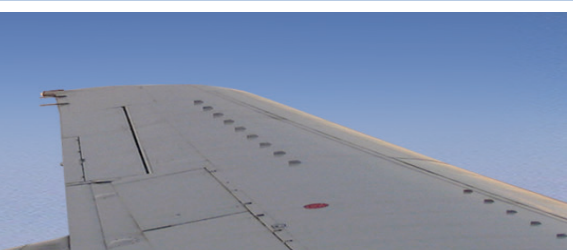


# ABAP

Caring for BA pensionable people today and tomorrow



**President: George Bell**

**Chairman: Mark Fielder**

**Vice-Chairman: Captain Mike Post**

**ASSOCIATION OF BRITISH AIRWAYS PENSIONERS**

**c/o BALPA House, 5 Heathrow Boulevard, 278 Bath Road, West Drayton, UB7 0DQ**

**[www.abaponline.org](http://www.abaponline.org)**

## **Newsbrief No. 113 October 2018**

**The 2017-2018 Accounts are included with this Newsbrief.**

### **APS Trustee to Continue with the Appeal to the Supreme Court**

When the last Newsbrief 112 was published in August there was uncertainty about the resolve of the APS Trustee to continue with the Appeal to the Supreme Court. The Appeal is against July's Court of Appeal majority judgment that the APS Trustee had acted for an improper purpose in granting Discretionary Increases to APS pensioners in 2013. The reason for the uncertainty was that the Trustee had published contradictory messages suggesting that, although the Trustee has decided to appeal on 16 August, the Board was going to take a further decision on whether to carry through with the Appeal in the first two weeks of September.

The Appeal will solely examine the point of law concerning whether or not the Discretionary Increase was agreed for an improper purpose. All the other matters which were considered in the High Court in 2016 were judged in favour of the APS Trustee and its advisors and will not be re-examined by the Supreme Court.

Thankfully, on 11 September the APS Board decided that it would continue with the Appeal which it is understood should occur in the second half of 2019. ABAP estimates that, sadly, approximately another 1,000 APS pensioners will have died before the litigation is finally complete.

Now that the Appeal will go ahead, it will be necessary for another "Beddoe" hearing to be held so that the Court can authorise the spending of APS funds to pay for the Appeal. Mark Fielder will continue with the role of APS Representative Beneficiary which he first performed in the 2014 Beddoe hearing. To avoid any risk of conflict Mark has stood down as Chair of ABAP and as a member of the ABAP Committee and has been replaced by Acting Chair, Captain Mike Post.

Another consequence of the Trustee decision to continue with the Appeal is that there is now no urgency to hold the Trustee Board to account by the use of a Rule 25 Meeting and Postal Ballot, both of which were called in July and August when there was doubt about the Trustee taking the Appeal forward. The ABAP Committee has therefore agreed that both the Members' Meeting and the Postal Ballot requests should be put in abeyance for the present. The questions about the Appeal are now not relevant. The other questions can wait until 2019. It was continuation of the Appeal that was crucial. It is also pertinent that the earliest now that a Members' Meeting could be held is in November with its short days. Pensioners do not like travelling any distance by road in the winter. Furthermore, only about 2000 of 23,000 APS pensioners are under State Pension Age, so the turnout in winter at an "Ascot" meeting would be likely to be unrepresentative of APS pensioners as a whole. Accordingly we have proposed that no date is set for the Rule 25 Meeting or Postal Ballot.

There is good reason to be optimistic about the Appeal. Stephen Richards, Partner at solicitors Stephenson Harwood wrote an article in Professional Pensions magazine explaining the reason for optimism. He wrote that Lord Justice Jackson had argued that in granting a discretionary increase the APS Trustees had become paymaster which was not the Trustees' role but BA's. However, Stephen Richards points out that all the Trustees were trying to achieve in paying discretionary increases was to provide inflation protection for APS pensions, they were not trying to influence the benefit structure. Protecting benefits against inflation is legitimate Trustee behaviour for which there were precedents. The APS Trustees see themselves as the guardians of members' pensions, not paymasters as Lord Justice Jackson believed. The Trustees had not tampered with the benefit structure, they had merely acted to protect the purchasing power of already earned pensions.

### **APS Buy-in**

There is very good news that on 11 September the APS Trustee agreed a £4.4 billion buy-in deal with UK insurer Legal and General. The deal will cover around 60% of the scheme's pensioner liabilities.

Following the completion of this £4.4bn buy-in transaction and allowing for previous pensions insurance transactions, APS is now 90% hedged against all longevity risk.

The income stream from the buy-in is linked to the RPI as are the earlier deals with Rothesay Life. Importantly, this is a buy-**in**, not a buy-**out** so the APS Trustee remains responsible for paying APS pensions. The deal was not linked in any way with the Trustee decision to continue with the Appeal to the Supreme Court.

### **Please Note the Correct Address for ABAP**

Please do not send any ABAP correspondence to the now defunct Chipping Norton Post Office Box. It will not reach us.

If you are sending subscription payments by cheque, with renewal forms, please send them to:

ABAP  
c/o Asendia  
Unit E2 Omega Enterprise Park  
Electron Way  
Chandler's Ford  
Eastleigh, Hants SO53 4SE

For other correspondence, please use email if you can:

Otherwise, write to:

ABAP, c/o BALPA House, 5 Heathrow Boulevard, 278 Bath Road, West Drayton, UB7 0DQ.

### **Annual General Meeting**

We are looking forward to seeing as many of you as possible at our AGM which is again to be held at 11 a.m. on Thursday 25 October 2018 in the Theatre at Magna Carta School, Thorpe Road, Staines, TW18 3HJ.

We are again being provided with refreshments at the AGM by the Hatton Players who are putting on a show at Magna Carta during half-term. The show is George Gershwin's "Crazy for You" and runs from 23 to 27 October in the Theatre. All performances start at 7.30 p.m. Call the Box Office on 01784 256320 or 07591 600666. The Hatton Players would be delighted if you were able to come.

# ASSOCIATION OF BRITISH AIRWAYS PENSIONERS

## ACCOUNTS FOR THE YEAR TO 30 JUNE 2018

### Accountants' Report

In accordance with the engagement letter dated 22 August 2016, we have compiled the accounts of Association of British Airways Pensioners for the year ended 30 June 2018, set out on pages 4 to 6 from the accounting records and information and explanations you have given us.

The accounts have been compiled on the accounting basis set out on in note 1 to the accounts. The accounts are not intended to achieve full compliance with the provisions of UK Generally Accepted Accounting Policies.

This report is made to you, in accordance with the terms of the engagement. Our work has been undertaken so that we might compile the accounts that we have been engaged to compile, report to you that we have done so, and state those matters we have agreed to state to you in this report and for no other purposes. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the committee, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute.

As described on page 4, you have approved the accounts for the year ended 30 June 2018 set out on page 4 to 6 and have acknowledged your responsibility for them, for the appropriateness of the accounting basis and for providing all information and explanations necessary for their compilation.

Market Chambers  
3-4 Market Place  
Wokingham  
Berkshire  
RG40 1AL

Rice Associates Limited  
Chartered Accountants  
September 2018

# ASSOCIATION OF BRITISH AIRWAYS PENSIONERS

## BALANCE SHEET AT 30 JUNE 2018

	Note	2018 £	£	2017 £	£
CURRENT ASSETS:					
Bank	(2)	447,145		418,943	
LESS CURRENT LIABILITIES:					
Creditors	(3)	<u>(7,976)</u>		<u>(6,345)</u>	
NET CURRENT ASSETS:		<u>439,169</u>		<u>412,598</u>	
REPRESENTED BY: ACCUMULATED FUND					
Balance brought forward		412,598		379,441	
Surplus for year		<u>26,571</u>		<u>33,157</u>	
		<u>439,169</u>		<u>412,598</u>	

### Committee's Report

The Accounts set out on pages 2 to 4 were approved by the Committee

They were prepared from the books and records of the Association. To the best of our knowledge and belief the books are complete in all respects.

c/o BALPA House  
5 Heathrow Boulevard  
278 Bath Road  
West Drayton  
UB7 0DQ

M Fielder  
Chairman  
September 2018

# ASSOCIATION OF BRITISH AIRWAYS PENSIONERS

## INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR TO 30 JUNE 2018

	Note	2018 £	£	2017 £	£
<b>INCOME:</b>					
Donations/subscriptions		48,361		58,114	
Interest received (gross)		<u>1,556</u>		<u>1,363</u>	
<b>Total Income</b>			<b>49,917</b>		<b>59,477</b>
<b>ADMINISTRATION EXPENDITURE:</b>					
Postage and stationery		318		67	
Printing		2,563		1,505	
Computer services and domain fees		12,823		12,440	
Travelling and subsistence		681		394	
Telephone, fax and broadband		-		140	
Accountancy fees		1,920		1,320	
Secretarial services		3,510		6,075	
		<u>21,815</u>		<u>21,941</u>	
<b>ACTIVITY EXPENSES:</b>					
Legal fees		-		-	
AGM costs		935		3,810	
OPA		300		300	
		<u>1,235</u>	(23,050)	<u>4,110</u>	(26,051)
<b>SURPLUS FOR THE YEAR BEFORE TAXATION</b>			<b>26,867</b>		
Taxation	(4)		(296)		
<b>SURPLUS FOR YEAR AFTER TAXATION</b>			<b>26,571</b>		
				<b>33,157</b>	

# ASSOCIATION OF BRITISH AIRWAYS PENSIONERS

## NOTES TO THE ACCOUNTS FOR THE YEAR TO 30 JUNE 2018

### 1) Accounting Policies

- a) Accounting Basis The accounts have been prepared under the historical cost convention and in accordance with generally accepted accounting practices.
- b) Income and Expenditure Income is accounted for as it is received. Expenditure is accounted for in the year to which it relates.

### 2) Cash Reserves

The Committee has a policy of retaining significant cash reserves to meet legal and actuarial fees.

### 3) Creditors – Amounts falling due within one year

	2018	2017
	£	£
Trade creditors	-	3,710
Accruals	7,411	2,366
Social securities and taxes	<u>565</u>	<u>269</u>
	<u>7,976</u>	<u>6,345</u>

### 4) Taxation

The club is a mutual body and so is not liable to corporation tax on any surplus made from transactions with its members. It is, however, liable to pay tax on any interest received.

	2018	2017
	£	£
Current year charge	<u>296</u>	<u>269</u>

**ASSOCIATION OF BRITISH AIRWAYS PENSIONERS**

FIVE YEAR SUMMARY TO 30 JUNE 2018

	2018	2017	2016	2015	2014
<b>INCOME</b>					
Donations/subscriptions	48,361	58,114	61,641	80,555	73,343
Interest received (gross)	1,556	1,363	1,742	1,418	1,184
	<u>49,917</u>	<u>59,477</u>	<u>63,383</u>	<u>81,973</u>	<u>74,527</u>
<b>ADMINISTRATION EXPENDITURE</b>					
Postage and stationery	318	67	1,616	10,086	13,377
Printing	2,563	1,505	3,076	3,634	3,462
Computer services and domain fees	12,823	12,440	13,468	7,261	9,944
Travelling and subsistence	681	394	1,338	597	191
Telephone, fax and broadband	-	140	-	57	77
Accountancy fees	1,920	1,320	1,260	1,260	1,260
Secretarial services	3,510	6,075	14,220	10,620	3,355
Bank charges	-	-	-	-	12
Advertising	-	-	-	-	-
Gifts	-	-	-	-	-
	<u>21,815</u>	<u>21,941</u>	<u>34,978</u>	<u>33,515</u>	<u>31,678</u>
<b>ACTIVITY EXPENSES</b>					
Legal fees	-	-	2,400	2,400	600
AGM costs	935	3,810	5,044	1,345	1,154
OPA	300	300	300	400	400
	<u>1,235</u>	<u>4,110</u>	<u>7,744</u>	<u>4,145</u>	<u>2,154</u>
<b>SURPLUS FOR THE YEAR BEFORE TAXATION</b>	<b>26,867</b>	<b>33,426</b>	<b>20,661</b>	<b>44,313</b>	<b>40,695</b>
Taxation	296	269	348	284	237
<b>SURPLUS FOR THE YEAR AFTER TAXATION</b>	<b>26,571</b>	<b>33,157</b>	<b>20,313</b>	<b>44,029</b>	<b>40,458</b>

