

REGISTERED COMPANY NUMBER: 06414570 (England and Wales)
REGISTERED CHARITY NUMBER: 1121671

**Report of the Trustees and
Financial Statements For The Period 31 October 2007 to 31 December 2008
for
The Civil Service Widows' & Orphans'
Fund**

Deeks Evans
Registered Auditors
Chartered Accountants
3 Boyne Park
Tunbridge Wells
Kent
TN4 8EN

**The Civil Service Widows' & Orphans'
Fund**

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for the Period 31 October 2007 to 31 December 2008**

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**The Civil Service Widows' & Orphans'
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**Report of the Trustees
for the Period 31 October 2007 to 31 December 2008**

The trustees who are also directors of the charity for the purposes of the Companies Act 1985, present their report with the financial statements of the charity for the period 31 October 2007 to 31 December 2008. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

INCORPORATION

The charitable company was incorporated on 31 October 2007 and commenced trading on 1 January 2008.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

06414570 (England and Wales)

Registered Charity number

1121671

Registered office

7 Colman House
King Street
Maidstone
Kent
ME14 1DD

Trustees

Gill Noble	Chairman	- appointed 31.10.07
Ron Churchill	Deputy Chairman	- appointed 31.10.07
Chris Furlong	Treasurer	- appointed 31.10.07
Kevin Holliday		- appointed 31.10.07
Derek Renn		- appointed 31.10.07
Peter Norris		- appointed 31.1.08

Company Secretary

Helen Harris

Auditors

Deeks Evans
Registered Auditors
Chartered Accountants
3 Boyne Park
Tunbridge Wells
Kent
TN4 8EN

Bankers

Lloyds TSB Bank plc
3rd Floor
Black Horse House
Tonbridge
Kent
TN9 1QS

Solicitors

Gill, Turner & Tucker
Colman House
Maidstone
Kent
ME14 1JE

Investment Advisers

Black Rock Investment Managers
33 King William Street
London
EC4R 9AS

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OBJECTIVES AND ACTIVITIES

About the Charity

The purpose of the charity is the relief of need, hardship and distress amongst civil and public servants and their dependants. In 2008, the charity made grant payments of £513,536 and pledged a further £539,025 for payment in 2009 (of which £349,025 has been accrued in the accounts).

The Civil Service Widows and Orphans Fund (CSWOF) is a charity with a long history, dating back almost a hundred years. It was originally a discretionary benevolent fund providing extra financial support exclusively to the dependants of deceased policyholders of the Civil Service Insurance Society (CSIS), but its activities were expanded when it was registered as a charity in 1979 and it began making substantial donations to other civil and public service charities, including the Civil Service Benevolent Fund, the Rowland Hill Fund, the BT Benevolent Fund and the Civil Service Retirement Fellowship. Further development was hampered, however, by an obsolete governance structure and Objects which were hard to interpret.

In 2007, following a governance review by the former Trustees, the Charity Commission agreed that the activities and assets of the charity could be transferred into a new charitable company, retaining its existing name but with an up-to-date constitution and much clearer Objects which would allow the charity to be far more flexible and innovative in the way it could operate, and in the work it could do.

The charitable company was incorporated on 31 October 2007 and the funds were transferred on 1 January 2008. This is the first report of the Board of Trustees of the new charitable company.

The Purpose and Aim of the Charity

Consistent with the wording of our new Objects, the Trustees' overall aim for the charity is to put the trading surplus of the Civil Service Insurance Society to good use, helping to relieve need, hardship and distress amongst serving, former and retired civil and public servants and their families, both directly and by action in the local communities in which they live.

Achievements in our first year

Our first year as a charitable company has been a busy one and we have achieved a lot. We had three main objectives at the start of the year and we have made good progress against all three of them. They were:

- to carry forward, expand and develop the good work done by the charity in the past, helping to relieve hardship and need amongst serving, former and retired civil and public servants and their dependants by making grants to individuals and to other charities
- to consult our existing stakeholders and a range of other organisations to explore what sort of new projects we might be able to support now that we have the additional flexibility to do so, seek advice on where our help would have the biggest impact, and help us to shape a longer term direction for the charity.
- to put in place the infrastructure of a modern, well run charity, consistent with Charity Commission guidance and good practice for a charity of our size and risk profile

What the Charity Does

The charity achieves its aim by giving grants. Some of these are made directly to individuals. In particular, the charity supports directly a small number of widows and other dependants of deceased policy holders of the Civil Service Insurance Society (CSIS) with annual grants and help with specific costs such as phone bills, replacing cookers, etc. In addition, we make grants to a wide range of other charities and not-for-profit organisations who can help us achieve our aims, either by giving individual welfare support to needy serving, former and retired civil and public servants and their families, or by funding projects which will be of more general benefit to our target client group. Some examples are given below.

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Our main partner in achieving our aims is the Civil Service Benevolent Fund. In addition to a general grant which we give them, we operate a ring fenced fund for topping up the support they can provide for care costs and special educational expenses. Under this arrangement, first established in 2002, £125,000 is currently earmarked within the reserves of CSWOF for the exclusive use of the Civil Service Benevolent Fund (CSBF). This enables them to draw, at will but within agreed criteria, monies to help meet those needs such as respite and convalescence which their own rules or limits do not permit them to finance, or only allow them to finance in part. The money goes to help named individuals. To date, some 50 elderly people in desperate need have been helped by this scheme.

The ring fenced fund was expanded in 2005 to enable the Civil Service Benevolent Fund to set up a scheme to provide help with books and equipment for students in higher education whose parents are facing financial difficulties. To date, 60 families have been helped in this way. A further expansion of the scheme is currently being piloted which would provide extra help for families who have with children with special needs.

Since the inception of this ring fenced fund, CSWOF has been able to make grants totalling £389,000 to provide direct support to needy serving, former and retired civil servants and their families, with the Civil Service Benevolent Fund handling all of the necessary case work and day to day administration.

In addition to the work we do with the Civil Service Benevolent Fund, we made a number of grants during the course of 2008 to a wide range of other bodies, some for payment in 2008, and some for payment in 2009. Full details are shown in the table below. Because of the nature of the commitments given to prospective recipients of the grants, some of these are accrued as liabilities in the accounts to 31 December 2008 and others are not, in line with the charity's accounting policy.

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**Report of the Trustees
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GRANTS APPROVED BY THE TRUSTEES IN THEIR FIRST YEAR

	Paid £	Accrued £	Total £
Civil Service Benevolent Fund			
Contribution to general funds	150,000	125,000	275,000
Ring fence fund for care costs and educational expenses	99,748	13,339	113,087
Civil Service Retirement Fellowship (CSRF)			
Support for quarterly Avanti magazine	80,000	80,000	160,000
BT Benevolent Fund			
Contribution to general funds	50,000	50,000	100,000
Rowland Hill Fund			
Support for mobility grants	22,343	-	22,343
NHS Retirement Fellowship			
support for branches and membership development	25,500	-	25,500
Benenden Trust Charity			
Donation for individual welfare grants	25,000	-	25,000
Overseas Services Pensioners' Association			
Support for convalescent and respite breaks	10,000	-	10,000
Careways Trust			
Mobility scooter station in sheltered accommodation	5,194	-	5,194
Crown Housing Association			
Help with refurbishment of sheltered accommodation	5,000	-	5,000
Stair lifts for sheltered housing used by ex-public servants	-	20,000	20,000
Childrens Hospices UK			
Donations for two hospices in the North East	-	10,000	10,000
Elizabeth Finn Care			
Donation for individual welfare grants	2,578	-	2,578
Lord Chancellors Welfare Fund			
Donation for welfare grants	2,000	-	2,000
MOD			
Scheme to provide holidays for bereaved children	-	10,000	10,000
NI Prison Officers			
Trip to National Memorial Arboretum	-	6,000	6,000
NCVO			
Bursaries to train ex-public servants to manage charities	-	3,000	3,000
Grants to other charities included in the accounts	477,363	317,340	794,703
Grants to widows of CSIS policyholders	36,173	31,685	67,858
Total grants recognised in the year	<u>513,536</u>	<u>349,025</u>	<u>862,561</u>

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**Report of the Trustees
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The following grants were also approved by the Trustees in 2008 for payment in 2009, but these have not been recognised as liabilities in the accounts to 31 December 2008.

	£
Civil Service Benevolent Fund (CSBF)	
Ring fence fund for care costs and educational expenses	125,000
Rowland Hill Fund	
Support for mobility grants	25,000
Benenden Trust Charity	
Donation for individual welfare grants	25,000
Post Office Orphans Benevolent Fund	
Support for "Rising Stars" project	5,000
Civil Service Sports Council (CSSC)	
Grants to help disabled sportsmen and women	5,000
HASSRA	
Grants to help disabled sportsmen and women	<u>5,000</u>
	<u>190,000</u>

Impact of these grants

As a matter of principle and procedure, we ask organisations to whom we give grants to tell us how they intend to use the money and what they expect the impact to be, so we can satisfy ourselves that the project or activity is consistent with our aims. We also ask the organisations to report back to us after they have spent the money and copies of the annual report and accounts are received from all recipient charities.

The following gives some examples of the difference we know our grants make:

- We keep in regular touch with the widows we support directly, some of whom CSWOF has supported for over 30 years, and we often get thank you letters from them. One wrote to say she had gone and turned her central heating back on when she got the extra money we had sent her at Christmas to help with her winter fuel bills. We paid our widows grants totalling £36,173 in 2008.
- CSBF send us their Impact Report so that we know the work that our general grant of £150,000 contributes to. We also receive regular reports about the individual cases supported by the ring-fenced fund we operate with CSBF. For example, we know that one beneficiary suffers from angina, diabetes, arthritis and partial blindness. Due to continuing weakening health the individual was moved into a Care Home permanently and her fees shortfall is now funded by CSWOF. In another case, a carer whose partner has had 10 years of medical problems including epilepsy and chronic arthritis was given a respite break to Bournemouth with CSWOF support.
- The £25,000 which CSWOF donated to the Benenden Charitable Trust (which was matched by a donation from Benenden Healthcare Society) helps members with healthcare problems outside the scope of the BHS Scheme including, for example, one person who needed a specialist bed after 8 months in hospital having contracted MRSA and Septicaemia. We receive details of the individual cases helped by our donation.
- The BT Benevolent Society were given £50,000 to accelerate their postal Contact Scheme which in turn helps to identify people in need sooner. We are also providing funding for their new Care in the Community Scheme which went live in 2008.
- The £25,500 grant to the NHS Retirement Fellowship was used amongst other projects to develop Branch membership in the North East and boost their Benevolent Fund with much needed income.
- The Rowland Hill Fund share the cost of all their mobility grants with CSWOF. Up to £33,000 was pledged to the Fund, of which £22,343 was drawn down during the course of the year in support their disabled beneficiaries.

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- The £20,000 grant to Crown Housing Association enabled them to install stair lifts to help avoid elderly residents in sheltered accommodation being re-housed because they could not climb stairs. Crown Housing Association was originally set up to provide sheltered accommodation for retired civil servants but now provides affordable housing for people who work in any area of the public sector, such as the NHS, education, ambulance and police services and local authorities.
- The £10,000 grant we have made to the St Oswalds and St Andrews Children's Hospices in the North East (where large numbers of civil servants work) will be used to pay for specialist nursing care and equipment.
- The £10,000 grant to the Overseas Service Pensioners' Benevolent Society will top up their Holiday Fund enabling them to continue giving much needed convalescence and respite breaks to members who cannot afford a holiday.
- The £6,000 grant awarded to the Northern Ireland Retired Prison Officers Fellowship will make it possible for the widows and colleagues of the twenty-nine members of the Northern Ireland Prison Service who were murdered during the 'troubles' to visit the memorial to the officers in the National Arboretum in Lichfield, helping to bring closure to a very distressing period in the friends' and relatives' lives.
- The Post Office Orphans Benevolent Fund has launched a fund for beneficiaries with a musical or artistic talent, under the banner of the "Rising Stars" project. CSWOF has pledged £5,000 in support.

Our Consultation Exercise

The consultation exercise we conducted during 2008 was very successful. We received a great deal of help from many of the organisations we contacted and we were extremely grateful to all those who responded. We managed to speak to some 25-30 very different organisations, and others sent us written comments. They ranged from small benevolent funds to large national charities and we also had some useful discussions with several "umbrella" organisations. We have made some excellent new contacts, got a lot of helpful advice on the roles we can most usefully play, and got some excellent ideas for new types of projects we can consider.

During the course of the consultation exercise we were able to make small grants to several organisations where we felt that immediate support was needed and justified, and we have made some other grants subsequently. When we took our major grant decisions for the year ahead in October, a number of the grants we made are in new areas of activity, directly as a result of the consultation exercise.

The main conclusion we drew from the exercise is that there is a very valuable and particular role that a charity of the size and nature of CSWOF can usefully play, namely to use our flexibility to supplement the help other charities can give, and help fill gaps in provision.

We concluded, reluctantly and only after much deliberation, that we should not get drawn further into helping individuals directly. There is a huge amount of individual need that we could help to meet, but we have concluded that it is only practical for us to do so by working through other organisations that can handle the personal contact and casework for us. We will retain the flexibility to make exceptions, but we are just too small a charity to handle such casework directly.

We have also concluded that in general we can make the biggest impact with our funds if we concentrate on helping those charities that do not have access to other substantial sources of income. Small amounts of money can make a huge difference to such organisations, so that is where we will want to focus our future efforts.

In the light of the consultation exercise, we revised the interim grant giving policy which we had adopted at the start of 2008, drafted a medium term aim for the charity and set ourselves some priorities for 2009.

Our Grant Giving Policy

The Grant Giving Policy which the Trustees adopted in the light of the consultation exercise sets out, as our first priority:

- to provide continuing financial support to the widows and other dependants of deceased policy holders of the Civil Service Insurance Society (CSIS), which the charity supports with annual grants and help with specific costs such as phone bills, replacing cookers, etc

These will continue to be the first call on our funds and we will arrange our finances (through our reserves policy, see below) in such a way as to protect our ability to continue to fund them for as long as they need our help. Our next priorities, subject to annual review, are:

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- to provide continuing financial support to the existing and potential beneficiaries of the ring-fenced fund for care costs and educational expenses which the charity operates in partnership with the Civil Service Benevolent Fund (CSBF).
- to continue to provide general support to the Civil Service Benevolent Fund
- to provide support to the other civil and public service charities with which CSWOF has had a long standing relationship, most notably the BT Benevolent Fund, the Rowland Hill Fund and the Civil Service Retirement Fellowship, and other civil and public service charities as appropriate.

In addition, and to the extent that resources permit, we will continue to look for ways to:

- widen the range of civil and public sector charities we support,
- find new types of projects to support, and
- improve the geographical spread of our direct grant giving.

We will consider supporting any appropriate organisation which approaches the charity for help, providing the proposal falls within the charity's Objects. However, our preference will be to help organisations that do not have access to other substantial sources of income, where our contribution can make a real difference.

To protect our ability to support new projects and organisations, we propose, as a rough rule of thumb, that the Civil Service Benevolent Fund should receive no more than 50% of the yearly amount donated by CSIS to CSWOF, although it will remain our largest beneficiary for the foreseeable future. We also propose in 2009 to put in place an annual rolling programme of reviews of our grants to the charities with whom we have a long standing relationship to ensure that our support is still relevant, well targeted and appropriate.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

CSWOF is a company limited by guarantee. Its governing document is the Memorandum and Articles of Association agreed by the Charity Commission on the 23rd November 2007.

The Trustees and Management of the Charity

The charity was initially set up with five Trustees. A sixth Trustee was appointed in January 2008. The Trustees meet regularly. They held 10 meetings in the first 12 months of the new charitable company and expect to have an average of six to eight meetings a year in the future. The Trustees are not paid though reasonable expenses can be claimed. There are no sub-committees and all substantial matters are considered by all of the Trustees.

The charity employs no staff directly but there is a Memorandum of Agreement between CSIS and CSWOF concerning the payment of Rent, Rates and Services. This includes the services of Mrs Helen Harris who acts as Company Secretary and handles the day-to-day running of the charity. The charity does not use volunteers.

The main decisions on grants are taken at an annual Grants Meeting, chaired by the Deputy Chairman, which all Trustees attend. However, procedures have been put in place to allow grant decisions to be taken at other times and these include delegated authority for the Deputy Chairman to approve emergency grants for widows and other dependants of former CSIS policy holders or for current or potential beneficiaries of the BSBF ring fenced fund.

A key task for the new board of Trustees was to put in place the basic set of policies and procedures which an up-to-date charity is now expected to have. Accordingly, within the first few months, the Trustees adopted an interim grant giving policy, and put in place a provisional reserves policy, investment policy, conflicts of interest policy, a risk register and job descriptions for the Trustees and all office holders. These have all been reviewed during the course of the year and either endorsed or amended in the light of experience.

The first six Trustees appointed had all previously been associated with CSWOF in some capacity. The Trustees have now agreed a policy on the skills and experience the board will need in the longer term and Trustees will be recruited in due course, when the opportunity arises, to maintain an appropriate balance of these skills on the board.

An induction procedure for new Trustees has been agreed which includes a list of documents to be provided, people to meet, and training to be offered. This will be used flexibly: new Trustees will come from different backgrounds with differing levels of experience and degrees of knowledge about the duties of a charity Trustee and some Trustees will have more time to devote to optional training than others. Trustees are encouraged to attend training events and financial briefings from our Investment Managers.

The Civil Service Widows' & Orphans' Fund

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Risk management

The Trustees have conducted a review of the major risks to which the charity is exposed. A risk register has been compiled and this is regularly reviewed and updated by the Trustees. Where appropriate systems or procedures have been established to manage the risks to which the charity is exposed or to mitigate the possible consequences.

At present, the main risks to the charity are poor investment performance, given the current volatility in the financial markets, and its dependence on CSIS for its annual income, given that CSIS operates in a highly competitive business. The reserves policy is designed, in particular, to protect the work of the charity against the possibility that CSIS may not be able to maintain its present level of profitability indefinitely. Internal systems of control and contingency plans are in place to protect the charity against other risks such as fraud, fire or disruption to the IT systems.

The Trustees do not consider it necessary to set up a separate audit committee. However, arrangements have been made for an independent internal auditor to carry out a programme of regular checks and to report twice a year to the Trustees. The auditor has a direct line to the Chairman should he wish to raise urgent matters or concerns arising from any of his audits.

FINANCIAL REVIEW

Overview

Most of the charity's annual income comes from the trading activities of the Civil Service Insurance Society, which is a small, but highly successful not-for-profit insurance intermediary, authorised and regulated by the Financial Services Authority, which markets insurance to a wide range of civil and public servants. The two companies are legally and constitutionally separate, but they are linked by a Deed under which virtually all of the annual trading surplus of CSIS is covenanted irrevocably to the charity under the Gift Aid provisions introduced into the UK tax regime in April 2000. The donation in 2008 was £528,500.

The charity also receives income from investing its reserves. However, in 2008 this was more than offset by a reduction in the capital value of the investments due to the substantial fall in the stock market.

When the new charity was set up on 1 January 2008, it held assets totalling just over £2.9 million. However, at their first meeting, the Trustees confirmed grants totalling £603,000 which had been provisionally awarded by the Trustees of the predecessor charity for payment in 2008, leaving a balance of just under £2.3 million. Grants totalling a further £50,000 were subsequently agreed during the course of the year, some for payment in 2008 and some for payment in 2009. Further grants were agreed at, or immediately following the Trustees' annual grants meeting in October, taking the total of grants agreed for payment in 2009 to over well over £500,000.

Reserves Policy

As explained above, most of the charity's income comes from the trading activities of the Civil Service Insurance Society. For the last 5 years this has averaged some £0.5 to £0.6 million a year. CSIS operates in a highly competitive market and it would not be prudent for the charity to depend on that level of income continuing indefinitely. Nor is it prudent to depend on investment income, as events in 2008 have demonstrated.

The Trustees have therefore agreed a reserves policy designed, in particular, to protect the charity's ability to support its existing individual beneficiaries and pay the care home costs for existing beneficiaries of the Civil Service Benevolent Fund ring fenced fund for as long as their need exists. Taking all relevant factors into account, including an independent actuarial valuation of the liabilities for continuing payments to individual beneficiaries, we believe we should aim to keep our reserves at about £1.3 million to £1.5 million.

Investment Policy

The Trustees' investment policy, which they keep under regular review, is to invest long term money in Charishare (equities), Charinco (fixed interest) and The Charities Property Fund. The investments are held for the charity by Black Rock Investment Managers and Rensburg Sheppards Investment Managers. Sufficient cash for short term needs is held on deposit at Lloyds TSB Bank Plc.

Charishare aims to provide medium to long term capital and income appreciation by investing mainly in UK listed Companies. During the year the equities market conditions created a negative total return for the Fund of -32.6%. Charinco aims to provide a high level of income from a portfolio of fixed interest securities. During the year the total return for the Fund was 10.2%. The Charities Property Fund aims to provide an attractive level of income plus capital growth by investing in a diversified UK Commercial Property portfolio. During the year the total return was -7.7%.

MEETING THE PUBLIC BENEFIT TEST

The formal Objects of the charity are the relief of need, hardship and distress, including (but not exclusively) by the provision of financial and other assistance to serving, former and retired civil and public servants and their dependants either directly or by making grants to other organisations which can provide financial or other support to them. Our

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for the Period 31 October 2007 to 31 December 2008**

Memorandum and Articles of Association enable us to interpret the term "civil and public servants" quite widely to include, for example, the civil service, armed forces, the NHS, teachers and other local authority employees, government agencies and privatised bodies which were formerly part of the civil service, such as BT and the Post Office.

As will be seen from our grant giving policy above, the Trustees are prepared to consider supporting any appropriate organisation which approaches the charity for help, providing the proposal falls within the charity's Objects. Furthermore, we are taking active steps to expand the range of projects and activities we support and to improve the geographical spread of our direct grant giving. The major civil and public sector charities we support already have national coverage.

OUR PLANS FOR THE FUTURE

Our priorities for 2009 are:

- To expand and develop our grant giving: in addition to continuing to make a real difference to the quality of life of the individuals who we support directly and through the ring fence fund which we operate in partnership with the Civil Service benevolent Fund, to consolidate and build on the progress we made through the 2008 consultation exercise, maintaining and expanding our new range of contacts and seeking to find new and even better ways to relieve need, hardship and distress amongst our target client groups
- To improve the image and raise the profile of the charity by adopting a new name, website and publicity material which explains what we do and which links the charity clearly to CSIS while making it clear that we are a separate independent charity
- To make sure that the charity is well run; to complete the work of putting in place a strong and effective governance structure for the Charity and appropriate internal systems of control which are in line with Charity Commission guidance and best practice for a charity of our size and risk profile.

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with the 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 affairs of the charitable company and of the surplus or deficit of the charitable company for that period. In preparing those financial statements, the trustees are required to

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information (as defined by Section 234ZA of the Companies Act 1985) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

The auditors, Deeks Evans, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Original signed by Helen Harris 19/5/09

.....
Helen Harris - Secretary

Date:

**Report of the Independent Auditors to the Members of
The Civil Service Widows' & Orphans'
Fund**

We have audited the financial statements of The Civil Service Widows' & Orphans' Fund for the period ended 31 December 2008 on pages eleven to seventeen. 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 charitable 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 charitable company's trustees 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 charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' 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 on page nine.

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 Trustees is consistent with the financial statements.

In addition, we report to you if, in our opinion, the charitable 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 trustees' remuneration and other transactions is not disclosed.

We read the Report of the Trustees 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 trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable 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 charitable company's affairs as at 31 December 2008 and of its incoming resources and application of resources, including its income and expenditure for the period 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 Trustees is consistent with the financial statements.

Deeks Evans
Registered Auditors
Chartered Accountants
3 Boyne Park
Tunbridge Wells
Kent
TN4 8EN

Date: Original signed by Deeks Evans 19/5/09

**The Civil Service Widows' & Orphans'
Fund**

**Statement of Financial Activities
for the Period 31 October 2007 to 31 December 2008**

	Notes	Unrestricted funds £
INCOMING RESOURCES		
Incoming resources from generated funds		
Voluntary income	2	528,500
Investment income	3	102,125
Other incoming resources		<u>2,994,406</u>
Total incoming resources		3,625,031
RESOURCES EXPENDED		
Charitable activities		
Grants to individuals	4	69,369
Grants to other charities		813,227
Governance costs	7	<u>37,880</u>
Total resources expended		920,476
		<hr/>
NET INCOMING RESOURCES		2,704,555
Other recognised gains/losses		
Gains/losses on investment assets		<u>(587,933)</u>
Net movement in funds		<u>2,116,622</u>
		<hr/>
TOTAL FUNDS CARRIED FORWARD		<u><u>2,116,622</u></u>

The notes form part of these financial statements

The Civil Service Widows' & Orphans' Fund

**Balance Sheet
At 31 December 2008**

	Notes	Unrestricted funds £
FIXED ASSETS		
Investments	11	1,888,381
CURRENT ASSETS		
Debtors: amounts falling due within one year	12	152,343
Cash at bank		<u>453,633</u>
		605,976
CREDITORS		
Amounts falling due within one year	13	(377,735)
		<u>228,241</u>
NET CURRENT ASSETS		
		<u>2,116,622</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		
		<u>2,116,622</u>
NET ASSETS		
		<u><u>2,116,622</u></u>
FUNDS		
Unrestricted funds	14	<u>2,116,622</u>
TOTAL FUNDS		
		<u><u>2,116,622</u></u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small charitable companies and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The financial statements were approved by the Board of Trustees on 19/5/09 and were signed on its behalf by:

Original signed by Gill Noble 19/5/09

.....
Gill Noble -Trustee

Original signed by Ron Churchill 19/5/09

.....
Ron Churchill -Trustee

**Notes to the Financial Statements
for the Period 31 October 2007 to 31 December 2008**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, as modified by the revaluation of certain assets and in accordance with the Financial Reporting Standards for Smaller Entities (effective January 2007), the Companies Act 1985 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities.

Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

Allocation and apportionment of costs

Costs are apportioned between activities on a pro-rata basis based on the cost of staff time allocated to each activity.

Total support costs attributable to charitable activities are apportioned pro-rata to the value of grants paid in the year.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the statement of financial activities on a straight line basis over the period of the lease.

2. VOLUNTARY INCOME

Donations from CSIS	£ <u>528,500</u>
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3. INVESTMENT INCOME

Investment income	£ <u>102,125</u>
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Notes to the Financial Statements - continued
for the Period 31 October 2007 to 31 December 2008

4. CHARITABLE ACTIVITIES COSTS

	Grant funding of activities (See note 5) £	Support costs (See note 6) £	Totals £
Grants to individuals	67,858	1,511	69,369
Grants to other charities	<u>794,703</u>	<u>18,524</u>	<u>813,227</u>
	<u>862,561</u>	<u>20,035</u>	<u>882,596</u>

5. GRANTS PAYABLE

Grants to individuals	£ 67,858
Grants to other charities	<u>794,703</u>
	<u>862,561</u>

The total grants paid to institutions during the period was as follows:

Grants to other charities	£ 794,703
	<u>794,703</u>

6. SUPPORT COSTS

	Management £
Grants to individuals	1,511
Grants to other charities	<u>18,524</u>
	<u>20,035</u>

Support costs, included in the above, are as follows:

	Grants to individuals £	Grants to other charities £	Total activities £
Rent	398	4,886	5,284
Rates	96	1,178	1,274
Insurance	46	564	610
Office expenses	175	2,142	2,317
Recharged staff costs	<u>796</u>	<u>9,754</u>	<u>10,550</u>
	<u>1,511</u>	<u>18,524</u>	<u>20,035</u>

7. GOVERNANCE COSTS

Rent	£ 6,118
Rates	1,476
Insurance	706
Office expenses	2,682
Legal fees	8,838
Recharged staff costs	12,214
Auditors' remuneration	<u>5,846</u>
	<u>37,880</u>

**The Civil Service Widows' & Orphans'
Fund**

**Notes to the Financial Statements - continued
for the Period 31 October 2007 to 31 December 2008**

8. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

	£
Auditors' remuneration	5,846
Other operating leases	<u>11,402</u>

9. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the period ended 31 December 2008.

Trustees' Expenses

During the year the Trustees were reimbursed £1,750 in respect of expenses incurred.

10. EXCEPTIONAL ITEMS

Exceptional items consist of £2,994,406 which represents the net assets of this charity's predecessor, also known as The Civil Service Widows' and Orphans' Fund (charity number: 279058), which were transferred to this charity on 1 January 2008.

11. FIXED ASSET INVESTMENTS

	Listed investments £
MARKET VALUE	
Additions	2,476,314
Revaluations	31,610
Impairments	<u>(619,543)</u>
At 31 December 2008	<u>1,888,381</u>
 NET BOOK VALUE	
At 31 December 2008	<u>1,888,381</u>

There were no investment assets outside the UK.

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Other debtors	10,000
Accrued income	128,500
Prepayments	<u>13,843</u>
	<u>152,343</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Other creditors	22,711
Accrued expenses	<u>355,024</u>
	<u>377,735</u>

The Civil Service Widows' & Orphans' Fund

**Notes to the Financial Statements - continued
for the Period 31 October 2007 to 31 December 2008**

14. MOVEMENT IN FUNDS

	At 31.10.07 £	Net movement in funds £	At 31.12.08 £
Unrestricted funds			
General fund	-	2,116,622	2,116,622
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<hr/> <u>-</u>	<hr/> <u>2,116,622</u>	<hr/> <u>2,116,622</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	3,625,031	(920,476)	(587,933)	2,116,622
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<hr/> <u>3,625,031</u>	<hr/> <u>(920,476)</u>	<hr/> <u>(587,933)</u>	<hr/> <u>2,116,622</u>

15. CAPITAL COMMITMENTS

The charity has pledged grants of £190,000 but which have not been recognised as a liability.

The grants are as follows:

	£
Civil Service Benevolent Fund (CSBF)	
Ring fence fund for care costs and educational expenses	125,000
Rowland Hill Fund	
Support for mobility grants	25,000
Benenden Trust Charity	
Donation for individual welfare grants	25,000
Post Office Orphans Benevolent Fund	
Support for "Rising Stars" project	5,000
Civil Service Sports Council (CSSC)	
Grants to help disabled sportsmen and women	5,000
HASSRA	
Grants to help disabled sportsmen and women	<hr/> 5,000
	<hr/> <u>190,000</u>

**Notes to the Financial Statements - continued
for the Period 31 October 2007 to 31 December 2008**

16. RELATED PARTY DISCLOSURES

The company is controlled by the Trustees.

During the year £528,500 were donated to the charity by The Civil Service Insurance Society and £22,764 were recharged by The Civil Service Insurance Society to cover costs incurred on behalf of the charity.

At the year end the charity owed £22,711 to The Civil Service Insurance Society.

K M Holliday is a director of The Civil Service Insurance Society.

The charity was previously run as an unincorporated charity, also known as The Civil Service Widows' and Orphans' Fund (charity number: 279058). On 1 January 2008 all of the assets and liabilities of the previous entity were transferred to the new charity. The net value of assets and liabilities which were transferred amounted to £2,994,406.

The amount of £2,994,406 includes an amount of £548,000 accounting for a difference in accounting policy between the original charity and the new incorporated charity. The incorporated charity accounts for grants payable to other charities when paid or when a legal or constructive obligation has arisen. [The unincorporated charity accounted for grants payable when they were approved by the Trustees, irrespective of obligation.]

G N Noble, D F Renn, R C Churchill and C J Furlong were directors of CSAAS Trustees Limited, a company responsible for the administration of the original unincorporated charity.

**The Civil Service Widows' & Orphans'
Fund**

**Detailed Statement of Financial Activities
for the Period 31 October 2007 to 31 December 2008**

£

INCOMING RESOURCES

Voluntary income

Donations from CSIS 528,500

Investment income

Investment income 102,125

Other incoming resources

Exceptional items 2,994,406

Total incoming resources

3,625,031

RESOURCES EXPENDED

Charitable activities

Grants to institutions 794,703

Direct grants to individuals 67,858

862,561

Governance costs

Rent 6,118

Rates 1,476

Insurance 706

Office expenses 2,682

Legal fees 8,838

Recharged staff costs 12,214

Auditors' remuneration 5,846

37,880

Support costs

Management

Rent 5,284

Rates 1,274

Insurance 610

Office expenses 2,317

Recharged staff costs 10,550

20,035

Total resources expended

920,476

Net income

2,704,555