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

COUNCIL MEMBERS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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

COMPANY INFORMATION

Council Members	Brigadier J L Clark CBE (Chair) Brigadier J E Fossey OBE Brigadier (Retd) D R Innes (resigned 15 November 2023) Colonel (Retd) J F Crompton MBE Lieutenant Colonel A J Scott Mr A P Taylor Mr R Sankey Brigadier (Retd) F R Noble (appointed 1 October 2023)
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	Lloyds 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 Council Members	Mrs R A Chilton, Co opted REOWS Beneficiary Mr R Lovell, Corps Secretary RHQ RE Colonel AJ Ryan, Corps Colonel RE Reserves Lieutenant Colonel AC Birley MBE, Chief Instructor RE Warfare Wing (Appointed October 2023) Lieutenant Colonel GA McKay, SO1 RE Offrs' Wing, CM Cbt Sp Branch (Appointed August 2023) Captain DJ Groom, SO3 TCC RE Warfare Wing
Investment Adviser	Mr James de Broë-Ferguson

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

COMPANY INFORMATION (CONTINUED)

Actuary

Mr David Higgs FIA

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

COUNCIL MEMBERS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

The Council Members present their report and the financial statements for the year ended 31 December 2023.

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.

Administration

This year has seen the assimilation of the SCRM database into business as usual which has facilitated complete accuracy when accounting for subscriptions received and benefits paid out identifying and correcting any anomalies. Much of the focus towards the end of the year was preparing for the Actuary's review of the Society as at 31 December 2023 which will produce recommendations regarding future benefit and subscription rates.

The total administrative expenses of the Society represented 0.6% of the total assets of the Annuity Fund as at 31 December 2023 (2022– 0.9%). This figure increases to 1.2% if investment management fees are included.

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 (resigned 15 November 2023)
Colonel (Retd) J F Crompton MBE
Lieutenant Colonel A J Scott

THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND
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COUNCIL MEMBERS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

Mr A P Taylor
Mr R Sankey (Non-executive Council Member)

One change to the Council membership was made:

Brigadier Noble was elected to Council at the AGM in November 2023, replacing Brigadier Innes.

Two changes in an ex officio appointment occurred as follows:

Lieutenant Colonel AC Birley took over from Lieutenant Colonel KN Nixon with effect 9 October 2023 and Lt Col McKay took over from Lt Col Hedgeley with effect 1 August 2023.

Membership

As at 31 December 2023 total membership stood at 758 holding a total of 3,277 units of membership (2022 – 758 members with 3,224 units). During the year 15 new members joined the Society (2022 – 14) and seven members died (2022 - 7) and six either lapsed or resigned (2022 – 7).

Beneficiaries

During the year five beneficiaries passed away and six new beneficiaries began to receive benefits (2022 – 11 and 5). At the end of the year there were 86 beneficiaries (all widows) (2022 – 85), holding 130 units (2022 – 131). Two half lump sums were paid to members' estate having survived their dependents (2022 – 2).

Assets

The market value of the Annuity Fund investment portfolio increased by 8.3% to £7.5M during 2023 (2022 – dropped by 10.2%). Total assets (including cash in bank) sat at £7.7M as at 31 December 2023, representing an increase of 8.6% (2022 – dropped 10.5%).

Remuneration

Under the Society's Articles of Association, the members of the Council are not entitled to any remuneration. The Secretary is the Society's only employee.

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 2023.

THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND
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COUNCIL MEMBERS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

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:

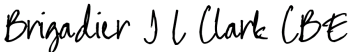
- so far as the Council Members is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Council Members has taken all the steps that ought to have been taken as a Council Members in order to be aware of any relevant audit information and to establish that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

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 14-05-2024 | 10:13 BST and signed on its behalf.

DocuSigned by:


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Brigadier J L Clark CBE (Chair)
Chair

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS 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 2023, 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 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

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.

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

DocuSigned by:

Alex M Bottom

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Alexander Bottom ACA (Senior Statutory Auditor)

for and on behalf of
Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Herts
WD17 1HP

Date: 15-05-2024 | 10:58 BST

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

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £	2022 £
Income		145,604	143,070
Expenditure		(101,759)	(115,476)
		<u>43,845</u>	<u>27,594</u>
Administrative expenses		(97,795)	(94,800)
Operating deficit		(53,950)	(67,206)
Income from other fixed asset investments		99,436	80,708
(Loss)/gain on sale of investments		(78,834)	13,958
Interest receivable and similar income		5,567	28
(Deficit)/surplus before tax		(27,781)	27,488
Tax on (deficit)/surplus		(92,207)	135,845
(Deficit)/surplus for the financial year		(119,988)	163,333

The notes on pages 14 to 22 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 2023

	Note	2023 £	2022 £
Surplus for the financial year		(119,988)	163,333
Other comprehensive income			
Unrealised surplus/(deficit) on revaluation of investments		673,173	(521,666)
Other comprehensive income for the year		673,173	(521,666)
Total comprehensive income for the year		553,185	(358,333)

The notes on pages 14 to 22 form part of these financial statements.

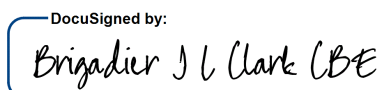
THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND
(A Company Limited by Guarantee)
REGISTERED NUMBER: 0178994

BALANCE SHEET
AS AT 31 DECEMBER 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	4	10,869	12,076
Tangible assets	5	572	768
Investments	6	7,541,562	6,963,524
		<u>7,553,003</u>	<u>6,976,368</u>
Current assets			
Debtors: amounts falling due within one year	7	3,178	5,136
Cash at bank and in hand	8	116,405	82,305
		<u>119,583</u>	<u>87,441</u>
Creditors: amounts falling due within one year	9	(43,609)	(32,357)
		<u>75,974</u>	<u>55,084</u>
Net current assets		<u>75,974</u>	<u>55,084</u>
Total assets less current liabilities		<u>7,628,977</u>	<u>7,031,452</u>
Provisions for liabilities			
Deferred tax		(331,515)	(239,308)
		<u>(331,515)</u>	<u>(239,308)</u>
Net assets		<u><u>7,297,462</u></u>	<u><u>6,792,144</u></u>
Capital and reserves			
Revaluation reserve	10	1,481,319	948,220
Income and expenditure account	10	5,816,143	5,843,924
		<u>7,297,462</u>	<u>6,792,144</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 14-05-2024 | 10:13 BST

DocuSigned by:

 DAFC59FC799149D...
 Brigadier J L Clark CBE (Chair)
Chair

The notes on pages 14 to 22 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 2023

	Revaluation reserve	Income and expenditure account	Total equity
	£	£	£
At 1 January 2023	948,220	5,843,924	6,792,144
Deficit for the year	-	(119,988)	(119,988)
Surplus on revaluation of investments	673,173	-	673,173
Tax charge on surplus	(92,207)	92,207	-
Transfer realised profits	(47,867)	-	(47,867)
At 31 December 2023	1,481,319	5,816,143	7,297,462

The notes on pages 14 to 22 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 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)
At 31 December 2022	948,220	5,843,924	6,792,144

The notes on pages 14 to 22 form part of these financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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 FRS 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the requirements of the Companies Act 2006. The disclosure requirements of Section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The following principal accounting policies have been applied:

2.2 Going concern

After making appropriate enquiries, the Council Members have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

2.3 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.

2.4 Interest income

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

2.5 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.

THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.6 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.

2.7 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.

2.8 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.

THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.8 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:

Office equipment	-	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.

2.9 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.

2.10 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.

2.11 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.

2.12 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.

2.13 Provisions for liabilities

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.14 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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.14 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.

3. Employees

	2023	2022
	£	£
Wages and salaries	26,059	29,436
Cost of defined contribution scheme	1,066	1,253
	<u>27,125</u>	<u>30,689</u>

The average monthly number of employees, including directors, during the year was 1 (2022 - 1).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

4. Intangible assets

	Computer software £
Cost	
At 1 January 2023	12,918
At 31 December 2023	12,918
Amortisation	
At 1 January 2023	842
Charge for the year on owned assets	1,207
At 31 December 2023	2,049
Net book value	
At 31 December 2023	10,869
At 31 December 2022	12,076

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

5. Tangible fixed assets

	Office equipment £
Cost or valuation	
At 1 January 2023	3,350
At 31 December 2023	3,350
Depreciation	
At 1 January 2023	2,582
Charge for the year on owned assets	196
At 31 December 2023	2,778
Net book value	
At 31 December 2023	572
At 31 December 2022	768

6. Fixed asset investments

	Listed investments £
Cost or valuation	
At 1 January 2023	6,963,524
Additions	1,425,040
Disposals	(1,375,932)
Cash movement	(144,243)
Revaluations	673,173
At 31 December 2023	7,541,562

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

7. Debtors

	2023	2022
	£	£
Amounts owed by joint ventures and associated undertakings	1,709	2,065
Other debtors	1,469	3,071
	<u>3,178</u>	<u>5,136</u>

8. Cash and cash equivalents

	2023	2022
	£	£
Cash at bank and in hand	116,405	82,305
	<u>116,405</u>	<u>82,305</u>

9. Creditors: Amounts falling due within one year

	2023	2022
	£	£
Other taxation and social security	3,441	4,475
Other creditors	26,638	16,232
Accruals and deferred income	13,530	11,650
	<u>43,609</u>	<u>32,357</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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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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 £1,066.

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 £1,709 have been charged to the Samaritan Fund in the year (2022 - £2,065). The full amount of £1,709 is included in debtors (2022 - £2,065).

13. Controlling party

The Council controls the Fund.

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**DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	2023 £	2022 £
Income		145,604	<i>143,070</i>
Expenditure		(101,759)	<i>(115,476)</i>
		<u>43,845</u>	<u><i>27,594</i></u>
Less: overheads			
Administration expenses		(97,795)	<i>(94,800)</i>
		<u>(53,950)</u>	<u><i>(67,206)</i></u>
Operating loss		(53,950)	<i>(67,206)</i>
Interest receivable		5,567	<i>28</i>
Investment income		20,602	<i>94,666</i>
Tax on surplus on ordinary activities		(92,207)	<i>135,845</i>
		<u>(119,988)</u>	<u><i>163,333</i></u>
Surplus for the year		(119,988)	<i>163,333</i>

THE ROYAL ENGINEERS OFFICERS' WIDOWS SOCIETY ANNUITY FUND
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**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023 £	2022 £
Turnover		
Fees receivable	145,604	143,070
	<u>145,604</u>	<u>143,070</u>
	2023 £	2022 £
Annuities and death benefits payable to widows and orphans		
Annuities	60,559	72,276
Death benefits	41,200	43,200
	<u>101,759</u>	<u>115,476</u>
	2023 £	2022 £
Administration expenses		
Staff salaries	26,059	29,436
Staff pension costs - defined contribution schemes	1,066	1,253
Hotels, travel and subsistence	2,711	3,298
Printing and stationery	651	771
Computer costs	2,422	758
Trade subscriptions	-	158
Legal and professional	450	2,100
Auditors' remuneration	9,240	8,400
Auditors' remuneration - non-audit	2,900	3,290
Bank charges	1,439	1,490
Sundry expenses	1,162	817
Insurances	2,149	2,061
Depreciation - plant and machinery	196	16
Amortisation - intangible fixed assets	1,207	842
Lady Grover Fund	780	(3,640)
Investment manager/stockbroker fees	45,363	43,750
	<u>97,795</u>	<u>94,800</u>

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SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 £	2022 £
Interest receivable		
Bank interest receivable	5,567	28
	<u>5,567</u>	<u>28</u>
	2023 £	2022 £
Investment income		
Dividends received - listed investments	99,436	80,708
Profit/loss on disposal of listed investments	(78,834)	13,958
	<u>20,602</u>	<u>94,666</u>