

892077

**Officers' Pensions Society
Investment Company Limited**

Report and Financial Statements

Year Ended

31 December 2000



BDO Stoy Hayward
Chartered Accountants

OFFICERS' PENSIONS SOCIETY INVESTMENT COMPANY LIMITED

Annual report and financial statements for the year ended 31 December 2000

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Directors

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Directors

Air Chief Marshal Sir David Evans GCB, CBE, CI Mgt
Brigadier R B C Plowden
R A H Nunneley Esq, MBE, FSI
M C Faircliff Esq, FCA
Air Commodore P J Wilkinson CVO
Air Chief Marshal Sir Patrick Hine GCB, GBE, CI Mgt
Major General J C M Gordon CBE, FCIT, FILT

Secretary and registered office

S P Hermelin, 68 South Lambeth Road, Vauxhall, London, SW8 1RL.

Company number

892077

Auditors

BDO Stoy Hayward, 8 Baker Street, London, W1U 3LL.

OFFICERS' PENSIONS SOCIETY INVESTMENT COMPANY LIMITED

Report of the directors for the year ended 31 December 2000

The directors present their report together with the audited financial statements for the year ended 31 December 2000.

Results and dividends

The revenue account is set out on page 4 and shows the surplus for the year.

The company's surplus for the year amounted to £34,126 (1999 - £10,885). The surplus is added to the amount brought forward of £63,100 leaving £97,226 to be carried forward.

The directors do not recommend the payment of a dividend.

Principal activity

The principal activity of the company is the holding of investments.

Directors

The directors of the company during the year were:

Air Chief Marshal Sir David Evans GCB, CBE, CI Mgt (Chairman)
Brigadier R B C Plowden
Major General P R F Bonnet CB, MBE (retired 3 April 2000)
R A H Nunneley Esq, MBE, FSI
M C Faircliff Esq, FCA
Air Commodore P J Wilkinson CVO
Air Chief Marshal Sir Patrick Hine GCB, GBE, CI Mgt
Major General J C M Gordon CBE, FCIT, FILT (appointed 3 April 2000)

The directors have no beneficial interest in the shares of the company.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which 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 1985. 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.

OFFICERS' PENSIONS SOCIETY INVESTMENT COMPANY LIMITED

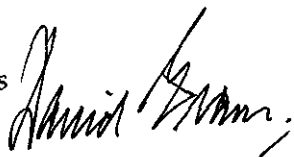
Report of the directors for the year ended 31 December 2000 (*Continued*)

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board

Sir David Evans

A handwritten signature in black ink, appearing to read 'David Evans', written over the printed name.

Chairman

Date

8 March 2001

OFFICERS' PENSIONS SOCIETY INVESTMENT COMPANY LIMITED

Report of the auditors

To the members of Officers' Pensions Society Investment Company Limited

We have audited the financial statements on pages 4 to 12 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 directors 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 of the state of the company's affairs as at 31 December 2000 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO STOY HAYWARD
*Chartered Accountants
and Registered Auditors*
London

Date *8 March 2001*

OFFICERS' PENSIONS SOCIETY INVESTMENT COMPANY LIMITED**Revenue account for the year ended 31 December 2000**

	Note	2000 £	1999 £
Income			
Income from fixed asset investments	2	8,310	11,609
Interest receivable and other similar income	5	2,613	846
Other operating income	6	13,879	15,005
		<hr/>	<hr/>
		24,802	27,460
Administrative expenses		<hr/>	<hr/>
		(37,716)	(39,427)
		<hr/>	<hr/>
		(12,914)	(11,967)
Other income – legacies		<hr/>	<hr/>
		47,040	-
Operating profit/(loss) on ordinary activities	7	<hr/>	<hr/>
		34,126	(11,967)
Taxation on profit/(loss) on ordinary activities	8	<hr/>	<hr/>
		-	1,082
Profit/(loss) for the financial year		<hr/>	<hr/>
		34,126	(10,885)
Retained surplus brought forward		<hr/>	<hr/>
		63,100	73,985
Retained surplus carried forward		<hr/>	<hr/>
		97,226	63,100
		<hr/>	<hr/>

All amounts relate to continuing activities.

The notes on pages 7 to 12 form part of these financial statements.

OFFICERS' PENSIONS SOCIETY INVESTMENT COMPANY LIMITED

Statement of total recognised gains and losses for the year ended 31 December 2000

	2000	1999
	£	£
Profit/(loss) for the financial year after taxation	34,126	(10,885)
Unrealised (deficit)/surplus on valuation of investments	(6,281)	82,186
	<hr/>	<hr/>
Total recognised gains and losses for the year	27,845	71,301
	<hr/>	<hr/>

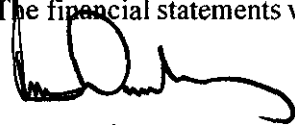
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OFFICERS' PENSIONS SOCIETY INVESTMENT COMPANY LIMITED

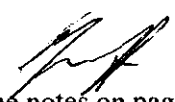
Balance sheet at 31 December 2000

	Note	2000	1999
		£	£
Fixed assets			
Tangible assets	9	14,154	20,534
Investments	10	693,967	706,046
		<u>708,121</u>	<u>726,580</u>
Current assets			
Debtors	11	3,593	3,500
Cash at bank and in hand		71,656	25,222
		<u>75,249</u>	<u>28,722</u>
Creditors: amounts falling due within one year	12	402,024	396,003
		<u>402,024</u>	<u>396,003</u>
Net current liabilities		(326,775)	(367,281)
Total assets less current liabilities		381,346	359,299
Provision for liabilities and charges			
Deferred taxation	13	(40,927)	(46,725)
		<u>(40,927)</u>	<u>(46,725)</u>
Capital and reserves			
Called up share capital	14	100	100
Revenue reserves		97,226	63,100
Revaluation reserve	15	243,093	249,374
		<u>340,419</u>	<u>312,574</u>
Equity shareholders' funds	17	340,419	312,574
		<u>340,419</u>	<u>312,574</u>

The financial statements were approved by the Board on 8 March 2001



)
) Directors
)



F.C.A.

The notes on pages 7 to 12 form part of these financial statements.

OFFICERS' PENSIONS SOCIETY INVESTMENT COMPANY LIMITED

Notes forming part of the financial statements for the year ended 31 December 2000

1 Accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention modified by the revaluation of investments and in accordance with applicable accounting policies.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value of each asset over its expected useful life, as follows:

Office equipment	-	15% pa reducing balance basis
Computer equipment	-	over 6 years

Investments

Investments are shown at market price on the last day of the accounting period. Unrealised gains or losses are adjusted in the revaluation reserve.

Deferred taxation

Deferred taxation is provided on the liability method to the extent that a liability could crystallise. Details of movements in the provision for deferred taxation are set out in note 13.

2 Income from fixed asset investments

	2000 £	1999 £
Dividends – Unit trusts	8,310	11,609

3 Employees

	2000 £	1999 £
Staff costs consist of:		
Salaries	6,859	7,968
The average number of employees, during the year was:	Number	Number
Office and management	3	3

OFFICERS' PENSIONS SOCIETY INVESTMENT COMPANY LIMITEDNotes forming part of the financial statements for the year ended 31 December 2000 *(Continued)***4 Directors**

	2000 £	1999 £
Fees	3,768	4,386

Directors fees are paid by Officers Pension Society Limited. The fees above relate on apportionment of directors fees to reflect the work performed by directors in their capacity as directors of this company.

5 Interest receivable

	2000 £	1999 £
Bank interest	2,613	846

6 Other operating income

	2000 £	1999 £
Royalty income	13,879	15,005

7 Operating profit/(loss)

	2000 £	1999 £
This has been arrived at after charging:		
Auditors remuneration	3,172	2,703
Depreciation	4,273	4,722

8 Taxation on loss from ordinary activities

	2000 £	1999 £
Prior year adjustment	-	1,082

OFFICERS' PENSIONS SOCIETY INVESTMENT COMPANY LIMITED

Notes forming part of the financial statements for the year ended 31 December 2000 (*Continued*)

9 Tangible assets

	Office equipment £	Computer £	Total £
<i>Cost</i>			
At 1 January 2000	8,471	48,661	57,132
Intercompany transfer	-	(2,107)	(2,107)
	<hr/>	<hr/>	<hr/>
At 31 December 2000	8,471	46,554	55,025
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 2000	5,512	31,086	36,598
Charge for the year	444	3,829	4,273
	<hr/>	<hr/>	<hr/>
At 31 December 2000	5,956	34,915	40,871
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2000	2,515	11,639	14,154
	<hr/>	<hr/>	<hr/>
At 31 December 1999	2,959	17,575	20,534
	<hr/>	<hr/>	<hr/>

10 Investments

	2000 £	1999 £
Unit trusts		
Valuation at 1 January 2000	706,046	606,373
(Deficit)/surplus on revaluation	(12,079)	99,673
	<hr/>	<hr/>
Valuation at 31 December 2000	693,967	706,046
	<hr/>	<hr/>

The unit trust is valued at market value.

OFFICERS' PENSIONS SOCIETY INVESTMENT COMPANY LIMITED

Notes forming part of the financial statements for the year ended 31 December 2000 (Continued)

11 Debtors

	2000 £	1999 £
Prepayments and accrued income	3,593	3,500

12 Creditors: amounts falling due within one year

	2000 £	1999 £
Amounts owed to parent undertaking	392,952	388,757
Accruals and deferred income	9,072	7,246
	402,024	396,003

13 Deferred taxation

The movements on the provision for deferred taxation during the year were as follows:

	At 1 January 2000 £	Transfer to revaluation reserve £	At 31 December 2000 £
Tax effect on timing differences due to:			
Revaluation of investments	46,725	(5,798)	40,927

Deferred tax is provided at 20% (1999 – 20%) analysed over the following timing differences.

	Fully provided 2000 £	1999 £
Surplus on revaluation of investments	40,927	46,725

OFFICERS' PENSIONS SOCIETY INVESTMENT COMPANY LIMITED

Notes forming part of the financial statements for the year ended 31 December 2000 (*Continued*)

14 Share capital

	2000 £	1999 £
<i>Allotted, called up and fully paid</i>		
100 shares of £1 each	100	100
	<u> </u>	<u> </u>

15 Revaluation reserve

	2000 £	1999 £
At 1 January 2000	249,374	167,188
Unrealised (deficit)/surplus on valuation of investments	(12,079)	99,673
Deferred taxation on unrealised surplus	5,798	(17,487)
	<u> </u>	<u> </u>
At 31 December 2000	243,093	249,374
	<u> </u>	<u> </u>

16 Ultimate parent company

The directors regard Officers' Pensions Society Limited, a company registered in England and Wales, as the ultimate parent company,

The parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up is Officers' Pensions Society Limited. The group financial statements are available to the public on payment of the appropriate fee, from Companies Registration Office, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

17 Reconciliation of movement in shareholders funds

	2000 £	1999 £
Retained profit/(loss) for the financial year	34,126	(10,885)
Surplus on revaluation of investments	(12,079)	99,673
Deferred taxation on surplus	5,798	(17,487)
	<u> </u>	<u> </u>
	27,845	71,301
Shareholders funds at 1 January 2000	312,574	241,273
	<u> </u>	<u> </u>
Shareholders funds at 31 December 2000	340,419	312,574
	<u> </u>	<u> </u>

OFFICERS' PENSIONS SOCIETY INVESTMENT COMPANY LIMITED

Notes forming part of the financial statements for the year ended 31 December 2000 (*Continued*)

18 Commitments under operating leases

As at 31 December 2000, the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	2000	1999
	£	£
Operating lease which expires	-	-
Over five years	35,368	35,368
	<u>35,368</u>	<u>35,368</u>

19 Related party disclosures

The company is wholly owned and controlled by Officers' Pensions Society. As permitted by Financial Reporting Standard No 8, transactions with the parent company have not been disclosed.