

515 207

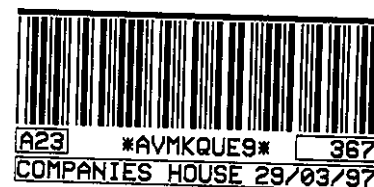
OFFICERS' PENSIONS SOCIETY INVESTMENT COMPANY LIMITED  
(Registered Number: 892077)

FINANCIAL STATEMENTS

AS AT

31ST DECEMBER 1996

**MOORES ROWLAND**  
Chartered Accountants  
Buchanan House  
24-30 Holborn  
LONDON EC1N 2JN



OFFICERS' PENSIONS SOCIETY INVESTMENT COMPANY LIMITED

(Registered Number: 892077)

FINANCIAL STATEMENTS

AS AT

31ST DECEMBER 1996

OFFICERS' PENSIONS SOCIETY INVESTMENT COMPANY LIMITED

CONTENTS

	<u>PAGE</u>
REPORT OF THE DIRECTORS	1
DIRECTORS RESPONSIBILITIES	2
REPORT OF THE AUDITORS	2
REVENUE ACCOUNT	3
BALANCE SHEET	4
NOTES TO THE FINANCIAL STATEMENTS	5 - 7

## OFFICERS' PENSIONS SOCIETY INVESTMENT COMPANY LIMITED

### REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the company for the year ended 31st December 1996.

#### 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 £19,902 (1995 loss £23,242). The loss is deducted from the amount brought forward of £106,681 leaving £86,779 to be carried forward to 1997. Efforts will be made in 1997 to bring expenditure more in line with income.

The directors do not recommend payment of a dividend.

#### 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  
Lieutenant Colonel R. Marriott T.D.  
Major General Sir Laurence New C.B., C.B.E. (Retired 10th January 1996)  
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., M.Phil., BSc

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

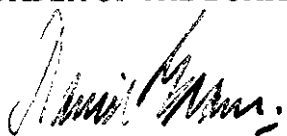
#### Election of directors

General Sir John Archer K.C.B., O.B.E. and Major General P.R.F. Bonnet C.B., M.B.E., M.Phil., BSc retire from the Board by rotation and being eligible offer themselves for re-election.

#### Auditors

On 1st October 1996, the auditors, Blakemores merged their practice with that of Moores Rowland and are now practising under that name. A resolution will be proposed at the Annual General Meeting that Moores Rowland (formerly Blakemores) be reappointed as auditors to the company for the ensuing year.

BY ORDER OF THE BOARD



DAVID EVANS  
CHAIRMAN

13 March 1997

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.

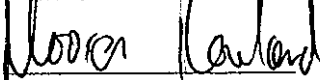
Basis of opinion

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 31st December 1996 and of the loss of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MOORES ROWLAND

Chartered Accountants and

Registered Auditors

Buchanan House

24-30 Holborn

LONDON EC1N 2JN

14 March 1997

OFFICERS' PENSIONS SOCIETY INVESTMENT COMPANY LIMITED

REVENUE ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1996

	Note	<u>Continuing Operations</u>	
		<u>1996</u>	<u>1995</u>
		<u>£</u>	<u>£</u>
<u>INCOME</u>			
Income from fixed asset investments	2	10,574	10,949
Interest receivable and other similar income	3	2,209	2,289
Other operating income	4	14,719	12,416
		<u>27,502</u>	<u>25,654</u>
<u>ADMINISTRATIVE EXPENSES</u>		<u>(46,376)</u>	<u>(48,896)</u>
<u>OPERATING LOSS/LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</u>	5	(18,874)	(23,242)
<u>TAX ON LOSS ON ORDINARY ACTIVITIES</u>	7	(1,028)	-
<u>(LOSS) FOR THE FINANCIAL YEAR</u>		(19,902)	(23,242)
<u>RETAINED SURPLUS BROUGHT FORWARD</u>		<u>106,681</u>	<u>129,923</u>
<u>RETAINED SURPLUS CARRIED FORWARD</u>		<u>86,779</u>	<u>106,681</u>
<u>STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES</u>			
Loss for the financial year after taxation		(19,902)	(23,242)
Unrealised surplus on valuation of investments		<u>20,559</u>	<u>54,427</u>
Total recognised gains and losses for the year		<u>657</u>	<u>31,185</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.

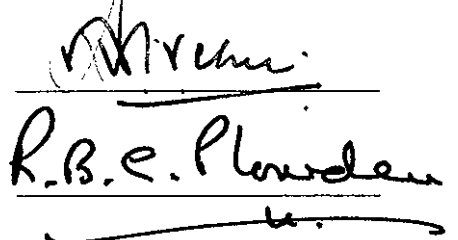
OFFICERS' PENSIONS SOCIETY INVESTMENT COMPANY LIMITED

BALANCE SHEET

AT 31ST DECEMBER 1996

	Note	1996 £	1995 £
<u>FIXED ASSETS</u>			
Tangible assets	8	5,693	9,918
Investments	9	480,046	419,589
		485,739	429,507
<u>CURRENT ASSETS</u>			
Debtors	10	16,611	19,589
Cash at bank and in hand		43,947	33,247
		60,558	52,836
<u>CREDITORS: Amounts falling due within one year</u>	11	(369,581)	(321,135)
<u>NET CURRENT LIABILITIES</u>		(309,023)	(268,299)
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		176,716	161,208
<u>PROVISION FOR LIABILITIES AND CHARGES</u>			
Deferred taxation	12	(14,851)	-
		161,865	161,208
<u>CAPITAL AND RESERVES</u>			
<u>SHARE CAPITAL</u>			
Share capital	13	100	100
<u>RESERVES</u>			
Revenue reserves		86,779	106,681
Revaluation reserve	14	74,986	54,427
<u>EQUITY SHAREHOLDERS' FUNDS</u>	15	161,865	161,208

Approved by the board on 13<sup>th</sup> March 1997 and signed on its behalf by

  
 )  
 )  
 ) 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 31ST DECEMBER 1996

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 evenly 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 it is probable a liability or asset will crystallise. Details of movements in the provision for deferred taxation are set out in note 12.

	<u>1996</u>	<u>1995</u>
2. <u>Income from fixed asset investments</u>	<u>£</u>	<u>£</u>
Dividends - Unit Trusts	<u>10,574</u>	<u>10,949</u>
3. <u>Interest receivable</u>		
Bank interest	2,209	2,222
Other	-	67
	<u>2,209</u>	<u>2,289</u>
4. <u>Other operating income</u>		
Royalty income	<u>14,719</u>	<u>12,416</u>
5. <u>Operating loss</u>		
This is after charging:		
Auditors remuneration	2,585	2,468
Depreciation	<u>4,225</u>	<u>4,281</u>
6. <u>Employees and directors</u>		
Staff costs (including directors)		
Salaries	<u>14,183</u>	<u>18,193</u>



OFFICERS' PENSIONS SOCIETY INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31ST DECEMBER 1996

6.	<u>Employees and directors (continued)</u>	<u>1996</u> <u>No</u>	<u>1995</u> <u>No</u>
	The average number of employees during the year was made up as follows:		
	Office and management	<u>8</u>	<u>9</u>
	Directors' Emoluments	<u>£</u>	<u>£</u>
	Fees	Nil	Nil
	Other services	<u>10,173</u>	<u>12,933</u>
	The emoluments of the Chairman were £Nil (1995: £Nil) and the highest paid director were £5,338 (1995: £6,992).		
	Other directors' emoluments fell within following ranges	<u>No.</u>	<u>No.</u>
	Nil	3	3
	£1 - £ 5,000	1	1
	£5,001 - £10,000	<u>1</u>	<u>1</u>
7.	<u>Tax on loss on ordinary activities</u>	<u>£</u>	<u>£</u>
	Tax credits attributable to dividends received	2,115	2,197
	Taxation recoverable	(1,940)	(2,197)
	Refund overprovided in previous year	853	-
		<u>1,028</u>	<u>Nil</u>
		<u>Office</u> <u>Equipment</u> <u>£</u>	<u>Computer</u> <u>£</u> <u>Total</u> <u>£</u>
8.	<u>Tangible fixed assets</u>		
	Cost at 1st January 1996 and at 31st December 1996	<u>5,891</u>	<u>23,463</u> <u>29,354</u>
	Accumulated depreciation at 1st January 1996	3,794	15,642   19,436
	Charge for year	<u>315</u>	<u>3,910</u> <u>4,225</u>
	Accumulated depreciation at 31st December 1996	<u>4,109</u>	<u>19,552</u> <u>23,661</u>
	Net book value at 31st December 1996	<u>1,782</u>	<u>3,911</u> <u>5,693</u>
	Net book value at 31st December 1995	<u>2,097</u>	<u>7,821</u> <u>9,918</u>

OFFICERS' PENSIONS SOCIETY INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31ST DECEMBER 1996

9.	<u>Investments</u>	<u>1996</u>	<u>1995</u>		
		<u>£</u>	<u>£</u>		
	<u>Unit trusts</u>				
	Valuation/cost at 1st January	419,589	365,162		
	Additions	25,047	-		
	Surplus on revaluation	<u>35,410</u>	<u>54,427</u>		
	Valuation at 31st December	<u>480,046</u>	<u>419,589</u>		
10.	<u>Debtors</u>				
	Tax repayable	1,940	4,257		
	Prepayments and accrued income	<u>14,671</u>	<u>15,332</u>		
		<u>16,611</u>	<u>19,589</u>		
11.	<u>Creditors: amounts falling due within one year</u>				
	Amounts owed to parent undertaking	363,551	315,202		
	Accruals and deferred income	<u>6,030</u>	<u>5,933</u>		
		<u>369,581</u>	<u>321,135</u>		
12.	<u>Deferred Taxation</u>				
	The movements on the provision for deferred taxation during the year were as follows:				
		<u>At 1.1.96</u>	<u>Transfer to</u>	<u>Transfer to</u>	<u>At 31.12.96</u>
		<u>£</u>	<u>profit and</u>	<u>revaluation</u>	<u>£</u>
			<u>loss account</u>	<u>reserve</u>	
			<u>£</u>	<u>£</u>	
	Tax effect on timing differences due to:				
	Revaluation of investments	-	-	14,851	14,851
		<u>-</u>	<u>-</u>	<u>14,851</u>	<u>14,851</u>
13.	<u>Share capital</u>			<u>1996</u>	<u>1995</u>
				<u>£</u>	<u>£</u>
	Allotted, called up and fully paid				
	100 shares of £1 each			<u>100</u>	<u>100</u>
14.	<u>Revaluation reserve</u>				<u>£</u>
	At 1st January 1996				54,427
	Unrealised surplus on valuation of investments				35,410
	Deferred taxation on unrealised surplus				<u>(14,851)</u>
	At 31st December 1996				<u>74,986</u>

OFFICERS' PENSIONS SOCIETY INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31ST DECEMBER 1996

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>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
16. <u>Reconciliation of movement in shareholders funds</u>		
Retained loss for the financial year	(19,902)	(23,242)
Surplus on revaluation of investments	35,410	54,427
Deferred taxation on surplus	<u>(14,851)</u>	<u>-</u>
	657	31,185
Shareholders funds at 1st January	<u>161,208</u>	<u>130,023</u>
Shareholders funds at 31st December	<u>161,865</u>	<u>161,208</u>

17. 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.