

**REGISTRAR OF COMPANIES**

**OFFICERS' PENSIONS SOCIETY INVESTMENT COMPANY LIMITED**  
**(Registered Number: 892077)**

**FINANCIAL STATEMENTS**

**AS AT**

**31 DECEMBER 1998**

**BDO STOY HAYWARD**  
Chartered Accountants  
Clifford's Inn  
Fetter Lane  
**LONDON EC4A 1AS**



OFFICERS' PENSIONS SOCIETY INVESTMENT COMPANY LIMITED

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OFFICERS' PENSIONS SOCIETY INVESTMENT COMPANY LIMITED

REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 1998

The directors present their report and the audited financial statements of the company for the year ended 31 December 1998.

Principal activity

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

Results and dividends

The company's loss for the year amounted to £5,319 (1997 : loss £7,475). The loss is deducted from the amount brought forward of £79,304 leaving £73,985 to be carried forward.

The directors do not recommend payment of a dividend.

Year 2000

We are in the process of assessing the risks to the business in detail. Once our assessment is complete we will develop detailed plans to deal with any such risks as are identified.

Directors and their interests

The persons who were directors throughout the year were unless otherwise indicated:-

Air Chief Marshal Sir David Evans G.C.B., C.B.E. (Chairman)

Brigadier R.B.C. Plowden

Captain R.S. Markes L.V.O., R.N.

General Sir John Archer K.C.B., O.B.E.

Major General P.R.F. Bonnet C.B., M.B.E.

R.A.H. Nunneley Esq., M.B.E.

The Lord Astor of Hever (Appointed February 1998)

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

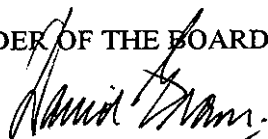
Election of directors

Major General P.R.F. Bonnet C.B., M.B.E. and General Sir John Archer become due to retire from the Board by rotation in 1999 and being eligible offer themselves for re-election.

Auditors

On 1 March 1999 the auditors, Moores Rowland, merged their practice with that of BDO Stoy Hayward and are now practising under that name. A resolution will be proposed at the Annual General Meeting that BDO Stoy Hayward be reappointed as auditors to the company for the ensuing year.

BY ORDER OF THE BOARD



SIR DAVID EVANS - Chairman

11<sup>th</sup> March 1999

OFFICERS' PENSIONS SOCIETY INVESTMENT COMPANY LIMITED  
DIRECTORS' RESPONSIBILITIES

in respect of the preparation of financial statements,

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 judgments 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.

AUDITORS' REPORT TO THE MEMBERS OF  
OFFICERS' PENSIONS SOCIETY INVESTMENT COMPANY LIMITED

We have audited the financial statements on pages 3 to 8 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described above the company's directors are responsible for the preparation of 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 judgments 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 affairs of the company as at 31 December 1998 and of the loss of the company 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  
Clifford's Inn  
Fetter Lane  
LONDON EC4A 1AS

 11 March 1999

OFFICERS' PENSIONS SOCIETY INVESTMENT COMPANY LIMITED  
REVENUE ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 1998

	Note	Continuing Operations	
		<u>1998</u>	<u>1997</u>
<u>INCOME</u>		<u>£</u>	<u>£</u>
Income from fixed asset investments	2	14,500	13,868
Interest receivable and other similar income	3	1,605	2,474
Other operating income	4	15,563	15,466
		<u>31,668</u>	<u>31,808</u>
<u>ADMINISTRATIVE EXPENSES</u>		<u>(33,874)</u>	<u>(38,038)</u>
<u>OPERATING LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</u>	5	(2,206)	(6,230)
<u>TAX ON LOSS ON ORDINARY ACTIVITIES</u>	7	(3,113)	(1,245)
<u>(LOSS) FOR THE FINANCIAL YEAR</u>		<u>(5,319)</u>	<u>(7,475)</u>
<u>RETAINED SURPLUS BROUGHT FORWARD</u>		<u>79,304</u>	<u>86,779</u>
<u>RETAINED SURPLUS CARRIED FORWARD</u>		<u>73,985</u>	<u>79,304</u>
<u>STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES</u>			
Loss for the financial year after taxation		(5,319)	(7,475)
Unrealised surplus on valuation of investments		47,519	44,683
Total recognised gains and losses for the year		<u>42,200</u>	<u>37,208</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

There is no difference between the historical cost loss and the reported loss.

The notes set out on pages 5 to 8 form part of these financial statements.

OFFICERS' PENSIONS SOCIETY INVESTMENT COMPANY LIMITED

BALANCE SHEET

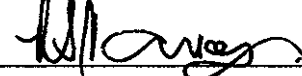
AT 31 DECEMBER 1998

	<u>Note</u>	<u>1998</u> <u>£</u>	<u>1997</u> <u>£</u>
<u>FIXED ASSETS</u>			
Tangible assets	8	20,593	1,515
Investments	9	606,373	550,198
		<u>626,966</u>	<u>551,713</u>
<u>CURRENT ASSETS</u>			
Debtors	10	15,678	16,366
Cash at bank and in hand		23,775	38,236
		<u>39,453</u>	<u>54,602</u>
<u>CREDITORS: Amounts falling due within one year</u>	11	<u>(395,908)</u>	<u>(382,070)</u>
<u>NET CURRENT LIABILITIES</u>		<u>(356,455)</u>	<u>(327,468)</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		270,511	224,245
<u>PROVISION FOR LIABILITIES AND CHARGES</u>			
Deferred taxation	12	<u>(29,238)</u>	<u>(25,172)</u>
		<u>241,273</u>	<u>199,073</u>
<u>CAPITAL AND RESERVES</u>			
<u>SHARE CAPITAL</u>			
Share capital	13	100	100
<u>RESERVES</u>			
Revenue reserves		73,985	79,304
Revaluation reserve	14	167,188	119,669
<u>EQUITY SHAREHOLDERS' FUNDS</u>	16	<u>241,273</u>	<u>199,073</u>

Approved by the board on 11<sup>th</sup> March 1999 and signed on its behalf by

  
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J. ARCHER

  
\_\_\_\_\_

R.S. MARKES

)  
)  
) Directors  
)  
)

The notes set out on pages 5 to 8 form part of these financial statements.

OFFICERS' PENSIONS SOCIETY INVESTMENT COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1998

1. Accounting policies

(a) Basis of Accounting

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

(b) 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% p.a. reducing balance basis  
 Computer equipment     -     over 6 years

(c) 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.

(d) 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 12.

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
2. <u>Income from fixed asset investments</u>		
Dividends - Unit Trusts	<u>14,500</u>	<u>13,868</u>
3. <u>Interest receivable</u>		
Bank interest	<u>1,605</u>	<u>2,474</u>
4. <u>Other operating income</u>		
Royalty income	<u>15,563</u>	<u>15,466</u>
5. <u>Operating loss</u>		
This is after charging:		
Auditors remuneration	2,585	2,585
Depreciation	<u>4,037</u>	<u>4,178</u>
6. <u>Employees and directors</u>		
Staff costs (including directors)		
Salaries	<u>7,584</u>	<u>7,528</u>

OFFICERS' PENSIONS SOCIETY INVESTMENT COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 1998

6. <u>Employees and directors (continued)</u>	<u>1998</u> <u>No</u>	<u>1997</u> <u>No</u>
The average number of employees during the year was made up as follows:		
Office and management	<u>3</u>	<u>3</u>
Directors' Emoluments	<u>£</u>	<u>£</u>
Fees	<u>4,157</u>	<u>3,938</u>

The emoluments of the Chairman were £Nil (1997 : £Nil) and the highest paid director were £4,157 (1997: £3,938).

7. <u>Tax on loss on ordinary activities</u>	<u>£</u>	<u>£</u>
Tax credits attributable to dividends received	2,865	2,773
Taxation recoverable	-	(1,528)
Refund over provided in previous year	248	-
	<u>3,113</u>	<u>1,245</u>

8. <u>Tangible fixed assets</u>	<u>Office Equipment £</u>	<u>Computer £</u>	<u>Total £</u>
Cost at 1 January	5,891	23,463	29,354
Additions	<u>2,580</u>	<u>20,535</u>	<u>23,115</u>
Cost at 31 December	<u>8,471</u>	<u>43,998</u>	<u>52,469</u>
Accumulated depreciation at 1 January	4,376	23,463	27,839
Charge for year	<u>614</u>	<u>3,423</u>	<u>4,037</u>
Accumulated depreciation at 31 December	<u>4,990</u>	<u>26,886</u>	<u>31,876</u>
Net book value at 31 December 1998	<u>3,481</u>	<u>17,112</u>	<u>20,593</u>
Net book value at 31 December 1997	<u>1,515</u>	<u>Nil</u>	<u>1,515</u>



OFFICERS' PENSIONS SOCIETY INVESTMENT COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 1998

9. Investments

Unit trusts

Valuation/cost at 1 January

Additions

Surplus on revaluation

Valuation at 31 December

1998

£

550,198

4,590

51,585

606,373

1997

£

480,046

15,148

55,004

550,198

10. Debtors

Tax repayable

Prepayments and accrued income

1,280

14,398

15,678

1,528

14,838

16,366

11. Creditors: amounts falling due within one year

Amounts owed to parent undertaking

Accruals and deferred income

391,111

4,797

395,908

375,582

6,488

382,070

12. Deferred Taxation

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

At 1.1.98

£

25,172

Transfer to  
revaluation  
reserve

£

4,066

At 31.12.98

£

29,238

Tax effect on timing differences due to:

Revaluation of investments

Deferred tax is provided at 21% (1997 : 21%) analysed over the following timing differences.

Fully provided

1998

£

29,238

1997

£

25,172

Surplus on revaluation of investments

13. Share capital

Allotted, called up and fully paid

100 shares of £1 each

1998

£

100

1997

£

100

OFFICERS' PENSIONS SOCIETY INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1998

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
14. <u>Revaluation reserve</u>		
At 1 January	119,669	74,986
Unrealised surplus on valuation of investments	51,585	55,004
Deferred taxation on unrealised surplus	<u>(4,066)</u>	<u>(10,321)</u>
At 31 December	<u>167,188</u>	<u>119,669</u>

15. 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.

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
16. <u>Reconciliation of movement in shareholders funds</u>		
Retained loss for the financial year	(5,319)	(7,475)
Surplus on revaluation of investments	51,585	55,004
Deferred taxation on surplus	<u>(4,066)</u>	<u>(10,321)</u>
	42,200	37,208
Shareholders funds at 1 January	<u>199,073</u>	<u>161,865</u>
Shareholders funds at 31 December	<u>241,273</u>	<u>199,073</u>

17. Financial commitments

At 31 December 1998 the company had annual commitments under non-cancellable operating leases as set out below:

	<u>Land &amp; Buildings</u>	
	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Expiry date:		
Over 5 years	<u>35,368</u>	<u>35,368</u>

18. Related party disclosures

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