

Company Registration No. 178994

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

Annual Report and Financial Statements

31 December 2008

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

Annual report and financial statements 2008

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

Officers and professional advisers

Council of Management

Members of the Council

Major General M F N Mans CBE (Chairman)

Brigadier C C Galloway

Brigadier D R Innes

Brigadier B J LeGrys

Brigadier J W R Thorn CBE

Brigadier E H Barker CBE (Resigned 12 June 2008)

Brigadier W E Shackell CBE (Resigned 12 June 2008)

Brigadier R Pridham OBE (Elected 12 June 2008)

Colonel J S Field CBE (Elected 12 June 2008)

Ex-Officio members

Colonel D A Caulfield Regimental Colonel

Colonel R D Elvidge RE TA Representative

Lt Col D C Garner Chief Instructor Command Wing

Lt Col S P F Harris SO1 RE MS Offrs

Captain J R J Ballard SO3 Offr Trg

Mrs R A Chilton Widows Representative

Secretary

Brigadier A A Wilson OBE

Registered office

Regimental Headquarters Royal Engineers

Brompton Barracks

Chatham

Kent

ME4 4UG

Bankers

Lloyds TSB Bank plc

Cox and Kings Branch

PO Box 1190

7 Pall Mall

London SW1Y 5NA

Investment managers

UBS AG

1 Curzon Street

London

W1J 5UB

Independent auditors

Newman & Co

Chartered Accountants

4b Church Street

Diss

IP22 4DD

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

Report of the Council of the Society

The Council presents its annual report and audited financial statements for the year ended 31 December 2008.

Principal activity

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

Responsibilities of the Council of the Society

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

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

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

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Society, and to enable it to ensure that the financial statements comply with the Companies Act 1985. It is also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Membership

As at 31 December 2008 the total membership stood at 875, holding a total of 3,288 units of membership (2007 - 851 members with 3,149 units) During the year 30 new members joined the Society, whilst 3 members resigned/lapsed and 3 members died.

Benefits

During the year 8 widows' annuity payments ceased and 3 new ones began, (2007 – 5 and 13). At year end there were 118 widows, (2007 – 120 widows), holding 140 units of membership, and one child in receipt of benefit, which ceased in July 2008 as she became 21. No half death benefits were paid as no single members died (2007 – 3). No widows elected to commute their annuities (2007 – 2).

Administration

The total administrative expenses of the Society represented 1% of the value of the Annuity Fund as at 31 December 2008 (2007 - 1%).

Assets

The market value of the Annuity Fund decreased by 17.7 % during 2008 (2007 – increased 2.6%).

Remuneration

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

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

Report of the Council of the Society (continued)

Independent auditors

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

- (1) so far as the member is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (2) the director has taken all the steps that he/she ought to have taken as a member in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985.

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

This report has been prepared in accordance with the special provisions relating to small companies under section 246 of the Companies Act 1985.

Signed on behalf of the Council on 2009

A A Wilson
Secretary

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

We have audited the financial statements of the Royal Engineers Officers' Widows Society Annuity Fund for the year ended 31 December 2008 which comprise the income and expenditure account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 10. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities, (effective January 2007).

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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.

Respective responsibilities of the Council of the Society and auditors

The Council of the Society's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards, (United Kingdom Generally Accepted Accounting Practice) are set out in the Responsibilities of the Council of the Society. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the report of the Council of the Society is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the Society Council's Members' remuneration and other transactions is not disclosed.

We read the report of the Council of the Society and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council of the Society in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2008 and of its deficit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the report of the Council of the Society is consistent with the financial statements.

Newman & Co

Chartered Accountants and Registered Auditors
Diss, United Kingdom

2009

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

**Income and Expenditure Account
Year ended 31 December 2008**

	Note	2008 £	2007 £
Income			
Subscriptions		89,785	85,867
Investment income	2	92,016	56,786
Sundry income		174	-
Total income		<u>181,975</u>	<u>142,653</u>
Expenditure			
Pensions and death benefits payable to widows and orphans	3	<u>71,402</u>	<u>118,779</u>
Administrative expenses			
Secretarial and administrative services		14,938	12,109
Investment manager/stockbroker fees		16,373	17,386
Auditors' remuneration - audit fees		4,000	4,238
- tax services		1,897	1,762
Actuarial Fees		-	4,000
Printing, postage and stationery		2,565	967
Other expenses	4	2,195	2,113
Taxation		15,814	-
		<u>57,782</u>	<u>42,575</u>
Total expenditure		<u>129,184</u>	<u>161,354</u>
Operating surplus / (deficit)		52,791	(18,701)
Movement on impairment provision	6	-	-
Interest receivable		1,195	1,477
Loss on sale of investments		-	(1,786)
(Deficit)/surplus before tax		<u>53,986</u>	<u>(18,392)</u>
Tax charge on (deficit)/surplus		-	-
(Deficit)/surplus for the financial year	9	<u><u>53,986</u></u>	<u><u>(18,392)</u></u>

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

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

**Statement of total recognised gains and losses
Year ended 31 December 2008**

	Note	2008 £	2007 £
(Deficit)/surplus for the financial year		53,986	(18,392)
Unrealised gains/(loss) arising on revaluation of investments to market value	6	(765,268)	32,194
Transfer from revaluation reserve for investments sold in the year	9	-	16,471
Total recognised gains and losses since last report		<u>(711,282)</u>	<u>30,273</u>

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

**Balance sheet
31 December 2008**

	Note	2008 £	2007 £
Fixed assets			
Tangible fixed assets	5	-	-
Investments	6	3,121,135	3,887,716
		<u>3,121,135</u>	<u>3,887,716</u>
Current assets			
Debtors	7	3,954	13,761
Cash at bank		102,188	35,700
		<u>106,142</u>	<u>49,461</u>
Creditors: amounts falling due within one year	8	<u>(14,262)</u>	<u>(12,880)</u>
Net current assets		<u>91,880</u>	<u>36,581</u>
Total assets less current liabilities		<u>3,213,015</u>	<u>3,924,297</u>
Reserves			
Income and expenditure account	9	2,393,009	3,104,291
Revaluation reserve	9	820,006	820,006
		<u>3,213,015</u>	<u>3,924,297</u>

These financial statements have been prepared in accordance with the special provisions for small companies under section 246 of the Companies Act 1985.

These financial statements were approved by the Council on 2009.

Signed on behalf of the Council

Major General M F N Mans
Chairman

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

Notes to the accounts Year ended 31 December 2008

1. Accounting policies

The financial statements are prepared in accordance with the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

The particular accounting policies adopted by the Council of the Society are described below and have been applied consistently.

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of fixed asset investments. They summarise the transactions and net assets of the fund and do not take account of liabilities to pay pensions and other benefits in the future. The most recent actuarial valuation of the pension obligations of the fund was performed as at 31 December 2006.

As required by section 226 of the Companies Act 1985, in order to give a true and fair view, certain headings in the accounts have been amended in accordance with schedule 4 of the Companies Act 1985.

Administrative expenses

Certain administrative expenses are incurred by the Royal Engineers Officers' Widows Society Annuity Fund and recharged to the Samaritan Fund on a proportional basis calculated on the market value of the investments held at the end of the financial year.

Tangible fixed assets

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

Office equipment - 4 years

Investments

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

2. Investment income (net of fees)

	2008	2007
	£	£
UBS	92,016	56,786

**The Royal Engineers Officers' Widows Society Annuity Fund
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**Notes to the accounts
Year ended 31 December 2008**

3. Pensions and death benefits payable to widows and orphans		
	2008	2007
	£	£
Annuities	51,402	48,495
Death benefits	20,000	70,284
	<u>71,402</u>	<u>118,779</u>
4. Other expenses		
	2008	2007
	£	£
Computer costs	-	1,087
Sundry	2,195	1,026
	<u>2,195</u>	<u>2,113</u>
5. Tangible fixed assets		
		Office equipment £
Cost		
At 1 January 2008 and 31 December 2008		<u>8,590</u>
Accumulated depreciation		
At 1 January 2008 and 31 December 2008		<u>8,590</u>
Net book value		
At 31 December 2008		<u>-</u>
At 31 December 2007		<u>-</u>

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

**Notes to the accounts
Year ended 31 December 2008**

6. Investments

	Total £
At valuation – Bid value	
At 1 January 2007	3,683,159
Disposals	(447,342)
Additions	529,611
Unrealised gains/(losses)	(765,268)
	<hr/>
Cash held by broker	3,000,160
	120,975
	<hr/>
At 31 December 2008	3,121,135
	<hr/>
Impairment provision	
At 1 January 2008	-
Write back of impairment provision	-
	<hr/>
At 31 December 2008	-
	<hr/>
Net book value	
At 31 December 2008	3,121,135
	<hr/> <hr/>
At 31 December 2007	3,887,716
	<hr/> <hr/>
Historical cost	
At 31 December 2008	3,126,330
	<hr/> <hr/>
At 31 December 2007	2,873,350
	<hr/> <hr/>

All investments are held in the UBS portfolio range.

7. Debtors

	2008 £	2007 £
Investment income	-	9,149
Samaritan Fund	3,954	4,612
	<hr/>	<hr/>
	3,954	13,761
	<hr/> <hr/>	<hr/> <hr/>

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

**Notes to the accounts
Year ended 31 December 2008**

8. Creditors: amounts falling due within one year

	2008	2007
	£	£
Annuities payable	-	-
Other creditors	4,334	4,320
Other taxation and social security	4,031	2,560
Audit fee	5,897	6,000
	<u>14,262</u>	<u>12,880</u>

Included within other creditors is £ Nil (2007 - £Nil) due to Executive Management Assignments Limited, a company of which M Fraser-Allen is a director and shareholder, in respect of fees for secretarial and administrative services. During the year fees of £15,250 were paid to AA Wilson and £1,000 paid to M Fraser-Allen (Total 2007 - £13,802) were charged to the Fund in respect of secretarial and administrative services.

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

	Revaluation reserve	Income and expenditure account	Total 2008	Total 2007
	£	£	£	£
At 1 January	820,006	3,104,291	3,924,297	3,910,495
(Deficit)/surplus for the financial year	-	53,986	53,986	(18,392)
Unrealised gain/(loss) on investments	-	(765,268)	(765,268)	32,194
Transfer of realised gain	-	-	-	-
	<u>820,006</u>	<u>2,393,009</u>	<u>3,213,015</u>	<u>3,924,297</u>

10. Control

The Council controls the Fund.