

England and Wales
Company No. 457188

THE ASSOCIATION OF CONSERVATIVE CLUBS LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER, 2003



THE ASSOCIATION OF CONSERVATIVE CLUBS LIMITED

REPORT OF THE COUNCIL

The Council present their report and financial statements for the year ended 31st December, 2003.

ACTIVITIES

The company's main activity continues to be assistance in the formation and management of Conservative Clubs and promotion of the knowledge of the principles and policy of The Conservative and Unionist Party amongst those Clubs.

RESULTS

The income and expenditure account for the year shows a surplus on ordinary activities after taxation of £46,315 (2002 - £10,652) and surpluses of £176,450 on dissolution of member clubs. A total of £222,765 has been added to the Accumulated Fund. Donations in support of The Conservative and Unionist Party are disclosed in note 4 to the financial statements.

COUNCIL

The members of the Council during the year ended 31st December, 2003 were as follows:

The Rt. Hon. Iain Duncan Smith, M.P. (retired 14.6.2003)
 The Rt. Hon. Lord Eden of Winton
 The Rt. Hon. The Lord Hunt of Wirral, M.B.E.
 Sir Irvine Patnick, O.B.E. (appointed 14.6.2003)
 S.R. Day, Esq.
 A.J. Turner, Esq., M.P.
 D. Amess, Esq., M.P.
 J.S. Djanogly, Esq., M.P. (appointed 14.6.2003)
 A.D. Lansley, Esq., C.B.E., M.P. (retired 14.6.2003)
 R.T. Alexander, Esq.
 C. Poole, Esq., C.B.E.
 N.G.H. Manns, Esq.
 P. Marland, Esq.
 J.D. Robson, Esq., M.B.E.
 W.F. Newall, Esq. (appointed 14.6.2003)
 D. Dixon, Esq. (retired 14.6.2003)
 Cllr. J. Hudson, Esq.
 W.W.S. Hall, Esq. (died 5.8.2003)
 W. Hemmingway, Esq., J.P.
 D.E. Buckley, Esq.
 J. Simpson, Esq., J.P.
 J.E. Toothill, Esq.
 Mrs V. Toothill
 C.D. Bedford, Esq., M.B.E.
 R.M. Boyd, Esq.
 M.D. Pearson, Esq.
 Cllr. A. Hansard, Esq. (appointed 14.6.2003)
 M. Greenhow, Esq.

THE ASSOCIATION OF CONSERVATIVE CLUBS LIMITED

REPORT OF THE COUNCIL (continued)

COUNCIL (continued)

N.R. Ballard, Esq.
M.W. Parsons, Esq.
H.T. Drake, Esq.
M.B.W. Glanville, Esq. (retired 14.6.2003)
D. Agaphonoff, Esq.
H.E.W. Rees, Esq. (appointed 14.6.2003)
Mrs. A.A. Harvey
D.N.D. Hazell, Esq.
N.J.S. Wood-Dow, Esq. (retired 14.6.2003)
P.H.A. Purdie, Esq. (retired 14.6.2003)

RESPONSIBILITIES OF THE MEMBERS OF THE COUNCIL IN
RESPECT OF THE PREPARATION OF THE FINANCIAL STATEMENTS

The members of the Council are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of The Association of Conservative Clubs Limited as at the end of each financial year and of the surplus or deficit of income over expenditure for that period.

The members of the Council are also responsible for ensuring that systems are in place for maintaining adequate accounting records, safeguarding the assets of The Association of Conservative Clubs Limited and preventing and detecting fraud and other irregularities.

The members of the Council confirm that, to the best of their knowledge and belief, suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements and applicable accounting standards have been followed.

BY ORDER OF THE COUNCIL

P.R. Smith
Secretary

23rd March, 2004



THE ASSOCIATION OF CONSERVATIVE CLUBS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
THE ASSOCIATION OF CONSERVATIVE CLUBS LIMITED

We have audited the financial statements of The Association of Conservative Clubs Limited for the year ended 31st December 2003 set out on pages 4 to 11.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit has been undertaken so that we might state to the company's members 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 company and the company's members as a body for our audit work, for this report or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES

OF MEMBERS OF COUNCIL AND AUDITORS

As described on page 2, the members of Council are responsible for the preparation of financial statements. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements. 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 Companies Act 1985. We also report to you if, in our opinion, the 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 Council members' remuneration and transactions with the company is not disclosed.

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 judgements made by the members of the Council 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 2003 and of its surplus and cash flows for the year ended on that date and have been properly prepared in accordance with the Companies Act 1985.

Cromwell House,
 Fulwood Place,
 London WC1V 6HZ
 23rd March, 2004

Begbies Everett Chettle

BEGBIES EVERETT CHETTLE
 Registered Auditors and
 Chartered Accountants

THE ASSOCIATION OF CONSERVATIVE CLUBS LIMITED

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31st DECEMBER, 2003

	<u>Notes</u>	<u>2003</u> £	<u>2002</u> £
<u>INCOME</u>			
Inter-affiliation tickets		176,887	191,408
Commission		78,140	80,663
National Brewery Deal net income	2	57,930	-
Surplus on goods supplied to clubs	2	15,360	17,014
Club magazine		53,285	49,022
Subscriptions and donations		61,823	61,910
Deposit and loan interest		15,490	17,951
Income from listed investments		3,737	2,847
Administration fee - development funds		-	1,000
Surplus on disposal of investments		-	4,330
		<hr/>	<hr/>
		462,652	426,145
		<hr/>	<hr/>
<u>EXPENDITURE</u>			
Staff costs	3	174,664	171,209
Rent, rates and services		55,663	55,143
Meetings and publicity		46,874	37,881
Magazine expenditure		50,793	47,829
Conservative Party donations	4	17,525	17,085
Printing, stationery and post		11,204	11,712
General expenses		23,788	23,020
Other overhead expenses		24,143	31,910
Audit fee		3,400	3,200
Depreciation of fixed assets	7	4,578	5,451
Investment loss and provision	8	276	3,427
		<hr/>	<hr/>
		412,908	407,867
		<hr/>	<hr/>
Surplus on ordinary activities before taxation		49,744	18,278
Corporation tax on interest received and commission income - 19%	5	(6,500)	(7,626)
Corporation tax overprovision 2002		3,071	-
		<hr/>	<hr/>
Surplus on ordinary activities after taxation		46,315	10,652
Surpluses on dissolution of clubs		176,450	41,542
		<hr/>	<hr/>
Surplus transferred to Accumulated Fund	6	<u>£222,765</u>	<u>£52,194</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the above two financial years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains and losses other than the income and expenditure for the above two financial years.

THE ASSOCIATION OF CONSERVATIVE CLUBS LIMITED


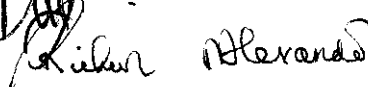
BALANCE SHEET
AT 31st DECEMBER, 2003

	<u>Notes</u>	<u>2003</u> £	<u>2002</u> £
FIXED ASSETS			
Tangible assets	7	8,550	13,128
Investments	8	141,946	141,498
		<u>150,496</u>	<u>154,626</u>
CURRENT ASSETS			
Stocks		16,165	17,174
Debtors	9	386,002	242,995
Cash at bank and in hand		692,996	600,837
		<u>1,095,163</u>	<u>861,006</u>
CREDITORS: amounts falling due within one year	10	306,745	299,483
NET CURRENT ASSETS		<u>788,418</u>	<u>561,523</u>
NET ASSETS		938,914	716,149
ASSETS OF FUNDS HELD ON TRUST	11	404,497	389,983
TOTAL NET ASSETS		<u>£1,343,411</u>	<u>£1,106,132</u>
Representing:			
RESERVES			
Accumulated Fund	6	524,160	301,395
Premises Reserve Fund	6	344,754	344,754
Investment Reserve Fund	6	20,000	20,000
Contingency Reserve Fund	6	50,000	50,000
MEMBERS' FUNDS	6	938,914	716,149
FUNDS HELD ON TRUST			
The Clubs' Development 'A' Fund		203,262	194,095
The Clubs' Development 'B' Fund		201,235	195,888
		<u>£1,343,411</u>	<u>£1,106,132</u>

Approved by the Council on 23rd March, 2004 for signature by:

S.R. DAY - Chairman

R.T. ALEXANDER - Treasurer

THE ASSOCIATION OF CONSERVATIVE CLUBS LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st DECEMBER, 2003**

	<u>2003</u> £	<u>2002</u> £
NET CASH (OUTFLOW)		
FROM OPERATING ACTIVITIES	(98,865)	(67,426)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	19,227	20,798
TAXATION		
Corporation tax paid	(3,929)	(10,376)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of fixed assets	-	(17,100)
Purchase of investments	(47,842)	(148,664)
Proceeds on disposal of investments	47,118	97,431
	(724)	(68,333)
SURPLUSES ON DISSOLUTION OF CLUBS	176,450	41,542
NET CASH INFLOW/(OUTFLOW)	<u>£92,159</u>	<u>£(83,795)</u>
RECONCILIATION OF MOVEMENT IN CASH		
Balance at 1st January, 2003	(600,837)	(684,632)
Balance at 31st December, 2003	692,996	600,837
Increase/(decrease) in cash at bank	<u>£92,159</u>	<u>£(83,795)</u>

**RECONCILIATION OF SURPLUS ON ORDINARY ACTIVITIES
TO NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES**

Surplus on ordinary activities	49,744	18,278
Depreciation charges	4,578	5,451
Investment surplus and provisions	276	(903)
Interest receivable	(19,227)	(20,798)
Decrease/(increase) in stocks	1,009	(3,421)
(Increase) in debtors	(143,007)	(66,461)
Increase in creditors	7,762	428
Net cash (outflow)/inflow from operating activities	<u>£(98,865)</u>	<u>£(67,426)</u>

THE ASSOCIATION OF CONSERVATIVE CLUBS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER, 2003

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accounts have been prepared on the historical cost basis of accounting and in accordance with applicable Accounting Standards consistently applied.

INTER-AFFILIATION TICKETS

Income from sales of inter-affiliation tickets relate solely to tickets valid for 2003. Sales made in 2003 of tickets valid for 2004 are carried forward to the subsequent year.

TURNOVER

Turnover represents net invoiced sales of goods and other income receivable and is disclosed under its constituent categories.

INVESTMENT INCOME

Income from investments and interest from bank deposits is included in income when received.

TANGIBLE FIXED ASSETS

Fixed assets are stated at cost.

Depreciation has been provided at 25% on a straight-line basis to write off the cost of each asset over its estimated useful life.

FIXED ASSET INVESTMENTS

Fixed asset investments are stated at original cost less a provision, where appropriate, to reduce this to market value.

STOCKS

Stocks of goods for resale are stated at the lower of cost and realisable value.

OPERATING LEASES

Operating lease rentals are charged to the income and expenditure account as they fall due.

PENSION COSTS

The company contributes to defined contributions personal pension policies and the pension charge represents the amounts payable to individual members pension plans for the accounting year.

THE ASSOCIATION OF CONSERVATIVE CLUBS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER, 2003

1. CONSTITUTION AND GUARANTEE

The company is limited by guarantee and has no share capital. In the event of winding up each member is liable to contribute a sum not exceeding £1.

2.a) NATIONAL BREWERY DEAL NET INCOME

	<u>2003</u>	<u>2002</u>
	£	£
Commission received	77,359	-
<u>Less: Direct expenses</u>	<u>19,429</u>	<u>-</u>
National Brewery Deal net income	<u>£57,930</u>	<u>-</u>

b) SURPLUS ON GOODS SUPPLIED TO CLUBS

	<u>2003</u>	<u>2002</u>
	£	£
Sales	39,577	45,875
<u>Less:</u>		
Increase/(decrease) in stock	(1,009)	3,421
Purchases	(21,713)	(31,920)
Goods lost in transit	(1,495)	(362)
	<u>£15,360</u>	<u>£17,014</u>

3.a) EMPLOYEES

	<u>2003</u>	<u>2002</u>
The average number of employees receiving remuneration was:	<u>7</u>	<u>7</u>

b) STAFF COSTS

Wages and salaries	147,978	144,558
Social security costs	15,232	13,878
Pension premiums	11,454	12,773
	<u>£174,664</u>	<u>£171,209</u>

4. DONATIONS

Donations totalling £17,525 (2002 - £17,085) were paid to fund-raising activities in support of The Conservative and Unionist Party.

5. CORPORATION TAX

The majority of the Association's revenue is derived from transactions with member clubs and is not chargeable to corporation tax. Corporation tax is, however, chargeable on commission and interest received and the charge in the accounts relates principally to these items. There are no deferred tax assets or liabilities.

THE ASSOCIATION OF CONSERVATIVE CLUBS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER, 2003 (continued)

6.a) RESERVES

	<u>2003</u> £	<u>2002</u> £
<u>Accumulated Fund</u>		
At 1st January, 2003	301,395	249,201
Surplus for the financial year	222,765	52,194
	<hr/>	<hr/>
At 31st December, 2003	£524,160	£301,395
	<hr/>	<hr/>
<u>Premises Reserve Fund</u>		
At 1st January, 2003 and 31st December, 2003	£344,754	£344,754
	<hr/>	<hr/>
<u>Investment Reserve Fund</u>		
At 1st January, 2003 and 31st December, 2003	£20,000	£20,000
	<hr/>	<hr/>
<u>Contingency Reserve Fund</u>		
At 1st January, 2003 and 31st December, 2003	£50,000	£50,000
	<hr/>	<hr/>

b) RECONCILIATION OF MOVEMENT OF MEMBERS' FUNDS

	<u>2003</u> £	<u>2002</u> £
Surplus for the financial year and net increase in members' funds	222,765	52,194
Members' funds at 1st January, 2003	716,149	663,955
	<hr/>	<hr/>
Members' funds at 31st December, 2003	£938,914	£716,149
	<hr/>	<hr/>

THE ASSOCIATION OF CONSERVATIVE CLUBS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER, 2003 (continued)

7. TANGIBLE FIXED ASSETS

	<u>Office Equipment</u> £	<u>Computer Equipment</u> £	<u>Total</u> £
COST			
At 1st January, 2003	37,151	27,711	64,862
Additions	-	-	-
	<u> </u>	<u> </u>	<u> </u>
At 31st December, 2003	£37,151	£27,711	£64,862
	<u> </u>	<u> </u>	<u> </u>
DEPRECIATION			
At 1st January, 2003	32,813	18,921	51,734
Charge for the year	1,538	3,040	4,578
	<u> </u>	<u> </u>	<u> </u>
At 31st December, 2003	£34,351	£21,961	£56,312
	<u> </u>	<u> </u>	<u> </u>
NET BOOK VALUE			
At 31st December, 2003	£2,800	£5,750	£8,550
	<u> </u>	<u> </u>	<u> </u>
At 31st December, 2002	£4,338	£8,790	£13,128
	<u> </u>	<u> </u>	<u> </u>

8. FIXED ASSET INVESTMENTS

	<u>2003</u> £	<u>2002</u> £
a) Listed investments		
COST		
At 1st January, 2003	98,223	92,660
Additions during the year	47,842	98,664
Disposals during the year	(49,546)	(93,101)
	<u> </u>	<u> </u>
At 31st December, 2003	96,519	98,223
<u>Less:</u> Provision for reduction in value	-	3,138
	<u> </u>	<u> </u>
	£96,519	£95,085
	<u> </u>	<u> </u>
Aggregate market value £105,928 (2002 - £95,085)		
b) Investment bond		
COST		
At 1st January, 2003	50,000	-
Addition during the year	-	50,000
	<u> </u>	<u> </u>
At 31st December, 2003	50,000	50,000
<u>Less:</u> Provision for reduction in value for market value adjustment	4,573	3,587
	<u> </u>	<u> </u>
	£45,427	£46,413
	<u> </u>	<u> </u>

Surrender charges would be applied if the bond is redeemed within the first five years from purchase.

c) Total net book value of investments	<u>£141,946</u>	<u>£141,498</u>
--	-----------------	-----------------

THE ASSOCIATION OF CONSERVATIVE CLUBS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER, 2003 (continued)**

9. DEBTORS

	<u>2003</u> £	<u>2002</u> £
Amounts falling due within one year:		
Amounts owing by clubs	143,914	125,506
Trade debtors	78,131	-
Balances due from The Clubs'		
Development 'A' and 'B' Funds	56,090	1,000
Amount owing by the Conservative Party	50,000	50,000
Other debtors	13,753	17,268
Prepayments and accrued income	44,114	49,221
	<u>£386,002</u>	<u>£242,995</u>

10. CREDITORS

	<u>2003</u> £	<u>2002</u> £
Amounts falling due within one year:		
Subscriptions and inter-affiliation ticket sales for 2004 in advance	220,239	229,332
Corporation tax	6,500	7,000
Other taxation and social security	49,671	38,998
Balances due to The Clubs'		
Development 'A' and 'B' Funds	-	2,321
Other creditors	30,335	21,832
	<u>£306,745</u>	<u>£299,483</u>

11. ASSETS OF FUNDS HELD ON TRUST

	<u>2003</u> £	<u>2002</u> £
Loans to clubs	379,018	344,649
Debtors and accrued income	1,398	1,459
Cash at bank, less amounts owing	86,126	46,760
Creditors and accrued expenses	5,955	4,206
Balances due from/(to) ACC Ltd	(56,090)	1,321
	<u>£404,497</u>	<u>£389,983</u>

Further trust funds of £376,786 are held at 31st December 2003 (2002- £526,176).

12. LEASE COMMITMENT

At 31st December, 2003 the company had an annual commitment for rent of £40,149 plus service charges under a lease which expired in 2003.