



Nursing, hospital and home help
for Officers' families – for life

**MINUTES OF THE
NINETY-FIRST ANNUAL GENERAL MEETING
OF
LADY GROVER'S FUND**

Held at Mountbarrow House, 6-20 Elizabeth Street, London, SW1W 9RB
14 April 2015

In attendance:

Gen Sir Roger Wheeler	President
Maj Gen Adrian Lyons	Chairman and Trustee
Mrs Bridgit Getley	Trustee
Air Cdre Stephen Anderton	Trustee
RAdm John Gower	Member
Air Cdre Peter Johnson	Member
Mr Lee Holloway	Member
Mrs Evelyn Strouts	Member
Cdr Stephen Mackay	Member
Mr Will McIntosh-Whyte	Rathbones
Mr Nigel Silby	Actuary, ED Financial
Mr Eric Pritchard	Auditor, Keelings
Col Mike Vickery	Secretary

Fund Members attending:

LtCol Charles Nisbet
Maj Peter Smeeth

AGENDA ITEMS

1. Opening remarks by the President.

The President informed the meeting of the death on Sunday of WgCdr Dr Jo Kingston Shrubbs, lately

medical member of the Committee. She had been a great supporter of the Fund and lent her considerable medical experience to the Committee with knowledge and humour. A minute's silence was held in her memory.

The President noted the quorum (8/13 members attending), thanked all attendees and welcomed particularly Eric Pritchard of Keelings who was attending for the first time. The President mentioned that Eric's predecessor, John Faulkner, had died last year. John had been a great friend of the Fund and had been o Auditor since 2007. The Secretary had attended his funeral on behalf of the Committee.

As some of the members and attendees did not know everybody, the Chairman asked all to introduce themselves.

Two Fund members were also present, introduced themselves and were welcomed.

The President mentioned that the 2014 AGM had been held for the first time in early April rather than June as had previously been the practice. This had been deemed a success and it was decided then that the practice would continue. The President was aware that it required some quick work to get the accounts, reports and audit completed in the shortened timeframe and thanked our auditors, accountant and actuary for achieving it.

2. **Apologies.** Apologies had been received from:

Maj Gen Lennox Garrett	Vice President
Maj Gen Paul Alexander	Vice President
Brig Jon Brittain	Member
Cdre Campbell Christie	Member
Mrs Jane Thicknesse	Member
Col Sharon Woodhouse	Medical Member
LtCol Nicky Murdoch	Member

3. **Minutes of the 2014 AGM**

A copy of the 2014 AGM Minutes had been sent to all Members of the Committee of Management. Copies of the AGM Minutes, the Committee of Management's Report and Annual Accounts were always available for members of the Fund, on request, from the Secretary at the Registered Office.

The 2014 AGM Minutes were before the Meeting. As there were no comments or objections, the minutes were proposed by Peter Johnson, seconded by Steve Anderton and signed by the Chairman.

4. **Matters arising from the Minutes.**

There were no special matters which would not be covered in the Committee's Report, or in the ordinary course of the AGM.

5. **2014 Reports.**

The Committee of Management's Report to the Fund's members of the year's work (2014).

All committee members had a copy of the report before them.

The Chairman presented the report, noting that there had been a considerable rise in both the number and value of claims in 2014, and that the age of beneficiaries was rising. He further noted that regulation by the FCA and PRA was becoming more rigorous, with increasing scrutiny over viability. The Committee would need to be prudent over the way ahead for the Fund. No decisions could be taken at the AGM, but the Committee had initiated a strategy paper and would consult with members during the course of 2015. The Chairman explained in particular the FCA's concern over the percentage of equities held by insurance companies. At present, the Actuary is required to discount them by 10%; Solvency 2, introduced for larger companies, would discount them by 40%.

The President noted the need for change, but that further study would be needed. He welcomed the strategy paper which was in circulation and stated that members would be kept involved in any proposals for changes.

The meeting was content with the report; Lee Holloway proposed its acceptance, seconded by Evelyn Strouts. The report was signed by the Chairman, Evelyn Strouts and the Secretary.

Audit. Copies of the audited Accounts and Balance Sheet were before the Meeting. The Auditor, Eric Pritchard of Keelings, presented the Auditor's certificate. His main points were that it was a clean report, with no reservations or observations. The Fund remained solvent.

Investment Report. Will McIntosh-Whyte of Rathbones gave a short exposé of the Investment Report.

The Fund's investments, in particular the equities, had had a mixed year, affected by the halving of oil prices. Boosted by a strong dollar, Gilts were up, showing 3%, whereas some UK equities had been disappointing. 2014's return had been slightly below benchmark, but the long term trend was above benchmark.

There was discussion over the percentage of equities held, but I was pointed out that if we were to transfer our reserve to fixed interest, we would not continue to be solvent. Cash holdings of £102k gave the fund some flexibility.

More widely, despite falls in the FTSE 100 in October due to the Ebola scare, and December due to the drop in oil prices, the markets had drifted back, helped by Quantitative Easing. The US data was generally robust, although had not been so strong in early 2015. There was volatility due to questions over whether the Federal Reserve intended to raise interest rates. The market should be able to absorb that, but volatility would remain. Europe looked more encouraging, but the UK election was slowing the market.

Market recovery was on the way, although China's slowing was of some concern.

Actuarial Report. Every three years, the Actuary is required to produce a full triennial report. The full report was produced at end 2013, so for FY 2014 he was required to produce an interim report on the Fund's liquidity. Since his report drew on information from the Management report, the Audit and the Investment report it made sense to hear this report to sum up our position.

Nigel Silby stated that the Fund was regulated by the FCA and the PRA and that he was required to report on our solvency to the PRA. He reported to the Meeting that in 2014 three negative influences had pertained. The claims rate and cost had risen. Secondly, income and capital from investments had fallen. Thirdly, as the yield on gilts had risen, their value had fallen, thus increasing future liabilities. This had had a poor effect on the Fund's valuation results.

He reported that the Fund remained solvent, although the margin of solvency had fallen by some £200k..

He further commented on the fact that Solvency 2 was an EU-wide system which would come into effect for the high-ranking companies from 1 January 2016. The cost of implementing it would be high for these companies. The Bank of England was considering what they would implement for the smaller companies, of which the Fund was a very small example. The Bank planned to give its ruling later in 2015. They had stated their intention to adopt an “appropriate” system.

He reiterated the Chairman’s concern over the requirement to test the reserve against falling equities and rising claims. If the requirement to discount our equities rose from its present 10% to the £40 proposed for the larger companies, the Fund would be insolvent.

The Chairman summed up by stating that the chief point was where Solvency 2 would fall for the very small companies. The PRA was required to consider and enunciate what the effect would be on the Mutual sector. He remarked that although the larger companies were required to value themselves quarterly, smaller companies had a concession to value annually.

6. Adoption of the Accounts for the year ended 31 December 2014.

John Gower proposed the approval and adoption of the Accounts, seconded by Bridgit Getley.

7. Future of Lady Grover’s Fund. The Chairman reiterated that John Gower had begun and circulated a strategic review of the Fund to pull together concerns over the rising cost of claims, and the possible effects of Solvency 2 on the Fund.

8. Officers - Committee of Management.

In order to comply with the Friendly Societies Act 1992, several appointments, re-appointments, retirements and re-elections were proposed and seconded at the Meeting. The Secretary read these out:

Under Rule 16(1)

The Rules require that a third of the members of the Management Committee have to retire at the AGM every year and put themselves up for re-election if they wish.

RETIRING the following Members of the Committee of Management:

Air Cdre Peter Johnson
Cdre Campbell Christie
Mrs Evelyn Strouts

RE-APPOINTING the following as Members of the Committee of Management:

Air Cdre Peter Johnson
Mrs Evelyn Strouts

Campbell Christie had discussed with the Secretary before the meeting that he wished to retire from the Committee due to work commitments. The Chairman thanked him in absentia for his work on the committee over the last four years.

Under Rule 25(1)

RE-APPOINTED as Auditors of the Fund, Keelings Ltd.

Under Rule 26(1)

RE-APPOINTED as Actuaries of the Fund, ED (Financial) Ltd.

These changes were approved unanimously by the Committee.

9. **Rule Changes.**

Two proposed rule changes were discussed by email before the meeting, and could therefore be finalised at the AGM.

- a. Commission. The Fund's rules state that members must hold or have held a Regular Commission. Since MOD no longer differentiates between Regular and Reserve Commissions it was proposed that the Fund drop the word "regular".
- b. Length of Service. The rules require a member to have held a commission for 5 years. It was proposed that the Fund shorten this to a lesser term in order to attract younger members, and Late Entry officers. The length of term to be served was discussed. It was agreed that the Fund adopt the same criteria as the Officers' Association and require only one week's service.

These changes were approved unanimously by the Committee.

10. **Any other business.**

There was no other business.

11. **Closing remarks by the President**

The President thanked all present for their helpful contributions, mentioning in particular the following:

- a. Eric Pritchard - Auditor - Keelings Limited
- b. Nigel Silby - Actuary - E.D.(Financial) Limited.
- c. Will McIntosh-Whyte - Investment Adviser – Rathbones.
- d. The Officers' Association (represented on the Committee by Lee Holloway and Evelyn Strouts) who continued to be of considerable help to the Fund.

AGM 2016. Proposed date: Tuesday 12 April 2016. This would take into account the fact that Easter would be on 27 March 2016.

AW Lyons
Maj Gen
Chairman