

Registered number: 0178994

THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND
(Unlimited company)

COUNCIL MEMBERS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND
(Unlimited company)

COMPANY INFORMATION

Council Members	Lieutenant General R Wardlaw OBE (Chairman) Major General D W Southall CBE Brigadier (Retd) D R Innes Colonel (Retd) J F Crompton MBE Brigadier J L Clark CBE Brigadier J E Fossey OBE (appointed 22 January 2021)
Company secretary	Lieutenant Colonel (Retd) N D Mifsud
Registered number	0178994
Registered office	Regimental Headquarters Royal Engineers Brompton Barracks Chatham Kent ME4 4UG
Independent auditor	Hillier Hopkins LLP Chartered Accountants & Statutory Auditor Radius House 51 Clarendon Road Watford Herts WD17 1HP
Bankers	Lloyd Bank plc Cox and Kings Branch PO Box 1000 BX1 1LT
Investment managers	James Hambro & Partners LLP 45 Pall Mall London SW1Y 5JG
Ex-Officio members	Mrs R A Chilton Mr R Lovell Colonel A Ryan Lieutenant Colonel K Hebbard Lieutenant Colonel I Foulkes Captain R C Breslin
Actuary	David Higgs FIA

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THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND
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COUNCIL MEMBERS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The Council Members present their report and the financial statements for the year ended 31 December 2020.

Council Members' responsibilities statement

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

Company law requires the Council Members to prepare financial statements for each financial year. Under that law the Council Members have elected to prepare the financial statements in accordance with 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'. Under company law the Council Members 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 surplus or deficit of the Company for that period.

In preparing these financial statements, the Council Members are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Council Members 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 to 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.

Principal activity

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

Administration

The membership audit initiated in 2019 concluded in September 2020. The associated rationalisation saw a further reduction in membership (see below) whilst ensuring that all paying-in members are now subscribing at the rate commensurate with their age and declared relationship status.

In order to maintain the accuracy of subscription payments, a migration from payment via standing order to collection via direct debit mandate was initiated in July 2020. A newsletter was either emailed or posted to members last Autumn and all members will continue to receive an annual communication in order to improve record accuracy. Specifically, members registered as 'single' will receive a reminder to update the Society should their relationship status change in order to reduce the requirement for the backdating of subscriptions at the full rate.

A new website and fresh branding were launched in July 2020 and a renewed focus on member recruitment was launched following the Annual General Meeting and the acceptance of new rules regarding partner registration.

The total administrative expenses of the Society represented 1% of the value of the Annuity Fund as at 31 December 2020 (2019 – 1%).

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COUNCIL MEMBERS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Council Members

The Council Members who served during the year were:

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

One change in an ex-officio appointment occurred as follows:

Captain R C Breslin took over from Captain DML Waddington with effect from 1 August 2020.

Membership

As at 31 December 2020 total membership stood at 766 holding a total of 3,181 units of membership (2019 – 907 members with 3,787 units). During the year 6 new members joined the Society (2019 – 3) and 4 had their membership reinstated whilst 14 members died and 132 either lapsed or resigned (2019 – 146). Five members who had died in previous years were also identified.

The final tranche of membership reduction and improved subscription income both served to further enhance the long term integrity of the Annuity Fund.

Benefits

During the year 4 beneficiaries passed away and 9 new beneficiaries began to receive benefits (2019 – 6 and 5). At the end of the year there were 88 beneficiaries (all widows) (2019 – 84), holding 132 units. Four half-lump sums were paid to members' estate having survived their dependents (2019 – 1).

Assets

The market value of the Annuity Fund increased by 5.3% during 2020 (2019 – increased 14.4%).

Remuneration

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

Council Members' Liability

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

Governance

At its Annual General Meeting in October 2020 revised Articles of Association were adopted through Special Resolution. These together with a set of Rules now enable the Society to recognise all forms of enduring relationship and set out the processes for registering partners.

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COUNCIL MEMBERS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Disclosure of information to auditor

Each of the persons who are Council Members at the time when this Council Members' report is approved has confirmed that:

- so far as the Council Member is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Council Member has taken all the steps that ought to have been taken as a Council Members in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The Council accepted the resignation of Newman & Co as auditors of the Society on 23 February 2021. Hillier Hopkins LLP were subsequently appointed by the Council to audit the 2020 accounts.

A resolution for the reappointment of Hillier Hopkins LLP as auditors for the Society is to be proposed at the forthcoming Annual General Meeting.

Small companies note

In preparing this report, the Council Members 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 22-09-2021 and signed on its behalf.



Lieutenant General R Wardlaw OBE (Chairman)
Chairman

THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND
(Unlimited company)

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND

Opinion

We have audited the financial statements of The Royal Engineers Officers' Widows Society Annuity Fund (the 'Company') for the year ended 31 December 2020, which comprise the Profit and loss account, the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, 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 2020 and of its deficit 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 United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the Council Members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Council Members with respect to going concern are described in the relevant sections of this report.

THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The Council Members are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Council Members' report.

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 Council 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 Council 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 Council Members' report and from the requirement to prepare a Strategic report.

THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND (CONTINUED)

Responsibilities of Council Members

As explained more fully in the Council Members' responsibilities statement set out on page 1, the Council 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 Council 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 Council 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 Council Members either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND (CONTINUED)

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- the nature of the industry and sector, control environment and business performance including the remuneration incentives and pressures of key management;
- the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. We consider the results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override, including testing journals and evaluating whether there was evidence of bias by the members that represented a risk of material misstatement due to fraud.

We also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and relevant tax legislation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND (CONTINUED)

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.



Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Herts
WD17 1HP

Date: 12th October 2021

THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND
(Unlimited company)

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Income		139,877	109,982
Expenditure		(126,934)	(87,276)
		<u>12,943</u>	<u>22,706</u>
Administrative expenses		(110,275)	(113,753)
Other operating income		5	11
Operating deficit		<u>(97,327)</u>	<u>(91,036)</u>
Income from other fixed asset investments		70,516	116,989
(Loss)/ gain on sale of investments		125,045	157,228
Interest receivable and similar income		38	60
(Deficit)/surplus before tax		<u>98,272</u>	<u>183,241</u>
Tax on (deficit)/surplus	4	(53,965)	(123,020)
(Deficit)/surplus for the financial year		<u><u>44,307</u></u>	<u><u>60,221</u></u>

The notes on pages 14 to 19 form part of these financial statements.

THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND
(Unlimited company)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
(Deficit)/surplus for the financial year		44,307	60,221
Other comprehensive income			
Unrealised surplus on revaluation of investments		731,831	762,546
Other comprehensive income for the year		731,831	762,546
Total comprehensive income for the year		<u>776,138</u>	<u>822,767</u>

The notes on pages 14 to 19 form part of these financial statements.

THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND
(Unlimited company)
REGISTERED NUMBER: 0178994

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	5	-	64
Investments	6	7,053,380	6,696,065
		<u>7,053,380</u>	<u>6,696,129</u>
Current assets			
Debtors: amounts falling due within one year	7	7,554	6,685
Cash at bank and in hand	8	147,420	155,048
		<u>154,974</u>	<u>161,733</u>
Creditors: amounts falling due within one year	9	(41,061)	(38,815)
Net current assets		<u>113,913</u>	<u>122,918</u>
Total assets less current liabilities		<u>7,167,293</u>	<u>6,819,047</u>
Provisions for liabilities			
Deferred tax		(271,694)	(217,729)
		<u>(271,694)</u>	<u>(217,729)</u>
Net assets		<u><u>6,895,599</u></u>	<u><u>6,601,318</u></u>
Capital and reserves			
Revaluation reserve	10	1,310,851	1,114,842
Income and expenditure account	10	5,584,748	5,486,476
		<u>6,895,599</u>	<u>6,601,318</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22-09-2021.



Lieutenant General R Wardlaw OBE (Chairman)
Chairman

The notes on pages 14 to 19 form part of these financial statements.

THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND
(Unlimited company)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Revaluation reserve	Income and expenditure account	Total equity
	£	£	£
At 1 January 2020	1,114,842	5,486,476	6,601,318
Deficit for the year	-	44,307	44,307
Surplus on revaluation of investments	731,831	-	731,831
Tax charge on surplus	(53,965)	53,965	-
Transfer between other reserves	(481,857)	-	(481,857)
At 31 December 2020	1,310,851	5,584,748	6,895,599

The notes on pages 14 to 19 form part of these financial statements.

THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Revaluation reserve	Income and expenditure account	Total equity
	£	£	£
At 1 January 2019	581,123	5,303,235	5,884,358
Surplus for the year	-	60,221	60,221
Surplus on revaluation of investments	762,546	-	762,546
Tax charge on surplus	(123,020)	123,020	-
Transfer between other reserves	(105,807)	-	(105,807)
At 31 December 2019	1,114,842	5,486,476	6,601,318

The notes on pages 14 to 19 form part of these financial statements.

THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. General information

Royal Engineers Officers' Widows Society Annuity Fund is a private unlimited company without share capital. It is registered in England and Wales and the registered office address is shown on the company information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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 or receivable, excluding discounts and rebates.

Subscriptions are recognised upon receipt of payment from a member of the fund.

2.3 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.4 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge 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.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.5 Tangible fixed assets

Tangible fixed assets under the cost model 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided at 25% on office equipment.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.6 Valuation of investments

Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.7 Debtors

In line with the turnover policy it is not policy to accrue for under or overpaid subscriptions as a debtor or creditor within the financial statements.

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.

2.8 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.

2.9 Creditors

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.10 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.11 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

3. Employees

The Company has no employees other than the Council Members, who did not receive any remuneration (2019 - £NIL).

The average monthly number of employees, including directors, during the year was 0 (2019 - 0).

4. Taxation

	2020 £	2019 £
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	53,965	123,020
Total deferred tax	53,965	123,020
Taxation on profit on ordinary activities	53,965	123,020

Factors affecting tax charge for the year

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 19% (2019 - 19%).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5. Tangible fixed assets

	Office equipment £
Cost or valuation	
At 1 January 2020	2,566
At 31 December 2020	2,566
Depreciation	
At 1 January 2020	2,502
Charge for the year on owned assets	64
At 31 December 2020	2,566
Net book value	
At 31 December 2020	-
At 31 December 2019	64

6. Fixed asset investments

	Listed investments £
Cost or valuation	
At 1 January 2020	6,696,065
Additions	2,603,479
Disposals	(2,924,454)
Cash movement	(53,541)
Revaluations	731,831
At 31 December 2020	7,053,380

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

7. Debtors

	2020 £	2019 £
Amounts owed by associated undertakings	3,595	2,726
Other debtors	3,959	3,959
	<u>7,554</u>	<u>6,685</u>

8. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	147,420	155,048
	<u>147,420</u>	<u>155,048</u>

9. Creditors: Amounts falling due within one year

	2020 £	2019 £
Other taxation and social security	2,740	2,913
Other creditors	16,228	29,938
Accruals and deferred income	22,093	5,964
	<u>41,061</u>	<u>38,815</u>

10. Reserves

Revaluation reserve

The revaluation reserve represents the revaluation gains and losses on listed investments held.

Income and expenditure account

Income and expenditure account represents the accumulation of retained surpluses and deficits.

11. Company status

The company is a private unlimited company and consequently does not have share capital.

THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

12. Related party transactions

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.

Administration expenses of £3,734 have been charged to the Samaritan Fund in the year (2019 - £2,865). The net amount of £3,595 is included in debtors (2019 -£2,726).

Lieutenant Colonel (Retd) N D Mifsud

During the year secretarial fees of £33,125 were invoiced via his service company, Braeside Enterprises Limited, of which £6,885 was outstanding at the year end.

13. Controlling party

The Council controls the Fund.

THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND
(Unlimited company)

DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Income		139,877	109,982
Expenditure		(126,934)	(87,276)
		<u>5</u>	<u>11</u>
Other operating income			
Less: overheads			
Administration expenses		(110,275)	(113,753)
Operating deficit		<u>(97,327)</u>	<u>(91,036)</u>
Interest receivable		38	60
Investment income		195,561	274,217
Tax on (deficit)/surplus		(53,965)	(123,020)
(Deficit)/Surplus for the year		<u><u>44,307</u></u>	<u><u>60,221</u></u>

THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND
(Unlimited company)

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 £	2019 £
Income		
Subscriptions	139,877	109,982
	<u>139,877</u>	<u>109,982</u>
	<u><u>139,877</u></u>	<u><u>109,982</u></u>
	2020 £	2019 £
Annuities and death benefits payable to widows and orphans		
Annuities	56,934	53,276
Death benefits	70,000	34,000
	<u>126,934</u>	<u>87,276</u>
	<u><u>126,934</u></u>	<u><u>87,276</u></u>
	2020 £	2019 £
Other operating income		
Sundry income	5	11
	<u>5</u>	<u>11</u>
	<u><u>5</u></u>	<u><u>11</u></u>

THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND
(Unlimited company)

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 £	2019 £
Administration expenses		
Hotels, travel and subsistence	1,176	3,857
Actuarial fees	1,191	3,288
Printing, postage, stationery and telephone	910	689
Computer costs	257	323
Advertising and promotion	1,246	-
Trade subscriptions	569	-
Legal and professional	5,700	625
Auditors' remuneration	6,280	6,528
Auditors' remuneration - non-audit	1,500	2,880
Bank charges	507	97
Sundry expenses	147	79
Insurances	1,168	-
Depreciation - plant and machinery	64	30
Secretarial and administrative services	30,442	36,750
Lady Grover Fund	540	600
Investment manager/stockbroker fees	58,578	58,007
	<u>110,275</u>	<u>113,753</u>
	2020 £	2019 £
Interest receivable		
Bank interest receivable	38	60
	<u>38</u>	<u>60</u>
	2020 £	2019 £
Investment income		
Dividends received - listed investments	70,516	116,989
Profit/loss on disposal of listed investments	125,045	157,228
	<u>195,561</u>	<u>274,217</u>