

Company Registration No. 178994

ANNUITY FUND

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

Annual Report and Financial Statements

31 December 2016

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

**Annual report and financial statements for the year-ended 31st December
2016**

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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) C C Galloway
Brigadier (Retd) D R Innes
Brigadier (Retd) A A Wilson OBE
Colonel (Retd) J F Crompton MBE

Ex-Officio members

| | |
|-------------------------------|-------------------------------|
| Lt Col C N Holman | Corps Secretary |
| Colonel D Gray | RE TA Representative |
| Lieutenant Colonel C W Battey | Chief Instructor Command Wing |
| Lieutenant Colonel N D Mifsud | SO1 RE MS Offrs Cbt Sp |
| Captain D Lyons | SO3 Offr Trg |
| 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

Bankers

Lloyds Bank plc
Cox and Kings Branch
PO Box 1190
7 Pall Mall
London SW1Y 5NA

Investment managers

James Hambro & Partners LLP
14 Ryder Court
London
SW1Y 6QB

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

The Council presents its annual report and audited financial statements for the year ended 31 December 2016.

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 2016 the total membership stood at 1,155 holding a total of 5,030 units of membership (2015 – 1,162 members with 4,998 units). During the year 23 new members joined the Society (2015 - 51), whilst 23 members resigned/lapsed (2015 - 1) and 7 members died (2015– 14).

Benefits

During the year 15 widows' annuity payments ceased and 4 new ones began, (2015 – 11 and 7). At the year end there were 96 widows, (2015 – 107 widows), holding 132 units of membership. 3 half death benefits were paid to widowers NOK (2015 – 2).

Administration

The total administrative expenses of the Society represented 1% of the value of the Annuity Fund as at 31 December 2016 (2015 - 1%).

Assets

The market value of the Annuity Fund increased by 10.67% during 2016 (2015 – increased 3.33%).

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' 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 2017

A A Wilson
Secretary

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

We have audited the financial statements of the Royal Engineers Officers' Widows Society Annuity Fund for the year ended 31 December 2016 which comprise the income and expenditure account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 a Report of the Auditors 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 the Council of the Society and auditors

As explained more fully in the Council of the Society's Statement of Responsibilities set out on page two, the Council of the Society 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 (APB's) Ethical Standards for Auditors, including "APB Ethical Standard – Provisions Available for Small Entities (Revised), in the circumstances set out in note 12 to the financial statements.

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 Council of the Society; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report of the Council of the Society 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 31st December 2016, and of its surplus for the year then ended;
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice (applicable to Smaller Entities); 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 Council of the Society's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditors' Report to the Members of the Royal Engineers Officers' Widows Society Annuity Fund (unlimited company) cont'd.

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 the Council of the Society's remuneration specified by law are not made; or
- we have not received all of the information and explanations we require for our audit; or
- the Council of the Society were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Council of the Society's report.

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 2016**

| | Note | 2016 £ | 2015 £ |
|--|------|-------------|-------------|
| Income | | | |
| Subscriptions | | 98,895 | 98,041 |
| Investment income | 2 | 96,805 | 104,482 |
| Sundry income | | 30 | 19 |
| | | <hr/> | <hr/> |
| Total income | | 195,730 | 202,542 |
| | | <hr/> | <hr/> |
| Expenditure | | | |
| Pensions and death benefits payable to widows and orphans | 3 | 94,905 | 117,380 |
| | | <hr/> | <hr/> |
| Administrative expenses | | | |
| Secretarial and administrative services | | 16,997 | 16,565 |
| Investment manager/stockbroker fees | | 48,595 | 46,309 |
| Auditors' remuneration - audit fees | | 5,640 | 5,580 |
| - tax services | | 1,110 | 1,020 |
| Actuarial Fees | | 4,000 | - |
| Printing, postage, stationery & telephone | | 1,013 | 730 |
| Other expenses | 4 | 5,428 | 6,282 |
| | | <hr/> | <hr/> |
| | | 82,783 | 76,486 |
| | | <hr/> | <hr/> |
| Total expenditure | | 177,688 | 193,866 |
| | | <hr/> | <hr/> |
| Operating surplus | | 18,042 | 8,676 |
| | | <hr/> | <hr/> |
| Interest receivable | | 88 | 128 |
| Gain on sale of investments | | 208,049 | 205,207 |
| | | <hr/> | <hr/> |
| Surplus before tax | | 226,179 | 214,011 |
| Tax charge on surplus | | - | - |
| | | <hr/> | <hr/> |
| Surplus for the financial year | 9 | 226,179 | 214,011 |
| | | <hr/> <hr/> | <hr/> <hr/> |

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 2016**

| | | 2016 | 2015 |
|--|---|----------------|---------------|
| | | £ | £ |
| Surplus for the financial year | | 226,179 | 214,011 |
| Unrealised gains arising on revaluation of investments to market value | 6 | 488,744 | 189,976 |
| Transfer from revaluation reserve for investments sold in the year | 9 | (209,906) | (233,878) |
| Reversal of impairment of investments | | (-) | (118,083) |
| Total recognised gains since last report | | <u>505,017</u> | <u>48,508</u> |

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

Balance sheet 31 December 2016

| | No | 2016 £ | 2015 £ |
|---|----|------------------|------------------|
| Fixed assets | | | |
| Tangible fixed assets | 5 | 351 | 1,215 |
| Investments | 6 | 5,389,403 | 4,872,216 |
| | | <u>5,389,754</u> | <u>4,873,431</u> |
| Current assets | | | |
| Debtors | 7 | 5,201 | 16,094 |
| Cash at bank | | 94,126 | 99,492 |
| | | <u>99,327</u> | <u>115,586</u> |
| Creditors: amounts falling due within one year | 8 | (21,301) | (26,254) |
| Net current assets | | <u>78,026</u> | <u>89,332</u> |
| Total assets less current liabilities | | <u>5,467,780</u> | <u>4,962,763</u> |
| Reserves | | | |
| Income and expenditure account | 9 | 4,499,458 | 4,273,279 |
| Revaluation reserve | 9 | 968,322 | 689,484 |
| | | <u>5,467,780</u> | <u>4,962,763</u> |

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 2017.

Signed on behalf of the Council

Major General R Wardlaw OBE
Chairman

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

Notes to the accounts Year ended 31 December 2016

1. Accounting policies

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 2.

Accounting convention

The financial statements are 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 2016.

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.

2. Investment income

| | 2016 | 2015 |
|-----------------------------|-------------|-------------|
| | £ | £ |
| James Hambro & Partners LLP | 96,805 | 104,482 |
| | <hr/> | <hr/> |
| | 96,805 | 104,482 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

**Notes to the accounts
Year ended 31 December 2016**

3. Pensions and death benefits payable to widows and orphans

| | 2016 | 2015 |
|----------------|---------------|----------------|
| | £ | £ |
| Annuities | 62,405 | 61,380 |
| Death benefits | 32,500 | 56,000 |
| | <u>94,905</u> | <u>117,380</u> |

4. Other expenses

| | 2016 | 2015 |
|-------------------------------------|--------------|--------------|
| | £ | £ |
| Computer costs | 2,262 | 837 |
| Insurance | 204 | 198 |
| Travel, Subsistence & Accommodation | 1,462 | 1,690 |
| Bank Charges | 604 | 663 |
| Sundry | 75 | 73 |
| Donation to Samaritan Fund | - | 2,000 |
| Depreciation | 821 | 821 |
| | <u>5,428</u> | <u>6,282</u> |

5. Tangible fixed assets

| | Office equipment £ |
|-----------------------|-----------------------------------|
| Cost | |
| At 1 January 2016 | 12,046 |
| Additions | - |
| | <u>12,046</u> |
| Depreciation | |
| At 1 January 2016 | 10,831 |
| Charge for year | 864 |
| | <u>11,695</u> |
| Net book value | |
| At 31 December 2016 | <u>351</u> |
| At 31 December 2015 | <u>1,215</u> |

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

Notes to the accounts Year ended 31 December 2016

6. Investments

| | Total £ |
|---------------------------------|--------------------|
| At valuation – Bid value | |
| At 1 January 2016 | 4,532,183 |
| Disposals | (1,712,272) |
| Additions | 1,995,009 |
| Unrealised gains/(losses) | 488,744 |
| Transfer of realised net gain | (209,906) |
| Profit on sale of investments | 215,531 |
| | <hr/> |
| | 5,309,289 |
| Cash held by broker | 80,114 |
| | <hr/> |
| At 31 December 2016 | 5,389,403 |
| | <hr/> |
| Net book value | |
| At 31 December 2016 | 5,389,403 |
| | <hr/> <hr/> |
| At 31 December 2015 | 4,872,216 |
| | <hr/> <hr/> |
| Historical cost | |
| At 31 December 2016 | 4,421,082 |
| | <hr/> <hr/> |
| At 31 December 2015 | 4,182,731 |
| | <hr/> <hr/> |

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

7. Debtors

| | 2016 £ | 2015 £ |
|------------------------|-------------------|-------------------|
| Loan to Samaritan Fund | - | 5,000 |
| Samaritan Fund | 2,687 | 2,271 |
| Tax on interest | 2,100 | 2,100 |
| Investment income | 414 | 6,723 |
| | <hr/> | <hr/> |
| | 5,201 | 16,094 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

Notes to the accounts Year ended 31 December 2016

8. Creditors: amounts falling due within one year

| | 2016 £ | 2015 £ |
|------------------------------------|---------------|---------------|
| Annuities payable | 119 | 129 |
| Other creditors | 12,571 | 17,925 |
| Other taxation and social security | 3,211 | 2,800 |
| Audit fee | 5,400 | 5,400 |
| | <u>21,301</u> | <u>26,254</u> |

During the year fees of £18,885 were paid to AA Wilson (2015 - £18,270) in respect of secretarial and administrative services.

9. Combined statement of movements in members' funds and statement of movements on reserves

| | Revaluation reserve £ | Income and expenditure account £ | Total 2016 £ | Total 2015 £ |
|--------------------------------|-----------------------------|---|--------------------|--------------------|
| At 1 January 2016 | 689,484 | 4,273,279 | 4,962,763 | 4,792,654 |
| Surplus for the financial year | - | 226,179 | 226,179 | 214,011 |
| Unrealised gain on investments | 488,744 | - | 488,744 | 189,976 |
| Transfer of realised gain | (209,906) | - | (209,906) | (233,878) |
| | <u>968,322</u> | <u>4,499,458</u> | <u>5,467,780</u> | <u>4,962,763</u> |

10. Control

The Council controls the Fund.

11. Taxation

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

12. 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.

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

Notes to the accounts Year ended 31 December 2016

13. 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.

During the year total payments of £1,000 were made to the Samaritan Fund, including charitable donations of £Nil (2015 - £2,000) and a loan of £1,000 (2015 - £5,000). The loan balance has been repaid in full at the year end.

Administrative expenses totaling £2,262 have been charged to the Samaritan Fund in the year (2015 - £2,271) and unpaid annuities of £1,846 are to be paid to Samaritan Fund as donations (2015 - Nil). The net amount of £2,687 is included in debtors (2015 - £2,271).

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 £18,885 were paid to Brigadier (Retd) A A Wilson OBE (2015 - £18,405) in relation to the performance of these duties, of which £Nil (2015 - £4,635) was owing at the year end.

General expenses on behalf of The Fund of £Nil (2015 - £1,500) were also awaiting reimbursement at the balance sheet date to the Secretary.

Therefore a total of £Nil (2015 - £6,135) is included in creditors at the year end.

14. First Year Adoption

There were no adjustments required to the comparatives as a result of the first year adoption of FRS 102.