England and Wales. The company's registered number and registered office address can be found on page 1.

2. ACCOUNTING POLICIES

Accounting convention

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The particular accounting policies adopted by the Council of the Society are described below and have been applied consistently.

The financial statements are prepared under the historical cost convention as modified by the revaluation of fixed asset investments. They summarise the transactions and net assets of the fund and do not take account of liabilities to pay pensions and other benefits in the future. The most recent actuarial valuation of the pension obligations of the fund was performed as at 31 December 2015.

As required by section 396 of the Companies Act 2006, in order to give a true and fair view, certain headings in the accounts have been amended in accordance with schedule 4 of the Companies Act 2006.

Administrative expenses

Certain administrative expenses are incurred by the Royal Engineers Officers' Widows Society Annuity Fund and recharged to the Samaritan Fund on a proportional basis as 10% of the total expense to the society as a whole to reflect the time taken to administer the Fund.

Tangible fixed assets

Depreciation is provided on tangible fixed assets in equal amounts to write them off over their expected useful economic lives as follows:

Office equipment	-	4 years

Investments

Investments held as fixed assets are stated at bid value less any provision for impairment.

Deferred Tax

Deferred tax is provided for on the increase in market value of investments less indexation allowance available on subsequent sale.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was Nil (2017 - Nil).

The Royal Engineers Officers' Widows Society Annuity Fund
(Unlimited company)

Notes to the accounts
Year ended 31 December 2018

4. INVESTMENT INCOME

	2018	2017
	£	£
James Hambro & Partners LLP	88,945	105,734
	88,945	105,734

5. PENSIONS AND DEATH BENEFITS PAYABLE TO WIDOWS AND ORPHANS

	2018	2017
	£	£
Pension	58,070	58,060
Death benefits	22,000	18,720
	80,070	76,780

6. TAXATION

	2018	2017
	£	£
Corporation Tax	5,456	-
Deferred Tax	94,709	-
	100,165	-

7. OTHER EXPENSES

	2018	2017
	£	£
Bank Charges	187	516
Computer Costs	-	179
Depreciation	108	237
Insurance	209	205
Lady Grover Fund	550	-
Repairs & Renewals	808	-
Sundry	62	72
Travel, Subsistence & Accommodation	2,758	1,439
	4,682	2,648

The Royal Engineers Officers' Widows Society Annuity Fund (Unlimited company)

Notes to the accounts
Year ended 31 December 2018

8. TANGIBLE FIXED ASSETS

	Office Equipment
	£
Cost	
At 1 January 2018	12,046
Additions	130
Disposals	(9,610)
	2,566
Depreciation	
At 1 January 2017	11,958
Charge for year	121
Eliminated in disposal	(9,610)
	2,469
Net book value	
At 31 December 2018	97
At 31 December 2017	88

9. INVESTMENTS

	Total
	£
At valuation – Bid value	
At 1 January 2018	5,680,283
Disposals	(2,341,763)
Additions	2,440,901
Unrealised gains/(losses)	(130,640)
Transfer of realised net gain	(608,592)
Profit on sale of investments	522,975
	5,563,164
Cash held by broker	291,220
At 31 December 2018	5,854,384
Net book value	
At 31 December 2018	5,854,384
At 31 December 2017	6,050,215
Historical cost	
At 31 December 2018	5,178,552
At 31 December 2017	4,635,151

All investments are held in the James Hambro & Partners LLP portfolio range.

The Royal Engineers Officers' Widows Society Annuity Fund
(Unlimited company)

Notes to the accounts
Year ended 31 December 2018

10. DEBTORS

	2018	2017
	£	£
Samaritan Fund	7,508	5,004
Tax on interest	-	889
Investment income	835	885
Prepayments	-	77
	8,343	6,855

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Annuities payable	146	146
Other creditors	13,796	13,369
Other taxation and social security	7,132	2,751
Audit fee	5,400	12,150
	26,474	28,416

During the year fees of £19,875 were paid to AA Wilson (2017 - £19,375) in respect of secretarial and administrative services.

12. COMBINED STATEMENT OF MOVEMENTS IN MEMBERS' FUNDS AND STATEMENT OF MOVEMENTS IN RESERVES

	Revaluation reserve	Income and expenditure account	Total 2018	Total 2017
	£	£	£	£
At 1 January 2018	1,415,064	4,764,785	6,179,849	5,467,780
Surplus for the financial year	-	443,741	443,741	265,327
Unrealised gain on investments	(130,640)	-	(130,640)	615,934
Transfer of realised gain	(608,592)	-	(608,592)	(169,192)
Deferred Tax	(94,709)	94,709	-	-
At 31 December 2018	581,123	5,303,235	5,884,358	6,179,849

The Royal Engineers Officers' Widows Society Annuity Fund (Unlimited company)

Notes to the accounts
Year ended 31 December 2018

13. CONTROL

The Council controls the Fund.

14. TAXATION

The revaluation reserve represents the excess of the value of investments above their original costs. Should the company realise this gain, corporation tax with be chargeable at the current rates at that time.

A provision for deferred tax is included to represent the potential capital gains tax due on the increase in market value reflected in the revaluation reserve.

15. RELATED PARTY DISCLOSURE

Royal Engineers Officers' Widows Society Samaritan Fund

The trustees of the Royal Engineers Officers' Widows Society Samaritan Fund are also members of the council of the Annuity Fund.

Administrative expenses totaling £2,504 have been charged to the Samaritan Fund in the year (2017 - £2,317), and unpaid annuities of £Nil are to be paid to Samaritan Fund as donations (2017 - £Nil). The net amount of £7,508 is included in debtors (2017 - £5,004).

Brigadier (Retd) A A Wilson OBE

Brigadier (Retd) A A Wilson OBE, a trustee, has been remunerated for performing the role of Secretary for the company.

During the year secretarial fees of £19,875 were paid to Brigadier (Retd) A A Wilson OBE (2017 - £19,375) in relation to the performance of these duties, of which £Nil (2017 - £Nil) was owing at the year end.

General expenses on behalf of The Fund of £Nil (2017 - £Nil) were also awaiting reimbursement at the balance sheet date to the Secretary.

Therefore a total of £Nil (2017 - £Nil) is included in creditors at the year end.

16. AUDITOR INDEPENDENCE

In common with many organisations of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.