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**THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND**  
**(A Company Limited by Guarantee)**

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**COUNCIL MEMBERS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

**THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND**  
**(A Company Limited by Guarantee)**

**COMPANY INFORMATION**

<b>Council Members</b>	Brigadier J L Clark CBE (Chair) Brigadier J E Fossey OBE Brigadier (Retd) D R Innes Colonel (Retd) J F Crompton MBE Lieutenant Colonel A J Scott Mr AP Taylor
<b>Non-Executive Council Member</b>	Mr Richard Sankey (appointed 1 September 2022)
<b>Company secretary</b>	Lieutenant Colonel (Retd) N D Mifsud
<b>Registered number</b>	0178994
<b>Registered office</b>	Regimental Headquarters Royal Engineers Brompton Barracks Chatham Kent ME4 4UG
<b>Independent auditor</b>	Hillier Hopkins LLP Chartered Accountants & Statutory Auditor Radius House 51 Clarendon Road Watford Herts WD17 1HP
<b>Bankers</b>	Lloyds Bank plc Cox and Kings Branch PO Box 1000 BX1 1LT
<b>Investment Managers</b>	James Hambro & Partners LLP 45 Pall Mall London SW1Y 5JG
<b>Ex-Officio Council Members</b>	Mrs R A Chilton, Co opted REOWS Beneficiary Mr R Lovell, Corps Secretary RHQ RE Colonel AJ Ryan, Corps Colonel RE Reserves Lieutenant Colonel KL Nixon, Chief Instructor RE Warfare Wing Lieutenant Colonel NF Hedgeley, SO1 RE Offrs' Wing, CM Cbt Sp Branch Captain DJ Groom, SO3 TCC RE Warfare Wing
<b>Investment Adviser</b>	Mr James de Broë-Ferguson (appointed March 2022)
<b>Actuary</b>	David Higgs FIA

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**THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND**  
**(A Company Limited by Guarantee)**

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**CONTENTS**

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	Page
<b>Council Members' Report</b>	1 - 4
<b>Independent Auditor's Report</b>	5 - 9
<b>Income Statement</b>	10
<b>Statement of Comprehensive Income</b>	11
<b>Balance Sheet</b>	12
<b>Statement of Changes in Equity</b>	13 - 14
<b>Notes to the Financial Statements</b>	15 - 23
The following pages do not form part of the statutory financial statements:	
<b>Detailed Profit and Loss Account and Summaries</b>	24 - 26

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**THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND**  
**(A Company Limited by Guarantee)**

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**COUNCIL MEMBERS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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The Council Members present their report and the financial statements for the year ended 31 December 2022.

**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 profit or loss 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.

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**THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND**  
**(A Company Limited by Guarantee)**

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**COUNCIL MEMBERS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### **Administration**

This year saw the consolidation of administrative enhancements made in the previous two years together with the acquisition and implementation of a new database – Subscriber CRM. SCRUM automatically calculates the subscription payments due by each member and highlights when changes are required (i.e. at 34, 43 and 60 year milestones). Compatible with the Society's direct debit collection platform (GoCardless), the process of checking monthly subscriptions received is almost seamless, particularly with 76% of paying-in members now paying via direct debit. Standing order payments continue to be inputted manually and the last few members who have failed to migrate to the new system are reminded periodically to do so by the Secretary. Calculation of annuity payments to our beneficiaries is also automated.

SCRUM also enables much more efficient and focussed communication with the various sections of the Society's membership. This is particularly important for checking the domestic status of members registered as single – the one area which relies on the member informing the Society if they need to register a partner, either through marriages, a civil partnership or establishment of a long term relationship.

The online portal accessed via the website allows members and beneficiaries alike to view their account details. Almost 380 members and beneficiaries have accessed their accounts since the portal was fielded in July 2022. The system required initial investment of just under £13,000 and this is viewed as money well spent given that via an annual maintenance contract (£515) SCRUM will evolve with the Society, providing significant longevity. Furthermore, the increased subscription income and reduced administrative costs has helped negate the requirement, for a second year, to draw funds from the investment portfolio.

The total administrative expenses of the Society (including purchase of SCRUM) represented 1.4% of the value of the Annuity Fund as at 31 December 2022 (2021 - 1%).

### **Council Members**

The Council Members who served during the year were:

**Brigadier J L Clark CBE (Chair)**  
**Brigadier J E Fossey OBE**  
**Brigadier (Retd) D R Innes**  
**Colonel (Retd) J F Crompton MBE**  
**Lieutenant Colonel A J Scott**  
**Mr AP Taylor**  
**Mr Richard Sankey (appointed 1 September 2022)**

Two changes in an ex officio appointment occurred as follows:

Lieutenant Colonel KN Nixon RE took over from Lieutenant Colonel K Hebard RE with effect from 13 June 2022 and Captain DJ Groom RE took over from Captain JRH Grylls RE with effect from 1 July 2022.

In March 2022, Mr James de Broë-Ferguson was appointed as investment adviser in succession to Mr Mark Sherwood.

In September 2022 the Council appointed Mr Richard Sankey as a non-executive Council Member.

### **Membership**

As at 31 December 2022 total membership stood at 758 holding a total of 3,224 units of membership (2021 – 761 members with 3,183 units). During the year 14 new members joined the Society (2021 – 12) and seven members died (2021 - 10) and seven either lapsed or resigned (2021 – 10).

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**THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND**  
**(A Company Limited by Guarantee)**

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**COUNCIL MEMBERS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### **Beneficiaries**

During the year 11 beneficiaries passed away and five new beneficiaries began to receive benefits (2021 – four and six). At the end of the year there were 85 beneficiaries (all widows) (2021 – 88), holding 131 units. Two half lump sums were paid to members' estate having survived their dependents (2021 – two).

### **Assets**

The market value of the Annuity Fund investment portfolio dropped by 10.2% to £6.7M during 2022 (2021 – increased 9.9%), in line with global market trends. Total assets (including cash in bank) sat at £7.1M representing a drop of 10.5% (2021 – increased 9.3%).

### **Remuneration**

Under the Society's Articles of Association, the members of the Council are not entitled to any remuneration. In line with an observation recorded during the 2020 audit, the Secretary became an employee from 1 January 2022.

### **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**

No amendments were made to the Society's Articles or Rules during 2022.

### **Quarterly Accounts Audit**

In addition to the formal annual audit the Annuity Fund accounts are presented to the Regimental Administration Officer at 71 Engineer Regiment for quarterly audit involving a 5% check of all transactions.

### **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 Members is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Council Members 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.

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 Members is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Council Members 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.

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**THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND**  
**(A Company Limited by Guarantee)**

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**COUNCIL MEMBERS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Auditor**

The auditor, Hillier Hopkins LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 17-08-2023 | 15:24 BST and signed on its behalf.

DocuSigned by:  
*Brigadier J L Clark CBE*  
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Brigadier J L Clark CBE (Chair)  
**Chair**

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**THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND**  
**(A Company Limited by Guarantee)**

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

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### **Opinion**

We have audited the financial statements of The Royal Engineers Officers' Widows Society Annuity Fund (the 'Company') for the year ended 31 December 2022, which comprise the Income Statement, 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 2022 and of its profit 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.

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**THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND**  
**(A Company Limited by Guarantee)**

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

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**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' exemption from the requirement to prepare a Strategic Report.

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**THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND**  
**(A Company Limited by Guarantee)**

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

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**Responsibilities of directors**

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.

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**THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND**  
**(A Company Limited by Guarantee)**

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

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**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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

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**THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND**  
**(A Company Limited by Guarantee)**

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

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**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.

DocuSigned by:

*Hillier Hopkins LLP*

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**Hillier Hopkins LLP**

Chartered Accountants  
Statutory Auditor

Radius House  
51 Clarendon Road  
Watford  
Herts  
WD17 1HP

Date: 17-08-2023 | 16:13 BST

**THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND**  
(A Company Limited by Guarantee)

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Income		<b>143,070</b>	139,862
Expenditure		<b>(115,476)</b>	(117,666)
		<u>27,594</u>	<u>22,196</u>
Administrative expenses		<b>(94,800)</b>	(105,872)
<b>Operating deficit</b>		<b>(67,206)</b>	(83,676)
Income from other fixed asset investments		<b>80,708</b>	61,902
Gain on sale of investments		<b>13,958</b>	253,452
Interest receivable and similar income		<b>28</b>	10
<b>Surplus before tax</b>		<b>27,488</b>	231,688
Tax on surplus		<b>135,845</b>	(103,459)
<b>Surplus for the financial year</b>		<b>163,333</b>	128,229

The notes on pages 15 to 23 form part of these financial statements.

**THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND**  
**(A Company Limited by Guarantee)**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Surplus for the financial year		<b>163,333</b>	128,229
<b>Other comprehensive income</b>			
Unrealised (deficit)/surplus on revaluation of tangible fixed assets		<b>(521,666)</b>	759,315
<b>Other comprehensive income for the year</b>		<b>(521,666)</b>	759,315
<b>Total comprehensive income for the year</b>		<b>(358,333)</b>	887,544

The notes on pages 15 to 23 form part of these financial statements.

**THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 0178994**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	4	12,076	-
Tangible assets	5	768	-
Investments	6	6,963,524	7,748,783
		<u>6,976,368</u>	<u>7,748,783</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	7	5,136	6,046
Cash at bank and in hand	8	82,305	118,794
		<u>87,441</u>	<u>124,840</u>
Creditors: amounts falling due within one year	9	(32,357)	(34,613)
		<u>55,084</u>	<u>90,227</u>
<b>Net current assets</b>		<u>55,084</u>	<u>90,227</u>
<b>Total assets less current liabilities</b>		<u>7,031,452</u>	<u>7,839,010</u>
<b>Provisions for liabilities</b>			
Deferred tax		(239,308)	(375,153)
		<u>(239,308)</u>	<u>(375,153)</u>
<b>Net assets</b>		<u><u>6,792,144</u></u>	<u><u>7,463,857</u></u>
<b>Capital and reserves</b>			
Revaluation reserve	10	948,220	1,647,421
Income and expenditure account	10	5,843,924	5,816,436
		<u>6,792,144</u>	<u>7,463,857</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 17-08-2023 | 15:24 BST

DocuSigned by:

*Brigadier J L Clark CBE*

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Brigadier J L Clark CBE (Chair)  
**Chair**

The notes on pages 15 to 23 form part of these financial statements.

**THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND**  
(A Company Limited by Guarantee)

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Revaluation reserve	Income and expenditure account	Total equity
	£	£	£
At 1 January 2022	1,647,421	5,816,436	7,463,857
Surplus for the year	-	163,333	163,333
Deficit on revaluation of investments	(521,666)	-	(521,666)
Tax charge on surplus	135,845	(135,845)	-
Transfer realised profits	(313,380)	-	(313,380)
<b>At 31 December 2022</b>	<b>948,220</b>	<b>5,843,924</b>	<b>6,792,144</b>

The notes on pages 15 to 23 form part of these financial statements.

**THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND**  
**(A Company Limited by Guarantee)**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Revaluation reserve	Income and expenditure account	Total equity
	£	£	£
At 1 January 2021	1,310,851	5,584,748	6,895,599
Surplus for the year	-	128,229	128,229
Surplus on revaluation of investments	759,315	-	759,315
Tax charge on surplus	(103,459)	103,459	-
Transfer realised profits	(319,286)	-	(319,286)
<b>At 31 December 2021</b>	<b>1,647,421</b>	<b>5,816,436</b>	<b>7,463,857</b>

The notes on pages 15 to 23 form part of these financial statements.

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**THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**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 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

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**THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.5 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.

**2.6 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

**2.7 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.

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**THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.7 Tangible fixed assets (continued)**

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 on the following basis:

<b>Office equipment</b>	-	25%
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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.

**2.8 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.

**2.9 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.

**2.10 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.

**2.11 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.

**2.12 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.

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**THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.13 Financial instruments**

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

The Company has elected to apply the recognition and measurement provisions of IFRS 9 Financial Instruments (as adopted by the UK Endorsement Board) with the disclosure requirements of Sections 11 and 12 and the other presentation requirements of FRS 102.

Financial instruments are recognised in the Company's Balance Sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Basic financial assets**

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

**Other financial assets**

Other financial assets, which includes investments in equity instruments which are not classified as subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the recognised transaction price. Such assets are subsequently measured at fair value with the changes in fair value being recognised in the profit or loss. Where other financial assets are not publicly traded, hence their fair value cannot be measured reliably, they are measured at cost less impairment.

**Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

**Financial liabilities**

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**THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.13 Financial instruments (continued)**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instruments any contract that evidences a residual interest in the assets of the Company after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

**Other financial instruments**

Derivatives, including forward exchange contracts, futures contracts and interest rate swaps, are not classified as basic financial instruments. These are initially recognised at fair value on the date the derivative contract is entered into, with costs being charged to the profit or loss. They are subsequently measured at fair value with changes in the profit or loss.

Debt instruments that do not meet the conditions as set out in FRS 102 paragraph 11.9 are subsequently measured at fair value through the profit or loss. This recognition and measurement would also apply to financial instruments where the performance is evaluated on a fair value basis as with a documented risk management or investment strategy.

**Derecognition of financial instruments**

**Derecognition of financial assets**

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the Company transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the Company will continue to recognise the value of the portion of the risks and rewards retained.

**Derecognition of financial liabilities**

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

**THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**3. Employees**

The average monthly number of employees, including directors, during the year was 1 (2021 - 0).

**4. Intangible assets**

	<b>Computer software £</b>
<b>Cost</b>	
<b>Additions</b>	<b>12,918</b>
<b>At 31 December 2022</b>	<b>12,918</b>
<b>Amortisation</b>	
<b>Charge for the year on owned assets</b>	<b>842</b>
<b>At 31 December 2022</b>	<b>842</b>
<b>Net book value</b>	
<b>At 31 December 2022</b>	<b>12,076</b>
<b>At 31 December 2021</b>	<b>-</b>

**THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**5. Tangible fixed assets**

	<b>Office equipment £</b>
<b>Cost or valuation</b>	
At 1 January 2022	2,566
Additions	784
<b>At 31 December 2022</b>	<b>3,350</b>
<b>Depreciation</b>	
At 1 January 2022	2,566
Charge for the year on owned assets	16
<b>At 31 December 2022</b>	<b>2,582</b>
<b>Net book value</b>	
At 31 December 2022	<b>768</b>
<i>At 31 December 2021</i>	<i>-</i>

**6. Fixed asset investments**

	<b>Listed investments £</b>
<b>Cost or valuation</b>	
At 1 January 2022	7,748,783
Additions	1,675,256
Disposals	(1,942,839)
Cash movement	3,990
Revaluations	(521,666)
<b>At 31 December 2022</b>	<b>6,963,524</b>

**THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**7. Debtors**

	<b>2022</b>	<b>2021</b>
	£	£
<b>Amounts owed by joint ventures and associated undertakings</b>	<b>2,065</b>	<b>2,975</b>
<b>Other debtors</b>	<b>3,071</b>	<b>3,071</b>
	<u><b>5,136</b></u>	<u><b>6,046</b></u>

**8. Cash and cash equivalents**

	<b>2022</b>	<b>2021</b>
	£	£
<b>Cash at bank and in hand</b>	<b>82,305</b>	<b>118,794</b>
	<u><b>82,305</b></u>	<u><b>118,794</b></u>

**9. Creditors: Amounts falling due within one year**

	<b>2022</b>	<b>2021</b>
	£	£
<b>Other taxation and social security</b>	<b>4,475</b>	<b>2,932</b>
<b>Other creditors</b>	<b>16,232</b>	<b>14,175</b>
<b>Accruals and deferred income</b>	<b>11,650</b>	<b>17,506</b>
	<u><b>32,357</b></u>	<u><b>34,613</b></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.

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**THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**11. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £1,253.

**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 £2,065 have been charged to the Samaritan Fund in the year (2021 - £2,975). The full amount of £2,065 is included in debtors (2021 - £2,975).

**13. Controlling party**

The Council controls the Fund.

**THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND**  
(A Company Limited by Guarantee)

**DETAILED INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
<b>Income</b>		<b>143,070</b>	139,862
<b>Expenditure</b>		<b>(115,476)</b>	(117,666)
		<u><b>27,594</b></u>	<u>22,196</u>
<b>Less: overheads</b>			
<b>Administration expenses</b>		<b>(94,800)</b>	(105,872)
		<u><b>(67,206)</b></u>	<u>(83,676)</u>
<b>Operating loss</b>		<b>(67,206)</b>	(83,676)
<b>Interest receivable</b>		<b>28</b>	10
<b>Investment income</b>		<b>94,666</b>	315,354
<b>Tax on surplus on ordinary activities</b>		<b>135,845</b>	(103,459)
		<u><b>163,333</b></u>	<u>128,229</u>
<b>Surplus for the year</b>		<b>163,333</b>	128,229

**THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND**  
(A Company Limited by Guarantee)

**SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £	2021 £
<b>Turnover</b>		
<b>Fees receivable</b>	<b>143,070</b>	<b>139,862</b>
	<u><b>143,070</b></u>	<u><b>139,862</b></u>
	<b>2022 £</b>	<b>2021 £</b>
<b>Annuities and death benefits payable to widows and orphans</b>		
<b>Annuities</b>	<b>72,276</b>	<b>65,600</b>
<b>Death benefits</b>	<b>43,200</b>	<b>52,066</b>
	<u><b>115,476</b></u>	<u><b>117,666</b></u>
	<b>2022 £</b>	<b>2021 £</b>
<b>Administration expenses</b>		
<b>Staff salaries</b>	<b>29,436</b>	<b>-</b>
<b>Staff pension costs - defined contribution schemes</b>	<b>1,253</b>	<b>-</b>
<b>Hotels, travel and subsistence</b>	<b>3,298</b>	<b>1,317</b>
<b>Consultancy</b>	<b>-</b>	<b>3,424</b>
<b>Printing and stationery</b>	<b>771</b>	<b>893</b>
<b>Computer costs</b>	<b>758</b>	<b>452</b>
<b>Trade subscriptions</b>	<b>158</b>	<b>180</b>
<b>Legal and professional</b>	<b>2,100</b>	<b>-</b>
<b>Auditors' remuneration</b>	<b>8,400</b>	<b>9,734</b>
<b>Auditors' remuneration - non-audit</b>	<b>3,290</b>	<b>1,550</b>
<b>Bank charges</b>	<b>1,490</b>	<b>1,072</b>
<b>Sundry expenses</b>	<b>817</b>	<b>896</b>
<b>Insurances</b>	<b>2,061</b>	<b>2,024</b>
<b>Depreciation - plant and machinery</b>	<b>16</b>	<b>-</b>
<b>Amortisation - intangible fixed assets</b>	<b>842</b>	<b>-</b>
<b>Secretarial and administrative services</b>	<b>-</b>	<b>25,713</b>
<b>Lady Grover Fund</b>	<b>(3,640)</b>	<b>690</b>
<b>Investment manager/stockbroker fees</b>	<b>43,750</b>	<b>57,927</b>
	<u><b>94,800</b></u>	<u><b>105,872</b></u>

**THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND**  
**(A Company Limited by Guarantee)**

**SCHEDULE TO THE DETAILED ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Interest receivable</b>		
<b>Bank interest receivable</b>	<b>28</b>	<b>10</b>
	<u><b>28</b></u>	<u><b>10</b></u>
	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Investment income</b>		
<b>Dividends received - listed investments</b>	<b>80,708</b>	<b>61,902</b>
<b>Profit/loss on disposal of listed investments</b>	<b>13,958</b>	<b>253,452</b>
	<u><b>94,666</b></u>	<u><b>315,354</b></u>

**The Royal Engineers Officers' Widows Society Annuity Fund  
Regt Headquarters Royal Engineers  
Brompton Barracks  
Chatham  
Kent  
ME4 4UG**

Hillier Hopkins LLP  
Radius House  
51 Clarendon Road  
Watford  
Hertfordshire  
WD17 1HP

Dear Sirs

The following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience such as we consider necessary in connection with your audit of the company's financial statements for the year ended 31 December 2022. These enquiries have included inspection of supporting documentation where appropriate. All representations are made to the best of our knowledge and belief.

**GENERAL**

1. We have fulfilled our responsibilities as council members, as set out in the terms of your engagement letter under the Companies Act 2006, for preparing financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice), for being satisfied that they give a true and fair view and for making accurate representations to you.
2. All the transactions undertaken by the company have been properly reflected and recorded in the accounting records.
3. All the accounting records have been made available to you for the purpose of your audit. We have provided you with unrestricted access to all appropriate persons within the company, and with all other records and related information requested, including minutes of all management and shareholder meetings.
4. The financial statements are free of material misstatements, including omissions.
5. The effects of uncorrected misstatements (as set out in the appendix to this letter) are immaterial both individually and in total.

**INTERNAL CONTROL AND FRAUD**

6. We acknowledge our responsibility for the design, implementation and maintenance of internal control systems to prevent and detect fraud and error. We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud.
7. We have disclosed to you all instances of known or suspected fraud affecting the entity involving management, employees who have a significant role in internal control or others that could have a material effect on the financial statements.
8. We have also disclosed to you all information in relation to allegations of fraud or suspected fraud affecting the entity's financial statements communicated by current or former employees, analysts, regulators or others.

**ASSETS AND LIABILITIES**

9. The company has satisfactory title to all assets and there are no liens or encumbrances on the company's assets, except for those that are disclosed in the notes to the financial statements.
10. All actual liabilities, contingent liabilities and guarantees given to third parties have been recorded or disclosed as appropriate.
11. We have no plans or intentions that may materially alter the carrying value and, where relevant, the fair value measurements or classification of assets and liabilities reflected in the financial statements.

**ACCOUNTING ESTIMATES**

12. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

**LOANS AND ARRANGEMENTS**

13. The company has not granted any advances or credits to, or made guarantees on behalf of, council members other than those disclosed in the financial statements.

**LEGAL CLAIMS**

14. We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for and disclosed in the financial statements.

**LAWS AND REGULATIONS**

15. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

**RELATED PARTIES**

16. Related party relationships and transactions have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information concerning such relationships and transactions and are not aware of any other matters which require disclosure in order to comply with the requirements of company law or accounting standards.

**SUBSEQUENT EVENTS**

17. All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed.

**GOING CONCERN**

18. We believe that the company's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the company's needs. We have considered a period of twelve months from the date of approval of the financial statements. We believe that no further disclosures relating to the company's ability to continue as a going concern need to be made in the financial statements.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditor and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware.

Each council member has taken all the steps that he ought to have taken as a council member in order to make himself aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully

**Printed name:** Brigadier J L Clark CBE

**Signed:**

DocuSigned by:  
*Brigadier J L Clark CBE*  
DAFC59FC799149D...

.....  
Signed on behalf of the board

Date: 17-08-2023 | 15:24 BST